

TOWNWIDE FINANCIAL MANAGEMENT POLICIES

SECTION 1 – TOWN CHARTER

1. **ANNUAL BUDGET POLICY** The President of the Town Council shall call a joint meeting of the Town Council and School Committee prior to the commencement of the budget process to review the financial condition of the town, revenue and expenditure forecasts and other relevant information in order to develop a coordinated budget. The Town Manager and Superintendent of schools shall be required to develop an annual policy agreement on the allocation of the projected revenue between the general government operations and the school department operations. Said agreement shall be subject to review of the School Committee and the Town Council.
2. **SUBMISSION OF BUDGET; BUDGET MESSAGE** Within the period prescribed by the laws of the Commonwealth, the Town Manager shall submit to the Town Council a proposed operating budget for all town agencies, which shall include the school budget as adopted by the School Committee, for the ensuing fiscal year with an accompanying budget message and supporting documents. The budget message submitted by the Town Manager shall explain the budget in fiscal terms and in terms of work programs for all town agencies. It shall outline the proposed fiscal policies of the town for the ensuing fiscal year; describe important features of the proposed budget and indicate any major variations from the current budget, fiscal policies, expenditures and revenues together with reasons for such change. The proposed budget shall provide a complete fiscal plan of all town funds and activities and shall be in the form the Town Manager deems desirable. The budget as adopted by the School Committee shall be submitted to the Town Manager at least thirty days prior to the submission of the proposed budget to the Town Council.
3. **ACTION OF THE BUDGET**
 - A. Public Hearing. The Town Council shall publish in a newspaper of general circulation in the town a summary of the proposed operating budget as submitted by the Town Manager by a notice stating:
 - 1) The times and places where copies of the entire proposed budget are available for inspection by the public, and,
 - 2) The date, time and place not less than fourteen days after such publication, when a public hearing on said proposed budget will be held by the Town Council. For the purpose of this section; the summary of the proposed operating budget that is required to be published shall contain proposed appropriations, funding sources and any narrative summary deemed necessary by the Town Council.
 - B. Adoption of the Budget. The Town Council shall adopt the budget, with or without amendments, within forty-five days following the date the budget is filed with the clerk of the council. In amending the budget, the Town Council may delete or decrease any programs or amounts except expenditures required by law or for debt service, but except on the recommendation of the Town Manager, the Town Council shall not increase any item in or the total of the proposed budget, unless otherwise authorized by the laws of the Commonwealth. If the Town Council fails to take action with respect to any item in the budget within forty-five days after receipt of the budget, such amount shall, without any action by the Town Council become a part of the appropriations for the year, and be available for the purposes specified.
4. **SUPPLEMENTARY BUDGETS AND APPROPRIATIONS** Whenever the Town Manager shall submit to the Town Council a request for an appropriation of any sum of money, whether as a supplement to the annual operating budget or for an item or items not included therein, the Town Council shall not act upon such request until it has;
 - A. Given notice by publication in a local newspaper of the request, and,
 - B. Held a public hearing concerning such request. The publication and the public hearing shall be in conformity with the provisions concerning the proposed annual operating budget.

5. CAPITAL IMPROVEMENTS PLAN

- A. The Town Manager shall, in conjunction with any committee established for such purpose, annually submit a capital improvement program to the Town Council at least thirty days prior to the date for submission of the operating budget; unless some other time is provided by ordinance. The capital improvement plan shall include:
- 1) A clear summary of its contents;
 - 2) An itemization of all capital improvements, including those of the school department, proposed to be undertaken during the next five fiscal years with supporting data;
 - 3) Cost estimates, method of financing, and recommended time schedules; and,
 - 4) The estimated annual cost of operating and maintaining the facilities included.
- B. The Town Council shall publish in a newspaper of general circulation in the town a summary of the capital improvement plan and a notice stating:
- 1) The times and places where entire copies of the capital improvement plan are available for inspection by the public; and,
 - 2) The date, time and place not less than fourteen days after such publication, when a public hearing on said plan will be held by the Town Council.
- C. At any time after the public hearing but before the first day of the last month of the current fiscal year, the Town Council shall by resolution adopt the capital improvement plan with or without amendment, provided that each amendment must be voted separately and that any increase in the capital improvement plan as submitted must clearly identify the method of financing proposed to accomplish this increase.

6. LONG TERM FINANCIAL FORECAST The Town Manager shall annually prepare a ten year financial forecast of town revenue, expenditures and the general financial condition of the town. The forecast shall include, but not be limited to, an identification of factors which will impact on the financial condition of the town; revenue and expenditure trends; potential sources of new or expanded revenues and any long or short term actions which may be taken that will enhance the financial condition of the town. The forecast shall be submitted to the Town Council and shall be available to the public for inspection.

7. ANNUAL AUDIT The Town Council shall provide for an annual audit of the books and accounts of the town to be made by a certified public accountant, or firm of accountants, who have no personal interest, direct or indirect, in fiscal affairs of the town government or any of its offices.

8. FINANCIAL MANAGEMENT STANDARDS The Town Council may by ordinance establish reasonable standards relating to the management of financial systems and practices. Any standards adopted shall conform to modern concepts of financial management.

SECTION 2 – GENERAL ORDINANCES

1. FUNDS

- A. Reversion Of Appropriations - General appropriations made by the Town Council shall continue to revert to the general fund at the close of the fiscal year for which they are made, as provided by law. Unless otherwise provided in a vote of the Town Council making a specific appropriation, or unless a specific appropriation has been encumbered by contractual obligations, specific appropriations shall have a normal life of three years from the commencement of the fiscal year for which it was approved. At the end of the third fiscal year, any funds remaining in the appropriation shall revert to the general fund. A vote making a specific appropriation may provide that the appropriation shall revert to the general fund at the end of any fiscal year. The Town may, at any time by appropriate action by the Town Council, extend the date on which a specific appropriation would otherwise revert to the general fund.
- B. Enterprise Funds - The Town accepts the provisions of § 53F 1/2 of Chapter 44 of the Massachusetts General Laws, authorizing the establishment of Enterprise Funds and hereby designates:

- 1) The Recreation Department's Olde Barnstable Fairgrounds and Hyannis Municipal Golf Course facilities and its operation as an enterprise there under;
- 2) The Barnstable Municipal Airport and its operation as an enterprise there under;
- 3) The Public Works Department, Solid Waste Division, Flint Street, Marstons Mills Municipal Solid Waste Facility and its operation as an enterprise there under;
- 4) The Public Works Department, Water Pollution Control Division facilities, including mains and pumping stations and their operation, as an enterprise there under;
- 5) The Public Works Department, Water Supply Division facilities, including wells and well fields, storage tanks, mains and pumping stations and their operation, as an enterprise there under;
- 6) The Department of Community Services, Marine and Environmental Affairs Division Marina facilities as an enterprise there under; and,
- 7) The Department of Community Services, Marine and Environmental Affairs Division Sandy Neck area and facilities as an enterprise there under.
- 8) The Department of Community Services Recreation Division, Hyannis Youth & Community Center as an enterprise there under.

C. Revolving Funds - The Town hereby establishes revolving funds, pursuant to Chapter 44, § 53 E 1/2 of the Massachusetts General Laws, within the special revenue accounts of the Town of Barnstable which shall be known as the:

- 1) The Classroom Education Fund, Senior Services Division, Community Services Department.
- 2) Adult Social Day Fund, Senior Services Division, Community Services Department.
- 3) Recreation Program Fund, Recreation Division, Community Services Department.
- 4) Shellfish Propagation Fund, Natural Resources Division, Community Services Department.
- 5) Building Inspections Fund, Building Services Division, Regulatory Services Department.
- 6) Consumer Protection Fund, Consumer Affairs Division, Regulatory Services Department.
- 7) Geographical Information Systems Fund, Information Systems Division, Administrative Services Department.
- 8) Police Training Fund, Police Department.
- 9) Arts & Culture Program Fund, Growth Management Department.

The departments are hereby authorized to operate said funds in the following manner:

- 1) The Town Accountant shall account for all funds separately from all other monies of the Town and to which shall be credited only the departmental receipts received in connection with the programs supported by such revolving fund.
- 2) Expenditures may be made from such revolving funds without further appropriation, subject to the provisions of this article; provided, however, that expenditures shall not be made or liabilities incurred from any of the revolving funds in excess of the balance of the fund nor in excess of the total authorized expenditures from such fund.
- 3) Interest earned on any revolving fund balance shall be treated as general fund revenue of the Town.
- 4) Expenditures from said fund shall not be made for the purpose of paying any wages or salaries for full-time employees unless the fringe benefits associated with such wages or salaries are also charged to the fund.
- 5) Annual authorization. Annually, at the time the town budget is submitted to the Town Council, the Town Manager shall submit an order to the Town Council authorizing the revolving funds set forth. The order shall contain the following:
 - a. The programs and purposes for which the revolving fund may be expended;
 - b. The department or officer authorized to expend from such fund;
 - c. The departmental receipts which shall be credited to the revolving fund; and
 - d. A limit on the total which may be expended from such fund in the ensuing year, subject further to limitations that may be established annually within the order.

SECTION 3 – ADMINISTRATIVE CODE

1. FINANCIAL POLICIES AND PROCEDURES

- A. The Town of Barnstable faces continuing operational and capital requirements to meet the increasing needs of its citizens. These requirements have to be met amidst little or no state or federal assistance and within the constraints of Proposition 2½. To help ensure the town's financial stewardship, an established program of managing the town's finances becomes essential. To this end, the Town Council seeks policies and procedures that are financially prudent and in the town's best economic interest. The Town Council promulgates these financial policies consistent with its responsibilities under the Town Charter. In following this policy, the Town shall pursue the following goals:
- 1) To develop effective financial management within the town which conform to generally accepted accounting principles.
 - 2) To simplify, clarify, and modernize the financial systems of the town as the need occurs.
 - 3) To provide increased public confidence in public financial management.
 - 4) To provide increased economy and financial performance and to maximize to the fullest extent practicable the use of public funds of the town.
 - 5) To provide safeguards to ensure quality and integrity of the financial systems.
 - 6) In order to obtain the above goals, the Town Council adopts the following policies:
 - a. The Town will establish accounting practices which conform to generally accepted accounting principles (GAAP) as set forth by the authoritative standard-setting body for units of local government.
 - b. An annual audit will be performed by an independent public accounting firm and an official, comprehensive annual financial report (CAFR) shall be issued no later than six months following the end of the fiscal year.
 - c. A management letter, a by-product of an annual audit, shall be provided by the independent public accounting firm no later than February 1. Additional findings and recommendations may be communicated in a separate letter to be provided no later than March 1.
 - d. A ten-year financial forecast shall be prepared annually by the Town Manager, in accordance with the Charter, Section 6-6, projecting revenues and expenditures for all operating funds. This forecast shall be used as a planning tool in developing the following year's operating budget and capital improvements plan. The forecast shall be submitted no later than October 1.
- B. A Self Insurance Reserve Fund will be established and maintained to cover workers' compensation as authorized by Chapter 40, § 13A, of the Massachusetts General Laws and property losses as authorized by Chapter 40, § 13, of the Massachusetts General Laws. In order to cover losses arising out of this fund, amount will be appropriated to cover the stop-loss premium and a sum to establish the fund for future losses. It is the intention of this fund to cover all losses arising out of employment injury, fire, vandalism, burglary, theft and repairs. A stop-loss insurance policy through an insurance carrier will be provided for catastrophic losses.
- C. An advance refunding of outstanding debt shall only be considered when present value savings of at least 3% of the principal amount of the refunded bonds are produced, unless: (a) a debt restructuring is necessary or (b) bond covenant revisions are necessary in order to facilitate the ability to provide services or to issue additional debt. An analysis shall be conducted when necessary to determine whether debt financing, cash purchase, or leasing is the most cost effective method of financing for the Town.
- D. General fund:
- 1) Current revenues will be sufficient to support current expenditures.
 - 2) Debt will not be used to fund current operating expenditures.

- 3) General Fund Undesignated Fund balance of at least 4% of total annual expenditures shall be budgeted. The Undesignated Fund balance shall be used to provide for temporary financing for unanticipated or unforeseen extraordinary needs of an emergency nature, for example, costs related to a natural disaster or calamity, or an unexpected liability created by federal or state legislation, new service needs that have been identified after the budget process, new public safety or health needs, revenue shortfalls, service enhancements, or opportunities to achieve costs savings.
 - 4) Funds shall be allocated from the Undesignated Fund balance only after an analysis has been prepared by the Town Manager and presented to Town Council. The analysis shall provide sufficient evidence to establish that the remaining balance is adequate to offset potential downturns in revenue sources and provide a sufficient cash balance for daily financial needs. The analysis shall address the nature of the proposed expenditure and the revenue requirement in subsequent budget years.
 - 5) Prior to allocating funds from the Undesignated Fund balance the Town Council shall find that an emergency or extraordinary need exists to justify the use of these funds. Funds shall be allocated each year in the budget process to replace any use of Undesignated Fund balance funds during the preceding fiscal year to maintain the balance of the Undesignated Fund balance at 4% of budgeted expenditures.
- E. The year-to-year increase of actual revenue from the levy of the ad valorem (property) tax shall generally not exceed 2.5% (Proposition 2 ½).
- 1) Excluding taxable value gained through consolidation; excluding the value gained through new construction;
 - 2) Excluding expenditure increases funded outside the tax limit cap; and,
 - 3) Not excluding the valuation gained or lost through revaluation or equalization programs.
- F. Property values shall be appraised at a minimum of every three years.
- G. The Town shall encourage the Tax Collector to follow an aggressive policy of collecting property tax revenues. An average collection rate of at least 95% of current levy shall be maintained.
- H. Charges for service and other revenues shall be examined annually and adjusted as deemed necessary to respond to changes in cost of service.
- I. An adequate level of maintenance and replacement will be funded each year to insure that all capital facilities and equipment are properly maintained as needed and tied to proper repair and maintenance procedures.
- J. General obligation debt:
- 1) All debt shall be financed outside the limitations of Proposition 2 1/2 with the exception of debt related to Enterprise Funds, gifts, and betterments. The requirements for such financing shall be an expenditure of at least \$250,000 and a useful life in excess of five years.
 - 2) The term of long-term debt generally shall not exceed the expected useful life of the capital asset being financed and, in no case, shall it exceed 20 years.
 - 3) The ratio of net debt (total outstanding Town of Barnstable general obligation debt less reimbursements) to total assessed valuation shall not exceed 1.5%. This excludes debt of overlapping jurisdictions.
 - 4) The ratio of debt service to total expenditures (operating expenditures and debt service combined) shall not exceed 15%.
 - 5) The Town shall target a Standard and Poor's (S and P) ratio of 8%. S and P ratio is calculated by dividing overall net debt per capita by effective buying income per capita.
 - 6) Current revenue should be committed annually to provide sufficient "pay-as-you-go" financing so that, at the end of five years, annual contributions from current revenues amount to 10% of new debt to be issued.
 - 7) Excess appropriated bond issues shall be placed into a bond repayment fund account at the end of a project completion. The only purpose of the bond repayment fund account shall be to make bulk principal pay downs against general bond debt or be used to pay down the principal on any bond issue at the time of refinancing.

K. Offset receipts and Enterprise Funds in general.

- 1) The Town shall establish and maintain offset receipts and Enterprise Funds pursuant to MGL Chapter 40, § 39, and Chapter 44, § 53, respectively, wherever possible in order to ensure annual operation and maintenance needs are met and such services are financed in an equitable manner.
- 2) The term of debt for offset receipts and Enterprise Funds generally shall not exceed the useful life of the asset, and in no case shall the term exceed 30 years.
- 3) Principal repayment delays shall not exceed five years.
- 4) An offset receipts and Enterprise Fund shall maintain a fully funded debt service reserve for its existing bond issues and future issues.
- 5) Debt service coverage of at least 1.25 times shall be the target.
- 6) Short-term debt, including tax-exempt commercial paper, shall be used when authorized for interim financing of capital projects. The term of short-term debt shall not exceed five years. Total short-term debt shall generally not exceed 10% of outstanding long-term debt.
- 7) Ongoing routine, preventive maintenance should be funded on a pay-as-you-go basis.
- 8) Capital enterprise projects should be financed through a combination of cash financing and debt. A ratio of at least 10% equity contributions is desirable.
- 9) All offset receipts and Enterprise Funds shall maintain a working capital reserve, defined as cash and investment pool equity in current assets, which is equivalent to 30 days of budgeted operations and maintenance expense.
- 10) Rates for offset receipts and Enterprise Funds shall be designed to generate sufficient revenues to support the full cost (direct and indirect) of operations and debt and provide debt service coverage, if applicable, and to ensure adequate and appropriate levels of working capital. Rates for the Department of Community Services Enterprise Fund shall be designed to generate revenue amounts less than required to support the full cost (direct and indirect) of operations and debt and working capital.

L. Gifts and grants.

- 1) All grants shall be managed to comply with the laws, regulations and guidance of the grantor; and all gifts and donations shall be managed and expended according to the wishes and instructions of the donor.
- 2) All gifts and grants shall be evaluated for suitability and consistency to town policies. They shall also be formally accepted by both the Town Manager and the Town Council.

M. Capital Trust Fund.

- 1) A Capital Trust Fund is hereby established for the purpose of financing debt service for recommended capital improvement program projects, as contained within the Town's five-year capital improvement plan.
- 2) The Capital Trust fund will be funded through a general operations set-aside at a minimum of \$1,900,000 annually.
- 3) The Capital Trust Fund shall not be utilized for any purpose other than that stated herein.
- 4) The criteria for reviewing capital project eligibility for Capital Trust Fund borrowing include the following:
 - a. The capital project shall have a financing term of 20 years or less;
 - b. The capital project shall have a minimum project cost of \$250,000;
 - c. The capital project is approved by the Town Council for funding through an appropriation and loan order submitted by the Town Manager.
 - d. The Capital Trust Fund will have a debt service restriction on the fund, such that debt service estimates from authorized loan orders shall not exceed, at any one time, more than 80% of the amount in the fund as of the close of the fiscal year prior to the next debt service authorization, unless recommended by the Town Manager.
 - e. The Capital Trust Fund shall otherwise function in accordance with related financial policies of the Town.

2. INSURANCE

It is the policy of the Town of Barnstable that, giving due regard to the financial limitations of the town, prudent managerial oversight should limit risks and exposures. Local governments are subject to four basic types of risks: real and personal property loss; loss of income or increased costs associated with property loss; personnel loss; and liability. In response to these potential losses, the Town of Barnstable shall always consider

and pursue the best action or combination of actions to control risk: risk avoidance; risk prevention; risk assumption; and risk transfer. The purpose of this policy is to provide a functional tool for insurance management. In pursuing this policy, the town shall abide by the following goals:

- 1) The town should not insure itself against minor recurrent losses;
- 2) Self insurance should be used where risks are recurrent and financially manageable; and,
- 3) Insurance be sought for potential major losses.

3. INVESTMENTS

It is the policy of the Town of Barnstable that, giving due regard to the safety and risk of investment, all available funds shall be invested in conformance with legal and administrative guidelines and maximizes yields with the minimal risk and utilization of collateralization when requested. Effective cash management is recognized as essential to good fiscal management. An aggressive cash management and investment policy will be pursued to take advantage of investment interest as a viable revenue source. The town's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law. Investments shall be made with the primary objectives of:

- 1) Preservation of capital;
- 2) Maintenance of sufficient liquidity to meet operating needs;
- 3) Security of Town funds and investments;
- 4) Diversification of investments to avoid unreasonable or avoidable risks; and
- 5) Maximization of return on the portfolio.

4. COMPUTERS AND AUTOMATION

The purpose of this policy is to establish guidelines for the selection and utilization of computers in the Town of Barnstable. This policy is also intended to set up support procedures and personnel for assisting users in acquiring and utilizing computers. Computers are currently being acquired and used in most town departments. This occurrence is streamlining work and changing the way many employees view information and its effect on their jobs. The decreasing costs and increasing power have put computers in the reach of all departments. The town recognizes the need to define the appropriate role for the computer. While acknowledging the power of the computer to increase productivity, there is a need to set standards for ensuring compatibility. There is also a need to review uses for appropriate minicomputer applications and ensure that information systems needs could not be handled better in some other manner. These computer policies are specifically intended to attain the following objectives:

- 1) Encourage the use of technology of all types to improve and enhance the efficiency of the town's procedures and practices whenever and wherever possible.
- 2) Maintain and promulgate standards for computer technology and general electronic information management. Provide policy guidance to the management on the review and purchase of computer technology (hardware, software, and communications) so as to insure compliance with published standards.
- 3) Maintain procedures and policies to insure that the town's electronic resources are properly managed. Emphasis shall be placed on insuring that electronic information is easily accessible by those departments requiring access.
- 4) No deviation from published hardware, software, communications, or information management policies/standards without a written waiver signed by the Town Manager and/or his/her designee.
- 5) Centralize functions which can be automated and/or centralize so as to maximize the utilization of the town's personnel and/or other financial resources.

5. PROCUREMENT

It is the policy of the Town of Barnstable to procure goods and services that help the organization deliver quality, competitively priced services in a manner as environmentally benign as practicable to the citizens and visitors of Barnstable. The town's procurement policies are intended to minimize risks and realize efficiencies by way of superior management consistent with the Commonwealth of Massachusetts Chapter 30B of the General Laws: Uniform Procurement Act; Chapter 7, Chapter 30, § 39M; and Chapter 149, §§ 44A through M. The Town of Barnstable's management of procurement will be conducted with the primary objectives of purchasing competitively priced, quality goods and/or services in quantities necessary to accomplish service delivery objectives. The Town of Barnstable recognizes that the use of taxpayer funds deserves the greatest care in procuring goods and services which are as environmentally benign as practicable and which enable the town to attain its objectives in a cost-effective manner.

6. TRUST FUND MANAGEMENT

It is the policy of the Town of Barnstable that trust fund management be consistent with the legal requirements, including town ordinances, and the spirit of each respective trust document and, to the maximum extent possible, realize the purposes the trusts were intended to achieve. Trust fund management will be conducted with the primary objectives of:

- 1) Conformance to each trust document's specified purpose, legal requirements, and administrative guidelines;
- 2) Adherence to the Town of Barnstable general ordinance providing for the administration of town trusts;
- 3) Preservation of capital;
- 4) Maintenance of security of trust funds and investments;
- 5) Maximization of total return for each trust fund;
- 6) Efficient disbursement of funds on an equitable basis; and,
- 7) Effective collection of all due monies.

SECTION 4 – MANAGEMENT POLICY

1. The balance in the growth of General Fund resources will be divided on a sixty percent to forty percent basis between the School Department and Municipal Departments, respectively, after the increase in fixed costs are provided for. Fixed costs consist of all items listed under the "Other Requirements" budget category.
2. General Fund savings reserves in excess of the Town Council's 4% reserve mentioned previously will be made available for funding municipal and school operations.
3. The municipal and school operations savings account will continue to be credited with their respective appropriation savings from FY13; and excess General Fund revenue over budget estimates for FY13 will be shared 60/40 between school and municipal operations after any allocation is made to maintain the Town Council's policy reserve.
4. The General Fund will contribute a base amount of \$7.224 million annually to the Capital Trust Fund.
5. The Capital Trust Fund will provide for a minimum of \$3.25 million for public road improvements annually.

THE BUDGET PROCESS

OVERVIEW

The Charter of the Town of Barnstable specifies that an Operating Budget and a Capital Budget will be adopted no later than forty-five (45) days following filing with Town Clerk to begin on the following July 1st. The Town of Barnstable's Operating Budget process is generally a seven-month cycle that begins in late October and ends in late May. The Town Council, management, departments, and the public have opportunities to participate in the preparation of the budget at various stages in the process. Throughout the process, the Town Manager presents reports delineating particular areas of concern to the Council, which then provides direction.

BUDGET SCHEDULE

September/October – The Ten Year Forecast

The budget process begins with the preparation of the Ten-Year Financial Forecast. The forecast is designed to project the financial position of the Town for the subsequent ten years, addressing short-term and long-term issues, in order to provide the Town Council with a financial planning tool to assist them in setting fiscal policy at the beginning of the budget process. The forecast is not a predictor of what the Town will spend. The forecast is prepared and presented to the Council by the Town Manager in the Fall. The Town Council then reviews the forecast and provides policy direction to the Town Manager as the formal beginning point of the budget process.

September/November – Operating Budget

The School Department begins its Operating Budget preparation in September. School principals begin by preparing their individual budgets in accordance with the Superintendent's guidelines.

The Town Manager's office distributes the budget guidelines and worksheets to all municipal departments in early November. Departments prepare their Operating Budget requests and return the information by the beginning of January.

November – Capital Budget

The process of developing the Capital Budget begins in November when Departments prepare an itemization of all capital improvements, including those of the School Department, proposed to be undertaken during the next five fiscal years with supporting data including cost estimates, methods of financing, recommended time schedules; and the estimated annual cost of the operating and maintaining the facilities included. The Town Manager's office distributes the Capital Budget guidelines and worksheets to all departments. A committee of Town and School officials reviews the requests and assigns a numerical ranking to each request using 11 different criteria and submits a report to the Town Manager. The Comprehensive Finance Advisory Committee (CFAC) reviews all capital submissions as well. CFAC scores the projects separately from the committee and prepares a report on the capital program. The Town Manager reviews the committee's report and CFAC's report and makes recommendations based on funding availability, project score and priority.

The Capital Budget is included as a separate document in the Town's budget process in accordance with Section 6-5 of the Town's Charter. This document is required to be submitted to the Town Council at least 30 days prior to the submission of the Operating Budget.

The School Superintendent oversees the Capital Budget preparation for the School Department and, as a general rule, assigns an individual to participate on the review committee for all Town and School requests.

December/January/February

The School Superintendent and Town Manager review the budget submissions. Meetings are held with the Principals and department managers to discuss the submissions. The School Committee also reviews the School budget and holds public hearings to review the budget.

In the preparation of the proposed Town budget, each division and program area are analyzed, and a specific appropriation is recommended for the coming fiscal year. The recommended appropriation takes into consideration the operating requirements of any new capital facilities that will open in the next fiscal year. Total appropriations are balanced to the level of funding that is expected to be available to the Town.

March

The Capital Budget is submitted to the Town Council by the Town Manager at least 30 days prior to the submission of the Operating Budget. This includes Town and School capital requests.

The School Committee approves the School Operating Budget and submits it to the Town Manager.

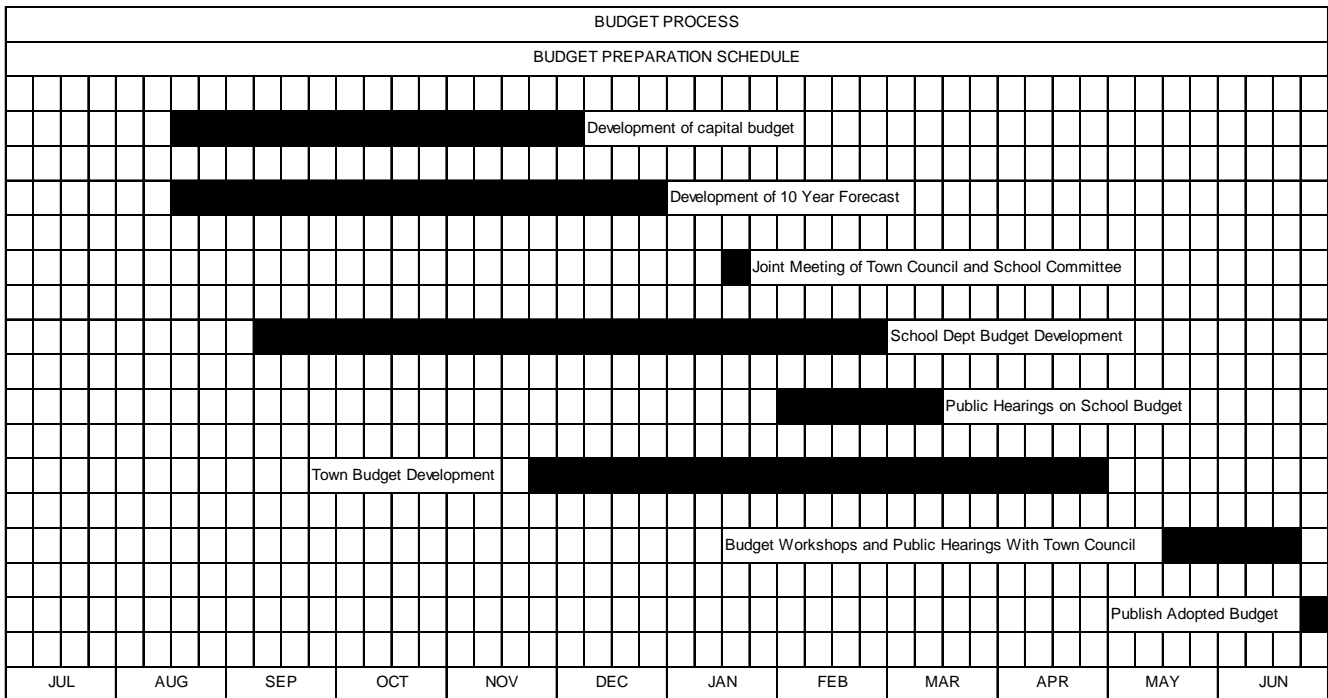
April

Under State law and the Town Charter, the Town Manager is required to submit a recommended budget to the Town Council 170 days after their annual reorganization. Except in unusual circumstances, this typically occurs in late April to early May.

The submitted budget is provided to the Comprehensive Finance Advisory Committee who reviews the budget and prepares a report for the Town Council.

May/June

The Council reviews the budget and holds public hearings, which provide an opportunity for Town and School management, budget staff, departments, and the general public to offer information, comment, and recommendations to the Town Council. In late May or early June (45 days after submittal of the budget), the Council adopts the budget.



BASIS OF BUDGETING

The budget presents General Fund and Enterprise Funds, which are required to be appropriated by the Town Council in accordance with the municipal finance laws of the Commonwealth of Massachusetts.

The Town's General and Enterprise Fund budgets are prepared on a cash basis as opposed to the Comprehensive Annual Financial Report which is prepared on an accrual basis. The actual results of operations are presented on a cash basis as well to provide a meaningful comparison of actual results with the budget. The major differences between the cash and accrual basis are that:

1. Revenues are recorded when cash is received using the cash basis, as opposed to when earned using the accrual basis.
2. Encumbrances and continuing appropriations are recorded as the equivalent of expenditures under the cash basis as opposed to a reservation of fund balance under the accrual basis.
3. Depreciation is recorded as an expense under the accrual basis and is not used under the cash basis.
4. Cash disbursements for fixed assets are recorded as an expenditure under the cash basis and capitalized under the accrual basis.

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the Town adopts an annual budget for the General and Enterprise Funds for which the level of expenditure may not legally exceed appropriations for each department or undertaking, classified in the following categories:

- Personnel (including salaries and employee benefits for active employees)
- Other ordinary maintenance or operating expenses
- Extraordinary expenditures or capital outlay

Proposed expenditure appropriations for all departments and operations of the town, except that of Public Schools, are prepared under the direction of the Town Manager. School Department appropriations are prepared under the direction of the Superintendent of Schools and acted upon directly by the School Committee. The Town Manager may recommend additional sums for School purposes. In addition, the Town Manager may submit to the Town Council such supplementary appropriation orders as are deemed necessary. The Town Manager may not amend appropriations within the above mentioned categories for a department without seeking Town Council approval. The Town Council may reduce or reject any item in the budget submitted by the Town Manager but may not increase or add items without the recommendation of the Town Manager.

DEFINITION OF A BALANCED BUDGET

Every year the Town of Barnstable prepares a balance budget. The Town defines a balanced budget as a budget in which all resources are greater than (or equal to) total appropriations. Receipts can include recurring revenue (revenues that repeat from year-to-year as in property taxes) and one-time revenue such as the use of reserves. The Town's FY14 balanced budget for all appropriated funds is as follows:

	Estimated	Transfer From General Fund	Capital Trust Fund	Special Revenue Funds	Trust Funds	Borrowing Auth.	Total		
	Current Year Receipts						Transfer From Surplus	Receipts	Total Appropriations
General Fund Operations	\$ 131,849,628	\$ 2,636,836	\$ -	\$ -	\$ 639,343	\$ 300,000	\$ -	\$ 135,425,807	\$ 135,425,807
Airport Enterprise Operation	7,230,647	-	-	-	-	-	-	7,230,647	7,230,647
Golf Enterprise Operation	2,886,692	35,000	161,288	-	-	-	-	3,082,980	3,082,980
Solid Waste Enterprise Operation	2,267,972	428,369	-	-	-	-	-	2,696,341	2,696,341
Sewer Enterprise Operation	4,328,518	-	-	-	-	-	-	4,328,518	4,328,518
Water Enterprise Operation	3,662,420	-	-	-	-	-	-	3,662,420	3,662,420
HYCC Enterprise Operation	1,160,550	-	469,687	1,391,423	-	-	-	3,021,660	3,021,660
Marina Enterprise Operation	593,000	-	-	63,231	24,000	-	-	680,231	680,231
Sandy Neck Enterprise Operation	709,382	31,000	-	-	-	-	-	740,382	740,382
Capital Program	-	1,991,000	-	3,316,000	-	-	17,498,500	22,805,500	22,805,500
Totals	\$ 154,688,809	\$ 5,122,205	\$ 630,975	\$ 4,770,654	\$ 663,343	\$ 300,000	\$ 17,498,500	\$ 183,674,486	\$ 183,674,486

IMPLEMENTATION OF THE APPROVED BUDGET AND AMENDMENTS TO THE BUDGET

Upon adoption of the budget, staff updates the approved Operating and Capital Budgets, incorporating all changes from the proposed budget. The approved budget is published in late June. Pursuant to the Town Charter, Section 6-4, the Town Manager may make certain changes within the Operating Budget appropriation for each department. The Town Council may, by ordinance, amend the budget to decrease or transfer appropriations among departments. The Charter specifies that the Town Council may not increase the budget of any department, either during the budget process or during the course of the fiscal year, without first receiving a supplemental appropriation request from the Town Manager. There is a specific exception for the School Department, where the Town Council may increase the School Department budget with a corresponding reduction to another area of the budget. If, at any time during the fiscal year, the Town Manager determines that available revenues will be less than total appropriations for the year, he revises departmental work programs and appropriations to ensure that available revenues are not exceeded, and presents the amended appropriations to the Town Council for their approval. Supplemental appropriations are provided for emergencies if they arise. Towards the end of the fiscal year, departments have the opportunity to request transfers in their budgets if deemed necessary.

FY 2014 FUND SUMMARIES

The total proposed FY14 operating budgets for the Town of Barnstable's appropriated funds is \$160,868,986. This is a decrease from the FY13 budget of \$632,056, or 0.39%. In addition to the General Fund, this figure includes the Town's eight enterprise fund operations. These funds comprise the Town's annually appropriated funds. The General Fund accounts for revenues and expenditures necessary to provide general governmental services. By definition, all financial resources that are not required to be accounted for in other funds are accounted for in the General Fund. This is the fund that receives all property tax revenue except for property tax surcharges for the Community Preservation Act. The enterprise funds are primarily supported by user fees. Residents that access these services pay a fee to support the operation. The fees charged by the enterprise fund operations are set at levels which should allow them cover all operational and capital costs unless a general fund subsidy is provided.

SUMMARY OF ALL APPROPRIATED FUNDS

Fund	FY13 Budget	FY14 Budget	\$ Change	% Change
General Fund	\$136,066,422	\$135,425,807	(\$640,615)	-0.47%
Airport Enterprise Fund	\$7,349,458	\$7,230,647	(\$118,811)	-1.62%
Sewer Enterprise Fund	4,684,189	\$4,328,518	(\$355,671)	-7.59%
Water Supply Enterprise Fund	\$3,454,571	\$3,662,420	\$207,849	6.02%
Golf Enterprise Fund	\$2,972,346	\$3,082,980	\$110,634	3.72%
HYCC Enterprise Fund	\$2,931,429	\$3,021,660	\$90,231	3.08%
Solid Waste Enterprise Fund	2,656,754	\$2,696,341	\$39,587	1.49%
Sandy Neck Enterprise Fund	\$704,442	\$740,382	\$35,940	5.10%
Marina Enterprise Fund	\$681,431	\$680,231	(\$1,200)	-0.18%
Total All Budgeted Funds	\$161,501,042	\$160,868,986	(\$632,056)	-0.39%

The General Fund budget is decreasing \$640,615 in FY14. The decrease is the result of a one-time \$7,000,000 transfer from general fund reserves to the town's capital trust fund in FY13. Removing transfers from the FY13 and FY14 budgets results in a FY14 budget increase of \$5,393,511; a 4.3% increase. Major factors contributing to the general fund budget increase excluding transfers include contractual salary obligations of approximately \$2 million, increases in employee benefits of \$1.4 million, a prior year deficit for snow and ice removal of approximately \$1.4 million, and increase in operating capital for equipment and vehicle replacement of \$268,000 and an increase in school assessments for \$296,000.

The decrease in the airport enterprise fund is principally due to the declining sale of jet fuel. The airport purchases jet fuel for resale. This one activity generates more than 50% of the fund's operating revenue. A decline in the number of gallons sold results in a reduced budget proposal for FY14.

The decrease in the sewer enterprise fund is primarily due to decreases in debt service and utility costs.

The water enterprise fund budget is increasing due to an increase in the management contract for operating the system and an increase in debt service for bonds issued to fund the capital program.

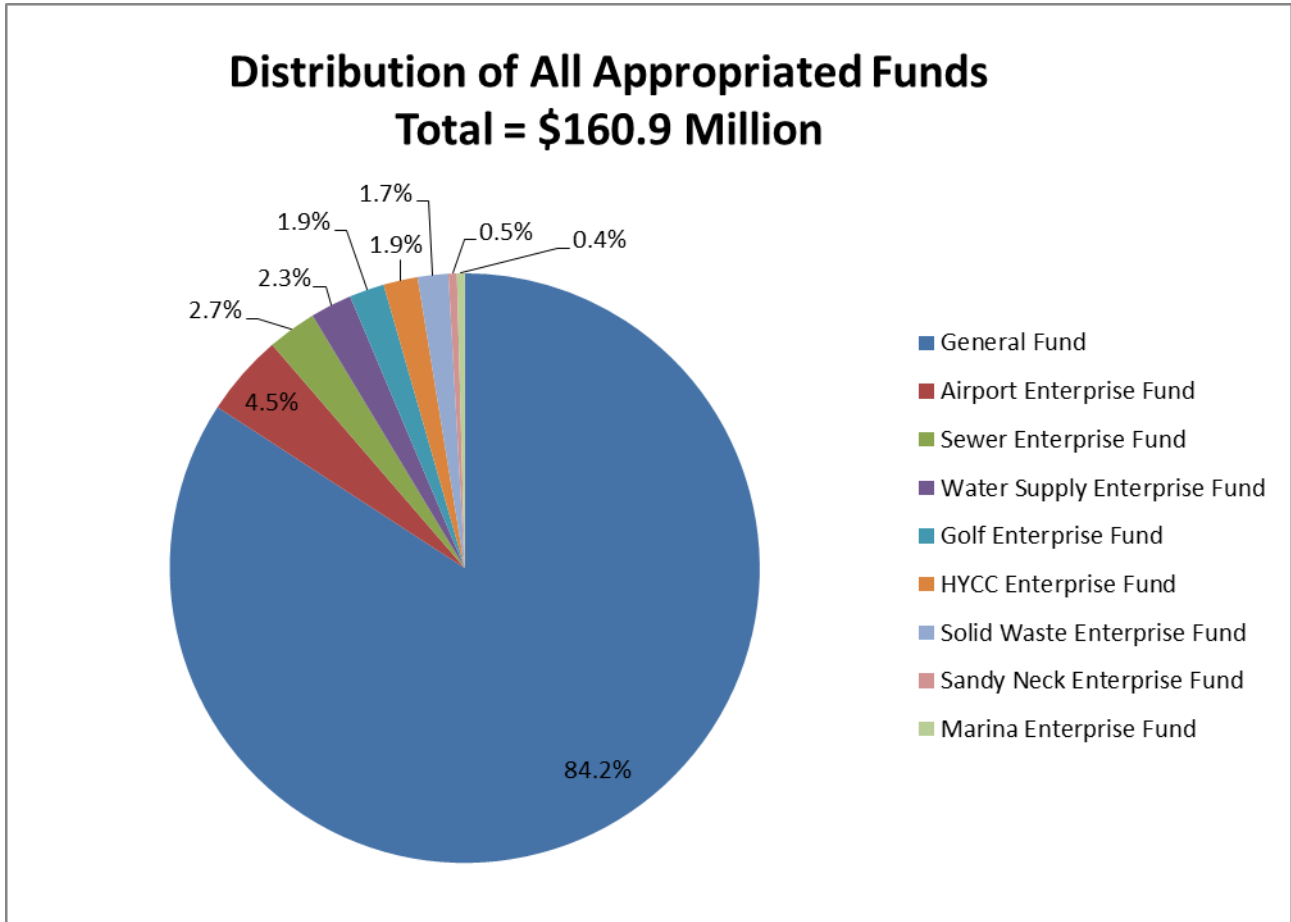
The increase in the golf course enterprise fund is primarily due to contractual salary obligations and benefits as well as workers compensation expenses.

The HYCC enterprise fund is increasing \$90,231 in FY14 due to contractual salary obligations and employee benefits as well as an increase in the charges for general fund support.

The solid waste enterprise fund budget is increasing slightly by \$39,587 or 1.5%. Contractual salary obligations and employee benefits account for the budget increase.

The Sandy Neck enterprise fund increase of \$35,940 is mainly attributable to an increase in operating capital for safety improvements.

Finally, the marina enterprise fund budget is decreasing \$1,200 in FY14 as a result of declining debt service payments.



General Fund operations comprise 84 percent of the Town's total appropriated funds. The enterprise funds make up the remaining 16 percent. The Airport Enterprise Fund is the largest enterprise fund in the Town with a proposed budget of \$7.2 million for FY14, or 4.5 percent of all appropriated funds.

GENERAL FUND SUMMARY

Introduction:

Economic factors at all levels are considered when preparing the budget. National events will trickle down to the state level which in turn will impact what happens locally. Usually the local economy will be impacted 12 to 24 months subsequent to events that occur at the state and federal levels.

NATIONAL ECONOMIC FACTORS

1. Federal "Fiscal Cliff" – The "Fiscal cliff" is the popular shorthand term used to describe the conundrum that the U.S. government will face at the end of 2012, when the terms of the Budget Control Act of 2011 are scheduled to go into effect. Among the laws set to change at midnight on December 31, 2012, are the end of last year's temporary payroll tax cuts (resulting in a 2% tax increase for workers), the end of certain tax breaks for businesses, shifts in the alternative minimum tax that would take a larger bite, the end of the tax cuts from 2001-2003, and the beginning of taxes related to President Obama's health care law. At the same time, the spending cuts agreed upon as part of the debt ceiling deal of 2011 will begin to go into effect. It is estimated that over 1,000 government programs - including the defense budget and Medicare are in line for reductions. In dealing with the fiscal cliff, U.S. lawmakers have a choice among three options, none of which are particularly attractive:
 - a. They can let the current policy scheduled for the beginning of 2013 – which features a number of tax increases and spending cuts that are expected to weigh heavily on growth and possibly drive the economy back into a recession – go into effect. The plus side: the deficit, as a percentage of GDP, would be cut in half.
 - b. They can cancel some or all of the scheduled tax increases and spending cuts, which would add to the deficit and increase the odds that the United States could face a crisis similar to that which is occurring in Europe. The flip side of this, of course, is that the United States' debt will continue to grow.
 - c. They could take a middle course, opting for an approach that would address the budget issues to a limited extent, but that would have a more modest impact on growth.

The latest rhetoric coming out of Washington indicates the President and Congress are both digging in for a fight. If a compromise is reached, it will most likely have significant financial impacts on state and local governments, particularly in the areas of Medicaid and entitlement grant programs.

2. Interest Rates - The Federal Reserve continues to hold the federal funds rate at historically low levels. This is the rate that banks charge each other for overnight loans. While it is not the only factor that contributes to mortgage rates, it is a noteworthy one. Mortgage rates across the country continue to be at historically low levels which assist the real estate market. This in turn helps stabilize the property values in many regions. We have recently seen the leveling off of property value declines on Cape Cod. It has also contributed to a favorable bond market where the town's last bond issue was awarded with a net interest cost of about 1.5 percent. The flip side of this policy move is that it deteriorates the level of investment income we can earn and the town has seen a significant decline in its investment income over the past couple of years.
3. Employment – Unemployment rose slightly in October 2012 to 7.9 percent, up from September's 7.8 percent, according to the Bureau of Labor Statistics (BLS). The figures were unaffected by Hurricane Sandy, as BLS noted the data was gathered before the storm hit. Unemployment has declined during 2012, which began with an 8.3 percent unemployment rate. The year has seen modest, but steady job growth. Approximately 171,000 jobs were created in October, with the largest job gains in professional and business services, health care, and retail trade. The leisure and hospitality construction sectors also showed job growth, while manufacturing, wholesale trade, transportation, financial services, and public employment remained steady.
4. Consumer Price Inflation – The U. S. Bureau of Labor Statistics reported that the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.1 percent in October 2012 on a seasonally adjusted basis. Over the last 12 months, the all items index increased 2.2 percent before seasonal adjustment on a national level. The shelter index increased 0.3 percent, its largest increase since March 2008, and accounted for over half of the seasonally adjusted all items increase. The index for all items less food and energy rose 0.2 percent, as the rise in the shelter index and increases in the indexes for apparel and airline fare more than offset declines in the indexes for used cars and trucks, new vehicles, and recreation. The food index increased 0.2 percent in October with the index for food at home rising 0.3 percent, its largest increase since September

2011. The energy index, which had risen sharply in August and September, declined slightly in October. Major energy component indexes were mixed, with declines in the indexes for gasoline and natural gas more than offsetting increases in the indexes for electricity and fuel oil. The 12-month change in the index for all items was 2.2 percent in October, an increase from the September figure of 2.0 percent. The 12-month change in the index for all items less food and energy remained at 2.0 percent. The food index rose 1.7 percent over the last 12 months, and the energy index increased 4.0 percent. In the New England region, the CPI over the last 12 months as of October 2012 was 2.2.

5. Retail Sales and debt – Retail sales in October 2012 were down 0.3 percent over the previous month but 3.8 percent above October 2011. Household credit card debt is the third largest source of household indebtedness, averaging \$7,150 per household as of September 2012. Only the \$13.5 trillion mortgage debt market and the \$1 trillion student loan debt market are larger. Indebted American households have a substantial amount of credit card debt: of the estimated 46.7% of households that carry a balance, the average debt is \$15,328 as of September 2012. Whether or not this is a good thing is up for debate. On the one hand, higher consumer spending puts the economy on a positive track. Higher spending leads to more jobs and higher incomes, which in turn lead to higher spending. However, if wages and employment are improving at their current sluggish pace, this might well be an indication that families are borrowing to make ends meet rather than a reflection of a well-founded increase in consumer confidence. Student loan debt is expected to exceed \$1 trillion by the end of 2012. Coupled with fewer job prospects for graduating students, this debt could be heading for a meltdown similar to the mortgage industry a few years ago.
6. Corporate Profits – The boom in American corporate profits, which has far outpaced the gains in the broader economy since the end of the last recession, is faltering. After hitting an all-time high earlier this year, negative outlooks are forecasted for the 4th quarter 2012. The recession in Europe and slowing growth in China are contributing to the decline.
7. Housing – The National Association of Realtors reported that existing home sales climbed 2.1 percent in October to a seasonally adjusted annual rate of 4.79 million units, beating forecasts by Wall Street economists. Massachusetts home prices are on the upswing again. The turnaround is thought to be bolstered by low interest rates, tight inventory, and growing consumer confidence. Town property assessments appeared to have stabilized as the FY 2013 assessments are nearly complete with very little change over the FY 2012.

STATE ECONOMIC FACTORS

1. Employment – the New England region's job recovery is occurring faster than all other areas of the country. This is due to the type of employment. A considerable amount of the labor force is concentrated in the medical and information technology service areas. Demand for these services exists whereas manufacturing continues to lag.
2. Housing – the median sales price for homes in the region has held up better than all other areas of the country. In addition, the percentage of homes in foreclosure for the region is also lower than the percentage nationwide.
3. Pension Reform and Health Insurance Reform – The state has implemented reforms in both areas affecting current and future employees. While the health insurance reforms impact all active and retired employees, most of the cost savings with the recent round of pension reforms was targeted at future employees.
4. State Budget – State revenue collections are beginning to recover. However, this will most likely be direct to other ears of the budget and not to local aid. The Governor's FY14 budget proposal significantly increases the amount of local aid for the town but it is predicated on an increase in the state income tax rate to 6.25%. The house and Senate have not demonstrated strong unified support for the proposal. The recently released House version of the budget provides for a minimal state aid increase for the town. The Senate version of the budget is due to be released in May and the final state budget should be released by the end of June. The town is using a conservative local aid estimate for the FY14 budget proposal that approximates the House version of the budget.
5. Unfunded Liabilities – The state's unfunded liabilities for pensions and healthcare are estimated to exceed \$20 billion. Any concerted effort to increase funding in order to reduce these liabilities will most likely result in reductions to services including local aid.

LOCAL ECONOMIC FACTORS:

1. New Building Growth – Growth continues to stagnate as new residential development is limited. New growth for FY13 was \$766,000. New building growth is projected to be at its lowest levels since the implementation of Proposition 2½ and the FY14 budget proposal includes an estimate of \$550,000.
2. Tourism – According to statistics published by the Cape Cod Chamber of Commerce, there has been an increase in several key areas including; occupancy rates at area hotels/motels, rooms tax receipts, visits to the National Seashore and airport traffic. Rooms tax and meals tax are both trending higher in fiscal year 2013. Cape Cod's tourism economy appears to be resilient. The budget estimate for rooms tax revenue in FY14 has been increased by 7%.
3. Ordinance Development – The financial impact of any new ordinances should be closely examined to determine its potential impact on the town's finances. New ordinances can require additional staff to enforce or can prohibit or encourage new development. The FY14 budget proposal includes an increase of 1.5 full-time equivalents in the Regulatory Services Department due to recently adopted ordinances for problem properties and rental registrations.
4. Property Taxes – This revenue source is more stable than sales and income tax receipts. It is the main revenue source for the general fund. Consequently, fluctuations in the town's budget are not as predisposed to economic upswings and downturns as governments that depend upon sales and income taxes as their main revenue source. While it is a steady and predictable resource, it has limitations under Proposition 2 ½.
5. Reserves – the town continues to maintain several reserves which can be accessed to provide for the continuation of services on a short-term basis (1- 2 years), to support the capital program or to pay for one-time expenses. \$7 million of general fund reserves were transferred to the Capital Trust Fund in FY13 in order to build reserves for the town's capital program. The FY14 budget proposal includes using \$2,636,836 of general fund reserves for one-time expenses and \$494,369 of enterprise fund reserves for one-time expenses and debt service.
6. Unfunded liabilities – The town currently faces unfunded pension and healthcare liabilities over \$200 million. The amortization of the pension liability is expected to be completed by FY 2038. In addition, the town has established a trust fund to accumulate resources for the unfunded healthcare liability but the annual funding to this trust is approximately \$5 million less per year than needed to fully amortize the liability.
7. Infrastructure Improvements and Expansion – The town is facing two major programs; private roads and sewer expansions. Combined, these programs are expected to exceed \$700 million. To date, limited resources are available to finance them. Recently, the Town Council approved a local meals tax and an increase in the local rooms tax with both sources being directed to the sewer expansion program. However, they are insufficient to address a comprehensive program. The Sewer Construction Trust Fund has a current balance of approximately \$4,000,000. The local meals and rooms tax credited to this fund total about \$2 million per year.
8. Economic Development – Several strategies have been identified in the Cape Cod Economic Development Strategy Annual Report to assist in the areas of economic development including; but not limited to, a buy local program, a green energy program, an expanded college program to a 4 year curriculum, creating a redevelopment authority, building a telecommunications infrastructure and a housing program to support the labor force in dealing with the area's high cost of housing.

Taking into consideration all of the aforementioned economic factors, the financial forecast in this budget has been prepared using a revenue driven model. First, revenue projections for the Town's general fund were projected using a set of conservative assumptions to provide us with the estimated available financial resources. Second, expenditure projections for fixed costs, benefits and operating expenses were made based on a variety of assumptions. Enterprise fund revenue projections include rate increases necessary to cover their projected operating budget increases in most cases; however, surplus is used for fee mitigation in the Solid Waste, Sewer, and HYCC and Sandy Neck operations. In addition, \$435,000 of general fund surplus is used to balance the FY13 budget mainly to pay for unemployment costs for which the town is self-insured. The general fund and each enterprise fund maintain a surplus fund balance which is sometimes used to fill the gap when the projected current year expenses exceed projected resources.

Key Operating Budget Areas Requiring Attention:

Particular attention is given to certain areas of the revenue and expense structure contained in the operating budgets in order to maintain a sustainable budget in the years ahead. These areas include the following:

New Property Tax Growth. Additional taxes generated from new building growth are estimated to increase gradually over the next few years with the anticipation of an improving economy. With limited vacant building lots available, the town will have to rely more upon targeting redevelopment of existing lots to achieve this goal.

Chapter 70 Aid For Education. This aid category is estimated to increase \$125,000 for FY14; a similar amount included in the House budget. The Governor's proposal includes an additional \$2 million for Barnstable but is predicated on a state income tax rate increase. The Senate version of the budget has yet to be issued. Any increase can be brought forward at a later time during the FY14 budget year.

Unrestricted General Government Aid. This aid is level funded for FY14. The House budget that was recently issued increases the aid slightly. However, similar to the CH70 aid, any increase can be brought forward at a later time in the FY14 budget year.

Massachusetts School Building Assistance. School officials have submitted "statements of interest" to the Massachusetts School Building Authority which describe the preliminary plans for renovations and expansions to the existing facilities. State officials placed the Town on its "planning" list meaning that it will work with the Town to develop a comprehensive elementary facility renovation and/or replacement plan for its approval prior to granting any funds. Additionally, the new program for financing school construction is derived from the state sales tax which has been declining as a result of the economy. The school department received some money for this program in FY12 for window replacements in an elementary school.

Investment Income. Investment income is significantly less than where it was four years ago. The Town has decreased the projection for this revenue source in FY14 by \$25,000 as interest rates on deposits are still very low.

Salaries. Salaries are the single largest expense for the Town. Salaries in this budget include all contractual obligations for merit pay increase as well as cost of living allowances. Most labor contracts have been ratified. The FY14 budget includes funding for the unsettled contracts with similar cost of living allowances as those which are settled.

Health Insurance. The FY14 budget includes funding for the rate increase in health insurance plans. The average rate increase for all plans in FY14 is 7%. In addition, the town has included \$585,000 of mitigation funds in the FY14 budget to offset the increased copays and deductibles for participants. This was negotiated in the recently settled labor contracts and will continue for the length of the current contract.

Other Post Employment Benefits. Similar to pensions, Town employees can earn other post employment benefits (OPEB) over their years of service that will not be received until after their employment with the Town ends through retirement. In the Town of Barnstable, the OPEB consists principally in the form of health insurance. A new accounting rule requires that we actuarially determine what our annual required contribution (ARC) would be to fully fund this benefit. The amount of the ARC that exceeds our actual health insurance expenses in any one year gets recorded as a liability on the Town's balance sheet. The ARC exceeded the Town's actual expenses in FY12 by over \$5 million. In essence, to fully fund health insurance for active and retired employees, the Town would have to annually budget \$5 million more for health insurance. A similar shortfall can be expected every subsequent year. If the Town elects not to fund part or all of this liability, it is expected that it will eventually lead to a bond rating downgrade as the rating agencies are watching very closely how governments across the country address; or don't address, this issue. This budget includes a contribution of \$250,000 to the Town's OPEB trust fund.

Utilities and Fuel. The FY14 budget across all Town budgets (General Fund and Enterprise Funds) for utilities and fuel is approximately \$5 million combined. The Town has installed co-generation equipment

to produce electricity and heat, upgraded heating plants to make buildings more efficient and purchased more fuel efficient vehicles. Additionally, the Town has installed photovoltaic solar panels and windmills to provide power to various municipal and school facilities. These enhancements, along with a reduction in electricity rates as a result of a competitive bid conducted in FY11, have reduced electric cost in the FY13 and FY14 budgets. The sewer enterprise fund electricity budget has been reduced by almost \$100,000 for FY14 as much of that facility's electricity is now produced by renewable energy. Recently issued fuel bids resulted in a slight reduction in the price for gasoline and diesel fuel preventing any necessary budget increase for these expenses in FY14.

Private Roads. There is no provision included in this budget to finance the taking or improvement of these roads; or the elimination of services currently provided. The Town's Comprehensive Financial Advisory Committee (CFAC) has reviewed this issue several years ago concluded that establishing a Municipal Stabilization Fund dedicated for roads would be the most effective solution to continue providing services and expanding services to property owners on private roads. Many of these roads were constructed in the 1980's and they have reached their useful lives and are starting to breakdown. Although they are not the Town's responsibility, the politically reality is that the repair of these roads will require a coordinated and comprehensive response from the Town as taxpayers could demand for the Town to take them over.

Wastewater. A Town Citizens Advisory Committee has been formed to examine this issue on a town-wide basis regarding the science and technology aspects of the program. The Town Council has approved the creation of a Sewer Construction Trust Fund which receives 100% of the local meals tax and 33% of the local rooms tax revenue. The balance in the trust fund is currently around \$4 million. Annual revenue credited to the fund is approximately \$2 million. The debt service for the West St. pump station and Stewart's Creek sewer line expansion is paid out of this trust. The betterment assessments to be issued on the Stewart's Creek expansion project will be credited to the trust fund as well and will offset the bond payments.

Water Supply. The Department of Public Works and the Hyannis Water Board have developed a comprehensive capital improvement program for the water operations. A combination of rate increases and mitigation money will finance the capital plan. A rate increase of 3 percent per year will provide a debt financed water line replacement program of \$1 million per year.

Special Education. The greatest demand within this component of the school budget is the cost for out-of-district residential placement services. The State Circuit Breaker Reimbursement program provides for some financial relief. Subject to appropriation, the State's share shall equal a percentage of the prior year's approved instructional costs in excess of four times the full amount of the prior year's state average per pupil foundation budget as defined in M.G.L. c.70 and in accordance with the Department of Elementary and Secondary Education. For FY14, the reimbursement rate is projected to be approximately 72 percent, similar to the FY13 rate.

Facility Maintenance. Town and school facilities are aging. Adequate funds need to be directed to the annual maintenance of these facilities. When budgets are constricted this is one of the first reductions made. The long-term impact of deferred maintenance is evident in the Town's capital improvement plan. The Town must continue to augment the funds allocated to the maintenance of facilities as well as identify opportunities to close facilities no longer needed. Most notably are the Town's elementary school facilities which are in need of significant renovations. Declining enrollments should allow for the reduction of the School Department's physical plant reducing the cost of this program. Osterville Bay Elementary School was closed at the end of the 07-08 school year. Three more buildings were closed in the 09-10 school year. This saved the School Department approximately \$3 million annually. The closure and subsequent sale and/or lease of these facilities will add to funds already set aside for a comprehensive school renovation program. The Town currently has about \$740,000 in reserves from the sale of the former Grade 5 building to apply to this program. In addition, there is a potential offer on the table for the purchase of the former Osterville Bay Elementary School that could add to this amount. However, there will ultimately be some sort of tax levy commitment to complete this program. Massachusetts School Building Assistance may also become available. The School Department has increased its facility maintenance budget by \$300,000 in FY14 recognizing the need for a strong maintenance program.

Technology. Updating technology is a main concern in the school department. Past technology upgrades have traditionally been performed as the facility is renovated. In FY07, a one-time infusion of \$300,000 was made for technology upgrades system-wide. The FY14 budget includes \$200,000 for technology enhancements in the School Department. In addition, Information Technology Division within the municipal operations budget has a financial plan that includes \$105,000 annually for hardware and software upgrades and the FY14 Police Department budget invest \$20,000 for hardware replacement..

No Child Left Behind Act. The No Child Left Behind Act affects virtually every person employed in the public school system. All schools in districts that accept Title 1 Federal funds must make detailed annual reports on the progress of all children in their districts. Each school must also report the progress of four subgroups: minority children, children with disabilities, children with limited English proficiency, and children from low-income families. The School Department must allocate more resources in the areas of training, curriculum development, assessment and evaluation in order to meet the requirements of this act.

Key Financial Considerations:

Property Taxes Available For Operations. The FY14 budget includes the assumption that taxing limitations under Proposition 2½ will be maximized and new growth will approximate \$555,000. This generates about \$3 million before fixed cost increases. After covering fixed cost increase of about \$700,000 there remains approximately \$2.3 million available for operating budgets.

Capital Program. The Town of Barnstable has an inventory of over \$400 million in fixed assets. This includes land, land improvements, buildings, equipment and machinery, furniture and fixtures, boats, vehicles, trailers, computers, roads, sidewalks, bridges, runways, marinas, parks, fresh water ponds and lakes, dredged waterways, beaches, water and sewer lines and other. This inventory of assets requires the Town to invest considerable funds to replace or improve the assets over time. Town departments have identified a total of \$63 million of general fund capital needs over the next 5 years not including any needs for a comprehensive overhaul of elementary school facilities or private road repairs. This is more than what the Town can provide. The Town's projected annual commitment for General Fund capital is approximately \$10 million per year for the next five years. This includes \$3.2 million in annual cash financing and \$7 million in debt financing.

	Foundation Enrollment	State Required School Spending	Per Student Required Spending	Per Student Dollar Change
FY05	6501	\$51,296,534	\$7,891	\$657
FY06	6310	\$53,133,177	\$8,420	\$530
FY07	5980	\$53,666,742	\$8,974	\$554
FY08	5814	\$53,193,630	\$9,149	\$175
FY09	5706	\$53,191,974	\$9,322	\$173
FY10	5583	\$53,189,694	\$9,527	\$205
FY11	5492	\$52,663,249	\$9,589	\$62
FY12	5381	\$51,917,318	\$9,648	\$59
FY13	5429	\$53,484,967	\$9,852	\$203
FY14	5434	\$54,445,631	\$10,019	\$168

Source: Mass Dept. of Elementary and Secondary Education

Net School Spending Requirements. State required net school spending has increased for FY14. The required spending per student continues to increase each year mitigating any possible financial benefit from declining enrollments. The state's preliminary enrollment figure used in their spending requirements for FY14 has a slight increase in enrollment to 5,434. The amount we are required to spend on each student along with the enrollment increase results in a net school spending requirement in FY14 that is approximately \$1 million more than FY13. This is approximately \$2.8 million less than the school department general fund appropriation.

Reserves Used to Balance Operating Budgets. The Town has used a portion of its general fund reserves on an annual basis to balance the operating budget or fund the capital program. The general fund reserve, also known as free cash, is certified every year by the Massachusetts Department of Revenue. From this reserve, the Town Council's policy is to set aside an amount equal to 4 percent of the operating budget net of transfers. Any balance remaining is distributed between the School Department and Municipal Departments in accordance with a revenue sharing agreement. It may be used to balance annual operating budgets or fund the capital program. The following table illustrates this activity within this reserve for the past ten years.

Dept. of Revenue Certification Date:	Beginning Balance	Used For:		Generated	Ending Balance
		Operations	Capital		
July 1, 2003 (FY 04)	8,954,492	(2,908,781)	-	3,075,360	9,121,071
July 1, 2004 (FY 05)	9,121,071	(3,641,549)	-	5,883,381	11,362,903
July 1, 2005 (FY 06)	11,362,903	(4,013,319)	(1,235,000)	7,326,981	13,441,565
July 1, 2006 (FY 07)	13,441,565	(3,577,630)	(2,235,000)	9,692,548	17,321,483
July 1, 2007 (FY 08)	17,321,483	(6,390,369)	(4,500,000)	1,501,616	7,932,730
July 1, 2008 (FY 09)	7,932,730	(1,930,000)	-	2,408,587	8,411,317
July 1, 2009 (FY 10)	8,411,317	(1,080,758)	-	3,416,013	10,746,572
July 1, 2010 (FY 11)	10,746,572	(1,195,000)	(2,000,000)	4,768,613	12,320,185
July 1, 2011 (FY 12)	12,320,185	(687,330)	-	5,639,538	17,272,393
July 1, 2012 (FY 13) - used for FY14 budget dev.	17,272,393	(2,636,836)	(7,000,000)	-	7,635,557
Totals		(28,061,572)	(16,970,000)	43,712,637	

The amount of reserves used to balance on-going operations as illustrated above has ranged from \$687,000 to \$6.4 million per year. The Town has historically been able to generate what it has used in reserves over the past 10 years as the balance is slightly less than where it was 10 years ago. In addition, the projection for surplus generated in FY13 is in excess of \$2 million. The generation of surplus has been derived from unexpended appropriations and actual revenues out-performing budgets. The Town must be cautious about placing an over dependency on this funding source to pay for recurring operating costs. Additionally, a total of \$16,970,000 has been transferred to the Capital Trust Fund over this time period to supplement the capital program. The \$2,636,836 used to balance the FY14 budget is for one-time operating costs and not recurring expenses.

Bond Ratings. The Town continues to manage its financial affairs in a prudent manner. In FY13, the Town's bond rating was reaffirmed at AAA by Standard and Poor's and recently the Town received a two step upgrade from Moody's from Aa3 to Aa1. These excellent bond ratings should contribute to more favorable borrowing costs for the Town.

Conclusion:

The near future holds some very challenging times financially for the Town of Barnstable. Recurring revenue growth has significantly declined due to reductions in state aid and the dependency on reserves to balance recurring operating costs has been eliminated. Structural budget alignment contributes to long-term program stability. Additionally, the Town must proceed with caution if it chooses to expand any services that are not

completely offset by a new revenue source or corresponding reduction elsewhere in the budget. The constraints of Proposition 2½ will not allow the Town to expand the general fund program services in the foreseeable future and it will be very challenging to maintain the existing level of services. The key operating budget areas listed in this summary are considered when any financial discussions arise.

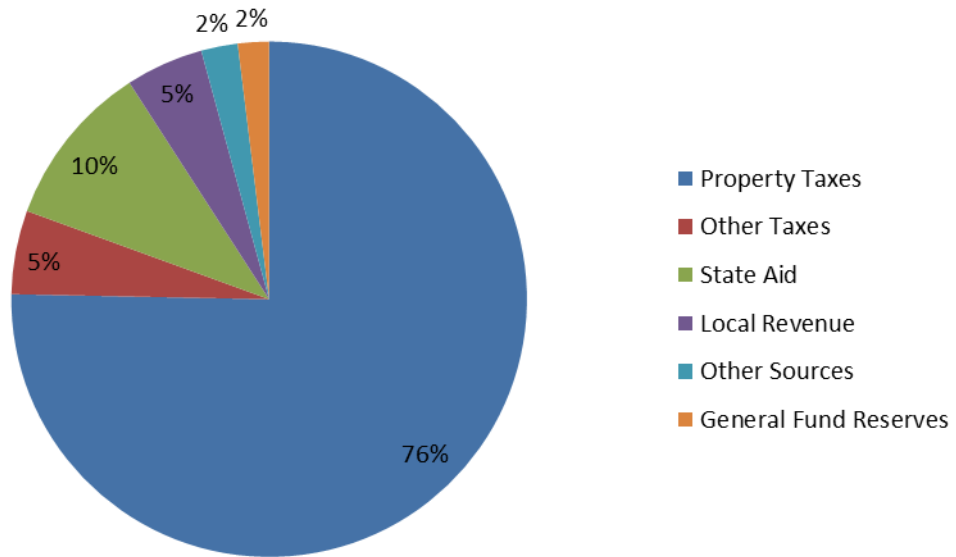
GENERAL FUND REVENUE SUMMARY

Town of Barnstable General Fund Revenue Summary

	<u>FY 2013</u>	<u>FY 2014</u>	<u>Change</u>	<u>Percent</u>
<u>Property Taxes:</u>				
Property Tax Base Subject to Prop 2 1/2		\$ 97,982,651		
<u>Add:</u>				
Proposition 2 1/2 Increase (2.5% of \$97,982,651)		2,449,566		
Estimated New Growth		550,000		
Voter Approved Debt Exclusions		1,871,790		
Voter Approved Cape Cod Commission Assessment		541,918		
Total FY14 Additions to Base		<u>5,413,274</u>		
Tax Levy Limit	\$ 100,386,022	103,395,925	\$ 3,009,903	3.00%
Property Taxes Reserved for Abatements and Exemptions	<u>(1,528,524)</u>	<u>(1,400,000)</u>	128,524	-8.41%
Property Taxes Available for Operations	<u>98,857,498</u>	<u>101,995,925</u>	<u>3,138,427</u>	3.17%
<u>Other Taxes:</u>				
Motor Vehicle Excise Tax	4,763,383	5,321,939	558,556	11.73%
Boat Excise Tax	150,000	140,000	(10,000)	-6.67%
Motel/Hotel Excise Tax	1,550,000	1,625,000	75,000	4.84%
Payments in Lieu of Tax	25,000	25,000	-	0.00%
Total Other Taxes	<u>6,488,383</u>	<u>7,111,939</u>	<u>623,556</u>	9.61%
<u>Other Resources:</u>				
State Aid	13,936,234	13,968,322	32,088	0.23%
Penalties and Interest on Taxes	918,100	914,000	(4,100)	-0.45%
Fines	296,000	336,000	40,000	13.51%
Fees and Rentals	940,000	862,753	(77,247)	-8.22%
Total Licenses, Permits, Inspections	1,625,000	1,659,310	34,310	2.11%
Total Charges For Services	1,500,000	1,620,000	120,000	8.00%
Departmental and Other	305,881	310,000	4,119	1.35%
Investment Income	650,000	625,000	(25,000)	-3.85%
School Medicaid Reimbursements	300,000	275,000	(25,000)	-8.33%
Enterprise Fund Reimbursements	1,913,906	2,171,379	257,473	13.45%
Transfers From Special Revenue Funds	555,420	639,343	83,923	15.11%
Transfer From Trust Funds	315,000	300,000	(15,000)	-4.76%
General Fund Reserves	7,465,000	2,636,836	(4,828,164)	-64.68%
Total Other Resources	<u>30,720,541</u>	<u>26,317,943</u>	<u>(4,402,598)</u>	-14.33%
Total General Fund Resources	<u>\$ 136,066,422</u>	<u>\$ 135,425,807</u>	<u>\$ (640,615)</u>	-0.47%

Total general fund resources are projected to decrease \$640,615 or 0.47 percent. Property taxes available for operations are projected to increase \$3.1 million which is entirely offset by a reduction in the amount of general fund reserves used to balance the FY14 budget. The reserves used in FY13 and FY14 budgets are for one-time expenses. Excluding the reserves from the total general fund resources results in an increase to general fund resources of \$3,761,983 to be used for recurring operating expenses.

FY14 General Fund Revenue Sources

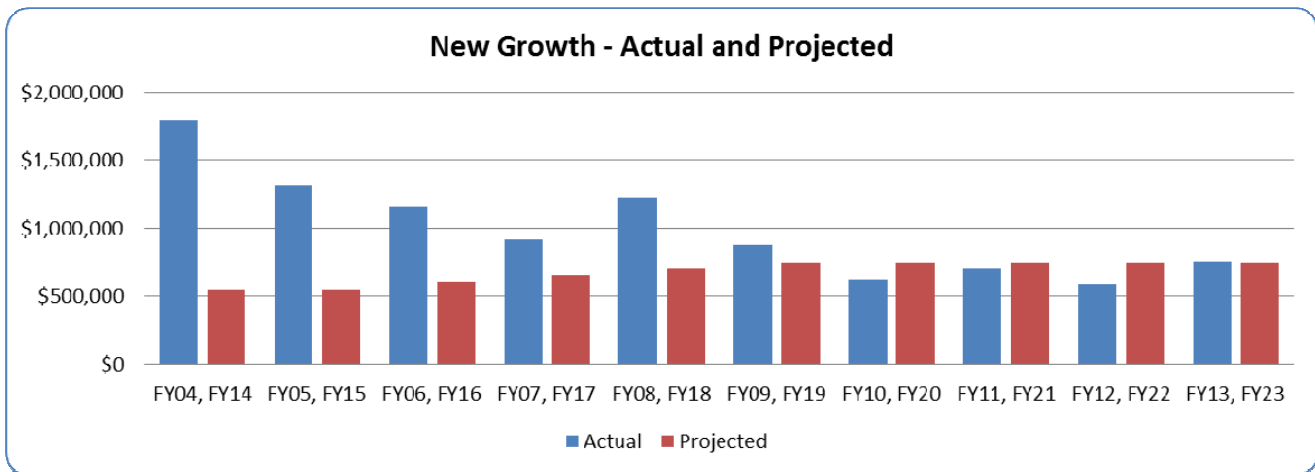


Property taxes comprise 76% of all general fund resources. State aid is the second largest category at 10%. The other sources category includes transfers from other funds including enterprise funds, trust funds and special revenue funds.

DESCRIPTION OF GENERAL FUND REVENUE SOURCES

PROPERTY TAXES

Property taxes are the most stable revenue source available to all Massachusetts municipalities. Proposition 2½ allows for municipalities to increase the prior year levy by no more than 2½ percent plus an amount reflecting new building growth. This makes the revenue source predictable. A lien can be placed on property for unpaid taxes resulting in high collection rates. The maximum allowable tax levy of the Town is determined by adding the base tax levy from the previous year that is subject to Proposition 2½; increasing it by 2.5 percent; adding the additional tax for new property growth in town; and then adding the additional tax authorized by the voters for debt exclusions and the Cape Cod Commission assessment. Tax levies are projected to continue to rise to the maximum amounts allowable under Proposition 2½ in the years beyond FY14. Property taxes are increasing \$3 million in FY14. The amount of property taxes set aside for abatements and exemptions is decreasing \$128,000 resulting in approximately \$3.13 million more available for operating budgets.



Property taxes are projected to increase \$3 million to \$4 million per year. This includes new growth allowed under Proposition 2½. The blue bars in the above graph illustrate the history of new growth over the past 10 years. The town has experienced significant declines in new property tax growth. This is expected to recover as illustrated by the red bars but not to the levels the town was experiencing in FY04 through FY08. New property tax growth is projected to be \$550,000 in FY14.

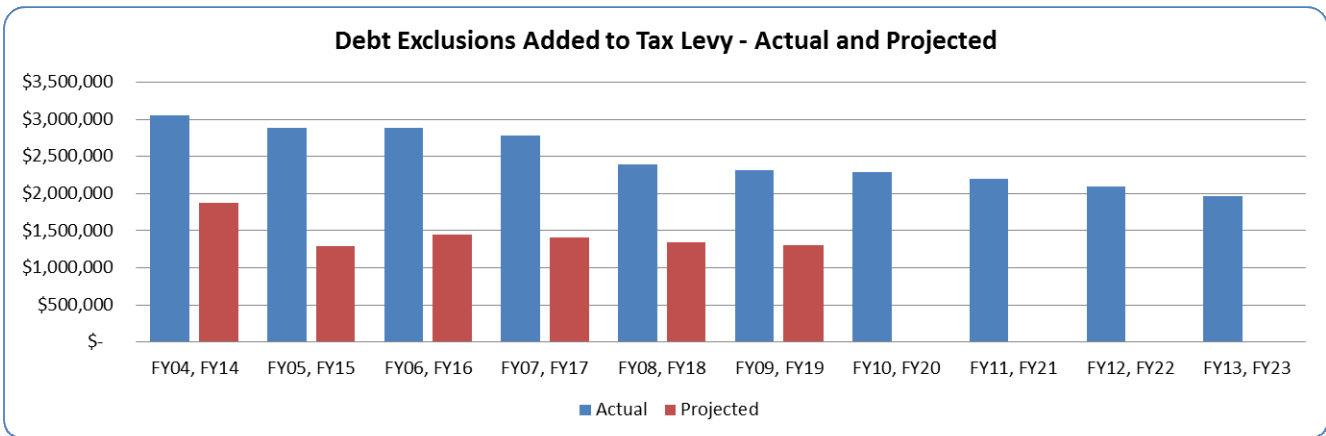
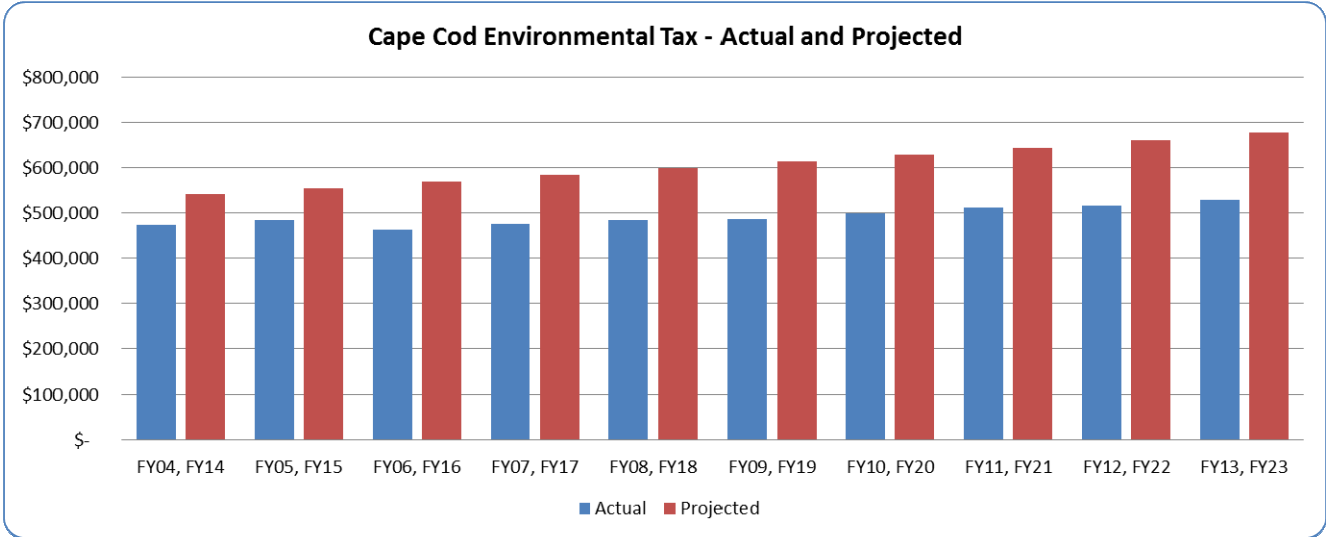
An additional taxing limitation under Proposition 2½ is what's known as the "levy ceiling". This is an amount that is equal to 2½ percent of the town's equalized valuation as calculated by the state on a biannual basis.

	Town's Equalized Value Per State Calculation	Levy Ceiling	Less Tax Levy Subject To Ceiling	Potential Excess Taxing Capacity	Percentage Of Levy Ceiling Levied
FY98	\$5,168,638,100	\$129,215,953	\$55,312,488	\$73,903,465	43%
FY00	\$6,118,949,700	\$152,973,743	\$61,844,972	\$91,128,771	40%
FY02	\$9,187,485,800	\$229,687,145	\$67,628,790	\$162,058,355	29%
FY04	\$11,747,239,700	\$293,680,993	\$76,964,666	\$216,716,327	26%
FY06	\$14,974,792,700	\$374,369,818	\$86,118,389	\$288,251,429	23%
FY08	\$16,142,285,200	\$403,557,130	\$89,064,458	\$314,492,672	22%
FY10	\$14,945,861,000	\$373,646,525	\$91,769,862	\$281,876,663	25%
FY12	\$14,945,861,000	\$373,646,525	\$97,338,885	\$276,307,640	26%
FY14	\$13,864,305,700	\$346,607,643	\$103,395,925	\$243,211,718	30%

With an equalized valuation of almost \$14 billion, the Town's levy ceiling is \$346 million. The Town's levy limit subject to the levy ceiling for FY14 is estimated to be \$103 million, which is \$243 million under the levy ceiling

limitation. In other words, the Town is taxing at 30 percent of its levy ceiling capacity. The Town can only use the excess taxing capacity upon approval of an “override” by a majority vote on a ballot question.

The Town has the authority to add an additional \$2.4 million in tax levy exclusions to the FY14 tax levy limit for school debt exclusions and Cape Cod Commission assessments (also known as the Cape Cod Environmental Tax), approved by the voters. The following charts illustrate the Town’s authorized tax levy exclusions over the past 10 years and projected for the next 10 years. The debt exclusions expire completely at the end of FY19.



Additionally, the Town is authorized to charge 3% surtax on the Town’s real estate tax bill amount in accordance with the Community Preservation Act approved by the voters in FY05 (formerly known as the Cape Cod Open Space Acquisition Fund approved in 1998). This surtax is currently equivalent to about 20 cents per \$1,000 of property valuation. The money collected from this surtax is restricted for open space and recreation land acquisitions, affordable housing and historical preservation. A minimum of 10% of the revenue collected must be spent in each of these categories and is kept separate from other general fund tax revenue. The Massachusetts Department of Revenue regulations require this revenue be credited to the town’s special revenue funds.

	FY10	FY11	FY12	FY13	FY14*
Community Preservation Tax Added to Real Estate Tax Bills	\$2,682,280	\$2,755,639	\$2,876,641	\$2,966,516	\$3,055,511

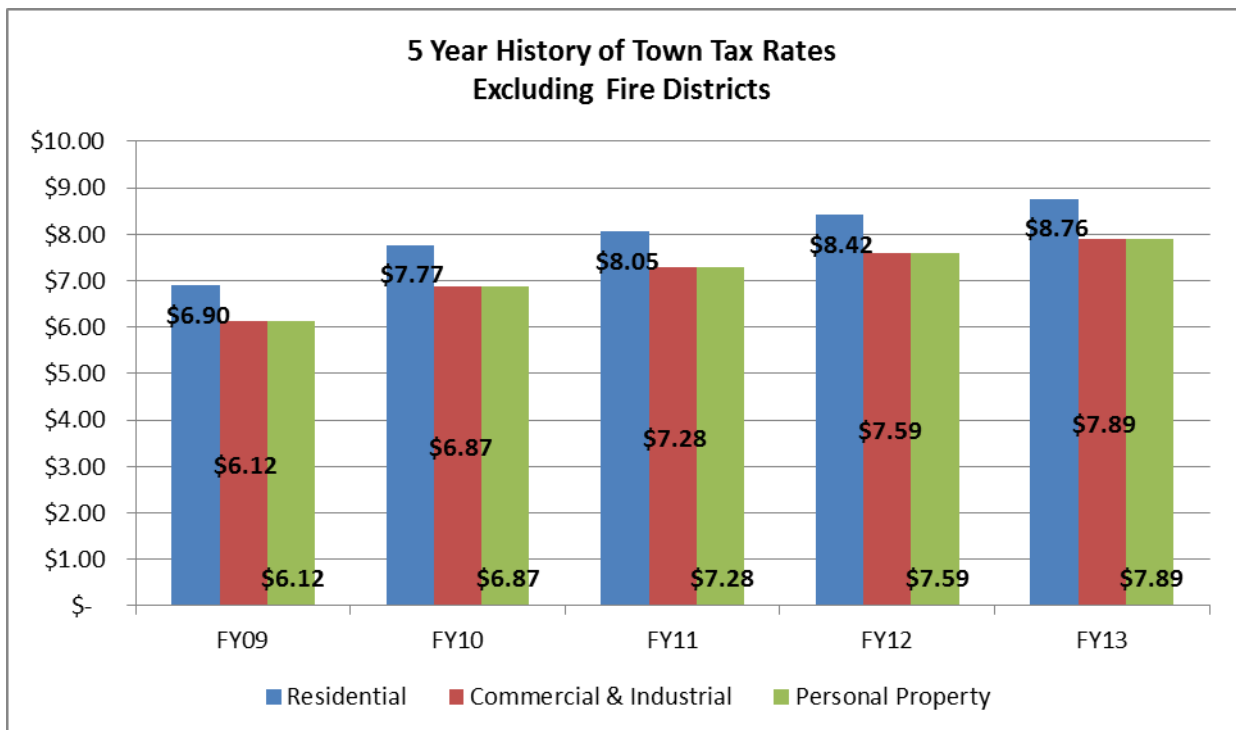
* Projected

TAX RATES

The Town Council has three options to shift the tax levy between property classes which affect tax rates; 1. A classified tax rate which will shift a portion of the tax levy from the residential class to the CIP class (commercial, industrial and personal); 2. A residential exemption which exempts a portion of primary residents assessed value from taxation; and 3. A small business exemption.

The adoption of these options can affect the tax rates for each class of property. In FY12, the Town Council voted not to adopt a split tax rate between residential properties and the CIP class, not to adopt the small business exemption and to adopt a 20 percent residential exemption. The adoption of just the residential exemption results in a higher tax rate for residential properties as \$1.3 billion of value is removed from the calculation of the tax rate for this class of property. The adoption of any or all of these measures does not change the amount of the tax levy that will be raised. It only determines the share each class will pay.

The chart below reflects the changes in the tax rate for the past five years for each class of property in town. As this chart illustrates, the Town's tax rate has increased from the FY08 rates for all categories as tax levies continue to increase and property values decline. The rate is dependent upon three components: (a) the amount of the tax levy; (b) the valuation of the town and (c) Town Council shifting decisions. A change in town-wide property valuation does not change the Town's revenue stream from property taxes, which is controlled by Proposition 2½. It correlates into a change in the tax rate only. Since the tax rate is the result of the tax levy divided by total property value, the tax rate will decline if the denominator within the equation (property value) grows at a faster percentage rate than the numerator (tax levy).



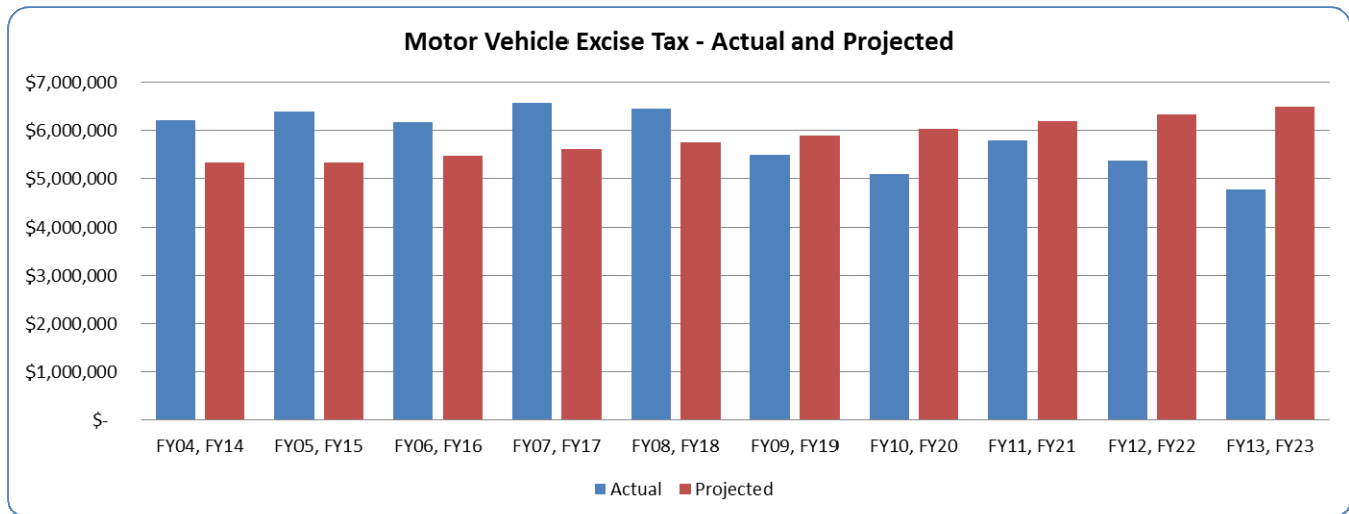
TAX LEVIES

If one class of property value grows faster than another, the tax levy can gradually shift from one class to another. The table below illustrates this “tax levy shift”. The residential property class has historically encompassed 88 to 89% of the total tax levy illustrating that a material shift has not occurred.

<u>Fiscal Year</u>	<u>Residential Levy</u>	<u>Residential %</u>	<u>Commercial Levy</u>	<u>Industrial Levy</u>	<u>Personal Levy</u>	<u>CIP %</u>	<u>Total Levy</u>
2004	\$66,253,730	88.9%	\$6,392,738	\$500,285	\$1,419,282	11.1%	\$74,566,035
2005	\$68,856,452	88.8%	\$6,833,576	\$485,517	\$1,379,486	11.2%	\$77,555,031
2006	\$70,402,627	87.5%	\$7,976,300	\$504,130	\$1,592,704	12.5%	\$80,475,761
2007	\$74,852,367	89.9%	\$7,102,019	\$428,952	\$835,396	10.1%	\$83,218,734
2008	\$77,278,051	89.8%	\$7,461,638	\$424,939	\$876,263	10.2%	\$86,040,891
2009	\$79,506,446	89.3%	\$7,979,830	\$481,022	\$1,097,159	10.7%	\$89,064,457
2010	\$81,208,025	88.5%	\$8,788,461	\$561,831	\$1,211,545	11.5%	\$91,769,862
2011	\$83,565,582	88.4%	\$8,995,868	\$598,906	\$1,418,747	11.6%	\$94,579,103
2012	\$86,077,491	88.4%	\$9,149,186	\$603,948	\$1,494,754	11.6%	\$97,325,379
2013	\$88,546,873	88.2%	\$9,650,883	\$633,494	\$1,554,771	11.8%	\$100,386,021

MOTOR VEHICLE EXCISE TAXES

Motor Vehicle Excise collections are authorized by Massachusetts General Law, Chapter 60A, §1. The excise tax is calculated by a formula of \$25 per \$1000 of valuation. This category of revenue is difficult to project because of many variable factors. These include the timing of the State in mailing commitments, the price changes in new vehicles, the volume of new vehicle purchases and leases, and changes in the economy.

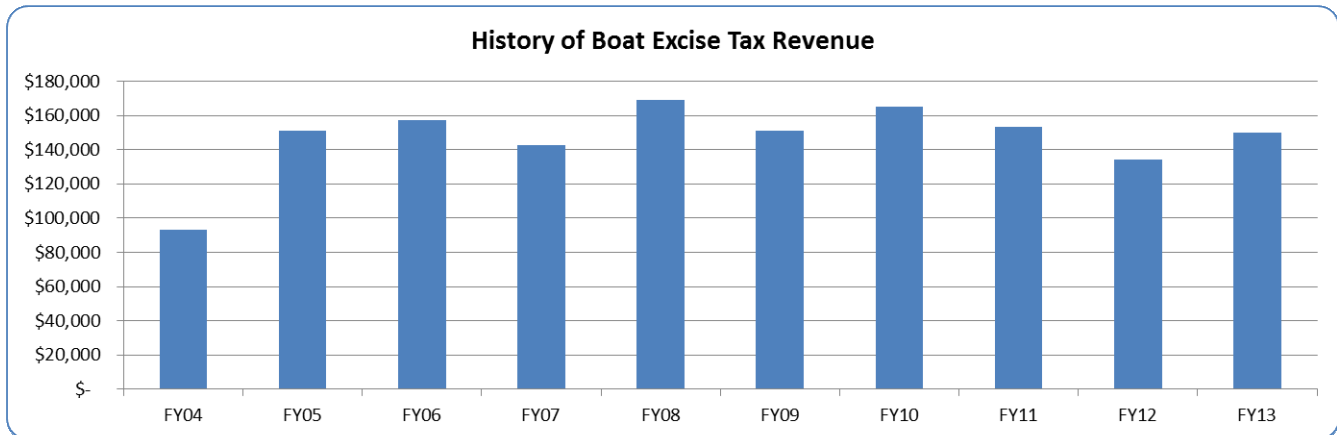


Motor Vehicle Excise Tax has been projected at \$5,321,939 for FY14. This is \$558,556 more than the amount budgeted in FY13. The past seven years have seen an average increase of 6.6 percent per year in the commitment level. A precipitous drop occurred in FY10 due to the economy. Tax bill commitments in FY13 indicate that this revenue source is beginning to recover. A modest recovery is expected but it will take an estimated 10 years to get back to the highest level of tax receipts the town realized back in FY08 of \$6.5 million.

BOAT EXCISE TAX

The boat excise tax has always been a relatively small revenue source to the Town and is set at \$10 per \$1,000 of valuation by the state. Boat excise has not experienced the increases that motor vehicle excise has in recent years. The state imposes a maximum taxable value of \$50,000 on vessels. The following table is used to calculate the tax:

Length of Vessel (overall centerline length excluding bowsprits, boomkins and similar extensions)	Valuation of Vessels (based on age of vessel)		
	Under 4 years of age	4 thru 6 years of age	7 or more years of age
Under 16'	\$1,000	\$700	\$400
16' but less than 17.5'	\$1,500	\$1,000	\$800
17.5' but less than 20'	\$3,000	\$2,000	\$1,500
20' but less than 22.5'	\$5,000	\$3,300	\$2,500
22.5' but less than 25'	\$7,500	\$5,000	\$3,800
25' but less than 27.5'	\$10,500	\$7,000	\$5,300
27.5' but less than 30'	\$14,000	\$9,300	\$7,000
30' but less than 35'	\$18,500	\$12,300	\$9,300
35' but less than 40'	\$24,000	\$16,000	\$12,000
40' but less than 50'	\$31,500	\$21,000	\$15,800
50' but less than 60'	\$41,000	\$27,300	\$20,500
60' or over	\$50,000	\$33,000	\$24,800

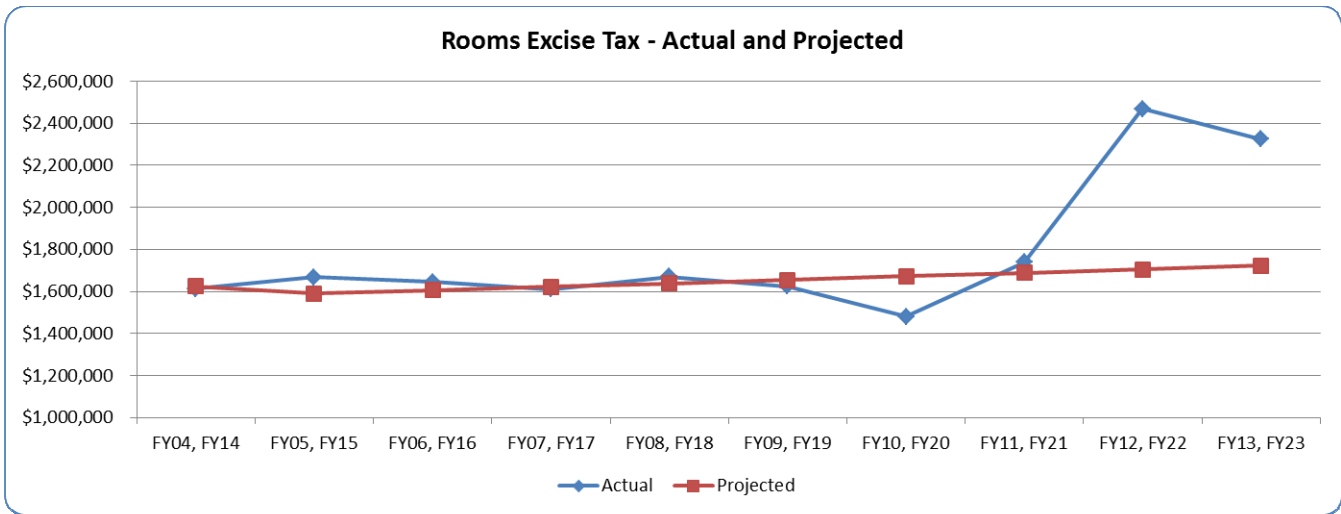


Boat excise has been projected at \$140,000 for FY14; slightly less than FY13. This category of tax is expected to remain constant over the next several years unless there is a change in the state law as to how it is calculated.

HOTEL/MOTEL EXCISE TAX

The Massachusetts Legislature enacted the Motel/Hotel Tax in 1985 as a local option excise tax on hotels, motels, and lodging houses (“bed and breakfasts”). This is also referred to as the “Rooms Tax”. The Commonwealth administers the tax by collecting the local option portion from business establishments and sending them back to the cities and towns on a quarterly basis. The local option tax was capped at 4 percent until recently. Cities and towns now have the option of increasing the local portion to 6 percent. The Town of Barnstable recently adopted this increase in July 2010. The revenue collected from the additional 2 percent is dedicated to a Sewer Expansion Trust Fund.

Motel/Hotel tax revenues depend largely on room occupancy from year-to-year, the total number of room stock, as well as the base rates charged to consumers by hotels and motels. In better economic times, more rooms may be occupied during the Town’s tourist season, leading to potentially higher returns on the tax. The closure or conversion of rooms to condominiums reduces the number of room stock susceptible to the tax, leading to potentially lower returns on the tax. There are no new hotel/motel developments in the horizon nor are there any significant closures included in the FY14 budget projection.



The blue line represents the actual collections from FY04 through FY12 and the FY13 budget. The significant increase in FY12 and FY13 is due to a 2% rate increase. The reduction in FY14 and beyond is a result of the town dedicating the 2% rate increase to a Sewer Construction Trust Fund. History has illustrated this category of revenue's resiliency. There have been no significant changes due to the economy. FY10 realized a slight dip but quickly recovered. Visitors continue to come to Cape Cod. They may be drawn from national, international and regional areas. The FY14 budget for room's tax is \$1,625,000.

STATE AID

Chapter 70 Aid. The Education Reform Act of 1993, as amended by recent budget language, continues to have a substantial impact on municipal finance and, in particular, on the level of local aid received by municipalities and regional school districts. Education Reform was undertaken in an effort to ensure both adequate funding of the Commonwealth's public schools and to bring equity to local taxation effort based on a community's ability to pay.

Since its original enactment, the Chapter 70 formula has required a minimum local contribution from each city and town in the Commonwealth. The intent was that wealthier communities would be asked to contribute more from local revenues and would receive less state aid. Conversely, poorer communities would contribute less from local sources and receive a greater share of state aid. In the early years of the formula, an effort was made to measure community wealth and to adjust local contributions accordingly. But these factors did not work well in practice, and most of them were dropped over the years. There were many examples of towns of comparable wealth with widely differing contribution requirements. The state budget enacted for FY07 included some significant changes to the Chapter 70 formula in order to address these issues. State budgets since FY07 continue to incorporate those changes.

The formula starts with the calculation of a foundation budget for each district that reflects district enrollment, pupil characteristics, inflation, and geographical differences in wages. The foundation budget represents the minimum spending level necessary to provide an adequate education, with a policy goal that all districts will meet or exceed their foundation budget through the combination of state and local resources. The formula then looks at ability to pay to determine how much of this targeted spending amount should come from local sources and how much should be funded by the state.

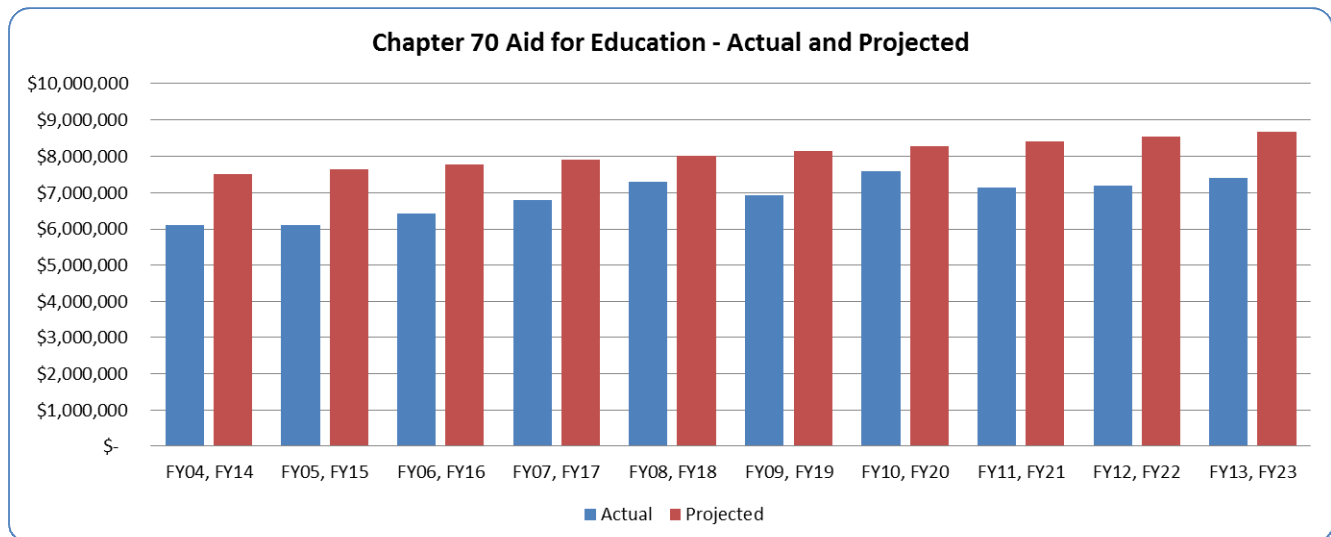
A new measure of ability to pay, called the aggregate wealth model, was instituted in the FY07 state budget and has been followed each year since then. This new method uses updated property values and personal income data to address issues of inter-municipal equity so that communities with similar ability to pay eventually receive similar levels of state aid and pay similar local contributions. The formula relies equally on two indicators of community wealth, the DOR equalized property valuations and personal income data from state tax returns, to calculate a level of effort for each community. The level of effort is then compared to the foundation budget. If it exceeds the foundation budget, as in Barnstable's case, then the foundation budget becomes the measure to which a target local contribution is calculated. The target local contribution for all communities is 82.5% of the

foundation budget meaning that every community should receive at least 17.5% of their foundation budget in the form of CH70 aid. For communities like Barnstable, that are contributing more than the 82.5% requirement, the formula is to reduce this excess effort over a five year period subject to the availability of state funds.

The next step is to determine how much new state aid districts will receive. The state aid target is simply 100 percent minus each district’s local contribution target, expressed as a percentage of the district’s foundation budget. The minimum aid target is 17.5 percent. Barnstable currently receives about 13.7 percent for FY13. If the state fully funded its commitment of 17.5 percent, the Town would receive an additional \$2 million in CH70 aid.

Chapter 70 aid is comprised of four aid categories: foundation aid, down payment aid, growth aid, and minimum aid. To determine how much Chapter 70 a district receives, the prior year’s required local contribution is increased by the Municipal Revenue Growth Factor (MRGF) to yield a preliminary local contribution. This figure is then compared to the target local contribution and, increased or decreased, depending on whether it exceeds the target local share or is below the target. If this new local contribution plus the prior year’s Chapter 70 aid is not sufficient to meet the current foundation budget, then additional foundation aid is then awarded to reach the foundation budget. Down payment aid may be awarded to those districts that receive less aid than indicated by their target aid share multiplied by their foundation budget. Movement toward this target aid amount is phased-in over several years and the amount awarded is reduced by any increase in foundation aid. Growth aid is intended to provide aid to districts with growing foundation budgets. To determine if a district qualifies for this aid, the foundation budget for the current year is compared to the prior year, with the positive difference multiplied by the target aid share. If the result exceeds the amount of the foundation aid and down-payment aid together, the difference is awarded as growth aid. Finally, minimum aid guarantees each district an increase of \$50 per pupil from all four aid types. These four components of new aid are then added to the prior year Chapter 70 amount to yield the total new Chapter 70 award.

The Department of Elementary and Secondary Education (ESE) administers the Chapter 70 formula. Before receiving any education aid, all districts are required to submit End-of-Year Pupil and Financial Reports to the Department. The data contained in these reports are used to demonstrate compliance with net school spending requirements. Net school spending is the sum of the required local contribution plus state aid. In many cases, this amount exceeds the foundation budget. A district’s failure to spend at least 95 percent of its net school-spending requirement will result in a reduction of Chapter 70 Aid in the following fiscal year.



The Town has not seen much growth in its CH70 aid over the past 10 years. In fact, the FY13 amount is slightly less than where it was in FY10 as illustrated by the blue bars in the above chart. The FY14 budget estimate is \$125,000 more than the FY13 budget. This is consistent with the recently issued House of Representatives budget. Under the current formula, the Town’s FY14 CH70 Aid would be approximately \$2 million more if the State were in the financial position to fully fund its commitment as proposed in the Governor’s version of the budget. Projections for CH70 Aid include the assumption that the State will fulfill its commitment to provide at

least 17.5 percent of the Town's foundation budget in the form of aid. This will be phased in over the next 10 years.

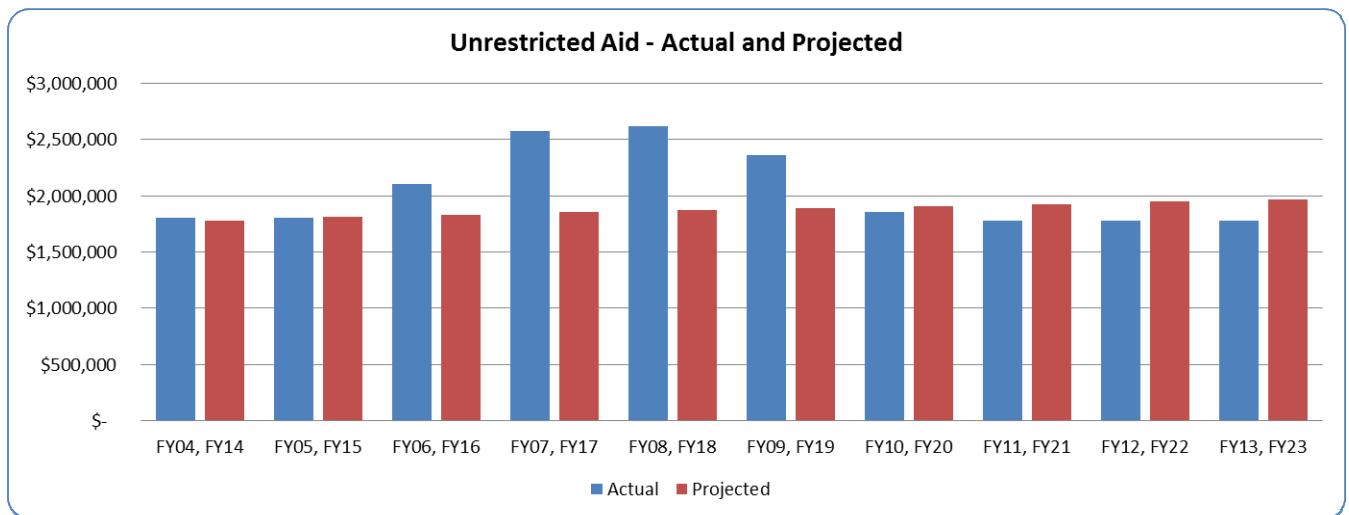
Unrestricted General Government Aid. The purpose of this aid category is to provide general-purpose financial assistance to municipalities on an equalizing basis. This is formerly known as "Lottery Aid". The formula is equalizing, with municipalities with lower property values receiving proportionately more aid than those with greater property values. The formula is based on population and Equalized Property Valuation. The formula is as follows:

$$\text{Municipality's Aid} = (E_s \div E_m) * \$10 * P_m * K$$

- Es = Equalized Valuation per capita of the state
- Em = Equalized Valuation per capita of the municipality
- Pm = Population of the municipality
- K = Pro-ration factor

The pro-ration factor adjusts the formula according to the net Lottery receipts available. The formula is normally applied only to the new aid that is the amount above or below what was estimated the previous year.

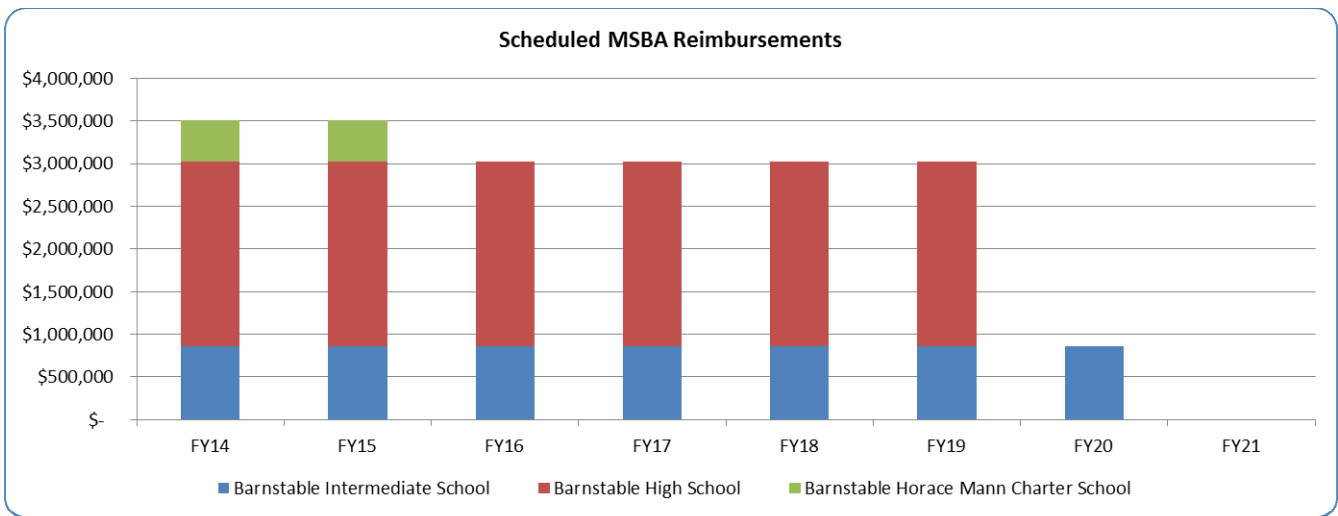
This aid distribution is funded through a transfer of funds and not by appropriation, although the total amount of the annual distribution is stipulated in Section 3 of the annual state budget. The Division of Local Services certifies to the Comptroller the amounts to be distributed to municipalities.



The Town has realized a steady decline in this revenue category over the past several years. The past few years have seen no increase. The FY14 aid is level funded with FY13. Future aid levels are projected to slightly increase but they will not be projected to reach the levels back in FY07 and FY08.

School Building Assistance. In 2004, the State Legislature created the Massachusetts School Building Authority (MSBA) as an independent public authority, charged with reforming the former school building program that had amassed \$11 billion in outstanding obligations with no clear funding source and that had built up a list of 428 projects that were waiting for state reimbursement. The MSBA assists school districts with planning and financing school construction and renovation projects. Funding to assist communities is provided from a dedicated sales tax revenue amount. The receipts are kept in a separate fund known as the School Modernization and Reconstruction Trust Fund.

Prior to the creation of the MSBA the Town of Barnstable had several school construction projects for which it was receiving annual assistance from the State to help pay off the bonds associated with the construction. The MSBA continued with funding this annual obligation and it is expected that the Town will receive this assistance until the bonds expire on the last project in FY 2020. Assistance received under this program is credited to the tax levy raised for debt exclusions every year as described.



The aid received under this category totals \$3.5 million for FY14 and FY15. School building assistance for the Barnstable United School will end in FY15 as will the corresponding debt. In FY19, the assistance for the High School will end and the Intermediate School assistance will end the following year. The bonds associated with these projects will expire in the corresponding years.

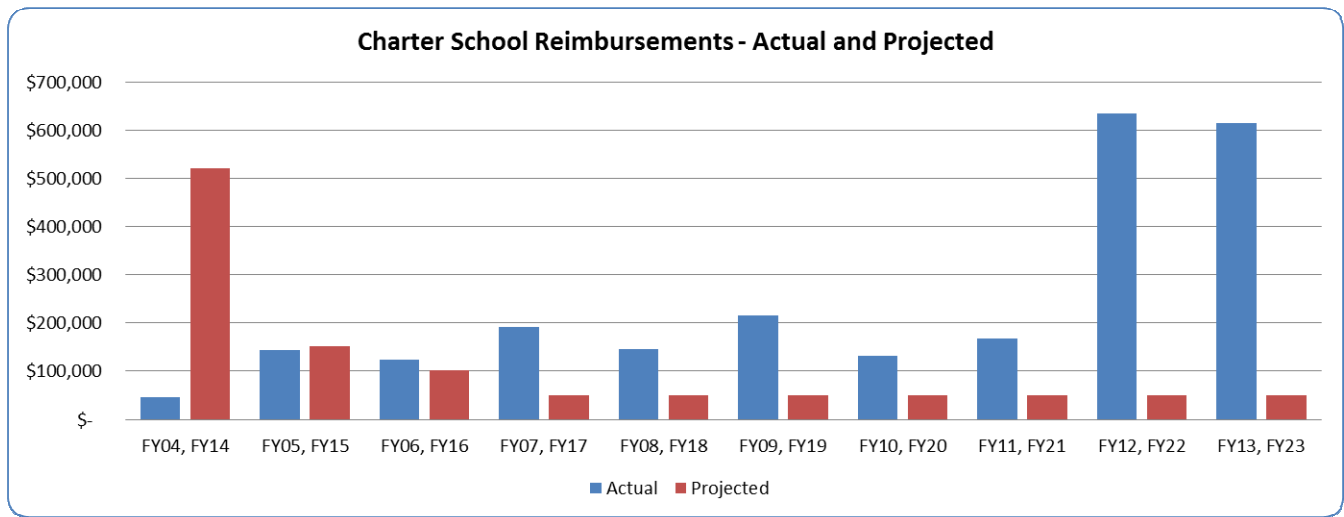
Charter Tuition Assessment Reimbursement. The purpose of this aid category is to reimburse sending districts for the student tuition and the capital facilities tuition component they pay to Commonwealth charter schools. The capital facilities tuition component includes interest and principal payments, for the construction, renovation, purchase, acquisition, or improvement of school buildings and land. Sending districts receive assistance through the charter tuition reimbursement formula in December, March and June for those students that elect to attend a charter school. Sending districts are reimbursed a portion of the costs associated with pupils attending charter schools beginning with the second quarterly distribution. Cherry Sheet estimates are derived from projecting upcoming school year enrollment and tuition rates from data collected in March of the current fiscal year. Charter schools are required to finish their enrollment report by March 15th of the current fiscal year. By April 1st, the State Department of elementary and Secondary Education (DESE) must report to each district the number of students who are anticipated to attend charter schools during the upcoming school year. When providing the Division of Local Services' with cherry sheet estimates, DESE uses the most current information available.

NEW AID FORMULA						
Fiscal Year	Reimbursement Tiers					Total Aid
	1	2	3	4	5	
FY11	100	60	40			200
FY12	100	25	40			165
FY13	100	25	25			150
FY14	100	25	25	25		175
FY15	100	25	25	25	25	200
FY16	100	25	25	25	25	225

A new aid formula was recently developed. During the phase-out of the old formula, which provided reimbursement for 100 percent of the tuition increase in the first year, 25 percent of the tuition increase in the second year and 25 percent of the tuition increase in the third year, overall aid will decrease. What districts will see is that the legislation reduces the cost of the program in the short run while committing to provide more aid in the long run. In addition, the reimbursement covers 100 percent of the first-year cost of pupils at charter schools who attended private or independent schools in the previous year. The reimbursement also covers 100 percent of the cost of any sibling students whose tuition brings a district above its statutory assessment cap of 9

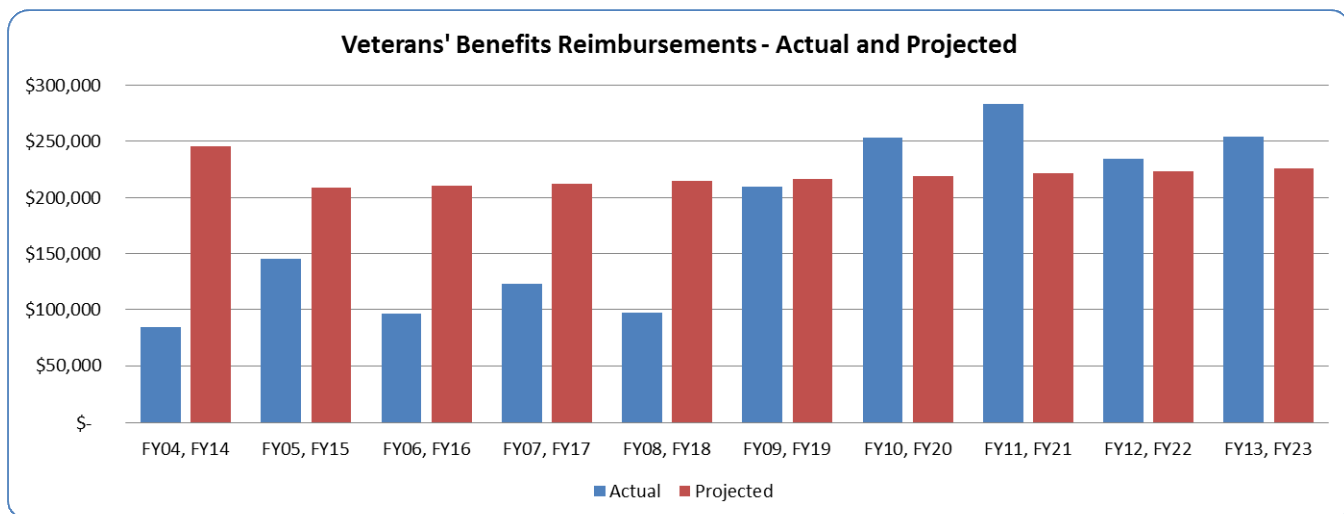
percent of net school spending. The reimbursement is subject to appropriation in the final budget for the Commonwealth. Second quarter reimbursements to sending districts are based on increases in tuition costs for the current school year. Spending and enrollment data are subject to change after the initial figures become available in December. The remaining two quarterly payments are based on updated tuition costs using any revisions to tuition rates and enrollments as data are finalized during the year. Payments are intended to equal approximately one third of the projected annual amount, however; payments in the final two quarters include adjustments to correct any over or under payments in prior quarters. For the Capital Facility portion of the reimbursement, sending districts receive assistance in December, March and June. When DESE calculates a charter school's average cost per pupil, a capital facilities component is added because foundation budgets and

net school spending do not contain this part of a school district's budget. The statewide average of what districts paid in the prior year for both principal and interest on land and buildings is added to each pupil's tuition rate.



The Town initially received charter school aid in FY00 when the Sturgis Charter School opened. A significant increase for FY12 was received as the school expanded by adding a second campus comprised of 9th and 10th grade. Another grade level was added in FY13 and another will be added in FY14. The aid will significantly decline in subsequent years in accordance with the formula as it is phased out over a 6 year period.

Veterans' Benefits. The purpose of this aid category is to reimburse municipalities for a portion of authorized amounts spent for veterans' financial, medical, and burial benefits. The program reimburses 75 percent of eligible costs for veterans' and their dependents' benefits. In an effort to make this program's estimates closer to the actual costs, the Department of Veterans' Services devised a new method of calculating the estimated reimbursements. Reimbursements are now paid in the year after the costs are incurred. For example, the upcoming fiscal year (FY14) Cherry Sheet estimates are based on 6 months of actual authorized expenditures (July 1 through December 31 of FY12) plus a prorated amount for the remaining 6 months of the prior fiscal year. The Veterans' Agent and the Treasurer of each municipality shall certify the names and other information that the Commissioner of Veterans' Services may require within 30 days after the end of the month in which the expenditures were made. The Commissioner then approves and certifies to the Comptroller the amounts to be reimbursed.



This category of aid has increased significantly; corresponding with the dramatic increase in expenses. Increased caseloads as well as increases in medical, burial and other financial costs have driven the increases. The projected amounts of aid are based on 75 percent of the projected expenses incurred in the previous fiscal

year consistent with the formula. Expenses are projected to increase resulting in a corresponding increase in revenue.

Exemption Aid. The purpose of this aid category is to reimburse municipalities for property tax exemptions granted to qualifying veterans, blind persons, surviving spouses and elderly persons. The reimbursement for each type of exemption is specified by statute. Each municipality is reimbursed for each exemption documented in a given fiscal year. The amounts of exemption granted to individuals and the amounts reimbursed to municipalities by statute are as follows:

Surviving spouses, minor children, and elderly persons:

Clause 17 - \$175, full reimbursement

Clauses 17C, 17C½, 17D - \$175, reimbursement cannot exceed the amount reimbursed under Clause 17

Veterans:

Clause 22(a-f) - \$400 exempted, \$225 reimbursed

Paraplegic veterans, surviving spouses:

Full amount, 100 percent minus \$400 reimbursed (§8A)

Veterans, loss of one arm, foot, or eye:

Clause 22A - \$750 exempted, \$575 reimbursed

Veterans, loss of two arms, two feet, one arm and one leg, or loss of sight:

Clause 22B - \$1,250 exempted, \$1,075 reimbursed

Veterans, special adapted housing:

Clause 22C - \$1,500 exempted, \$1,325 reimbursed

Veterans, surviving spouses of soldiers, sailors & National Guard:

Clause 22D – 100 percent first 5 years, up to \$2,500 each year thereafter

Veterans and Surviving Spouses, 100 percent disability:

Clause 22E - \$1,000 exempted, \$825 reimbursed

Blind persons:

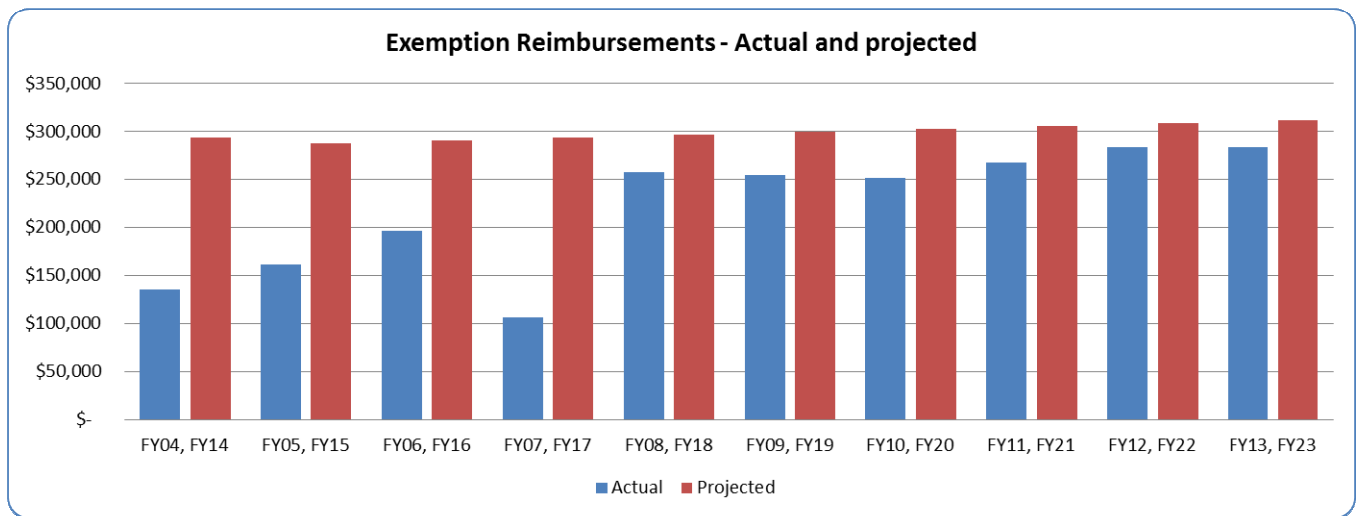
Clause 37 - \$437.50 exempted, \$87.50 reimbursed

Clause 37A - \$500 exempted, \$87.50 reimbursed

Elderly persons:

The state's reimbursement remains at \$500 per individual, subject to appropriation

Claims for reimbursement are processed by the Division of Local Services on a rolling basis. Delays in setting a tax rate due to revaluation problems can result in reimbursement claims being submitted late in the current fiscal year or early in the upcoming fiscal year. Since appropriations to reimburse property tax exemptions revert to the state's general fund at the end of August each year, the Division of Local Services cannot process any requests after August 20th. The Division of Local Services certifies to the Comptroller the amounts to be reimbursed.



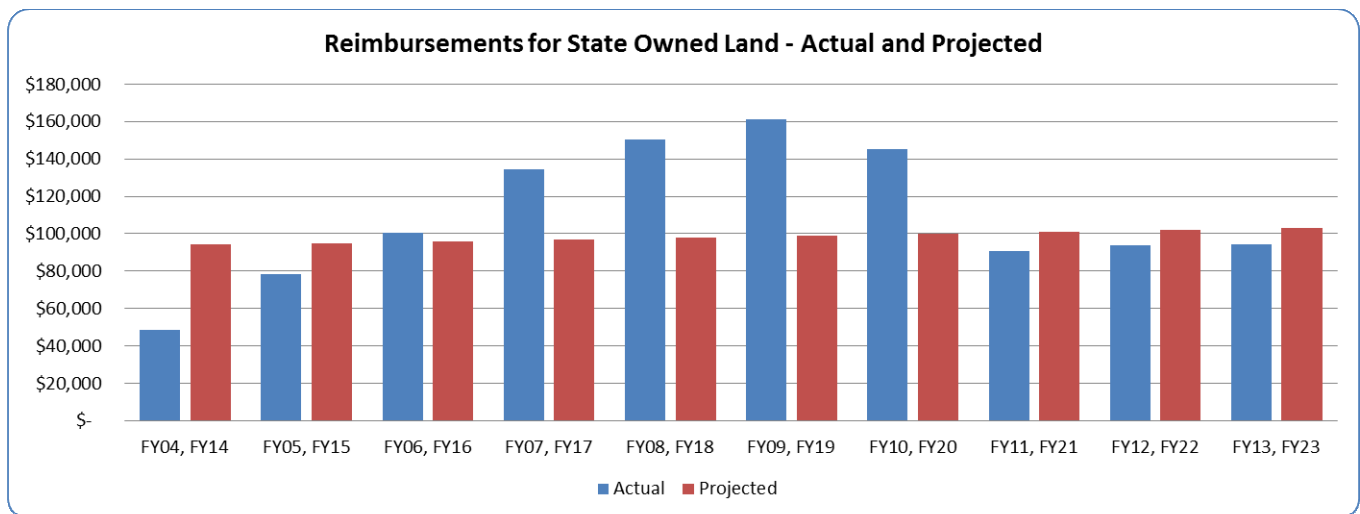
This category of aid has been fairly consistent over the past five years resulting in approximately \$275,000 of aid per year. Projections for this category of aid include a 2 percent increase per year as more property owners are expected to become eligible; particularly elderly and veterans.

Payments in Lieu of Taxes (PILOT). The purpose of this aid is to reimburse communities for forgone tax revenues due to certain types of tax-exempt state-owned land. Eligibility for reimbursement depends on land use and the state agency with jurisdiction over the property as specified in the legislation. Payment is for land only, not for buildings or any other improvements erected on or affixed to the land. Parcels of land that were exempt from property taxation before acquisition by the state are ineligible for reimbursement through this program.

The formula is based on property value and the latest 3 year statewide average tax rate. The formula is as follows:

$$\text{Municipality's Aid} = \text{PV} * \text{ET} * \text{K}$$

PV = Estimated property value of eligible State-Owned Land; ET = 3 year statewide average tax rate; K = Proration factor



In recent years, the state has decreased the appropriation for this aid category. Funding is subject to state appropriation which is unpredictable. There was a slight increase in the state appropriation for FY12. This category of aid is projected to increase slightly over the next several years. By FY22, it remains well below the Town's peak year of FY09 when it received \$160,000.

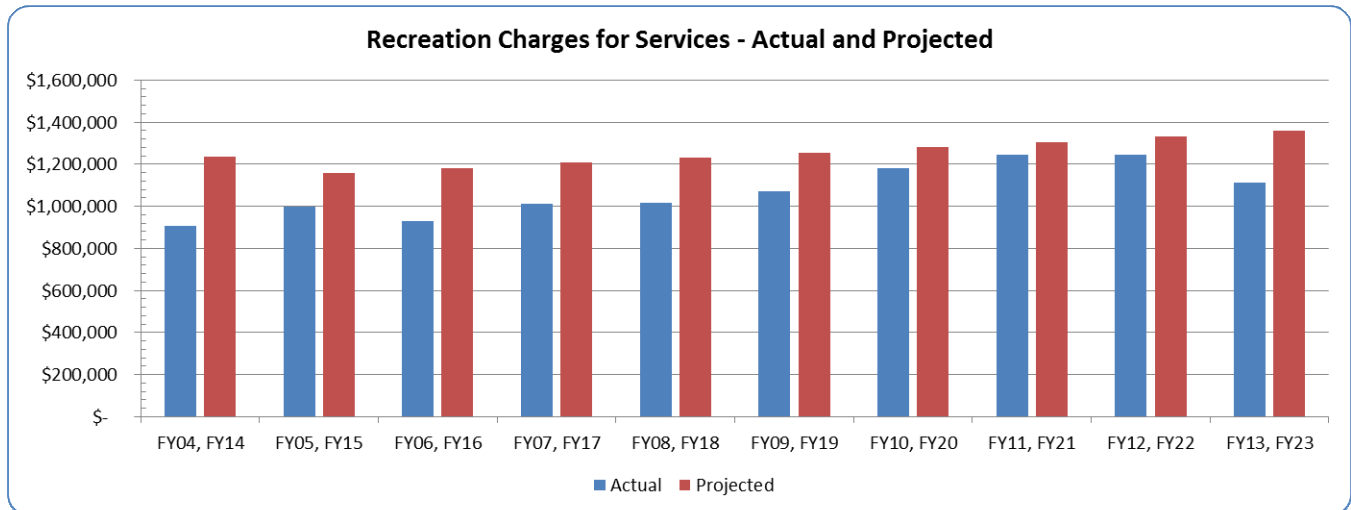
School Transportation and Highway Aid. Several years ago the state was providing funds for school transportation and public road improvements. These aid categories have been eliminated and this projection does not include any restoration of the aid. The Town was receiving as much as \$1 million per year.

Police Career Incentive. The purpose of this aid is to encourage police officers in participating communities to earn degrees in law enforcement or criminal justice and to provide educational incentives through salary increases. The State ceased to appropriate any more funds for this category of aid in FY12 and it is anticipated that it will not be restored.

OTHER LOCALLY GENERATED RECEIPTS

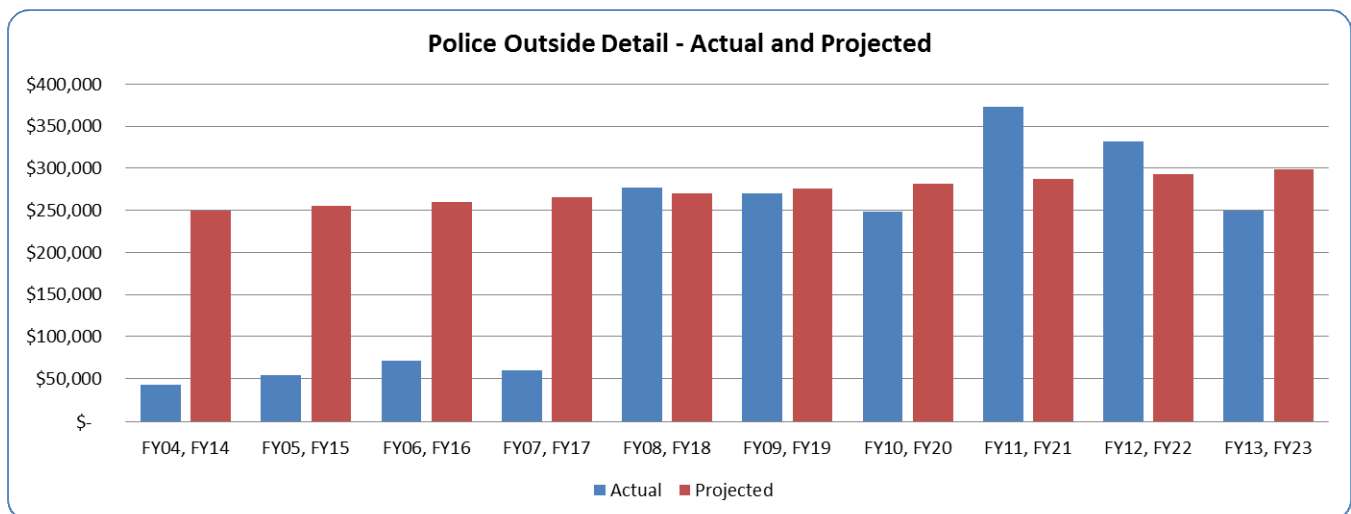
Charges for Services. This category is mainly comprised of recreational revenues, police outside detail services and chargebacks to enterprise funds.

Recreation revenue is comprised of beach stickers, parking receipts at the beaches, and for program participation.



The blue bars represent the actual revenue collected from FY04 through FY12 and the budget for FY13. This category of revenue has seen strong growth over the past several years. Beach sticker sales and parking revenue are up as people appear to be opting for more inexpensive recreation opportunities. Revenue is projected to grow in FY14 through FY23. FY14 includes an estimated increase in the beach parking permit of \$5. The last time beach permit was increased was in FY 2009 by \$5 to \$30. Daily parking rates were also increased by \$2.

Police outside detail revenue is mainly derived from security services provided to the airport in accordance with TSA regulations. The Police Department bills the airport enterprise fund on a monthly basis for this service. Revenue is also derived from a 10% administrative charge for all other outside detail services provided to vendors for projects like road construction.

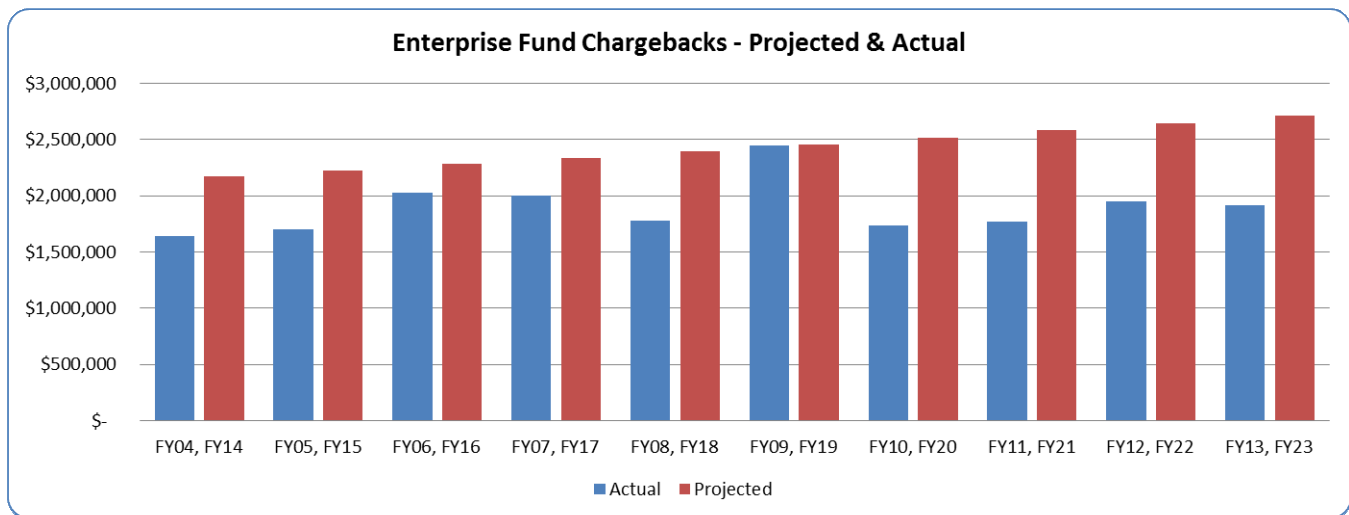


The blue bars represent the actual revenue collected from FY04 through FY12 and the budget for FY13. A significant increase occurred in FY08 as a result in the method used to account for the security services

provided to the airport by the Barnstable Police Department. Payments for these services were previously included in the enterprise fund chargebacks. The increase in FY11 is mainly due to an increase in construction activity throughout the town which required police detail support. The projection for FY14 through FY23 is less than the FY11 actual as the construction activity levels are expected to decline. The service levels provided to the airport are expected to continue at the same level.

Enterprise fund chargebacks are assessed in accordance with the Town's administrative code that includes a provision under Section 241-56 (6) (j) that the rates set for enterprise fund operations be designed to generate sufficient revenue to support the full cost, direct and indirect, of operations. For cost efficiency reasons, administrative orderliness, and the inability to be invoiced separately, several items are budgeted and managed within the Town's general fund operations which subsequently must be allocated to the enterprise fund operations. The costs allocated to the enterprise fund operations include the following items:

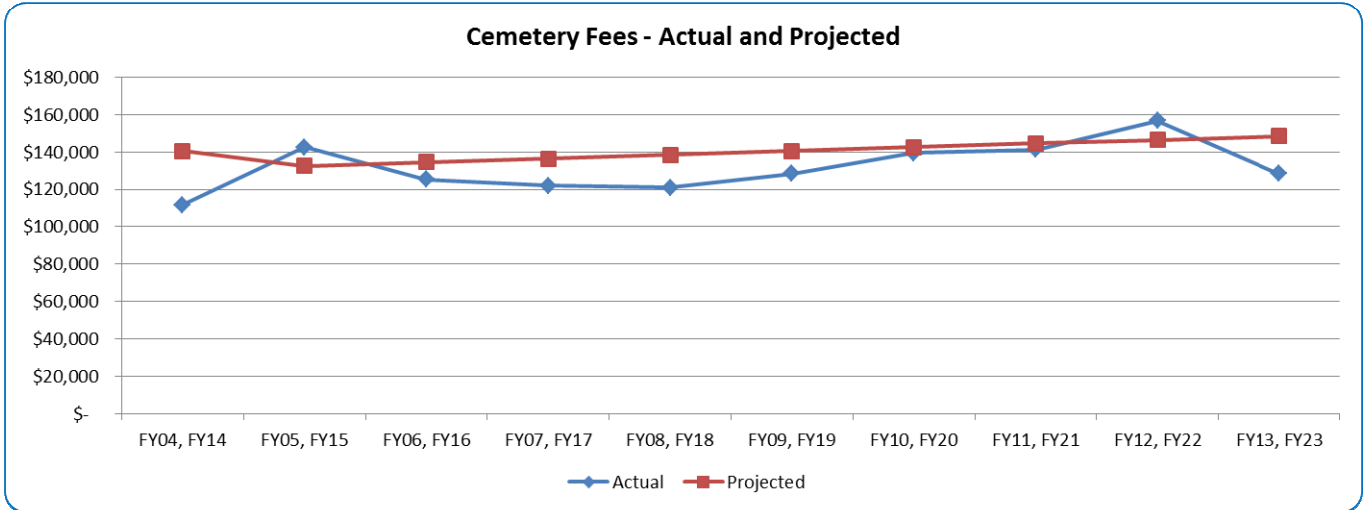
1. Shared personnel - included in this category are the personnel located in the Town Council, Town Manager, Human Resource, Information Technology and Finance operations. Personnel costs include salaries, health insurance, life insurance, Medicare tax and county retirement.
2. Barnstable County Retirement assessments for employees that work within each enterprise fund operation.
3. Building, contents and casualty insurance, public officials' liability insurance, and vehicle insurance.
4. Retiree's health insurance.
5. MUNIS financial management system annual support and licensing costs.
6. Annual financial auditing fees.



The blue bars represent the actual revenue collected from FY04 through FY12 and the budget for FY13. This area of revenue has increased over the past several due to the size and the number of enterprise fund operations. In FY05, a second golf course was added and a water supply operation. In FY06, the Town created a Marina and a Sandy Neck Recreation Park enterprise funds and in FY10 the new Hyannis Youth & Community Center was created. The decline in FY08 was for the change in accounting method describe previously under the police outside detail section on the previous page. The increase in FY09 was the result of an accelerated payback from the golf course operations for land provided for the construction of the Olde Barnstable Fairgrounds. The FY14 budget amount is \$2,171,379 or \$257,473 more than FY13 mainly due to significant workers compensation expenses incurred by the golf course.

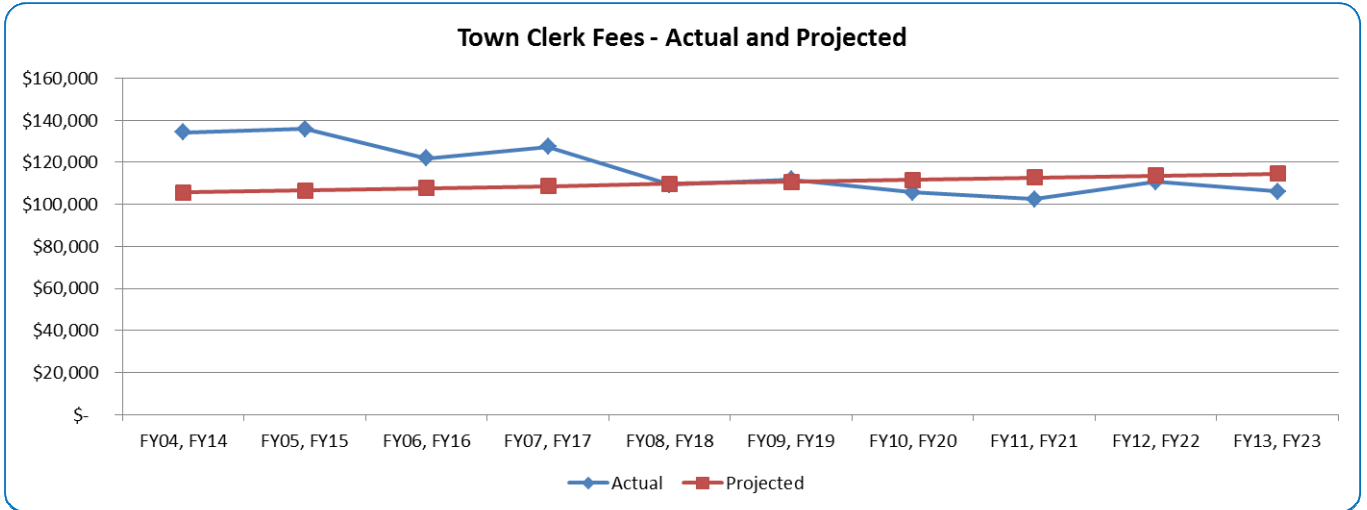
Fees, Fines, Forfeitures & Penalties. This category is comprised of various fees charged by the cemetery operations, Town Clerk, Police Department, Regulatory Services, Treasurer and Town Collector.

Cemetery fees include burial and administration fees, marker and monument fees and cremation interments.



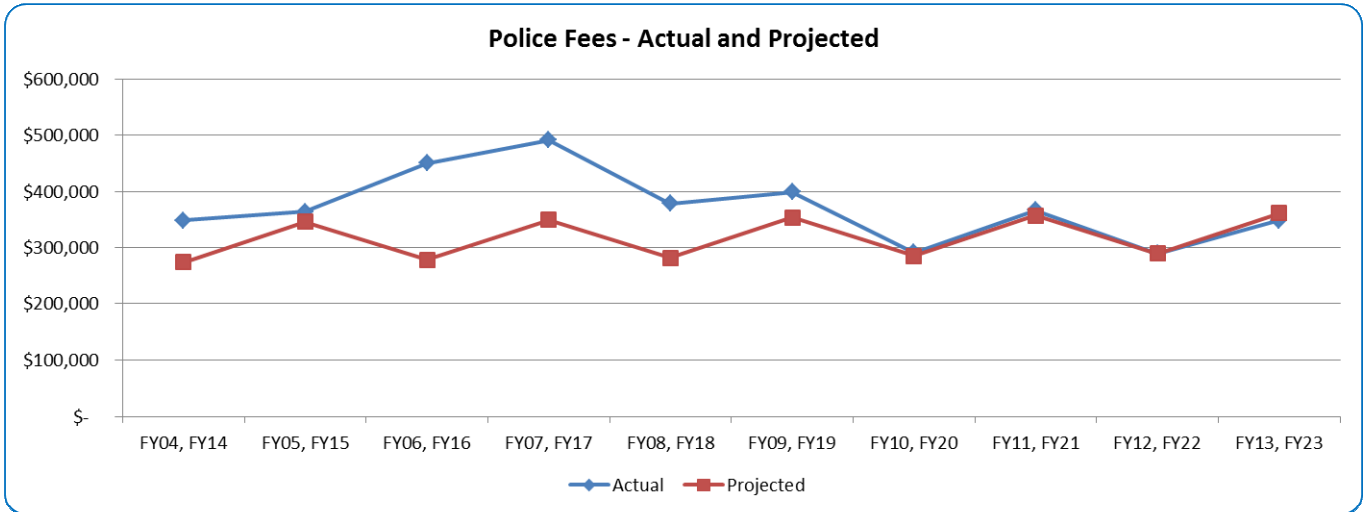
Collections represented by the blue line have trended upwards over the past several years. The FY13 budget estimate is conservatively lower and approximates the FY09 actual. The projection for FY14 through FY23 represented by the red line begins to trend upwards and is projected to increase slightly due to rate adjustments and activity levels.

Town Clerk fees are mainly comprised of fees charged for copies of vital statistics.



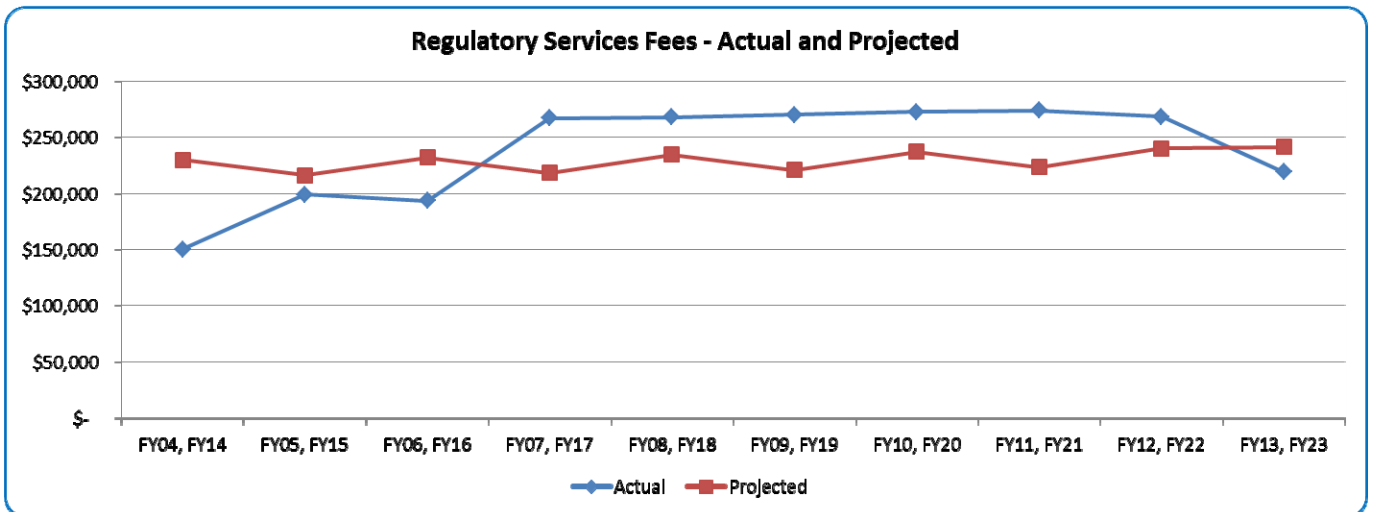
Actual fees collected for FY04 through FY12 are represented by the blue line as well as the FY13 budget. The projected amounts for FY14 through FY23 are not expected to be significantly different than the FY13 budget.

Police revenue in this category consists of alarm registration and false alarm fees as well as criminal and non-criminal violations.



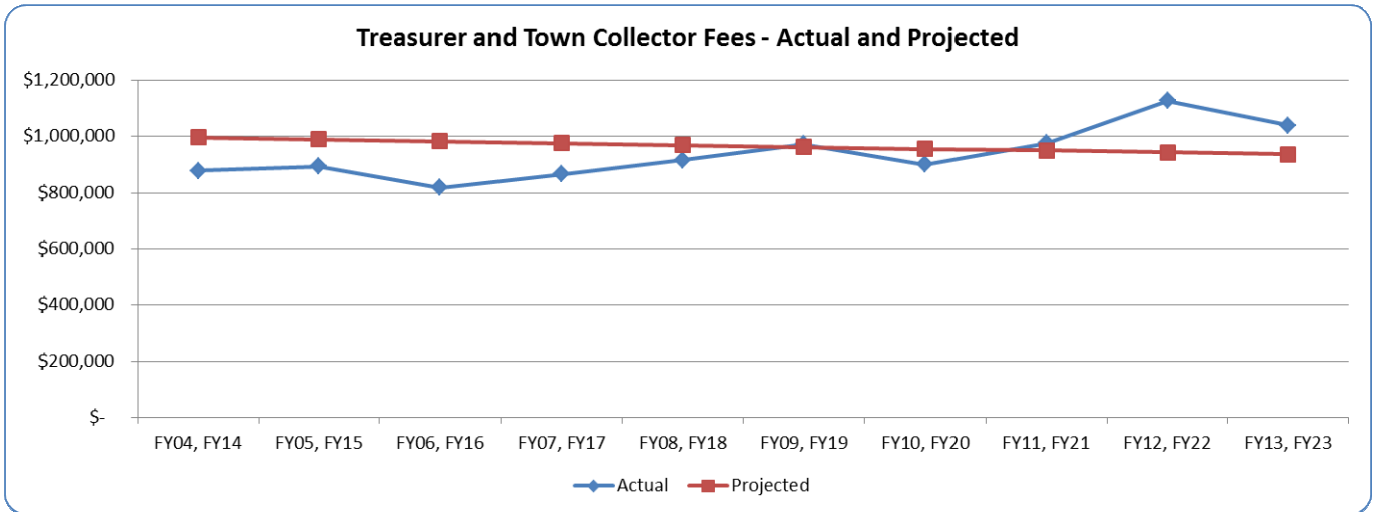
Actual revenues for FY04 through FY12 are represented by the blue line as well as the budget for FY13. The FY07 increase is attributable to a new fee that was implemented for alarm registrations. Property owners with alarm systems must register biennial with the Police Department. Since the fee is biennial the revenue in this category will fluctuate from year to year. FY13 was a renewal year so the budget for FY14 is less and the projection for FY13 is higher. Projections for the odd numbered years are higher throughout the rest of the forecast. There are no significant changes projected for citation revenue.

Regulatory Services fees included in this category include rental car surcharges, building inspections and rental property registrations.



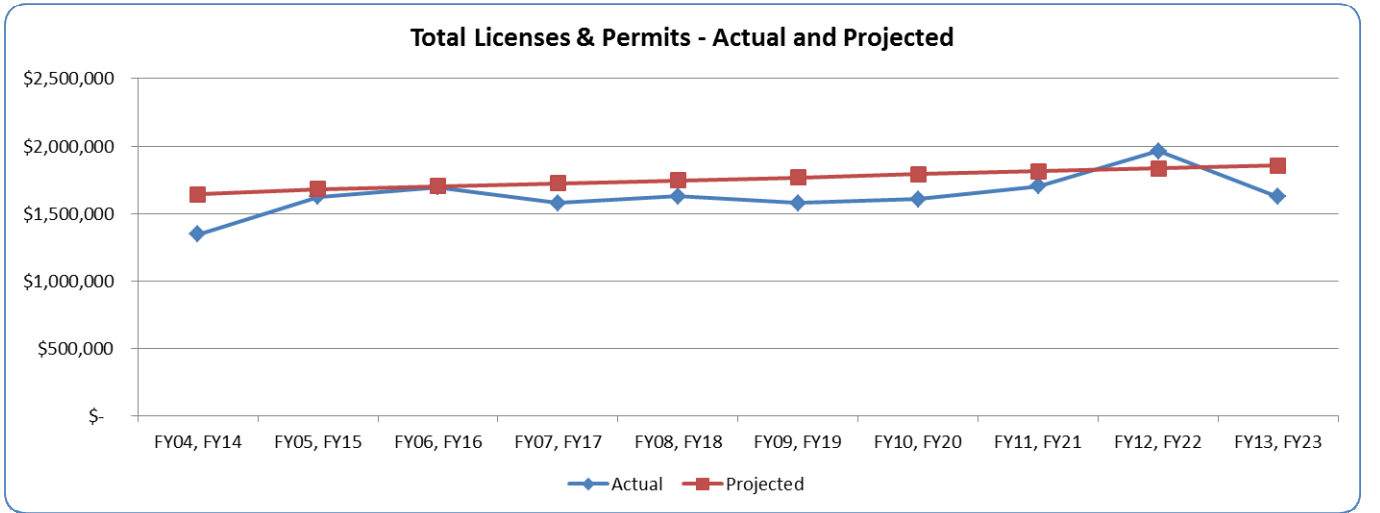
The actual revenue collected for FY04 through FY12 is represented by the blue line as well as the FY13 budget. The increase in FY07 was due to a new rental property registration fee instituted by the Health Division. This category of revenue is projected to increase slightly over the life of the forecast as represented by the red line. The estimates for FY14 through FY23 are slightly less than what has actually been received for the past few years.

The Treasurer and Town Collector fees included in this category of revenue includes interest on the late payment of taxes, fees for municipal lien certificates and other fees associated with late tax payments.



Actual revenue collections in this area have risen due to a growing number of late payments on taxes. Additionally, the Town Collector raised the demand fee from \$5 to \$15 and the municipal lien certificate fee from \$25 to \$40 in FY11. Revenue in this area is projected to decline slightly over the forecast period mainly due to late tax payments declining as the economy recovers.

Licenses and Permits. Fees for licenses and permits issued by the Town are annually reviewed for potential increases. Most of the revenue from this category is generated by the regulatory services and community services departments. Changes in this area will be as a result of fee increases established through the annual user fee rate study process and activity levels. Major revenue includes alcohol beverage licenses and building, wiring and plumbing permits.



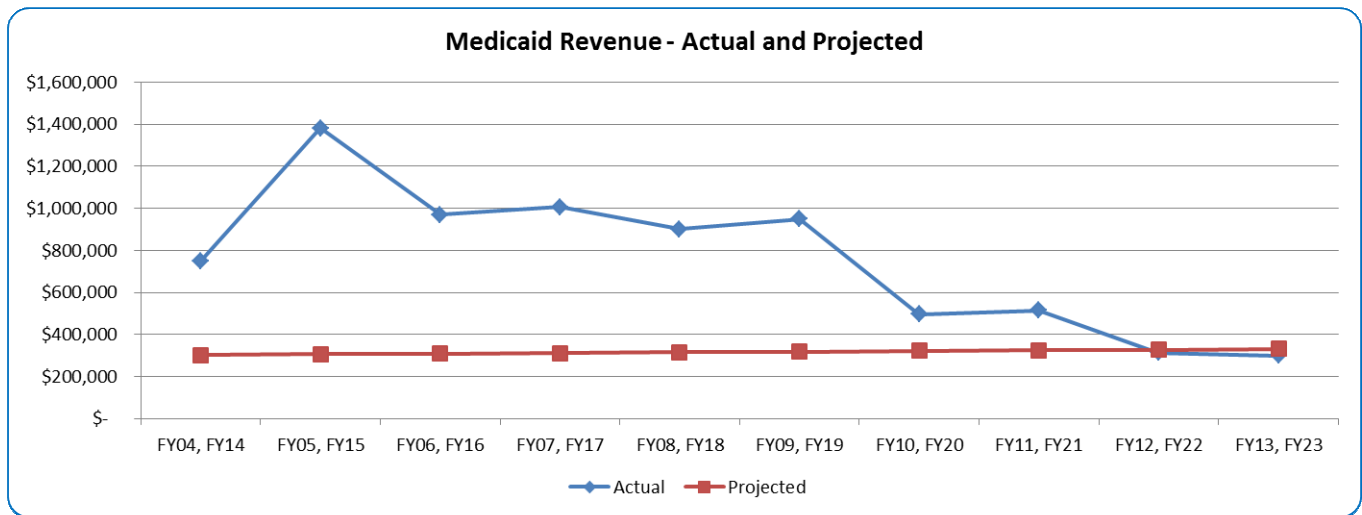
Revenue in this category has been projected to increase by \$34,000 in FY14. Fees for licenses and permits issued by the town are annually reviewed in the cost of service study. Fee increases are projected to help offset the cost increases, (both direct and indirect) mainly in the Regulatory Service Department. Increases of 1 percent per year are projected beyond FY14. The increase projected for FY14 is mainly due to an increase in building permit activity.

Other General Fund Revenue Sources. This area includes Medicaid reimbursements, investment income, special assessments and property lease revenue.

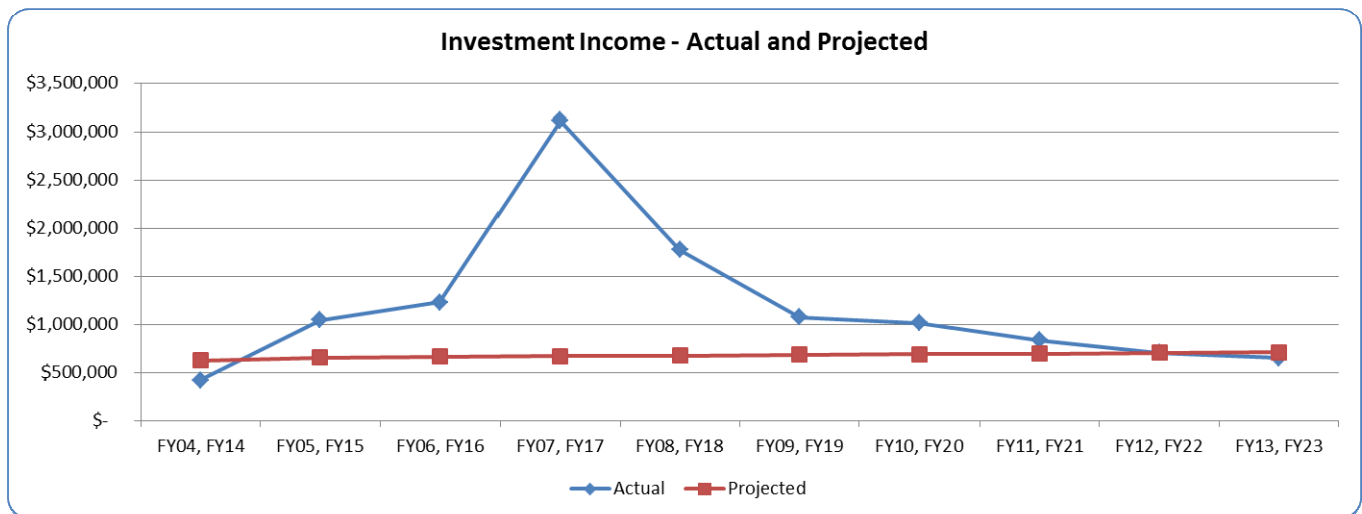
In accordance with laws and regulations governing the Medicaid program, school systems mandated by the Individuals with Disabilities Education Act (IDEA) to provide health-related services to their special education

student populations are permitted to file claims for partial federal reimbursement of both their health service and administrative support expenditures incurred in providing those services. Qualifying administrative support expenditures falls into two categories: (1) support activities associated with the delivery of health-related services; and, (2) support activities that benefit a state’s Medicaid program administration generally.

As a broad overview, there are two functions that must be performed by a school district that desires to participate in administrative activity claiming. First, designated school personnel must complete a time study. In the Commonwealth, such a time study, which tracks how school employees spend their work day, needs to be completed during each of three quarters during the school year for a period of five consecutive days during each quarter. Once the time study has been completed and the expenditure information collected, a district then (1) tabulates and summarizes the time study data to identify claimable activities performed by their staff and the amount of time spent on those activities; (2) applies certain formulas to the expenditure information; and (3) calculates the Medicaid Eligibility Factor for the district and applies it to the results of the time study and expenditure information. This process will result in the calculation of a district’s gross expenditures; the federal Medicaid agency will award partial reimbursement based on a district’s gross expenditures.

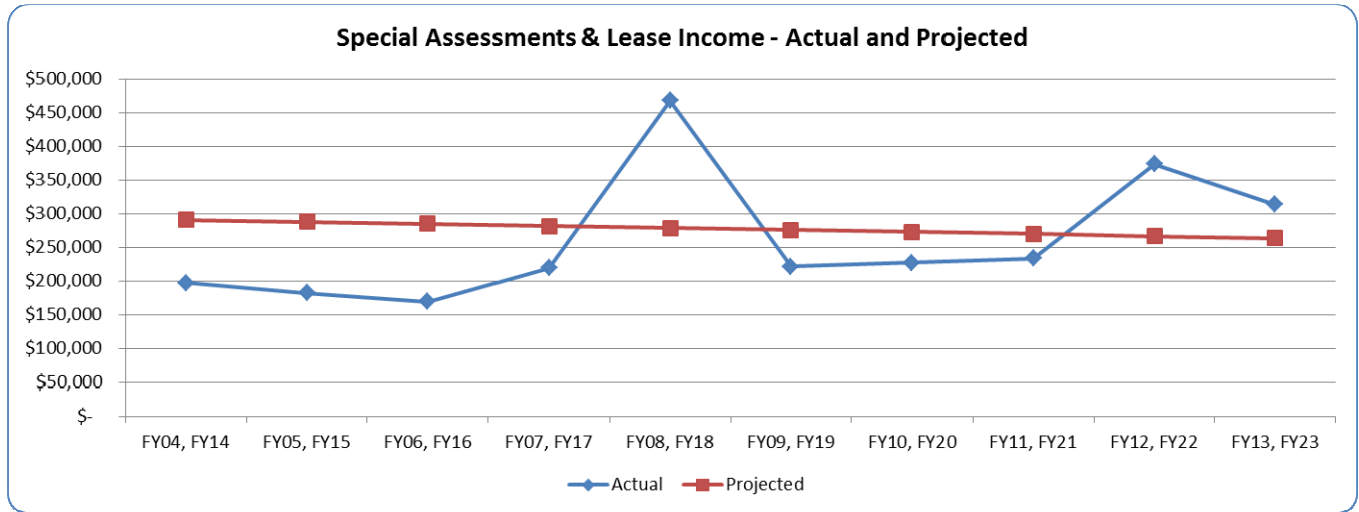


The significant increase in FY05 was a result of the timing of receipts. Some FY04 reimbursements were not received until FY05. The revenue has been fairly consistent until FY10 when the reimbursement formulas were changed as a result of new Federal rules and the eligible costs declined. This revenue source is projected to decline in FY14 by \$25,000 and remain level over the next 10 years as student populations are trending upwards and eligible costs are declining based on the new formula.



The large increase in FY07 was a result of improving interest rates and higher levels of invested cash as the Town's reserve levels peaked at this point in time. More recently in FY08 and FY09, the Town has used reserves to balance operating budgets and borrowed funds for the capital program were being expended on projects. Additionally, interest rates have significantly declined and it is projected that they will continue to remain low for an extended period of time. Due to the volatility of this revenue source, it is best to plan a budget based on a conservative number. For FY14, an estimate of \$625,000 is being used. This is \$25,000 less than the FY13 budget.

Special Assessments and Lease Income. The Town leases several town owned properties including; but not limited to the Race Lane Farm, parking lots, Maritime Museum, Old Town Hall, Sheriff's Youth Ranch, YMCA and the Marstons Mills Airfield. Special assessments include assessments billed to the five fire districts for tax collection and billing services and assessments added to commercial property tax bills for owners who fail to submit an annual income and expense report to the Town Assessor.



The increase in FY08 was due to a one-time land lease payment for a residential housing development in West Barnstable built on town owned land. Future projections for this category of revenue which are represented by the red line are slightly higher over the projection period of FY14 through FY23. This is due to an increase in special assessments on commercial property for those property owners who fail to file an income and expense report with the Town Assessor. The assessment was increased from \$50 to \$250 in FY12. A greater level of compliance is anticipated which should curtail a significant revenue increase.

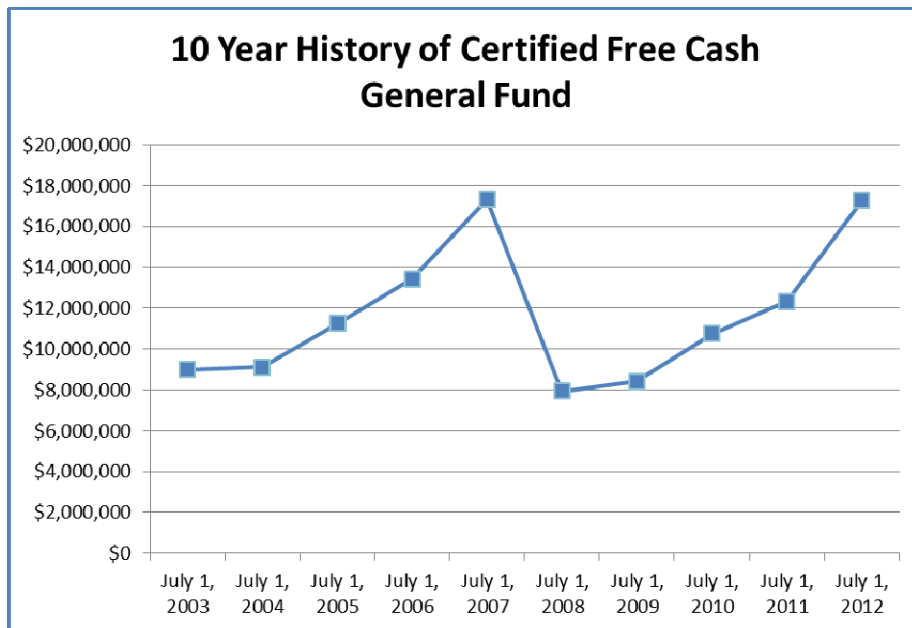
Reserves

The Town has several reserves that could potentially be used for operating and capital budget purposes. A total of \$2,936,836 of reserves are being used to balance the general fund operating budget; \$2,636,836 from general fund reserves and \$300,000 from the Pension Trust Fund Reserve. The transfer from the pension reserve will offset the pension assessment of \$7.5 million in FY14. The general fund reserves will fund a projected overlay deficit of \$72,000 in the FY10 overlay account, unemployment costs of \$500,000, a snow and ice removal deficit of \$1.4 million, \$585,000 for employee health insurance mitigation, \$25,000 for the town’s 375th celebration and \$54,836 for one-time operating capital in the Police and Community Services Departments. Additionally, the Town will use \$3.3 million of the Capital Trust Fund reserves to fund the FY14 capital program for public road maintenance and water quality improvements.

	FY09	FY10	FY11	FY12	FY13 Projected
General Fund Savings	\$8,411,317	\$10,746,572	\$12,320,185	\$17,272,393	\$12,000,000
Pension Reserve	\$2,851,534	\$2,783,603	\$2,863,023	\$2,660,805	\$2,395,805
Capital Trust Fund	\$13,530,478	\$11,540,644	\$7,250,334	\$6,703,143	\$12,309,408
Sale of Real Estate	\$3,150,000	\$1,780,000	\$960,008	\$1,155,508	\$741,508
Reserve for Abatements & Exemptions	\$3,165,538	\$1,072,391	\$1,524,540	\$2,309,000	\$2,100,000
Total	\$31,108,867	\$27,923,210	\$24,918,090	\$30,100,849	\$29,546,721

General Fund Savings

The Town’s General Fund savings account was last certified at \$17,272,393 as of July 1, 2012 by the Department of Revenue’s Division of Local Services. The Town Council has a policy to reserve a portion of the savings account for extraordinary and unforeseen events. The reserve is equal to 4 percent of the total general fund budget; excluding transfers, which amounts to approximately \$5 million leaving an additional amount of \$12.2 million available for appropriation. The Town Council approved an appropriation and transfer of \$7 million to the Capital Trust Fund in FY13. After this transfer, \$10.2 million remains in the account including the Town Council’s reserve. The following chart provides a history of this account over the last 10 years. The significant reduction on July 1, 2008 is a result of \$4.5 million being transferred to the Capital Trust Fund, (another town reserve), and \$6 million being used to balance the FY09 operating budget. It is projected that this reserve will decrease to \$12 million on July 1, 2013 as a result of the \$7 million transfer to the Capital Trust Fund.



Pension Reserve

Massachusetts General Law allows communities to create pension reserve funds in order to offset the anticipated costs of funding the contributory retirement systems. The fund shall be appropriated and used only for the purpose of offsetting the anticipated future cost of funding the contributory retirement system of the town. The balance of the fund may not exceed ten percent of the equalized valuation of the Town and any interest earned must be added and become part of the fund. Ten percent of the Town's equalized valuation is currently in excess of \$1.3 billion. The balance in this fund is \$2.7 million.

This fund was established to help the Town offset its unfunded pension liability of over \$60 million that was last calculated as of January 1, 2012. Subsequent to the establishment of this fund, the County retirement system adopted Section 22D of Chapter 32 in December 1990. This provided for amortizing the unfunded pension liability over a 37-year schedule. Recently, state law allowed the amortization to be extended another 10 years to FY38. The period for paying the unfunded liability could be shortened with actual returns on investments that exceed the assumptions used in the actuarial calculations.

The Town's assessment is principally comprised of two factors, an amount for payments to current retirees and an amount for the unfunded pension liability. For FY14, this assessment is \$7,543,556. This assessment is based on many factors such as the mortality tables used, rate of return on investments and employee contribution rates. It is anticipated that annual assessments from the County will exceed investment earnings in the Town's pension reserve fund causing a reduction in principal.

Capital Trust Fund (Stabilization Fund)

Massachusetts General Law allows communities to establish Stabilization Funds to save money for future needs. The Town uses the Stabilization Fund mechanism for what is better known in Town as the Capital Trust Fund (CTF). The Town Council may appropriate funds to the Stabilization Fund, subject to a limit of ten percent of the amount raised in the preceding fiscal year by taxation, currently \$9.5 million. The Town proposes to add \$3,763,920 to this fund in FY14. The aggregate amount of the fund may not exceed 10 percent of the equalized value of the Town, currently in excess of \$1.3 billion. The balance in this fund is currently \$12 million. Any interest earned must be added and become part of the fund.

Sale of Real Estate

The Town has a balance \$741,000 in this account. The funds were generated from the sale of Town owned property and they are restricted under Massachusetts State Laws for certain purposes. These funds can only be used on expenditures for which the Town could borrow funds; in other words, they can't be spent to cover operating costs. Most of the funds are associated with the sale of the former Grade 5 school property located in the Village of Hyannis. The Town has committed these funds to the School Committee so that they can use them as part of their comprehensive plan to renovate their remaining facilities.

Reserve for Abatements and Exemptions

Tax abatements and exemptions are allowed for a variety of reasons specified in the Massachusetts General Laws. At the time the levy is assessed, the amount of qualifying abatements that will be granted and exemptions for those who qualify is not determinable; therefore, an amount of money must be set aside to provide for these abatements and exemptions.

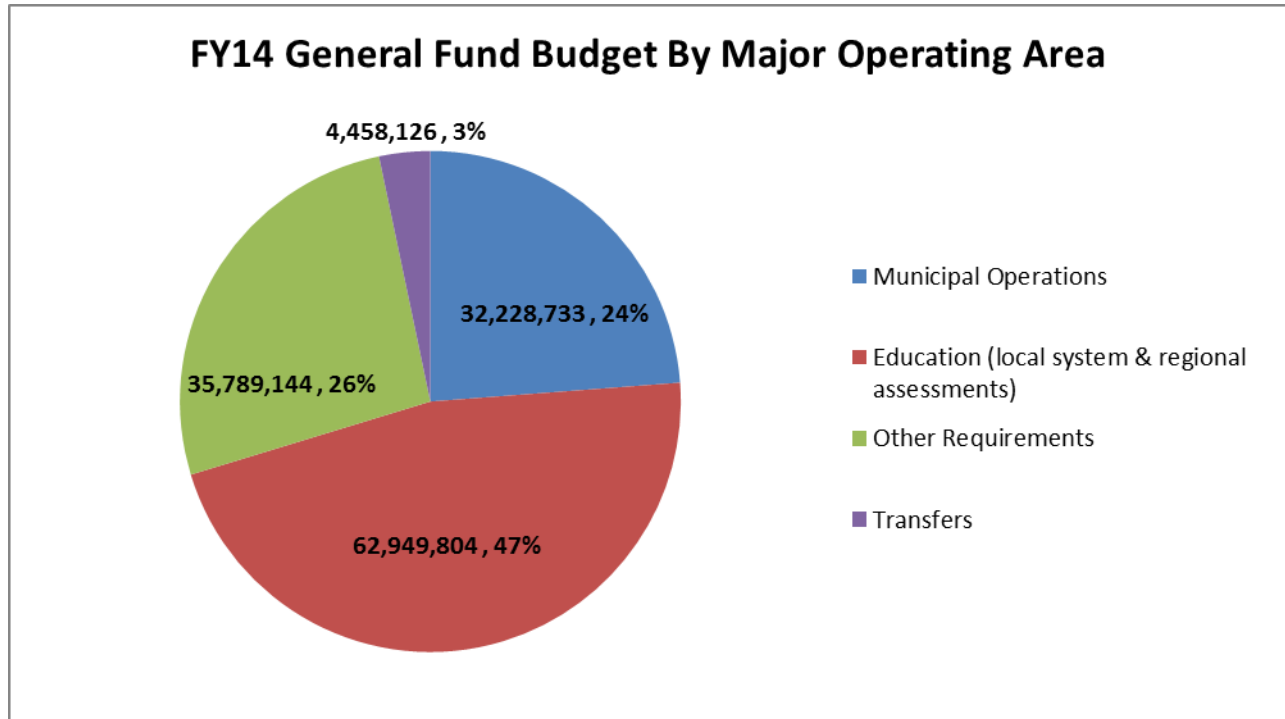
The Town periodically reviews the outstanding balances in this reserve account to determine the excess amount, if any, which can be released and appropriated for other purposes or closed to the general fund savings account. The authority to release any excess resides with the Board of Assessors. If the Town Assessor determines that an excess exist, he will notify the Board of his determination as well as the Town Manager. The Board of Assessors can then release any excess funds. The most recent release of funds from the Town's overlay accounts was for \$700,000 in FY12. This amount was comprised of excess overlay for a five-year period, from FY04 through FY08. It should be noted that it takes several years to accumulate these surpluses as some Appellate Tax Board cases can last a few years. The current balance remaining in these accounts is \$2.1 million. The balances will be reviewed again in FY14 to determine if any can be released.

GENERAL FUND OPERATING EXPENDITURE SUMMARY

GENERAL FUND BUDGET BY MAJOR OPERATING AREA

	ACTUAL	ACTUAL	BUDGET	PROJECTED	PROPOSED	CHANGE FY13 TO FY14	
	FY 2011	FY 2012	FY 2013	FY 2013	FY 2014	\$	%
Legislative & Executive							
Town Council	\$ 256,308	\$ 251,893	\$ 276,543	\$ 262,800	\$ 276,383	\$ (160)	-0.06%
Town Manager	511,033	565,986	652,806	650,000	565,822	(86,984)	-13.32%
Total Legislative & Executive	767,341	817,879	929,349	912,800	842,205	(87,144)	-9.38%
Administrative Services Department							
Finance Division	2,440,382	2,533,036	2,688,399	2,616,400	2,754,208	65,809	2.45%
Legal Division	419,660	415,505	443,374	443,000	472,624	29,250	6.60%
Human Resource Division	725,788	741,530	730,188	726,000	782,242	52,054	7.13%
Information Technology Division	1,118,016	1,395,429	1,295,819	1,286,000	1,380,216	84,397	6.51%
Total Administrative Services Department	4,703,846	5,085,499	5,157,780	5,071,400	5,389,290	231,510	4.49%
Growth Management							
Administration	178,776	212,811	273,838	273,000	300,316	26,478	9.67%
Regulatory Review	264,705	222,860	198,910	198,900	204,333	5,423	2.73%
Comprehensive Planning	135,728	74,115	88,139	88,100	89,235	1,096	1.24%
Economic Development	34,328	31,170	137,497	137,400	185,438	47,941	34.87%
Community Development	113,565	125,872	72,086	72,000	76,040	3,954	5.49%
Property Management	48,709	50,671	42,442	42,400	22,804	(19,638)	-46.27%
Traffic Management	85,037	87,304	88,525	88,500	90,269	1,744	1.97%
Total Growth Management Department	860,847	804,803	901,437	900,300	968,435	66,998	7.43%
Community Services Department							
Recreation, Leisure & Aquatics Division	1,284,065	1,274,407	1,264,070	1,250,000	1,313,367	49,297	3.90%
Senior Services Division	370,206	353,356	363,922	360,500	375,571	11,649	3.20%
Marine & Environmental Services Division	708,624	816,110	901,998	895,300	981,120	79,122	8.77%
Total Community Services Department	2,362,895	2,443,873	2,529,990	2,505,800	2,670,058	140,068	5.54%
Police Department							
Administration & Investigative Services Division	3,583,498	3,667,968	3,684,951	3,679,000	3,891,465	206,514	5.60%
Field Services Division	7,019,970	7,273,941	7,493,698	7,492,000	7,709,703	216,005	2.88%
Total Police Department	10,603,468	10,941,909	11,178,649	11,171,000	11,601,168	422,519	3.78%
Public Works Department							
Administration & Technical Support	1,446,635	1,829,714	1,484,557	1,402,000	1,518,744	34,187	2.30%
Highway Division	3,975,145	3,071,227	3,390,457	4,645,700	3,465,285	74,828	2.21%
Structures and Grounds Division	2,801,425	2,689,002	2,988,938	2,845,000	3,130,319	141,381	4.73%
Total Public Works Department	8,223,205	7,589,942	7,863,952	8,892,700	8,114,348	250,396	3.18%
Regulatory Services Department							
Building Services Division	721,126	753,919	851,595	837,700	929,113	77,518	9.10%
Conservation Division	288,868	345,301	368,336	367,000	373,100	4,764	1.29%
Consumer Affairs Division	352,838	363,719	507,894	496,000	512,864	4,970	0.98%
Health Division	684,133	713,914	787,421	789,900	828,152	40,731	5.17%
Total Regulatory Services Department	2,046,965	2,176,853	2,515,246	2,490,600	2,643,229	127,983	5.09%
TOTAL MUNICIPAL OPERATIONS	29,568,567	29,860,758	31,076,403	31,944,600	32,228,733	1,152,330	3.71%
Education							
Local School System	53,067,351	55,175,114	55,900,835	55,855,869	57,255,360	1,354,525	2.42%
Regional School District	2,822,920	2,707,304	2,657,683	2,657,683	2,810,364	152,681	5.74%
Commonwealth Charter Schools	1,058,352	1,593,370	2,106,894	2,106,894	2,238,420	131,526	6.24%
School Choice	477,596	635,928	634,278	634,278	645,660	11,382	1.79%
TOTAL EDUCATION	57,426,219	60,111,716	61,299,690	61,254,724	62,949,804	1,650,114	2.69%
Other Requirements							
Debt Service	9,846,298	10,368,442	9,366,875	9,360,000	8,778,309	(588,566)	-6.28%
Property, Casualty & Liability Insurance	1,281,890	1,312,879	1,386,000	1,385,000	1,495,650	109,650	7.91%
Employee Benefits	16,346,094	17,292,933	18,203,846	17,812,996	19,645,585	1,441,739	7.92%
Grants	1,618,159	1,598,906	1,692,352	1,692,352	1,804,778	112,426	6.64%
State & County Assessments	2,307,862	2,275,090	2,432,797	2,393,480	2,467,822	35,025	1.44%
Celebrations	55,786	96,248	100,000	100,000	125,000	25,000	25.00%
Prior Year Deficits to be Raised	-	-	16,207	1,472,000	1,472,000	1,455,793	8982.50%
TOTAL OTHER REQUIREMENTS	31,456,090	32,944,498	33,198,077	34,215,828	35,789,144	2,591,067	7.80%
TOTAL GENERAL FUND SPENDING BEFORE TRANSFERS	118,450,876	122,916,972	125,574,170	127,415,152	130,967,681	5,393,511	4.30%
Transfers to Other Funds	2,452,521	3,859,618	10,492,252	10,492,252	4,458,126	(6,034,126)	-57.51%
GRAND TOTAL GENERAL FUND	\$ 120,903,397	\$ 126,776,590	\$ 136,066,422	\$ 137,907,404	\$ 135,425,807	\$ (640,615)	-0.47%

The FY14 municipal operations budget is increasing \$1,152,330 or 3.7% over the FY13 budget. Within this area of the general fund budget, the largest dollar increase is in the Police Department budget which is increasing \$422,519. The largest percentage increase is in the Growth Management Department which is increasing 7.4%. The local school system budget is increasing \$1,354,525 or 2.4% in FY14. The increase in total education expenditures including charter and regional school districts is \$1,650,114 or 2.7%. The other requirements category of expenditures is increasing \$2,591,067 or 7.8%. Transfers out to other funds are decreasing \$6 million as the FY13 budget included a one-time transfer of \$7 million to the Capital Trust Fund.



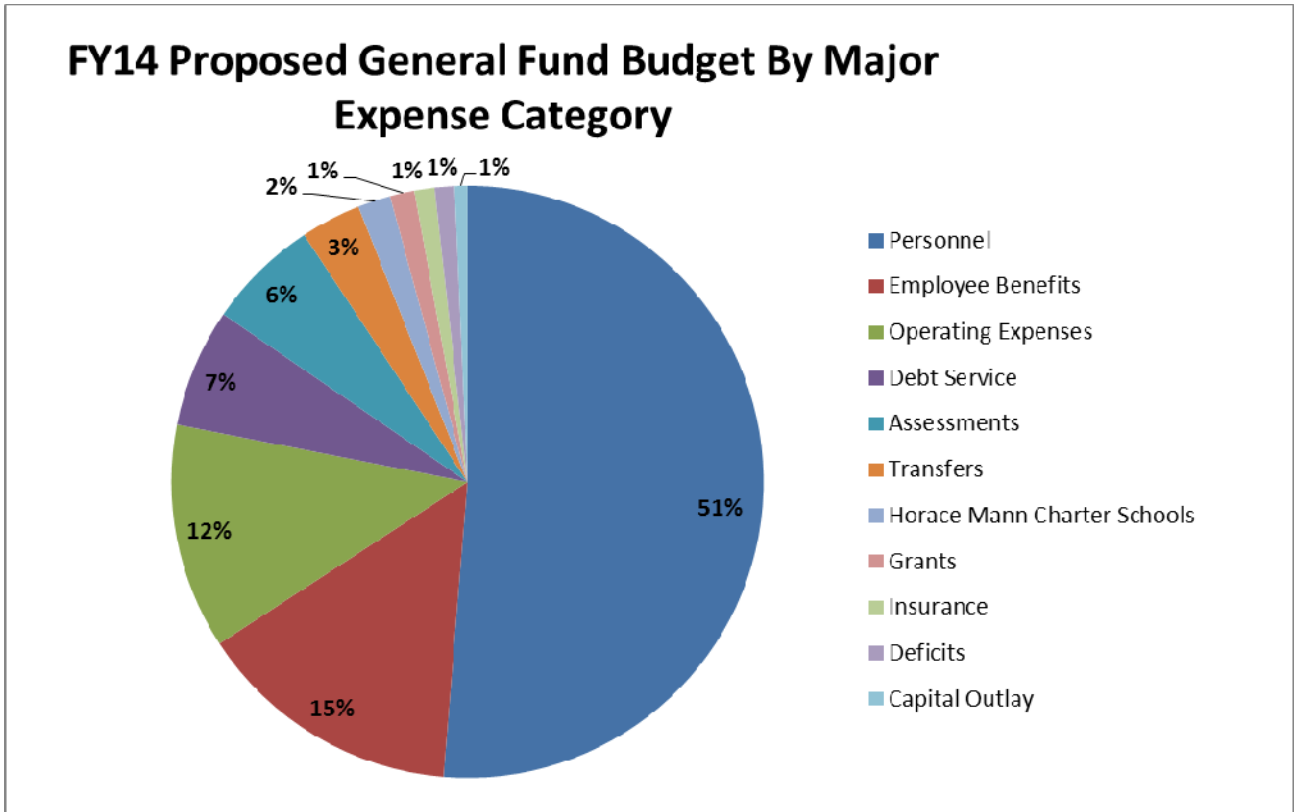
As with most Massachusetts communities, direct expenditures on education is the largest area of the budget and comprises 47% of the town's total general fund budget. Municipal operations are 24% and other requirements represent 26%.

GENERAL FUND BUDGET BY MAJOR EXPENDITURE CATEGORY

Expenditure Category	Actual FY 2011	Actual FY 2012	Budget FY 2013	Projected FY 2013	Proposed FY 2014	Change FY13 - FY14	Percent Change
Personnel	\$ 57,708,672	\$ 59,224,733	\$ 67,245,094	\$ 67,004,600	\$ 69,464,800	\$ 2,219,706	3.30%
Operating Expenses	16,215,647	16,272,436	16,561,475	17,626,200	16,658,209	96,734	0.58%
Capital Outlay	488,709	1,113,175	664,800	663,800	932,660	267,860	40.29%
Horace Mann Charter Schools	8,222,890	8,425,527	2,505,869	2,505,869	2,428,424	(77,445)	-3.09%
Debt Service	9,846,298	10,368,442	9,366,875	9,360,000	8,778,309	(588,566)	-6.28%
Employee Benefits	16,346,094	17,292,933	18,203,846	17,812,996	19,645,585	1,441,739	7.92%
Insurance	1,281,890	1,312,879	1,386,000	1,385,000	1,495,650	109,650	7.91%
Grants	1,618,159	1,598,906	1,692,352	1,692,352	1,804,778	112,426	6.64%
Assessments	6,722,517	7,307,940	7,931,652	7,892,335	8,287,266	355,614	4.48%
Transfers	2,452,521	3,859,618	10,492,252	10,492,252	4,458,126	(6,034,126)	-57.51%
Deficits	-	-	16,207	1,472,000	1,472,000	1,455,793	8982.50%
Total Expenditures	\$ 120,903,397	\$ 126,776,590	\$ 136,066,422	\$ 137,907,404	\$ 135,425,807	\$ (640,615)	-0.47%

The FY14 proposed general fund budget is \$135,425,807 or \$640,615 less than the FY13 approved budget. Salary and wages are increasing \$2.2 million, or 3.3 percent. This covers all contractual pay increases as well as staffing increases in some of the municipal departments and seasonal wages. Operating expenses are

increasing less than 1% and an additional \$267,860 is provided for capital outlay. This includes funds for vehicle and equipment replacements as well as facility improvements. Other significant changes include a 6% decrease in debt service; a reduction of \$588,000. Employee benefits will increase \$1,441,739 due to increases in the county retirement assessment and health insurance premiums. Property and casualty insurance will increase 8% (\$110,000) due to anticipated premium increases, and assessments are increasing \$356,000 due to the expansion of the Sturgis Charter School and an increase in the technical school assessment. Transfers to other funds will decline \$6 million as the FY13 budget included a one-time transfer of \$7 million to the Capital Trust Fund and deficits are \$1.4 million more in FY14 due to a FY13 snow and ice budget shortage.



Personnel costs account for 51% of all general fund expenses. Employee benefits are the second largest category of expenditures representing 15% of the total general fund budget. The Horace Mann Charter School allocation is mainly personnel expenses as well. Collectively, these areas represent 68% of all general fund expenditures. Operating expenses represent 12% of the total general fund expenditures. The largest operating expenditures are for utilities and out-of-district residential placements for students in the School Department.

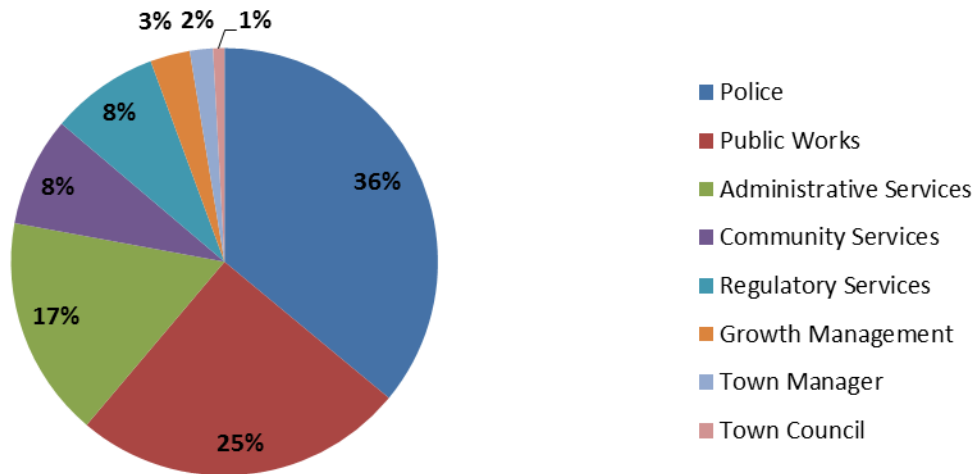
MUNICIPAL OPERATIONS DEPARTMENT EXPENDITURES AND RESOURCE SUMMARY

Municipal Department	Actual FY 2011	Actual FY 2012	Budget FY 2013	Projected FY 2013	Proposed FY 2014	Change FY13 - 14	Percent Change
Town Council	\$ 256,308	\$ 251,893	\$ 276,543	\$ 262,800	\$ 276,383	\$ (160)	-0.06%
Town Manager	511,033	565,986	652,806	650,000	565,822	(86,984)	-13.32%
Administrative Services	4,703,846	5,085,499	5,157,780	5,071,400	5,389,290	231,510	4.49%
Growth Management	860,847	804,803	901,437	900,300	968,435	66,998	7.43%
Community Services	2,362,895	2,443,873	2,529,990	2,505,800	2,670,058	140,068	5.54%
Police	10,603,468	10,941,909	11,178,649	11,171,000	11,601,168	422,519	3.78%
Public Works	8,223,205	7,589,942	7,863,952	8,892,700	8,114,348	250,396	3.18%
Regulatory Services	2,046,965	2,176,853	2,515,246	2,490,600	2,643,229	127,983	5.09%
Total Expenditures	\$ 29,568,567	\$ 29,860,758	\$ 31,076,403	\$ 31,944,600	\$ 32,228,733	\$ 1,152,330	3.71%
Sources of Funding							
Taxes	\$ 20,859,725	\$ 20,842,933	\$ 23,454,869	\$ 23,988,244	\$ 24,351,258	\$ 896,389	3.82%
Intergovernmental Aid	335,625	289,088	285,486	304,352	298,449	12,963	4.54%
Fines & Penalties	1,199,933	1,359,907	1,214,100	1,336,000	1,250,000	35,900	2.96%
Fees, Licenses, Permits	2,549,555	2,795,475	2,437,000	2,510,627	2,382,065	(54,935)	-2.25%
Charges for Services	1,808,936	1,743,691	1,500,000	1,533,360	1,600,000	100,000	6.67%
Interest and Other	1,512,051	1,207,518	979,031	1,066,100	987,000	7,969	0.81%
Special Revenue Funds	386,075	393,951	405,794	405,794	501,916	96,122	23.69%
Enterprise Funds	916,668	1,000,775	765,123	765,123	803,209	38,086	4.98%
General Fund Surplus	-	227,419	35,000	35,000	54,836	19,836	0.00%
Total Sources	\$ 29,568,567	\$ 29,860,758	\$ 31,076,403	\$ 31,944,600	\$ 32,228,733	\$ 1,152,330	3.71%

The FY14 proposed operating budget for the municipal departments is \$32,228,733; an increase of \$1,152,330 or 3.7%. Factors driving the increase are detailed within each operating department's narrative contained in the budget documents. Total municipal department operating expenditures have increased from \$29.6 million in FY11 to a proposed \$32.2 million in FY14 or 9% over the 4 year period; an average of 2.2% per year.

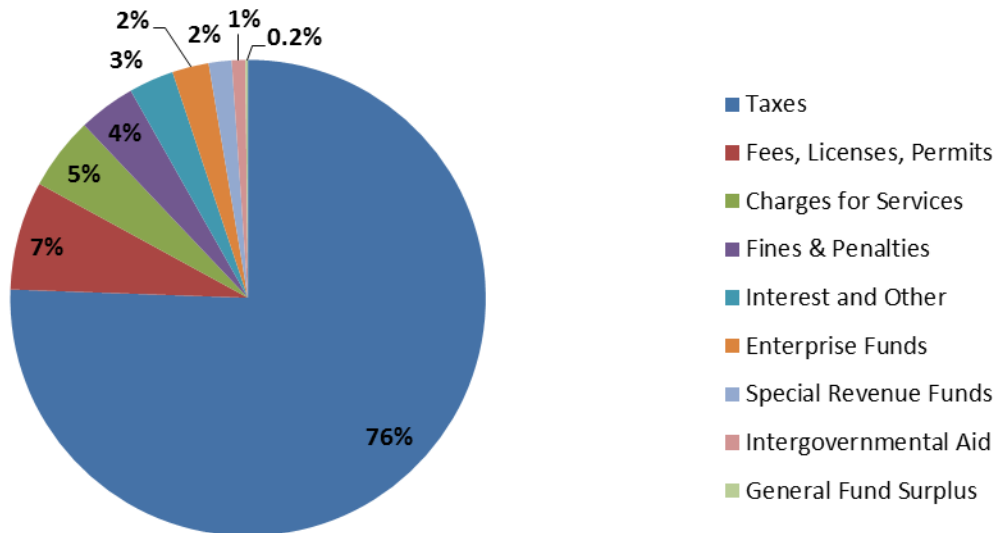
76% of the funding for the FY14 municipal department's budget will be provided from taxes or \$24,351,258. This is an increase of \$896,389 over the FY13 budget amount or 3.8%. Other notable funding increases for this budget include \$100,000 in charges for services which includes an anticipated \$5 increase in the beach parking permit. The transfer from special revenue funds is increasing \$96,122 or 24% as the Waterways Improvement Special Revenue Fund will provided addition funding for the service enhancements in the Waterway Safety and Moorings Programs.

FY14 Municipal Operating Budget By Department



The Police Department is the largest municipal operation representing 36% of total spending. Public Works is the second largest at 25% and Administrative Services is third at 17%.

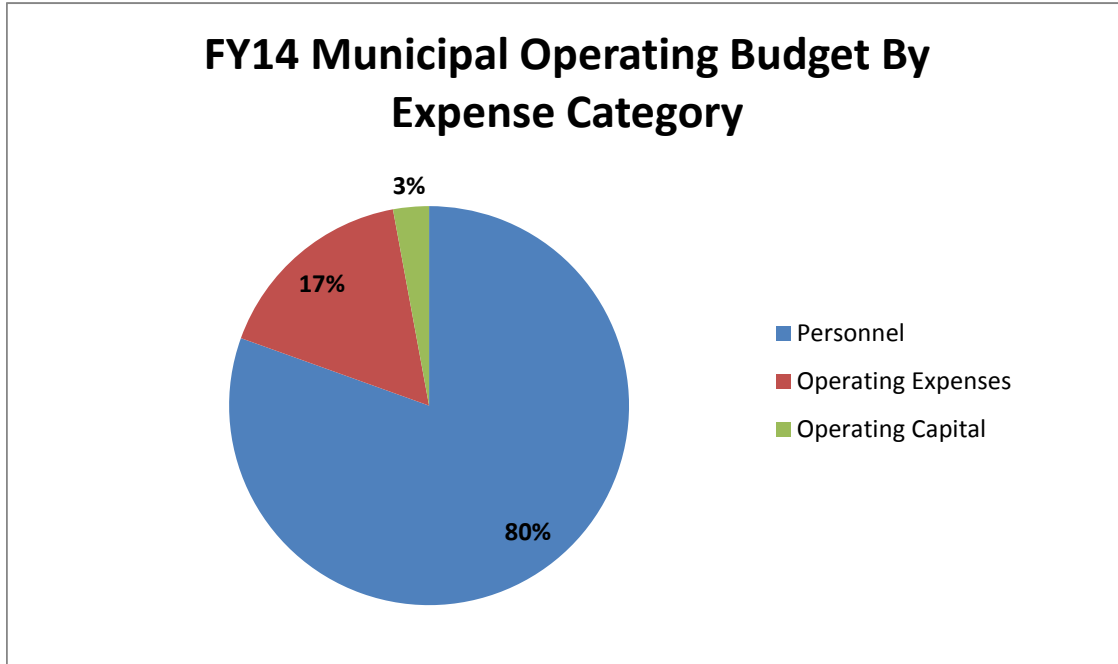
FY14 Funding Sources for Municipal Operations



Taxes are the largest funding source for the municipal operations providing 76% of the proposed FY14 budget. Fees, licenses and permits are the second largest category representing 7%. State aid provides only 1% of the total funding for these operations.

MUNICIPAL OPERATIONS EXPENDITURES BY CATEGORY

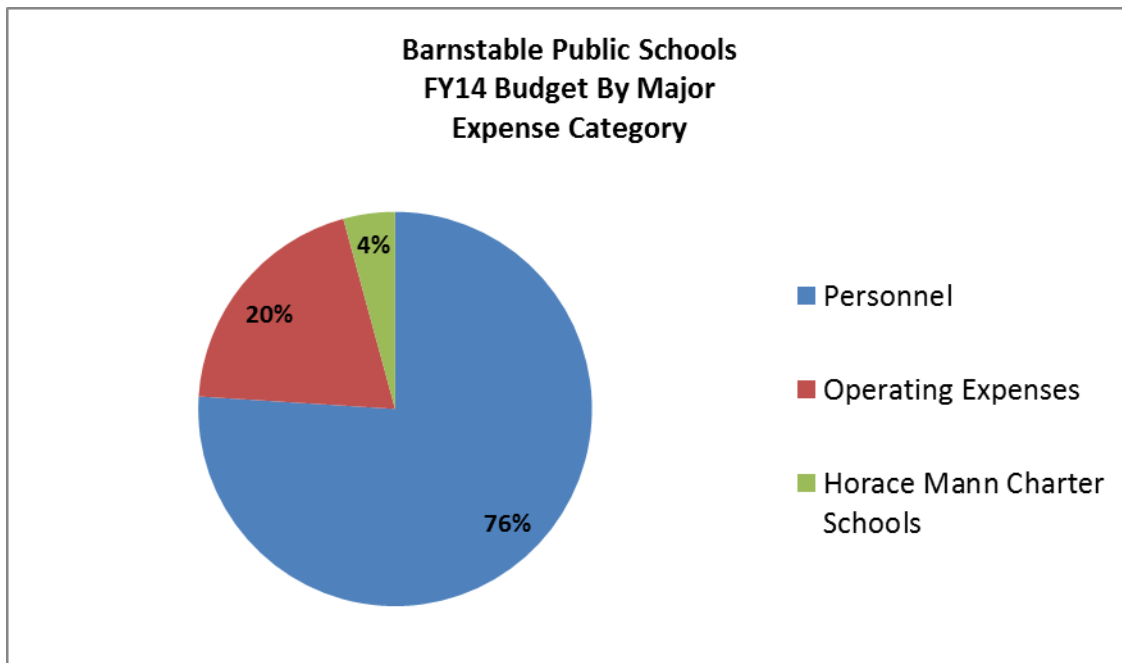
Expense Category	Actual FY 2011	Actual FY 2012	Approved FY 2013	Projected FY 2013	Proposed FY 2014	Change FY13 - 14	Percent Change
Personnel	\$ 23,619,810	\$ 23,803,117	\$ 25,253,417	\$ 25,054,600	\$ 25,942,971	\$ 689,554	2.73%
Operating Expenses	5,460,048	4,944,467	5,158,186	6,226,200	5,353,102	194,916	3.78%
Operating Capital	488,709	1,113,174	664,800	663,800	932,660	267,860	40.29%
Total Expenditures	\$ 29,568,567	\$ 29,860,758	\$ 31,076,403	\$ 31,944,600	\$ 32,228,733	\$ 1,152,330	3.71%



80% of the municipal operating budget is comprised of personnel expenses. These are increasing \$689,554 in the proposed FY14 budget or 2.7%. Operating expenses are increasing \$194,916 and represent 17% of municipal operating expenses. Operating capital is increasing \$267,860 to \$932,660 for FY14. This represents 3% of the total municipal expenses.

SCHOOL OPERATION EXPENDITURES BY CATEGORY (LOCAL SCHOOLS ONLY)

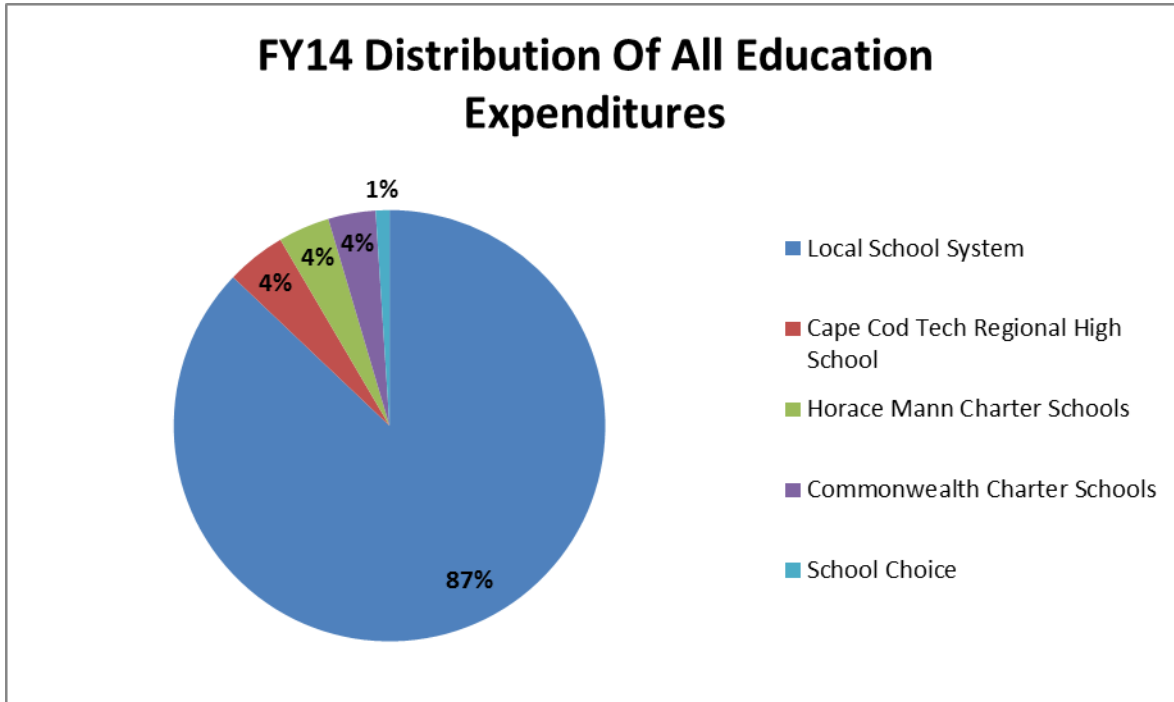
Expenditure Category	Actual FY 2011	Actual FY 2012	Approved FY 2013	Projected FY 2013	Proposed FY 2014	Change FY13 - FY14	Percent Change
Personnel	\$ 34,088,862	\$ 35,421,617	\$ 41,991,677	\$ 41,950,000	\$ 43,521,829	\$ 1,530,152	3.64%
Operating Expenses	10,755,599	11,327,969	11,403,289	11,400,000	11,305,107	(98,182)	-0.86%
Horace Mann Charter Schools	8,222,890	8,425,527	2,505,869	2,505,869	2,428,424	(77,445)	-3.09%
Total Expenditures	\$ 53,067,351	\$ 55,175,114	\$ 55,900,835	\$ 55,855,869	\$ 57,255,360	\$ 1,354,525	2.42%
Sources of Funds							
Taxes	\$ 45,407,038	\$ 47,675,749	\$ 48,198,947	\$ 48,178,981	\$ 49,453,472	\$ 1,254,525	2.60%
Intergovernmental Aid	7,146,363	7,184,728	7,401,888	7,401,888	7,526,888	125,000	1.69%
Interest and Other	513,950	314,637	300,000	275,000	275,000	(25,000)	-8.33%
Total Sources	\$ 53,067,351	\$ 55,175,114	\$ 55,900,835	\$ 55,855,869	\$ 57,255,360	\$ 1,354,525	2.42%



76% percent of the school operating budget is in the form of personnel expenses. This amount is increasing \$1,530,152 or 3.6% for FY14. 4% of the School's operating budget is allocated to the Horace Mann Charter Schools (HMCS). The allocation for the HMCS is \$77,445 less in FY14 or a 0.8% decrease. A majority of the HMCS budget is for personnel as well. Operating expenses represent 20% of the budget. A majority of the FY14 budget increase will be provided from taxes. Funding from state aid is projected to increase \$125,000.

ALL EDUCATION EXPENDITURES (LOCAL SYSTEM, REGIONAL SCHOOL DISTRICT, COMMONWEALTH CHARTER SCHOOLS AND SCHOOL CHOICE)

Expenditure Category	Actual FY 2011	Actual FY 2012	Budget FY 2013	Projected FY 2013	Proposed FY 2014	Change FY13 - 14	Percent Change
Local School System	\$ 44,844,461	\$ 46,749,586	\$ 53,394,966	\$ 53,350,000	\$ 54,826,936	\$ 1,431,970	2.68%
Horace Mann Charter Schools	8,222,890	8,425,527	2,505,869	2,505,869	2,428,424	(77,445)	-3.09%
Commonwealth Charter Schools	1,058,352	1,593,370	2,106,894	2,106,894	2,238,420	131,526	6.24%
School Choice	477,596	635,928	634,278	634,278	645,660	11,382	1.79%
Cape Cod Tech Regional High School	2,822,920	2,707,304	2,657,683	2,657,683	2,810,364	152,681	5.74%
TOTAL EXPENDITURES	\$ 57,426,219	\$ 60,111,715	\$ 61,299,690	\$ 61,254,724	\$ 62,949,804	\$ 1,650,114	2.69%



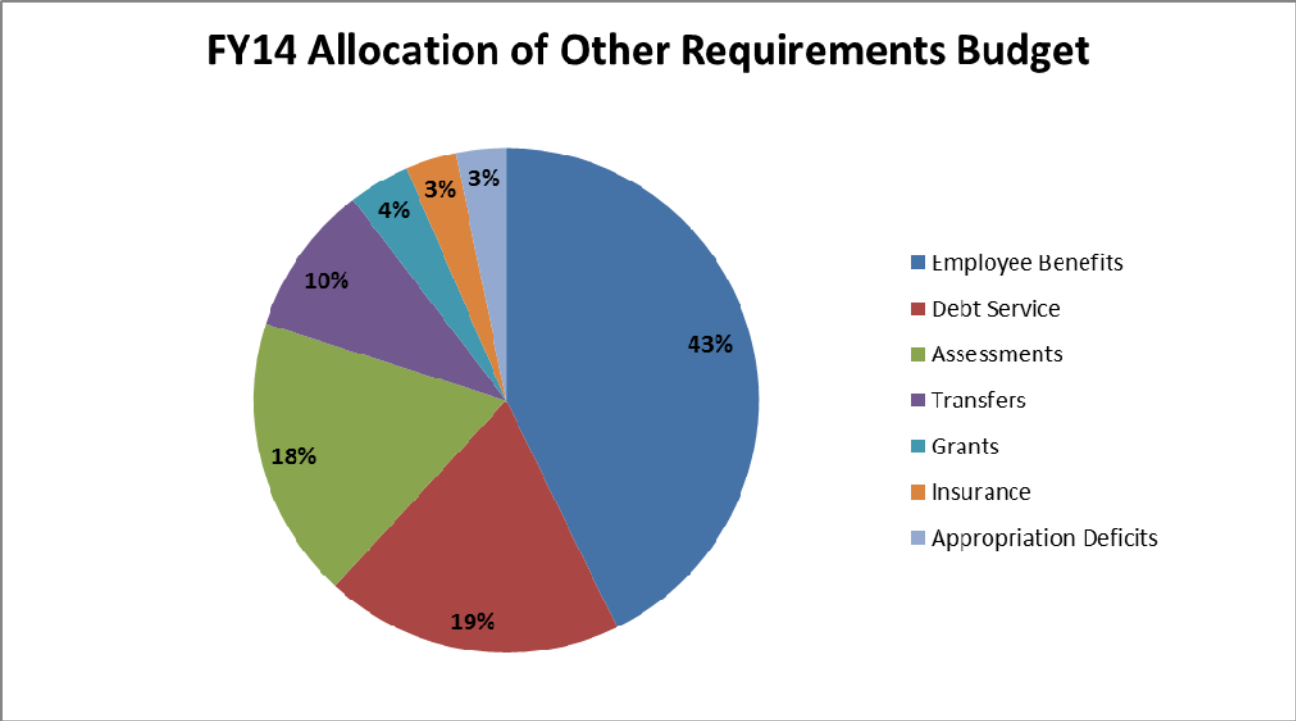
Total expenditures for the direct education of students who reside in the Town of Barnstable are budgeted at \$62,949,804 for FY14. The local school system comprises a majority of the expenditures on education. Combined with the amount for the Horace Mann Charter School; which receives its allocation from the local district's budget, they represent 91% of all direct expenditures on education. Assessments received for Barnstable children that attend the Cape Cod Regional Technical High School and Commonwealth Charter Schools represent 4% each, while the assessments for students attending other school districts through the School Choice program represent 1% of all education expenditures. The significant increase to the Commonwealth Charter School assessment is a result of the expansion to a second campus at the school. This assessment has more than doubled since FY10 as attendance has grown. The school will be adding a fourth grade level in FY14 to the second campus.

OTHER REQUIREMENTS EXPENDITURE SUMMARY

Expenditure Category	Actual FY 2011	Actual FY 2012	Approved FY 2013	Projected FY 2013	Proposed FY 2014	Change FY 13 - 14	Percent Change
Debt Service							
Principal	\$ 7,461,400	\$ 7,954,570	\$ 7,310,743	\$ 7,310,000	\$ 7,012,861	\$ (297,882)	-4.07%
Interest	2,384,898	2,413,872	2,056,132	2,050,000	1,765,448	(290,684)	-14.14%
Total Debt Service	9,846,298	10,368,442	9,366,875	9,360,000	8,778,309	(588,566)	-6.28%
Employee Benefits							
Retirement	5,990,911	6,550,703	6,971,781	6,971,781	7,556,556	584,775	8.39%
Health Insurance - Active Employees	5,110,058	5,289,711	5,617,417	5,500,000	6,187,273	569,856	10.14%
Retired Teachers Health Insurance	2,474,696	2,319,247	1,999,215	1,999,215	2,133,072	133,857	6.70%
Non-Teaching Retirees Health Insurance	1,036,179	1,088,317	1,150,000	975,000	1,050,000	(100,000)	-8.70%
Worker's Compensation	774,821	1,049,842	1,000,000	1,000,000	1,050,000	50,000	5.00%
Medicare Tax	808,058	838,828	879,405	870,000	910,184	30,779	3.50%
Unemployment Insurance	145,216	97,731	380,000	291,000	500,000	120,000	31.58%
OPEB Trust Fund Contribution	-	50,000	200,000	200,000	250,000	50,000	25.00%
Life Insurance	6,155	8,553	6,028	6,000	8,500	2,472	41.01%
Total Employee Benefits	16,346,094	17,292,933	18,203,846	17,812,996	19,645,585	1,441,739	7.92%
Insurance							
Fire/Casualty/Liability	1,076,202	1,101,173	1,171,000	1,170,000	1,262,650	91,650	7.83%
Boats/Equipment/Inland Marine	38,056	33,113	40,000	35,000	37,000	(3,000)	-7.50%
Motor Vehicles	167,632	178,593	175,000	180,000	196,000	21,000	12.00%
Total Insurance	1,281,890	1,312,879	1,386,000	1,385,000	1,495,650	109,650	7.91%
Grants							
Libraries	1,473,565	1,488,237	1,525,444	1,525,444	1,630,979	105,535	6.92%
Tourism Grant	96,348	60,011	116,250	116,250	121,875	5,625	4.84%
Lombard Trust	48,246	50,658	50,658	50,658	51,924	1,266	2.50%
Total Grants	1,618,159	1,598,906	1,692,352	1,692,352	1,804,778	112,426	6.64%
Assessments and Other							
Regional School District	2,822,920	2,707,304	2,657,683	2,657,683	2,810,364	152,681	5.74%
Commonwealth Charter School Assessments	1,058,352	1,593,370	2,106,894	2,106,894	2,238,420	131,526	6.24%
School Choice Assessments	477,596	635,928	634,278	634,278	645,660	11,382	1.79%
Special Education	10,277	22,663	22,889	22,889	22,921	32	0.14%
Veteran's District Assessment & Benefit Payments	411,016	362,408	462,317	425,000	439,816	(22,501)	-4.87%
County Tax & Cape Cod Commission	1,000,019	1,008,934	1,034,156	1,034,156	1,057,931	23,775	2.30%
Mosquito Control	294,390	299,782	311,620	311,620	325,339	13,719	4.40%
Air Pollution Control Districts	21,271	21,409	21,824	21,824	21,977	153	0.70%
RMV Non-Renewal Surcharge	66,340	68,680	68,680	68,680	76,380	7,700	11.21%
Cape Cod Regional Transit Authority	461,523	473,061	473,061	473,061	484,888	11,827	2.50%
Greenhead Fly Control District	4,820	4,820	5,000	5,000	5,320	320	6.40%
Interest on tax refunds	30,207	5,082	25,000	23,000	25,000	-	0.00%
Celebrations	55,786	96,248	100,000	100,000	125,000	25,000	25.00%
Total Assessments and Other	6,722,517	7,307,940	7,931,652	7,892,335	8,287,266	355,614	4.48%
Transfers							
Net Transfer to Capital Trust Fund	2,452,521	3,859,618	10,110,690	10,110,690	3,763,920	(6,346,770)	-62.77%
Special Revenue Fund	-	-	30,000	30,000	-	(30,000)	-100.00%
Transfer to Enterprise Funds	-	-	351,562	351,562	694,206	342,644	97.46%
Total Transfers	2,452,521	3,859,618	10,492,252	10,492,252	4,458,126	(6,034,126)	-57.51%
Appropriation Deficits							
Snow, Ice & Debris Removal	-	-	-	1,400,000	1,400,000	1,400,000	0.00%
Abatements & Exemptions	-	-	16,207	72,000	72,000	55,793	344.25%
Total Deficits	-	-	16,207	1,472,000	1,472,000	1,455,793	8982.50%
Total Expenditures	\$38,267,479	\$41,740,718	\$49,089,184	\$50,106,935	\$45,941,714	\$(3,147,470)	-6.41%

Other Requirements include general fund operating costs that are not part of the municipal or school department operations. While most of the expenses can be allocated to a particular department, they are budgeted and appropriated separately for budgetary control purposes. See pages 333 to 344 for a more detailed explanation of these costs. This area of the budget is decreasing \$3.1 million from the approved FY13 budget principally due to a one-time transfer of \$7 million in the FY13 budget to the Capital Trust Fund. Excluding transfers, this area of the budget is increasing \$2,886,656 due to employee benefit increases and appropriation deficits. The

appropriation deficits are typically non-recurring costs with most of them related to extraordinary storm related events.



Employee benefits is the largest part of this budget representing 43% of total expenditures.

GENERAL FUND CAPITAL EXPENDITURE SUMMARY

1. FY 2014 GENERAL FUND OPERATING BUDGET CAPITAL IMPROVEMENT PROGRAM

The General Fund Capital Improvement Program for FY14 includes two pieces. Within the General Fund operating budgets, a total of \$932,660 is proposed for the on-going replacement of machinery, equipment and vehicles. These included the following:

- \$412,800 for Public Works equipment and vehicle replacement
- \$116,000 for facility improvements
- \$220,860 for Police vehicles and equipment
- \$25,000 for Community Services vehicle replacement
- \$25,000 for Community Services Boat Acquisition
- \$28,000 for Community Services equipment replacement
- \$105,000 for Information Technology systems software and hardware upgrades and replacement

2. FY 2014 CAPITAL TRUST FUND CAPITAL IMPROVEMENT PROGRAM

In addition to the operational budget capital, the Town annually produces a capital improvement plan that includes appropriations apart from the operating budgets which are funded from resources contained in the Town's Capital Trust Fund. The Capital Trust Fund receives an annual transfer from the General Fund.

FY 2014 PROJECT REQUESTS SUBMITTED

The capital projects identified by town departments for FY13 total \$16.8 million for General Fund and \$4.8 million for Enterprise Funds. The combined five-year total is \$207 million. Cash flow projections for the Capital Trust Fund indicate that over next five years approximately \$25 million will be available to finance General Fund projects. This is well below the identified need. This is also true of Enterprise Funded programs where there is insufficient revenue to support exceptionally large capital expenditures. A majority of the large capital items include sewer expansions. The following is a summary of the total projects by fiscal year:

	General Fund	Enterprise Funds	Total
FY 2014	\$13.5 million	\$12.4 million	\$25.9 million
FY 2015	\$5.1 million	\$23.7 million	\$28.8 million
FY 2016	\$3.4 million	\$14.0 million	\$17.4 million
FY 2017	\$31.8 million	\$11.5 million	\$43.3 million
FY 2018	\$9.6 million	\$7.2 million	\$16.8 million
Five year total	\$63.4 million	\$68.8 million	\$132.2 million

FY 2014 GENERAL FUND CAPITAL PROGRAM

The general fund capital program for FY14 totals \$9,345,000. Funding for the program is comprised of \$3,316,000 from Capital Trust Fund reserves, \$414,000 from the Sale of Real Estate Special Revenue Fund and \$5,615,000 of new borrowing authorizations.

Description	Cost	Funding	Impact on Operating Budget
Roadways, Sidewalk, Bridge and Parking Improvements	\$3,705,000	\$2,921,000 of Capital Trust Fund Reserves, \$414,000 from Sale of Real Estate Special Revenue Fund, \$370,000 Bond Issue	Average annual debt service payment of \$42,000. Estimated avoided annual maintenance costs of \$50,000 to \$100,000.
Municipal Facility Improvements	\$2,131,000	Bond Issue	Average annual debt service payment of \$170,000. Estimated annual savings in utilities and maintenance is \$15,000
School Facility Improvements	\$1,904,000	\$225,000 of Capital Trust Fund Reserves and \$1,679,000 Bond Issue	Average annual debt service payment of \$160,000. Estimated annual savings in utilities and maintenance if \$25,000 to \$30,000
School Equipment Replacement	\$260,000	Bond Issue	Average annual debt service payment of \$30,000. Estimated annual utility and fuel savings is less than \$5,000. Estimated annual maintenance savings is \$2,000 to \$3,000 per year.
Waterway Improvements	\$875,000	Bond Issue	Average annual debt service payment of \$71,000. Estimates annual maintenance savings of \$5,000 to \$10,000
Water Quality Improvements	\$380,000	\$80,000 of Capital Trust Fund Reserves and \$300,000 bond issue	Average annual debt service payment of \$34,000.
Assessing Records Conversion	\$90,000	Capital Trust Fund Reserves	None
Total	\$9,345,000		

DETAILED DESCRIPTION OF RECOMMENDED PROJECTS

\$3,250,000 FOR PUBLIC ROADS MAINTENANCE

This is a continuing essential program aimed at combating the deterioration of the Town's roadway assets and provision of new storm water handling capacity. Depending on physical conditions and analysis using the Pavement Management software, the repairs may include one of several methods of repair including: full depth reconstruction, asphalt overlay, milling and paving or applying a chip seal surface layer. In addition to surface repair, improvement projects usually include installation of upgraded or new drainage systems as well as sidewalk rehabilitation wherever practicable. The condition of the Town's road system is deteriorating each year. Adequate maintenance and reconstruction where necessary is essential to preserve this major capital asset. Through the use of the Pavement Management System, we have identified a backlog of over \$30,000,000 of needed road repairs. This equates to over 100 miles of Town roads that need more than routine maintenance or repair. In addition, the Town has a backlog of approximately 250 locations where drainage improvements are required to protect public safety or prevent property damage.

Repair projects for FY 2014 are as follows:

- Reconstruction of Main Street from the south end of Ocean View Avenue to Vineyard Road in Cotuit
- Resurfacing of the entire lengths of: Althea Drive, Country Club Drive and Cypress Point in Barnstable
- Preventive maintenance chipseal of various roads town wide to maintain their service life
- Preventive maintenance crackseal of various roads town wide to maintain their service life
- Engineering Design and Permitting Services for the Road Rehabilitation of Lincoln Road in Hyannis and Osterville-West Barnstable Road from Route 28 to Race Lane in Marstons Mills
- Design services for various construction quality control measures such as roadwork inspection of road contracts, soil tests, pavement corings, concrete cylinder samples, etc.
- Construction and repair of multiple road drainage sites town wide in known problem areas

\$50,000 FOR DRAINAGE STUDY

The study includes the area near Cummaquid Golf Course and headwaters of Maraspin Creek. This engineering study involves a review of existing GIS Mapping, field reconnaissance and measurement, analysis and report preparation detailing the storm water flowage patterns, conveyance systems and restrictions for an area of approximately 750 acres at the northeast sector of Town. Flooding issues have been identified affecting Town roadways and other properties in the area. Identification of the problems will enable funds to be spent effectively in the future to address these issues.

\$370,000 FOR ROADWAY IMPROVEMENTS

This proposal consists of the following two projects:

- 1. Bumps River Bridge Repairs.** Work involves repair of various deficiencies as identified by the Massachusetts Department of Transportation in their field report dated July 9, 2010. Items to be addressed include cracks in the deck surface, open joints in the sidewalk, delamination of the concrete railings, deficient or non-existent guardrail systems and broken brace supports in the sub-structure. This request is for project construction. As with all our assets, attention to deteriorating conditions in a timely manner will save money in the long run. The Bumps River Bridge is vital to the transportation needs of the community and deficiencies have been identified by professionals at the State level. **Total cost is \$120,000.**
- 2. Sidewalk Overlay and Guardrail Replacement.** Sidewalk project includes prepping the existing footprint of the sidewalk, removing grass, dirt, and edging back then spraying a tack coat of special oil for adhesion, and lastly, installing a new layer of asphalt. The sidewalk overlays include Prince Hinckley Road, Centerville, Osterville West Barnstable Road between Bumps River Rd and Lumbert Mill Road, bike path on Old Stage Road between the Service Road and Rte 149, and other sidewalks as funding allows. The sidewalks on these roads are in a state of disrepair. They have cracks and depressions where ice forms in cold weather, all leading to possible tripping or falling hazards. They are also in very heavy pedestrian areas including a school; fire station, church and a library. **Total cost is \$190,000.**

Guardrails are important to vehicle safety program and are in desperate need of replacement throughout the town. The guardrail replacements include North Street, Hyannis, Main Street Osterville, Huckins Neck Road, Centerville, and other guard rails as funding allows. Without a town wide effort to replace damaged guardrail, the public safety will be compromised and the Town may be subject to legal action if an accident occurs because of the lack of appropriate safety barriers. **Total cost is \$60,000.**

\$35,000 FOR SENIOR CENTER PARKING LOT EXPANSION DESIGN

This request is for design funds only for expanding the Senior Center's parking lot. The Senior Center has a very successful program and as such has developed a significant need for additional visitor parking. The size of the existing lot is too small to accommodate the additional parking needed at many of their events.

\$2,131,000 FOR MUNICIPAL FACILITY IMPROVEMENTS

This proposal consists of the following thirteen projects:

- 1. Marine & Environmental Affairs Facility Upgrades.** The existing Marine and Environmental Affairs building was constructed over 20 years ago and is in need of renovations and upgrades to extend its useful life. This program will focus on improving life safety systems and code issues. There are currently 20 employees working out of this facility not counting seasonal staff. The Marine and Environmental Affairs facility has seen no major renovation work since its construction in 1979. An ongoing program of renovations is necessary in order to protect the Town's building assets and assure reliability in the future for this unit's operation. This project includes constructing an enclosure around the facility's generator with a separate intake and exhaust; installing a new fire alarm system; providing permanent piped electrical outlets to the center of the garage area; installing 2 hour wall and UL rated doors; providing code compliant means of egress; installing handicapped accessible rest rooms; interior painting, carpet replacement, ceiling tile and lighting. **Total cost is \$131,000.**

- 2. Barnstable Police Facility Improvements.** The Police Department facility is one of the most heavily used buildings we have. Utilized 24/7, this building needs more attention and maintenance and repairs than any of our other facilities. It was constructed over 30 years ago and the original building equipment and systems are coming to the end of their useful life and are in need of upgrading. To keep this building from degrading in function or operation in the near future, these necessary improvements and changes should occur. This project includes the complete replacement and upgrade of the dedicated dispatch area AC system and ductwork; the replacement of the speaker, sound and lighting system within the cells and cell block halls; replacement of outside entry doors at the rear of building; and installation of a new sewer line tie-in to a new sewer line under design. **Total cost is \$168,000.**
- 3. Town Hall Interior Improvements.** This project continues the interior work needed to maintain the existing building. The exterior restoration work has been completed via CPA funds which now allow for the interior renovation work to begin. Many of these improvements are public health, safety and code issues needing immediate attention. These improvements will increase the value and effectiveness of this highly utilized and busy facility. This funding will allow for completion of stairwell restoration and renovation work, including architectural, mechanical, electrical, sprinkler, fire safety, space enclosure with new rated doors and hold open devices, related finishes and improvements which will bring the public stair into code compliance and repair the water damage. **Total cost is \$150,000.**
- 4. Highway Facility Improvements.** This is part of a six phase project to correct serious deficiencies in working conditions within the Department of Public Works. Two phases have been completed. Phase I, the construction of an Emergency Response Center (ERC) is completed and occupied. Phase II, DPW administration and engineering offices, is completed and occupied. This request is to fund Phase III which will involve the design and construction of Highway Division manager offices, employee lockers, showers and toilet rooms, which will allow for the removal of the remaining old temporary staff trailer facility and an increase in needed additional parking. It will also fund the re-roofing of the remaining older garage. **Total cost is \$66,000.**
- 5. Structures & Grounds Facility Upgrades.** The existing Structures & Grounds building was constructed over 25 years ago and is in need of renovations and upgrades to extend its useful life. There are currently 34 employees working out of this facility not counting seasonal staff. An ongoing program of renovations is necessary in order to protect the investments the Town has made in its capital assets. Many improvements identified are life safety and code compliance issues. This request is to fund the installation of a roofing membrane over the existing roof system and replace the asphalt shingle roof on the pole barn. **Total cost is \$103,000.**
- 6. Osterville Community Building Improvements.** The Osterville Community Center building is a facility that is used by Recreation Division programs, with its adjoining playground and ball field, and is used by our residents and other groups. This facility is in need of renovation in order to maintain this town asset. Funding the improvements would stabilize the building as it is subject to significant water intrusion through the exterior walls. Given the heavy use of this facility the interior needs a significant amount of upkeep and maintenance. Our intention is to bring the building up to standard for safe use by all the citizenry. The exterior of the building is in need complete exterior waterproofing, painting, caulking of expansion joints and replacement of doors. The interior needs selective repairs, improvements and finish upgrades. This project also includes funds for analyzing the improvements needed for the entire complex including the building and adjoining recreational fields and courts. **Total cost is \$200,000.**
- 7. West Barnstable Community Building Interior Improvements.** This request is for interior hallway painting, ADA toilet renovations, exterior railing replacement, hallway floor replacement and new window blinds. In the past four years, the West Barnstable Community Center building has seen an increase in its utilization and public interest. The residents have been attracted to this facility and continued repairs and improvements are requested. These interior renovations continue to bring this Town asset back to a well maintained and useful public facility. The hallway floor is the last floor to be taken care of with both the main rooms being completed. The ADA toilet renovations will allow for ADA access by users of the ball field and playground. **Total cost is \$72,000.**

- 8. U.S. Custom House Improvements.** Erected in 1856 the building has been patched, repaired and painted but heavier renovations are now necessary. Masonry and exterior metal deterioration continues to allow moisture penetration into the structure. This project would fund needed masonry, cast iron & exterior door repairs of the building. **Total cost is \$263,000.**
- 9. Guyer Barn Improvements.** As part of the continuing arts program in the Town of Barnstable, the Guyer Barn is utilized for artist's studios and gallery space. The building is currently seasonal in use. The Town would like to extend the buildings usefulness by upgrading mechanical systems and insulating the building. This project would fund the needed plumbing, electrical, HVAC, and interior improvements to the historic barn. As part of the project an exterior display area is proposed. **Total cost is \$148,000.**
- 10. 46 and 50 Pearl St. Building Improvements.** As part of the continuing arts program in the Town of Barnstable, these buildings are utilized for artist studios and gallery spaces and artist housing. This project would fund needed exterior and interior improvements to the main buildings and accessory structures. 46 Pearl St. improvements include: spot repair of existing roof shingles, limited exterior trim replacement, chimney pointing, basement moisture resolution, electrical and plumbing improvements and a heating system upgrade. 50 Pearl St. includes: window restoration, exterior trim, basement moisture resolution, electric modifications and pottery shed water, heating and plumbing. **Total cost is \$114,000.**
- 11. Beach Facility Planning and Design.** Our beach facilities are one of our most important structural assets in town. Attractive, well maintained and functional facilities add to the quality of life for our residents and visitors and enhance our local economy. This project would fund a comprehensive beach house planning effort and the preliminary design for renovating/replacing the Craigville beach house. This is a continuation of our beach house renovation program that will update the interior and exterior of the facilities and keep them fully operational. The buildings have been patched, repaired and painted but are now in need of more substantial long-term renovations. This request does not include any funds for construction. Construction cost estimates will be one product of the comprehensive planning process and future capital improvement plans will include requests for construction funds. **Total cost is \$115,000.**
- 12. Design Lombard Parking and Field Improvements.** These funds would provide for the design of an expanded parking lot with bituminous paving, storm water management; roadway to the Old Selectmen's Building; site lighting and landscaping; new bleachers, renovated press box and baseball field. The access driveway should be widened to improve sightlines onto busy Route 149 and ADA parking located adjacent to the ADA ramp into the building and other relative site improvements. The parking lot is too small to handle the regular use of the WBCB and ball field. Additional storm water control for the expanded lot is required. With the use this facility gets, site lighting (dark sky fixtures) for the safety of visitors within the parking area is needed while keeping the light from offending the neighbors. The existing old and rusted bleachers need to be relocated and be replaced. The press box is termite and carpenter ant ridden and has become a safety issue because of its decay and deteriorating electrical system. It must be torn down and rebuilt with the electrical capability to power up proper field lighting. **Total cost is \$101,000.**
- 13. Tennis Court Reconstruction.** This request is for the reconstruction of six tennis courts; two located in Osterville, two in Cotuit and two at the BWB Elementary School. The Osterville and Cotuit courts are used often by the general public and the Recreation Division for their youth tennis program. The BWB courts are not often used by the general public or the Recreation Division due to their current poor condition. The courts have ruts and cracks throughout the surface that presents difficulty in playing but more importantly the facilities become a liability for the Town of Barnstable. **Total cost is \$500,000.**

\$380,000 for Water Quality Improvements

This proposal consists of the following three projects:

- 1. Hydrilla Control in Long Pond (Centerville) and Mystic Lake (Marstons Mills).** This is a continuing effort to control the invasive hydrilla. Hydrilla is capable of causing devastating impacts to freshwater ponds, due to its rapid growth rate. It can spread from pond to pond. The Town and MA DCR are partnering on this control project to help Long Pond and to reduce the chance of hydrilla spreading to other ponds in Barnstable. As a result, hydrilla has been drastically reduced. A smaller-scale hydrilla infestation was discovered in Mystic Lake in 2010. With MA DCR and Indian Ponds Assoc. assistance, the plants have been hand-pulled and the areas covered in opaque plastic screens. Halting the spread of the hydrilla in Mystic Lake has proven difficult. More extensive suction harvesting by divers will be required in FY2014. Our efforts have resulted in a drastic decline of hydrilla in Long Pond and the slowing of the expansion of hydrilla in Mystic Lake. In both cases, our efforts have discouraged its spread to other ponds. **Total cost is \$45,000.**
- 2. Fanwort Control in Wequaquet Lake.** Fanwort is very invasive, and without control will spread throughout the lake, impacting recreational use. This project consists of Sonar treatment at suitable hot spots. Our effort in 2012 was limited to suction harvesting, due to endangered plant habitat. **Total cost is \$35,000.**
- 3. Quantitative Water Quality Evaluations and Sewer CAD Model.** This effort is envisioned to integrate and supplement water quality monitoring data to address issues related to potential contaminants of emerging concern (CEC's), nitrogen, and pathogens in the Towns' groundwater system and public water supplies. This project continues groundwater evaluations initiated in the 1990's; and will integrate the information into the Town's ongoing Nutrient Management Planning Project and Comprehensive Wastewater Management Planning Project. This is a requirement of the Cape Cod Commission as part of a 2007 approval of the Wastewater Facilities Plan as well as a Cape Cod Commission recommendation as part of a 2012 regulatory review (MEPA) on the Town's ongoing Nutrient Management Planning Project and Comprehensive Wastewater Management Planning (CWMP) Project. These water quality evaluations are needed to understand the issues of contaminants of emerging concern in the groundwater system and potentially in the Town's drinking water system. This project also includes an effort to extend an existing Sewer CAD computer model of the downtown portion of the collection system which will include the complete collection system. This is a requirement of the Massachusetts Executive Office of Energy and Environmental Affairs (EOEEA) on the Town's Nutrient Management Planning (NMP) Project as part of that project's regulatory review. This is needed information as the Town decides the best way to connect additional users to the system to improve water quality problems in Town and lower unit costs of the WPCF as more users connect. **Total cost is \$300,000.**

\$875,000 For Waterway Improvements

This proposal consists of the following three projects:

- 1. Hyannis Harbor Bulkhead - School Street.** This project consists of construction of a new steel bulkhead and associated rails and drainage. The area of steel bulkhead under consideration is showing signs of distress with flaking of the steel sheets and actual penetration of the steel where old drainage ways have eroded the backfill behind the steel. In addition, surface collapse has occurred requiring Highway Division staff to do repair work immediately above the bulkhead. Lack of corrective action will result in a continued deterioration of the bulkhead, potentially resulting in a future collapse with extreme costs. **Total cost is \$142,000.**
- 2. Millway Boat Ramp and Dock.** The Millway boat ramp and dock is extensively used and as such, significantly deteriorated and requires replacement. Currently several piles are severely decayed, the guard rail is not secure and many planks are in a deteriorated condition. The structure has fulfilled its useful life expectancy. This project includes the replacement of piles, rails and decking as well as the substructure and bracing. **Total cost is \$133,000.**
- 3. Dredge East Bay.** This project request has two components. The first component requests funding for the dredging, construction and related costs of the East Bay entrance channel (new project); the second component requests additional funds needed to dredge the stretch from the East Bay boat

ramp to the existing channel. The East Bay entrance channel is suffering from severe shoaling. It is become more difficult to navigate the channel during mid to low water conditions. The water quality in East Bay and the Centerville River depends on good water inter-change with Nantucket Sound. In addition, the channel from the bay to the boat ramp is currently being permitted and has been funded to dredge so this is the appropriate time to complete the dredging of the East Bay. This corrective work continues to be a high priority to keep navigational water ways accessible. **Total cost is \$600,000.**

\$1,904,000 For School Facility Improvements

This proposal consists of the following nine projects:

1. **Fire, Intrusion & Communication System Upgrades.** This is part of a multi-year plan to replace the existing Simplex system. The current system is obsolete, (panel, smokes, heats, pull, horn strobes, PA speakers, etc.) This cost estimate considers complete parallel installation of a new system. Upgrades to existing system using Simplex hardware and existing wiring could reduce cost estimate by 50%. Due to the size and complexity of this project, we are recommending performing the work in four (4) phases over a period of 4 years. We are consistently experiencing significant faults and issues with the existing fire, intrusion, and communication system(s). Some areas of the building do not have sufficient audible/visual coverage. Due to the proprietary nature of the existing system, maintenance of the system has presented a challenge for private contractors (past and present). The Hyannis Fire Department has strongly recommended upgrades and/or replacement with concerns for reliability and compliance to standards. **Total cost is \$200,000.**
2. **Network Infrastructure Installation.** This is part of a three year plan that will allow all of the Main Distribution Frame (MDF) closets and Intermediate Distribution Frame (IDF) closets in eight schools to be upgraded with switches that can handle bandwidth speeds up to 10 Gigabit. In addition, this project will also fund the construction of a managed wireless network in the district to support the demand for increases connectivity of mobile device and computers. The Town of Barnstable will complete the construction on the Barnstable Fiber Optic Network in FY13. This will connect every municipal and school building with fiber optic cable and provide one high end switch in each of the main closets for each of the school buildings; this capital improvement project requests the purchase of additional switches that the town project will not fund. Once we connect our buildings, we must allow for those speeds and connections to flow internally across schools and classrooms to the end user. **Total cost is \$189,000.**
3. **High School Library Air Conditioning Unit Replacement.** This project will replace three (3) existing Nesbitt HVAC units. These units provide all HVAC service to the BHS Library, are over 40 years old, and are at the end of their useful life. The compressor equipment in all units is failing and spring/summer/fall conditions in the space are becoming uncomfortable. **Total cost is \$450,000.**
4. **Heat and Hot Water Circulating Pump Replacement at West Villages.** This project will replace the current hot water circulating pump sets and reconfigure the pump station for more efficient flow and use of space. The current pump set is obsolete; one pump has failed and is beyond repair and parts are not available. The entire pump set needs replacement. Continual failure of pumps and dependency on remaining capacity creates the risk for a major failure and the loss of flow with a loss of heating in entire building. **Total cost is \$85,000.**
5. **Gym Bleachers Upgrades.** This project will provide for the modification and upgrades to gym bleachers at Barnstable High School and the United 4/5 Elementary School. BHS improvements include upgrades to mechanisms used for the extension, retraction, and locking of bleachers and safety upgrades for railings and safety barriers. The United 4/5 bleacher improvements include upgrades to extension/retraction mechanisms, safety barriers and the replacement of undersized drive motors used to open and close units. The bleachers at both locations require upgrades for state/federal mandated safety compliance, operational modifications and preventative maintenance. Failure to perform these measures will result in both inoperable units and a safety liability. **Total cost is \$55,000.**
6. **United 4/5 Elementary Roofing and Trim Replacement.** This project will replace the failing roof system and associated trim at the 4/5 school and school's waste water treatment facility. Existing

roof and trim are rapidly deteriorating and in need of replacement. During the "Hurricane Sandy" storm we lost many shingles. It is now very likely that we will continue to lose shingles at a higher than usual rate increasing the likelihood for interior leaks. **Total cost is \$600,000.**

7. **Design Barnstable Intermediate School Façade & Roof Improvements.** This project includes funds for design only. A request for the construction cost estimate of approximately \$4 - \$5 million is anticipated in the next fiscal year. The extensive exterior repairs needed have been identified in an exterior evaluation study performed by Gale Associates in December 2009. If allowed to go unchecked and unrepaired, the building envelope will continue to deteriorate, allow leakage and create the opportunity for water damage and the potential health and environmental quality issues. **Total cost is \$100,000.**
8. **Removal of Modular Classrooms and Alternative Space Assessment.** This project includes the removal of all remaining modular classrooms in the district and the assessment of alternative space. The existing moduls are all greater than 20 years old and have sustained water damage and are becoming unsuitable for occupancy. The alternative space assessment will fund a study for a permanent modular facility for an early childhood center. **Total cost is \$125,000.**
9. **Removal of Underground Storage Tanks at HY West and Centerville.** This project includes funds for the removal and disposal of 1-500 gallon and 2-10,000 gallon underground storage tanks. The request includes services of for a licensed UST operator for removal and compliance. Both schools have been converted to natural gas and the tanks need to be removed. **Total cost is \$100,000.**

\$260,000 For School Equipment Replacement

This proposal consists of the following two projects:

1. **Walk-in Coolers and Kitchen Equipment.** This project will replace and upgrade existing walk-in cooler systems at BHS, HYW, and Centerville elementary school. All units will require new boxes and mechanicals. The existing units are poorly insulated and cooling systems are water cooled and inefficient. We have been experiencing numerous failures with existing systems which have resulted in the loss of food. Replacement with new and more efficient equipment will reduce food loss and energy consumption. The kitchen equipment replacement is part a multi-year effort to perform a campus wide replacement and upgrade of kitchen equipment. The existing equipment in most schools is nearing their 20 year end of service life. Additionally, menu requirements are changing, necessitating the need for updated equipment sets. **Total cost is \$110,000.**
2. **Grounds Equipment Upgrades.** This request is for facilities equipment required to maintain and service Barnstable Public School facilities including a mower, a tractor, an aerator and a broadcast spreader. The existing mower is 14 years old and the tractor and attachments are needed for routine field maintenance. **Total cost is \$150,000.**

\$90,000 for Assessing Records Conversion

This project includes funds for the conversion of current form of permanent historical assessing records dating back to 1861 from microfiche cards and 35mm film to General Code laserfiche format to conform with State law on permanent record keeping. The assessing operations must stay in compliance with State law regarding accessibility of permanently kept historical valuation records. Current microfiche records require viewing & printing machine combinations that are obsolete and have been broken for over a year. Repair parts are no longer available and we are unable to access the records for printing at all in the current format. Conversion to laserfiche would satisfy the state's permanent record retention requirement and greatly improve the time to search & produce taxpayer requested documents, as required by law. The current data storage medium of 233 rolls of 35 mm film is also degrading and deteriorating to the point of making the records inaccessible and/or unreadable. **Total cost is \$90,000**

CAPITAL TRUST FUND CASH FLOW ANALYSIS

The Capital Trust Fund (CTF) is used as a mechanism to finance the Town's general fund capital improvement program within the limitations of Proposition 2½. Annually, the Town transfers a sum of money from the general fund into the CTF. The resources within the CTF are then used to make the annual loan payments on the bonds issued to finance the Town's capital program. Some of the Town's capital appropriations are financed using the reserves within the CTF as opposed to bond issues. Annually, the Town reviews the projected cash flows in and out of the CTF for the prospective 20 year period in order to measure the level of additional capital appropriations the fund can finance.

For the most part, this fund is not the funding source for enterprise fund capital improvements. Most enterprise funds pay 100% of their capital cost which is recovered through their respective user fees. Enterprise fund capital improvements may be funded from the CTF, which is a policy decision. The two current exceptions are the bond issues for the construction of the Hyannis Youth & Community Center (HYCC) and a portion of the bond issues for the Barnstable Harbor Marina bulkhead replacement.

The FY14 general fund Capital Improvement Program includes a combination of "pay-as-you-go" or cash financing and new bond issues. The cash financing portion of the program is funded from the capital trust fund reserves and a special revenue fund established from the sale of town owned property. This "pay-as-you-go" financing approach saves the Town thousands of dollars in the form of bond issuance costs and interest cost. It also provides the opportunity to have some capital program on an annual basis, and provides flexibility in its budgeting. With just a debt service program, the CTF can become saturated with loan payments and prohibit the approval of any new projects until the debt service from other projects expire. This would also reduce the Town's flexibility in resource allocation as future cash flows are committed to fixed annual loan payments.

In the event of absolute necessity, the cash portion of the program could be converted to a debt program to allow for a larger capital program up front. For example, the Town could allocate \$1 million in cash per year for capital improvements or allocate \$1 million per year towards new debt service. \$1 million in new debt service could pay for a bond issue of approximately \$8 million over 10 years.

Furthermore, the annual contribution from the general fund to the CTF could be decreased by the cash program portion (\$3.25M), if the need for funding general fund operations is determined to be greater than the need for the capital expenditure. There are countless scenarios that can be created to allocate the annual cash flow of the CTF between a cash and borrowing program.

The annual contribution to the CTF has grown from \$1.9 million per year to \$7.146 million in FY14. This amount is projected to increase by 2.5 percent per year in order to allocate more funds to the capital program. Even as more funds are allocated to the capital program the Town's capital needs require a higher contribution level. Opportunities to increase this contribution are examined every year. For FY14, an additional \$7 million will be transferred from the general fund reserves and \$414,000 from a special revenue fund so as to provide for a greater level of capital funding over the next five years.

Table A demonstrates the CTF cash flow for the next 10 years incorporating all existing loan payments and the FY14 proposed capital improvement program. Table B illustrates the potential capacity within the CTF over the next ten years, and Table C provides the detailed amortization of all existing loans to be paid out of the CTF.

Major Assumptions Used In Table A:

- Investment earnings will average 2% per year
- The transfer from the general fund will increase 2.5% per year
- Loan amortization on the FY14 bond issue will include:
 - \$637,000 over 5 years
 - \$2,484,000 over 10 years
 - \$750,000 over 15 years
 - \$1,744,000 over 20 years
- The interest rate on the bonds will range from 2.5% to 4.0% with the longer the amortization period the higher the interest rate
- No additional enterprise fund debt is included
- No additional general fund or special revenue fund resources are included beyond FY14
- The FY14 bonds will be issued at a time so that the first loan payments will not be made until FY15
- There are no savings from bond refinancing included in the projection
- The Federal government will not make any changes and the tax advantages of municipal bonds will remain intact
- No other major changes will take place in the municipal bond market
- The funding for the public roads program of \$3.25 million is repeated every year for the next 10 years
- Additional cash funded capital of \$100,000 per year is included

Major Assumptions Used In Table B:

In addition to all of the assumptions in Table A, the following additional assumptions are included in Table B:

- Bond issues of \$7 million per year are included for the FY15 through FY18 capital program with the following amortization amounts:
 - \$500,000 over 5 years
 - \$1,000,000 over 10 years
 - \$2,500,000 over 15 years
 - \$3,000,000 over 20 years
- No additional bond issues are included beyond FY18

TABLE A – EXISTING LOAN AMORTIZATION AND FY14 PROPOSED PROJECTS

ESTIMATED CAPITAL TRUST FUND CASH FLOW										
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
1 Beginning Trust Fund Balance	\$ 5,309,408	\$ 11,463,169	\$ 10,730,177	\$ 10,320,749	\$ 10,605,799	\$ 11,322,753	\$ 12,485,647	\$ 14,149,694	\$ 16,294,322	\$ 19,144,211
Resources:										
2 Investment Earnings	106,188	229,263	214,604	206,415	212,116	226,455	249,713	282,994	325,886	382,884
3 Private Road Betterments Collected	69,000	66,000	63,000	60,000	57,000	54,000	51,000	48,000		
4 Transfer From General Fund	7,146,603	7,325,268	7,508,399	7,696,109	7,888,511	8,085,723	8,287,866	8,495,063	8,707,439	8,925,125
5 Transfer From Special Revenue Funds	414,000	-	-	-	-	-	-	-	-	-
6 Additional Contribution From General Fund	7,000,000	-	-	-	-	-	-	-	-	-
7 Total Current Year Resources	14,735,791	7,620,531	7,786,003	7,962,524	8,157,627	8,366,178	8,588,579	8,826,057	9,033,325	9,308,009
8 Total Available Resources (Lines 1 + 7)	20,045,199	19,083,700	18,516,180	18,283,273	18,763,426	19,688,931	21,074,226	22,975,751	25,327,647	28,452,220
Commitments:										
9 Existing Debt Service Payments	(4,852,031)	(4,350,148)	(4,204,880)	(3,699,749)	(3,475,773)	(3,251,209)	(3,105,057)	(2,872,558)	(2,385,170)	(2,200,712)
10 Estimated Debt Service on FY14 CIP (\$5.615M)	-	(653,375)	(640,550)	(627,725)	(614,900)	(602,075)	(469,475)	(458,871)	(448,267)	(442,396)
11 Public Roads Program	(3,250,000)	(3,250,000)	(3,250,000)	(3,250,000)	(3,250,000)	(3,250,000)	(3,250,000)	(3,250,000)	(3,250,000)	(3,250,000)
12 Other Cash Program	(480,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
13 Total Current Year Commitments	(8,582,031)	(8,353,523)	(8,195,430)	(7,677,474)	(7,440,673)	(7,203,284)	(6,924,532)	(6,681,429)	(6,183,437)	(5,993,108)
14 Increase (Decrease) in Trust Fund (Line 8 - 13)	6,153,760	(732,991)	(409,428)	285,050	716,954	1,162,894	1,664,047	2,144,628	2,849,889	3,314,901
15 Ending Trust Fund Balance (Lines 1 + 14)	\$ 11,463,169	\$ 10,730,177	\$ 10,320,749	\$ 10,605,799	\$ 11,322,753	\$ 12,485,647	\$ 14,149,694	\$ 16,294,322	\$ 19,144,211	\$ 22,459,112
16 % of trust fund resources committed in CY (max = 80%)	43%	45%	45%	43%	41%	38%	34%	30%	26%	22%

This table illustrates the Capital Trust Fund's (CTF) cash flow incorporating all existing loan payments on previously authorized projects as well as the recommended projects for FY14. Projects funded from the CTF's reserves in FY14 total \$3,730,000 and those funded from bond issues total \$5,615,000. The bonds will be issued in FY14 and the first loan payments will be made in FY15. The estimated new loan payments on the FY14 bond issue are illustrated on line 10. Line 9 includes the loan payments for all existing bond issues. Lines 11 and 12 include estimates on future cash appropriations for capital to be financed from the trust fund's reserves. One-time additional resources to be added to the fund in FY14 from the special revenue fund and general fund are included on lines 5 and 6, respectively. The projected balance in the fund reaches a low of \$10.3 million at the end of FY16 and begins to grow thereafter. This indicates that the fund can absorb more annual loan payments which will allow for more bond issues beyond FY14 to fund additional capital expenditures.

TABLE B – CAPITAL TRUST FUND ESTIMATED CAPACITY FOR THE NEXT 10 YEARS

ESTIMATED CAPITAL TRUST FUND CASH FLOW										
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
1 Beginning Trust Fund Balance	\$ 5,309,408	\$ 11,463,169	\$ 10,730,177	\$ 9,629,082	\$ 8,529,882	\$ 7,169,068	\$ 5,559,722	\$ 4,447,750	\$ 3,901,464	\$ 4,145,787
Resources:										
2 Investment Earnings	106,188	229,263	214,604	192,582	170,598	143,381	111,194	88,955	78,029	82,916
3 Private Road Betterments Collected	69,000	66,000	63,000	60,000	57,000	54,000	51,000	48,000		
4 Transfer From General Fund	7,146,603	7,325,268	7,508,399	7,696,109	7,888,511	8,085,723	8,287,866	8,495,063	8,707,439	8,925,125
5 Transfer From Special Revenue Funds	414,000	-	-	-	-	-	-	-	-	-
6 Additional Contribution From General Fund	7,000,000	-	-	-	-	-	-	-	-	-
7 Total Current Year Resources	14,735,791	7,620,531	7,786,003	7,948,691	8,116,109	8,283,104	8,450,060	8,632,018	8,785,468	9,008,041
8 Total Available Resources (Lines 1 + 7)	20,045,199	19,083,700	18,516,180	17,577,773	16,645,991	15,452,173	14,009,782	13,079,768	12,686,932	13,153,828
Commitments:										
9 Existing Debt Service Payments	(4,852,031)	(4,350,148)	(4,204,880)	(3,699,749)	(3,475,773)	(3,251,209)	(3,105,057)	(2,872,558)	(2,385,170)	(2,200,712)
10 Estimated Debt Service on FY14 CIP (\$5.615M)	-	(653,375)	(640,550)	(627,725)	(614,900)	(602,075)	(469,475)	(458,871)	(448,267)	(442,396)
11 Additional Capacity Available (FY15) - \$7M bond	-	-	(691,667)	(678,750)	(665,833)	(652,917)	(640,000)	(538,125)	(526,667)	(515,208)
12 Additional Capacity Available (FY16) - \$7M bond	-	-	-	(691,667)	(678,750)	(665,833)	(652,917)	(640,000)	(538,125)	(526,667)
13 Additional Capacity Available (FY17) - \$7M bond	-	-	-	-	(691,667)	(678,750)	(665,833)	(652,917)	(640,000)	(538,125)
14 Additional Capacity Available (FY18) - \$7M bond	-	-	-	-	-	(691,667)	(678,750)	(665,833)	(652,917)	(640,000)
15 Public Roads Program	(3,250,000)	(3,250,000)	(3,250,000)	(3,250,000)	(3,250,000)	(3,250,000)	(3,250,000)	(3,250,000)	(3,250,000)	(3,250,000)
16 Other Cash Program	(480,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
17 Total Current Year Commitments	(8,582,031)	(8,353,523)	(8,887,097)	(9,047,891)	(9,476,923)	(9,892,451)	(9,562,032)	(9,178,304)	(8,541,145)	(8,213,108)
18 Increase (Decrease) in Trust Fund (Line 8 - 17)	6,153,760	(732,991)	(1,101,095)	(1,099,200)	(1,360,814)	(1,609,347)	(1,111,971)	(546,286)	244,323	794,933
19 Ending Trust Fund Balance (Lines 1 + 18)	\$ 11,463,169	\$ 10,730,177	\$ 9,629,082	\$ 8,529,882	\$ 7,169,068	\$ 5,559,722	\$ 4,447,750	\$ 3,901,464	\$ 4,145,787	\$ 4,940,720
20 % of trust fund resources committed in CY (max = 80%)	43%	45%	49%	53%	59%	67%	73%	76%	74%	69%

In addition to proposed \$9,345,000 FY14 capital program it is estimated the CTF can absorb approximately \$58 million more in capital expenditures over the next 10 years for a total of \$67 million. Cash financed capital is estimated at \$3.35 million per year through FY23 as illustrated on lines 15 and 16. Bond financed capital is estimated a \$7 million per year for FY15 through FY18. The estimated annual loan payments on the bonds are illustrated on lines 11 through 14. The size of this capital program will draw the reserves down in the CTF every year until FY22 as illustrated on line 18. After the FY18 bond issue, it is estimated that the next bond issue won't be until FY21, as the available resources begin to exceed the current year commitments in FY22.

TABLE C – CAPITAL TRUST FUND DEBT AMORTIZATION SCHEDULE FOR ALL ISSUED DEBT THROUGH FY23

Purpose	Issue Date	Maturity Date	Original Amount	P&I Payments FY 2014	P&I Payments FY 2015	P&I Payments FY 2016	P&I Payments FY 2017	P&I Payments FY 2018	P&I Payments FY 2019	P&I Payments FY 2020	P&I Payments FY 2021	P&I Payments FY 2022	P&I Payments FY 2023
Building - Police Station Construction - 2004-011	06/15/05	06/15/25	400,000	29,720	28,720	27,720	27,020	26,320	25,580	24,820	24,044	23,245	22,445
Drainage - Refunded	02/15/07	02/15/14	152,100	31,200	-	-	-	-	-	-	-	-	-
Public Wharves-Dredging-Refunded	02/15/07	02/15/15	155,800	32,400	31,200	-	-	-	-	-	-	-	-
School Facilities Repair	02/15/07	02/15/17	339,000	40,000	33,600	32,400	31,200	-	-	-	-	-	-
BHS Cogeneration	02/15/07	02/15/17	500,000	58,000	56,000	54,000	52,000	-	-	-	-	-	-
Old Town Hall	02/15/07	02/15/17	295,000	34,600	33,400	32,200	26,000	-	-	-	-	-	-
Building - Senior Center - Refunded	02/15/07	02/15/19	702,378	95,109	93,709	92,309	90,909	89,309	37,759	11,009	9,609	8,209	6,765
School Upgrades 1	02/15/07	02/15/22	360,000	33,925	32,925	31,925	30,925	29,925	28,675	22,425	21,625	20,825	-
School Facilities Repair & Improvement	02/15/07	02/15/22	660,000	61,550	59,750	57,950	56,150	54,350	52,100	44,850	43,250	41,650	-
Beach Facilities	02/15/07	02/15/22	270,000	36,990	33,990	30,990	22,990	19,990	16,250	15,000	15,000	15,000	-
Land Acquisition - Hyannis Golf Course	02/15/07	02/15/26	748,000	61,375	59,775	58,175	56,575	54,975	52,975	50,975	49,375	47,775	46,125
School Health & Safety Improvements	02/15/07	02/15/26	478,000	37,911	36,911	35,911	34,911	33,911	32,661	31,411	30,411	29,411	23,380
MME Roof Replacement	02/15/07	02/15/26	750,000	61,585	59,985	58,385	56,785	55,185	53,185	51,185	49,585	47,985	46,335
School Upgrades 2	02/15/07	02/15/27	150,000	13,764	13,364	12,964	12,564	7,164	6,914	6,664	6,464	6,264	6,058
BHMCS Roof	02/15/07	02/15/27	910,000	71,674	69,874	68,074	66,274	64,474	62,224	59,974	58,174	56,374	54,518
Senior Center - Garden Level	02/15/07	02/15/27	457,000	31,319	30,519	29,719	28,919	28,319	22,569	21,819	21,219	20,619	20,000
Town Building Repairs & Renovations	02/15/07	02/15/27	685,000	47,905	46,905	45,905	44,905	43,905	42,655	41,655	40,855	40,055	39,230
MWPAT CW-04-31	11/09/07	07/15/20	389,216	33,999	33,999	33,999	33,999	33,999	33,999	33,999	33,999	-	-
Coastal Water Quality Improvements	06/15/08	06/15/18	250,000	28,800	27,960	27,120	26,040	25,140	-	-	-	-	-
Lake & Pond Improvements	06/15/08	06/15/18	250,000	28,800	27,960	27,120	26,040	25,140	-	-	-	-	-
Land Acquisition - CAP	06/15/08	06/15/23	365,200	33,690	32,850	32,010	30,930	30,030	28,890	27,930	26,970	26,010	25,020
Private Road Repairs	06/15/08	06/15/23	1,607,900	150,201	146,456	142,711	137,896	133,884	128,801	124,521	120,241	115,961	111,548
Bismore Park Visitor Center - CAP	06/15/08	06/15/23	150,000	14,038	13,688	13,338	12,888	12,513	12,038	11,638	11,238	10,838	10,425
Bismore Park Visitor Center	06/15/08	06/15/23	465,000	43,516	42,431	41,346	39,951	38,789	37,316	36,076	34,836	33,596	32,318
Pleasant St. Dock - 1	06/15/08	06/15/23	350,000	32,286	31,481	30,676	29,641	28,779	27,686	26,766	25,846	24,926	23,978
Pleasant St. Dock - 2	06/15/08	06/15/23	350,000	32,286	31,481	30,676	29,641	28,779	27,686	26,766	25,846	24,926	23,978
Boat Ramps - CAP	06/15/08	06/15/23	927,000	86,829	84,659	82,489	79,699	77,374	73,429	70,989	68,549	66,109	63,593
School Facility Improvements	06/15/08	06/15/28	916,600	54,213	52,988	51,763	45,188	44,063	42,638	41,438	40,238	39,038	37,800
Municipal Building Improvements	06/15/08	06/15/28	297,000	13,456	13,106	7,756	7,531	7,344	7,106	6,906	6,706	6,506	6,300
School Building Improvements	06/15/10	06/15/30	800,000	66,554	65,700	64,845	62,708	56,298	55,337	53,413	52,260	51,106	49,856
Highway Facility	06/15/10	06/15/30	136,000	11,314	11,169	11,024	10,660	9,571	9,407	9,080	8,884	8,688	8,475
School Facility Improvements	06/15/10	06/15/14	1,000,000	255,000	-	-	-	-	-	-	-	-	-
Bismore Park Improvements	06/15/10	06/15/14	74,000	15,300	-	-	-	-	-	-	-	-	-
Dredging	06/15/10	06/15/24	419,250	41,075	40,475	39,875	38,375	36,875	36,125	34,625	33,725	32,825	31,850
Lake Treatment	06/15/10	06/15/25	275,000	27,375	26,975	26,575	25,575	24,575	24,075	23,075	17,475	17,025	16,538
Municipal Facility Improvements	06/15/10	06/15/29	402,500	84,319	7,719	7,619	7,369	7,119	6,994	6,744	6,594	6,444	6,281
Police Facility	06/15/10	06/15/30	508,000	40,094	39,594	39,094	37,844	36,594	35,969	34,719	33,969	33,219	32,406
Nitrogen Management CW-04-31-A	03/15/11	07/15/20	211,460	23,330	23,330	23,330	23,330	23,330	23,330	23,330	23,330	-	-
School Facilities Upgrades/Repairs V	06/14/11	06/15/31	884,000	73,669	72,769	71,419	70,069	68,719	66,919	65,119	63,319	61,519	59,719
School Facilities Upgrades/Repairs I	06/14/11	06/15/16	65,000	15,900	10,600	10,300	-	-	-	-	-	-	-
School Equipment	06/14/11	06/15/16	193,000	42,900	37,100	36,050	-	-	-	-	-	-	-
Traffic Calming	06/14/11	06/15/16	50,000	10,800	10,600	10,300	-	-	-	-	-	-	-
Municipal Facility Upgrades/Repairs - MEA Building	06/14/11	06/15/16	114,000	21,600	21,200	20,600	-	-	-	-	-	-	-
Police Dept. Emergency Generator	06/14/11	06/15/16	271,000	59,250	58,150	51,500	-	-	-	-	-	-	-

TABLE C – CAPITAL TRUST FUND DEBT AMORTIZATION SCHEDULE FOR ALL ISSUED DEBT THROUGH FY23 - CONTINUED

Purpose	Issue Date	Maturity Date	Original Amount	P&I Payments FY 2014	P&I Payments FY 2015	P&I Payments FY 2016	P&I Payments FY 2017	P&I Payments FY 2018	P&I Payments FY 2019	P&I Payments FY 2020	P&I Payments FY 2021	P&I Payments FY 2022	P&I Payments FY 2023
Dredging - 98-097 Refunded	06/14/11	06/15/16	144,000	38,820	37,100	36,050	-	-	-	-	-	-	-
Mill Pond Dredge & Lake Wequaquet Planning	06/14/11	06/15/16	430,000	91,800	90,100	87,550	-	-	-	-	-	-	-
Wastewater Management Planning	06/14/11	06/15/16	600,000	129,600	127,200	123,600	-	-	-	-	-	-	-
Advance Refund 6/15/2002 Land Acquisitions BUTAPS	06/14/11	06/15/20	1,102,000	175,950	168,050	163,850	154,650	145,600	140,400	135,200	-	-	-
School Parking Lot	06/14/11	06/15/21	250,000	31,750	31,250	30,500	29,750	29,000	28,000	27,000	26,000	-	-
School Facilities Upgrades/Repairs IV	06/14/11	06/15/21	332,000	43,650	42,950	41,900	40,850	34,800	33,600	32,400	31,200	-	-
Bridge Repair	06/14/11	06/15/21	250,000	31,750	31,250	30,500	29,750	29,000	28,000	27,000	26,000	-	-
Sidewalk Improvements	06/14/11	06/15/21	350,000	44,450	43,750	42,700	41,650	40,600	39,200	37,800	36,400	-	-
Building - Town Hall Space - 00-110 Refunded	06/14/11	06/15/21	180,000	26,300	24,880	24,280	23,680	23,080	21,280	20,520	19,760	-	-
Municipal Facility Improvement	06/14/11	06/15/21	300,000	38,100	37,500	36,600	35,700	34,800	33,600	32,400	31,200	-	-
Boat Ramp Renovations	06/14/11	06/15/21	250,000	31,750	31,250	30,500	29,750	29,000	28,000	27,000	26,000	-	-
Dredging East Bay & Blish Point	06/14/11	06/15/21	665,000	87,650	81,250	79,300	77,350	75,400	72,800	70,200	67,600	-	-
School Remolding - Asbestos 00-110 Refunded	06/14/11	06/15/22	50,000	6,550	6,450	6,300	6,150	6,000	5,800	5,600	5,400	5,200	-
Building - Town Hall Repairs - 01-087 Refunded	06/14/11	06/15/22	100,000	13,060	12,860	12,560	12,260	11,960	11,560	11,160	10,760	9,360	-
School Facilities Upgrades/Repairs II	06/14/11	06/15/26	179,000	19,963	19,663	19,213	13,763	13,463	13,063	12,663	12,263	11,863	11,463
School Facilities Upgrades/Repairs III	06/14/11	06/15/26	190,000	20,513	20,213	19,763	19,313	18,863	18,263	12,663	12,263	11,863	11,463
School Improvement	06/14/11	06/15/26	487,000	49,438	48,738	47,688	46,638	45,588	39,188	37,988	36,788	35,588	34,388
Baxter Neck Road's Neck Road - Private Way	06/14/11	06/15/26	350,000	35,475	34,975	34,225	33,475	32,725	31,725	30,725	29,725	23,725	22,925
Prince Cove/Hayward Rd. Boat Ramp	06/14/11	06/15/26	600,000	58,250	57,450	56,250	55,050	53,850	52,250	50,650	49,050	47,450	45,850
Advance Refund 6/15/2003 Main St. Hyannis Infr. Improv.	04/18/12	09/15/20	39,100	6,198	6,048	5,898	5,723	5,523	5,348	5,198	4,162	-	-
Advance Refund 6/15/2003 School Remodel II	04/18/12	09/15/22	193,400	27,601	25,580	24,980	24,280	23,480	22,780	22,180	21,580	17,940	15,300
Advance Refund 6/15/2003 School Remodel I	04/18/12	09/15/22	242,700	33,809	33,029	32,249	31,339	30,299	29,389	28,609	22,806	21,192	20,196
Advance Refund 6/15/2003 Drainage	04/18/12	09/15/22	193,200	26,228	25,628	25,028	24,328	23,528	22,828	22,228	21,628	18,968	15,504
Advance Refund 6/15/2003 Rink Improvements	04/18/12	09/15/22	96,600	12,965	13,114	12,814	12,514	12,164	11,764	11,414	11,114	10,814	7,064
Advance Refund 6/15/2003 Police Facility Addition	04/18/12	09/15/22	626,900	85,332	83,382	81,432	79,157	76,557	71,229	67,500	65,700	63,600	61,200
Advance Refund 6/15/2003 Drainage	04/18/12	09/15/22	96,700	13,118	12,818	12,518	12,168	11,768	11,418	11,118	10,818	10,468	6,834
Nitrogen Management CW-04-31-B Series 16	06/13/12	07/15/20	539,860	72,687	72,781	72,879	72,977	73,078	73,182	73,288	73,395	-	-
TOTAL GENERAL FUND DEBT SERVICE				3,372,376	2,904,324	2,793,286	2,325,765	2,136,863	1,955,956	1,851,423	1,655,244	1,204,176	1,057,123
Marina Bulkhead Repair I	06/14/11	06/15/30	725,000	63,231	62,431	61,231	60,031	58,831	57,231	55,631	54,031	52,431	50,831
HYCC 1	02/15/07	02/15/27	1,000,000	79,138	77,138	75,138	73,138	71,138	69,138	66,638	64,638	62,638	60,575
HYCC 2	02/15/07	02/15/27	8,000,000	637,100	621,100	605,100	589,100	573,100	553,100	533,100	517,100	501,100	484,600
HYCC 3	02/15/07	02/15/27	1,600,000	127,420	124,220	121,020	117,820	114,620	110,620	106,620	103,420	100,220	96,920
HYCC 4	06/15/08	06/15/28	6,765,000	547,765	535,935	524,105	508,895	496,220	480,165	466,645	453,125	439,605	425,663
TOTAL ENTERPRISE FUND DEBT SERVICE				1,454,654	1,420,824	1,386,594	1,348,984	1,313,909	1,270,254	1,228,634	1,192,314	1,155,994	1,118,589
Tempoary interest on bond anticipation notes				25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
GRAND TOTAL ALL DEBT SERVICE				4,852,031	4,350,148	4,204,880	3,699,749	3,475,773	3,251,209	3,105,057	2,872,558	2,385,170	2,200,712

A. TYPE AND PURPOSE OF DEBT

The Town sells bonds to finance major capital improvements that require large cash outlays. General Obligation Bonds (GOB) have been sold to fund capital improvements managed by various municipal operations such as schools, public works, recreation, conservation, and the Town's enterprise fund operations. General Obligation Debt, (GOD), is supported by the full faith and credit of the Town and is repaid from property taxes collected from both current and future property owners throughout the term of the debt, except for the bonds issued to fund most capital improvements for enterprise fund operations. Although property taxes are pledged as collateral for enterprise fund GOB's, most of the bonds are repaid with revenue generated by the enterprise funds and not property taxes. This arrangement provides for more favorable borrowing rates for enterprise fund debt and is required by Massachusetts General Laws. Alternatively, enterprise funds would have to issue what are referred to as "Revenue Bonds", which would typically carry much higher interest rates, as the collateral is enterprise fund revenue as opposed to property taxes.

Properly structured municipal debt is tax exempt. This feature is attractive to many investors who, in turn, require less interest than they would from non-tax-exempt investments. Typical rates for municipal bonds over the past several years have been in the 2% to 4% range. Rates remain low in FY13 as the economy is making municipal bonds more attractive for highly rated communities. When netted out against inflation, municipal borrowing costs – especially for strong credit worthy Towns such as Barnstable – are enviable.

The Town operates several enterprise funds including the airport, two golf courses, a wastewater treatment facility, a solid waste transfer station, water supply operations, four marinas, Sandy Neck Park and the Hyannis Youth & Community Center. These funds are expected to repay their debt from the revenues that they generate unless it is determined that a General Fund contribution is necessary to provide for some fee mitigation. In addition, the Town has borrowed on behalf of the Community Preservation Fund (CPF) that was created by general legislation to enable Towns in the Commonwealth to acquire open space and to finance community housing and historic preservation projects. The CPF, a special revenue fund, is funded with a three percent surtax on each real estate tax bill. The Commonwealth provides a partial matching program for the surtax billed from a state trust account, which is funded by real estate transfer taxes. The matching program is expected to decline as more communities adopt the CPF, real estate transactions declining, as well as a decline in the State's trust fund balance.

B. CURRENT DEBT POSITION

As of June 30, 2012, the Town of Barnstable had \$129.3 million of outstanding long-term debt. New debt issued in FY12 was \$18 million and existing debt retired was \$25.7 million, representing a \$7.7 million net decrease in the outstanding long-term debt level from June 30, 2011. These debt figures include all debt incurred on behalf of the enterprise funds (\$56 million) and Community Preservation Fund (\$20.3 million).

Several factors determine the amount of debt the Town can afford to maintain. These include the strength of the local economy, the wealth of the community, the amount of debt sold by overlapping jurisdictions (the County, Cape Cod Regional Transit Authority and Cape Cod Regional Technical High School), and future capital needs. These factors influence the Town's bond rating - an evaluation of the Town's ability to repay debt as determined by the rating agencies. Rating agencies examine the local economy as well as the Town's financial position, administrative capabilities, and level of planning. System improvements such as programmatic budgeting, an administrative code, policy planning based on a ten-year forecast, and financial fund management have helped the Town's position. In their most recent bond rating analysis dated April 3, 2012, Standard & Poor's affirmed the 'AAA' rating on the Town's outstanding debt. This included a stable outlook. The rating reflects S&P's assessment of the Town's demonstrated market access and strong financial position and fiscal management, good income levels and high per capita market value and a primarily residential property tax base that is among the largest in Massachusetts.

Projected Debt Payments by Project and Fund

The following four tables set forth the projected General Obligation Debt (G.O.D.) payments by project for both the Town's governmental funds and the enterprise funds.

It is significant to note that the State reimburses for school construction projects at the rate of 64% including interest costs incurred, as well as several MWPAT loans for sewer construction, water system improvements and landfill capping loans. The State will contribute \$26.5 million in school building assistance grants and MWPAT subsidies over the remaining life of the outstanding bonds.

Bonds Payable Schedule – Governmental Funds (Excludes Enterprise Fund Debt)

Project	Maturities Through	Original Loan Amount	Coupon Rate (%)	Outstanding at June 30, 2011	Issued	Redeemed	Outstanding at June 30, 2012
MWPAT Title V Bond of 1997	2021	\$200,000	0.00	\$103,803		(\$10,000)	\$93,403
Municipal Purpose Refunding of 2012	2012	8,340,062	4.00	2,786,903		(2,7806,903)	-
MWPAT Title V Bond of 2002	2023	200,000	0.00	119,928		(10,020)	109,908
Municipal Purpose Bonds of 2002	2022	20,949,000	4.00 – 5.00	1,160,000		(1,160,000)	-
Municipal Purpose Bonds of 2003	2013	7,014,000	2.00 - 4.00	3,310,000		(2,955,000)	355,000
Municipal Purpose Bonds of 2004	2014	11,783,000	3.00 – 5.00	7,415,000		(6,175,000)	1,240,000
Municipal Purpose Bonds of 2005	2025	6,280,000	3.25 – 5.00	4,390,000		(315,000)	4,075,000
MWPAT Title V Bond of 2006	2026	400,000	0.00	300,000		(20,000)	280,000
MWPAT Title V Bond of 2007	2027	200,000	0.00	160,000		(10,000)	150,000
Municipal Purpose Bonds of 2007	2027	46,664,000	3.38 – 4.75	36,805,000		(4,460,000)	32,345,000
MWPAT Bond of 2008 (CW-04-31)	2021	389,216	2.00	308,161		(28,117)	280,044
Municipal Purpose bonds of 2008	2028	6,861,000	3.75 – 4.50	4,859,000		(637,000)	4,222,000
MAPAT Bond of 2009	2021	1,059,374	2.00	751,320		(19,294)	732,026
Municipal Purpose bonds of 2010	2030	4,959,000	2.00 – 5.00	4,380,000		(550,000)	3,830,000
Municipal Purpose bonds of 2011	2031	16,176,000	2.00 – 4.00	16,176,000		(876,000)	15,300,000
Municipal Purpose Refunding of 2012	2023	11,715,000	2.00 – 4.00		\$10,037,900	-	10,037,900
Total Bonds Payable				\$83,025,115	\$10,037,900	(\$20,012,734)	\$73,050,281

Debt service requirements for principal and interest for Governmental bonds payable in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2013	\$9,298,893	\$3,105,832	\$12,404,725
2014	9,025,234	2,701,093	11,726,327
2015	8,197,588	2,124,371	10,321,959
2016	7,954,994	1,836,324	9,791,318
2017	7,642,450	1,541,326	9,183,776
2018	7,594,957	1,253,186	8,848,143
2019	7,613,519	915,164	8,528,683
2020	4,172,133	577,593	4,749,726
2021	3,188,605	425,148	3,613,753
2022	2,693,204	308,910	3,002,114
2023	2,073,704	203,045	2,276,749
2024	970,000	137,578	1,107,578
2025	935,000	101,223	1,036,223
2026	610,000	65,719	675,719
2027	365,000	42,856	407,856
2028	250,000	28,478	278,478
2029	215,000	18,650	233,650
2030	210,000	10,052	220,052
2031	40,000	1,656	41,656
Total	\$73,050,281	\$15,398,204	\$88,448,485

The Commonwealth of Massachusetts has approved school construction assistance to the Town. The assistance program, which is administered by the Massachusetts School Building Authority, provides resources for construction costs and debt service interest of general obligation bonds outstanding. The Town is currently receiving annual payments for 64% of eligible costs in relation to the construction of the Grade 4/5 School in Marstons Mills and the renovation and expansion of the Barnstable Intermediate School and Barnstable High School. During fiscal year 2012, \$3,509,000 of such assistance was received. Approximately \$23,462,000 will be received in future years. Of this amount, \$2,528,000 represents reimbursement of future long-term interest costs and \$20,934,000 represents reimbursement of approved construction cost.

Bonds Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Coupon Rate (%)	Outstanding at June 30, 2011	Issued	Redeemed	Outstanding at June 30, 2012
Golf Course	2025	\$4,450,000	5.00	\$3,620,000	\$ -	(\$220,000)	\$3,390,000
Wastewater	2032	34,940,442	0.00 – 4.75	17,201,545	5,919,680	(2,341,574)	20,779,651
Water	2032	13,699,618	2.00 – 5.00	11,378,911	910,707	(504,552)	11,785,066
Marinas	2030	3,774,000	3.00 – 5.00	1,675,000	864,000	(975,000)	1,564,000
Solid Waste	2027	8,405,700	0.00 – 4.50	3,907,900	241,500	(691,900)	3,457,500
Sandy Neck	2031	1,365,000	4.00	1,280,000	-	(65,000)	1,215,000
Hyannis Youth & Community Center	2028	17,365,000	3.375 – 5.00	14,223,000	-	(869,000)	13,354,000
Airport	2031	730,000	2.00 – 4.12	730,000	-	(25,000)	705,000
Total Bonds Payable				\$54,016,356	\$7,935,887	(\$5,702,026)	\$56,250,217

Debt service requirements for principal and interest for enterprise bonds payable in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2013	\$3,706,637	\$2,068,847	\$5,775,484
2014	3,880,725	1,777,730	5,658,455
2015	3,900,573	1,601,165	5,501,738
2016	3,796,234	1,463,124	5,259,358
2017	3,857,197	1,322,533	5,179,730
2018	3,601,988	1,174,183	4,776,171
2019	3,677,941	1,041,145	4,719,086
2020	3,302,482	908,520	4,211,002
2021	3,193,311	802,212	3,995,523
2022	3,219,649	699,202	3,918,851
2023	3,284,895	592,146	3,877,041
2024	3,209,562	484,640	3,694,202
2025	3,116,158	385,456	3,501,614
2026	2,873,188	284,383	3,157,571
2027	2,930,663	193,456	3,124,119
2028	1,678,591	100,742	1,779,333
2029	898,752	62,235	960,987
2030	886,722	41,429	928,151
2031	861,201	20,157	881,358
2032	373,748	3,736	377,484
Total	\$56,250,217	\$15,027,041	\$71,277,258

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$1,759,408 and interest costs for \$1,252,594. Since the Town is legally obligated for the total amount of the debt, such amounts are included in the tables above. The fiscal year 2012 principal and interest subsidies totaled \$297,845 and \$243,038, respectively.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. On June 30, 2012, the Town had the following authorized and un-issued debt:

Wastewater Treatment & Expansion	\$14,049,813
Water Projects	4,827,156
Dredging Projects	\$329,000
Road Projects	\$6,827
Airport Projects	\$32,203,989
Security Fencing at Landfill	\$160,000
Effluent mitigation	\$1,393,950
Refunding bonds	\$13,258,000
Land Acquisitions	\$655,000
Energy Improvements	\$3,704,000
Facility Improvements	\$428,275
Total	\$71,016,010

C. GENERAL OBLIGATION DEBT – CREDIT RATINGS

In June 2012, the Treasurer conducted a \$11.7 million bond refunding. This sale required a rating agency analysis of the Town’s financial condition and resulted in the Town maintaining its **AAA** credit from Standard and Poor’s on all of its outstanding debt obligations. The descriptor used by S&P for this rating is “Prime Investment Grade”. Only twenty other communities in Massachusetts have an AAA rating from S&P. Strong bond ratings generally reduce interest expense to service the debt as well as bond insurance costs. Additionally, strong bond ratings enhance the prestige of the community within the financial markets and are a vote of confidence by the rating agency that the municipality is pursuing a sound financial course. To achieve this rating upgrade, the Town has been following a prudent course of conservative financial management. Reserves are deemed so important by S&P (listed first of the ten most important factors that they examine) that a quote from their public finance literature is provided. “A formalized financial reserve policy is a consistent feature of most of S&P’s highly rated credits. As economic trends have weakened over the past year, the importance of reserves from a credit standpoint is again highlighted. It clearly provides a measure of financial flexibility to react to budget shortfalls in a timely fashion”. This AAA rating reflects sound credit quality with associated very low risk and should result in low borrowing costs for the Town. In August 2007, Moody’s Rating Services upgraded its bond rating for the Town from Aa3 to Aa1, a two-step increase.

It is important to understand that no single ratio or factor determines a General Obligation Bond rating or fully encompasses the fiscal health of a municipality. The factors must be taken as a group. Other debt ratios, as well as economic and administrative factors account for the differences in ratings. A growing community can afford more debt than a non-growth area and a community with more income wealth can afford more debt than a poor community. The following is a list of additional factors that the financial community uses in evaluating an issuer’s credit rating:

- Economic health and diversification
- Fund balances (free cash and other reserves)
- Evidence of regular planning for capital improvements by the issuer
- Review of the issuer’s Capital Improvements Program for its effect on future debt needs

- The willingness of the community, from time to time, to approve Proposition 2½ overrides and/or debt exclusions
- Consideration of projected debt requirements
- The issuer’s financial controls related to budgetary matters
- The issuer’s long-range planning, particularly zoning and land-use planning
- The range and level of services provided by the issuer in relation to its capacity to provide services
- Flexibility in the ability to raise revenue.

Generally, bond ratings do not change suddenly but respond more to long-range trends. However, dramatic changes are key indicators of fiscal health and can result in a more immediate rating change. In projecting bond ratios, it is important to review the sensitivity of the ratios to changes in the economy.

Extract from Standard & Poor’s Credit Profile of Barnstable Printed April 3, 2012

“Barnstable’s financial management practices are considered strong under Standard & Poor’s Financial Management Assessment (FMA) methodology, indicating that the town’s financial practices are strong, well-embedded, and likely sustainable. The FMA is designed to measure management’s policies and procedures as it oversees day-to-day operations. Much of Barnstable’s debt and financial management practices are embedded in its town code or charter.”

D. GENERAL OBLIGATION DEBT - LIMITATIONS

There are several legal limitations that govern the issuance of municipal debt. Under Massachusetts statutes, the General Debt Limit of the Town of Barnstable consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit for the Town is 2½ percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (Double Debt Limit) with the approval of the State’s Municipal Oversight Board. The current debt limitation for the Town of Barnstable is close to \$700 million which is significantly higher than the Town’s outstanding general obligation debt that is subject to this limitation. It should be pointed out that much of the existing Town debt does not factor into this limitation. There are many categories of general obligation debt that are exempt from, and do not count against, the General Debt Limit. To name a few among many; certain school bonds, water bonds, solid waste disposal facility bonds, and water pollution abatement revenue bonds are not subject to these debt limits.

Proposition 2 ½ (Chapter 580 of the Acts of 1980) also impacts the amount of municipal debt that can be issued. These limiting factors are the Primary Levy Limit and the Maximum Levy Limit and restrict the permitted amount of tax levy increase from year to year. In order to exceed these legal limits, an override initiative would need to be voted to exclude a particular debt issue or a portion of a debt issue from the effects of these limitations. The Town’s primary levy limit for FY2014 was calculated as follows:

FISCAL YEAR 2013 PRIMARY LEVY			\$97,982,651
Add:			
2.5% of FY13 primary levy		\$2,449,566	
FY 2014 Estimated New Building Growth		550,000	
FY 2014 Debt Payments Excluded		1,871,790	
FY 2013 Cape Cod Commission Assessment		541,918	
Total Additions		\$5,413,274	
FISCAL YEAR 2013 TAX LEVY LIMIT			\$103,395,925

E. GENERAL OBLIGATION DEBT - AFFORDABILITY

Debt analysis, future debt projections and general obligation bond ratios help determine the amount of general obligation debt the Town can afford to issue and support. The table on the following page illustrates the various debt ratios compared to national medians reported by Standard and Poor's. As shown, Barnstable's ratios show moderate amounts of debt. There are a number of factors not directly under the control of the Town that impact key General Obligation (G.O.) bond ratios. Several of the G.O. bond ratios are very sensitive to these uncontrollable factors, and the assumptions used to project their growth can play an important role in future debt policy. Some of these factors are:

Overlapping Debt. Overlapping debt is the G.O. debt that is issued by other government entities whose jurisdictions include the citizens of Barnstable. The Town also has to be aware of the debt management practices of overlapping jurisdictions. The primary entities that have an impact on the Town are Barnstable County, Cape Cod Regional Vocational Technical School District and the regional transportation authority. Overlapping debt combined with the Town's own direct debt is a true measure of the G.O. debt burden placed on the citizens. To determine an issuer's overall G.O. debt burden, overlapping debt is added to the issuer's own outstanding G.O. debt. If other overlapping jurisdictions pursue aggressive capital improvement programs, some of the Town's debt ratios will increase. Therefore, it is important to be aware of not only our G.O. debt issuance plans, but also those of other surrounding jurisdictions.

Property Assessments. Several key debt ratios use property valuations in the calculation of debt burden. If the Town's property values were to rise, debt ratios will continue to improve.

Town of Barnstable Debt Ratios

<u>Current Status</u>	<u>Criteria</u>
0.53%	<p>Direct Debt - General fund debt as a % of the town's FY12 equalized property valuation as calculated by the state. Formula – Overall general fund debt ÷ Equalized valuation</p> <p>Standard & Poor's rates this as low (favorable)</p>
8.4%	<p>Municipal Debt Burden – Current Year Definition - Town's general fund debt service ÷ Total general fund expenditures</p> <p>Standard & Poor's rates this as moderate</p>
\$1,474	<p>Net Direct Debt Per Capita Definition – Governmental fund net debt ÷ Town population</p> <p>Standard & Poor's rates this as low (favorable)</p>
\$306,780	<p>Per Capita Market Value Definition – Equalized valuation ÷ Population</p> <p>Standard & Poor's rates this as very high (favorable)</p>

F. ADMINISTRATIVE POLICES IN RELATION TO DEBT

This section provides policies governing the management of debt for the Town that are included in the Town's Administrative Code.

Debt Refinancing

An advance refunding of outstanding debt shall only be considered when present value savings of at least 3% of the principal amount of the refunded bonds are produced, unless: (1) a debt restructuring is necessary or (2) bond covenant revisions are necessary in order to facilitate the ability to provide services or to issue additional debt. The Town, in collaboration with its Financial Advisor, continually monitors municipal bond market conditions to identify refinancing opportunities. An analysis shall be conducted when necessary to determine whether debt financing, cash purchase, or leasing is the most cost effective method of financing for the Town.

General Obligation Debt

1. All debt shall be financed within the limitations of Proposition 2 1/2 with the exception of debt related to enterprise funds, gifts, and betterments. The requirements for such financing shall be an expenditure of at least \$250,000 and a useful life in excess of five years.
2. The term of long-term debt generally shall not exceed the expected useful life of the capital asset being financed and, in no case, shall it exceed twenty years.
3. The ratio of Net Debt (Total outstanding Town of Barnstable General Obligation debt less reimbursements) to Total Assessed Valuation shall not exceed 1.5%. This excludes debt of overlapping jurisdictions.

The current ratio for the Town of Barnstable is 0.77%.

4. The ratio of Debt Service to Total Expenditures (operating expenditures and debt service combined) shall not exceed 15%.

The Town's current ratio is 8.4%.

5. The Town shall target a Standard and Poor's (S&P) debt to income ratio of 8%. The S&P ratio is calculated by dividing Overall Net Debt per Capita by Income per Capita.

The Town's current ratio is 4%.

6. Current revenue should be committed annually to provide sufficient "Pay-as-you-go" financing so that at the end of five years, annual contributions from current revenues amount to 10% of new debt to be issued.

The Town currently exceeds this requirement by a significant margin. The Town intends to spend over \$16 million in the next five years as "pay-as-you-go" financing and anticipates financing about \$30 million in capital with new debt issues resulting in a 35/65 ratio.

7. Excess appropriated bond issues shall be placed into a "bond repayment fund account" at the end of a project completion. The only purpose of the "bond repayment fund account" shall be 1) to make bulk principal pay-downs against general bond debt, or 2) to be used to pay down the principal on any bond issue at the time of refinancing as provided for in Section 1.04C herein.

The Town currently has no balance in this fund.

Capital Trust Fund

A capital trust fund has been established for the purpose of financing debt service for recommended Capital Improvement Program projects, as contained within the Town's five-year capital improvement plan.

1. The Capital Trust Fund will be funded through a general operation set aside of at least \$1.9 million annually. The annual commitment for FY 2013 was approximately \$7 million. This is expected to be repeated for the next 5 years.
2. The Capital Trust Fund shall not be utilized for any purpose other than that stated herein.
3. The criteria for reviewing capital project eligibility for Capital Trust Fund borrowing include the following:
 - a. The capital project shall have a financing term of 20 years or less,
 - b. The capital project shall have a minimum project cost of \$250,000,
 - c. The capital project is approved by the Town Council for funding through an appropriation and loan order submitted by the Town Manager.
4. The Capital Trust Fund will have a debt service restriction on the fund, such that debt service estimates from authorized loan orders shall not exceed, at any one time, more than 80% of the amount in the fund as of the close of the fiscal year prior to the next debt service authorization, unless recommended by the Town Manager.
5. The Capital Trust Fund shall otherwise function in accordance with related financial policies of the Town.

G. DEBT SUMMARIZED

A responsible debt management program is an integral part of municipal finance. A Town's debt must be structured to reflect the underlying, long-term economic prospects of the community. There are statutory requirements and market forces at work to regulate a community's ability to borrow. Continuing disclosure, as required on an annual basis to the bond markets, provides a powerful incentive for a municipality to keep its financial house in order. This analysis has emphasized the importance of credit ratings because, in effect, these are municipal finance report cards. A good credit rating should be guarded jealously, since it is not easily obtained, but can be lost quickly without vigilance and sound financial management.

ENTERPRISE FUND SUMMARIES

BARNSTABLE MUNICIPAL AIRPORT

The Airport Fund supports the operation and development of the Barnstable Municipal Airport. Activities financed by this fund include administration, operations, maintenance and facilities.

Factors Affecting Revenues

Airport activities are financed primarily through jet fuel sales and user fees collected from airlines and concessionaires. Significant factors in the projection of airport revenues are passenger traffic, enplanements and fuel sales. These three items represent actual measures of airport and aviation services. Fuel sales are also a measure of the Airport's competitiveness in the marketplace.

Passenger traffic is expected to increase slightly each year. Fuel sales are more difficult to project due to the volatility in wholesale prices and the cyclic trends in the aviation industry. Fuel sales, however, are expected to increase annually as past trends will substantiate. New fees including a passenger facility charge and customer facility charge are included in the budget which will contribute towards repaying the bond issue to construct the new terminal.

Factors Affecting Expenses

Expenses for functions associated with operations and maintenance will rise in response to projected increases in inflationary costs and union contracts. Additionally, the construction of a new terminal will impact this area of the budget. The new terminal is similar in size to the former terminal. It is more energy efficient; requires less reactionary maintenance but more preventative maintenance. No additional personnel are anticipated in order to operate the new terminal. The annual loan payment for a bond issue to construct the new terminal is included in the budget. The volume of fuel sales and the cost of fuel are two other factors affecting this budget.

Capital Program

The Airport makes annual expenditures for required airfield rehabilitation projects. Grants to fund airport capital projects consist of costs being shared in a threefold process: the Federal Aviation Administration (FAA) at 95 percent, the Massachusetts Aeronautics Commission (MAC) at 2.5 percent, and a local (Airport) share of 2.5 percent. The FY14 capital plan includes \$10.1 million in improvements mainly to the airfield area. \$592,000 of airport reserves and \$9.5 million in new bond issues will finance the program. If federal and state grants are secured then the bond authorizations will be rescinded as they will no longer be necessary.

SUMMARY OF AIRPORT OPERATIONS

Expense Category	Actual FY 2011	Actual FY 2012	Approved FY 2013	Projected FY 2013	Proposed FY 2014	Change FY13 - 14	Percent Change
Personnel	\$ 1,824,625	\$ 1,911,111	\$ 2,009,740	\$ 2,001,000	\$ 2,080,010	\$ 70,270	3.50%
Operating Expenses	3,955,440	3,928,518	4,862,765	4,700,000	4,649,451	(213,314)	-4.39%
Capital Outlay	70,883	50,459	112,500	110,500	112,500	-	0.00%
Debt Service	-	51,674	50,850	50,850	55,100	4,250	8.36%
Transfers Out	250,336	267,490	313,603	313,603	333,586	19,983	6.37%
Subtotal Operating Budget	6,101,284	6,209,252	7,349,458	7,175,953	7,230,647	(118,811)	-1.62%
Capital Program	14,342,113	13,742,397	1,866,000	1,866,000	10,096,000	8,230,000	441.05%
Total Expenses	20,443,397	19,951,649	9,215,458	9,041,953	17,326,647	8,111,189	88.02%
Permanent full-time equivalent employees	25.00	24.60	25.30		25.50	0.20	
Funding Sources							
Taxes	-	-	-	-	-	-	0.00%
Intergovernmental Aid	14,596,208	8,589,936	77,000	85,000	87,600	10,600	13.77%
Fees, Licenses, Permits	473,490	592,045	624,500	650,000	645,191	20,691	3.31%
Charges for Services	6,035,520	6,009,129	6,596,958	6,400,000	6,446,856	(150,102)	-2.28%
Interest and Other	152,823	51,006	51,000	55,000	51,000	-	0.00%
Borrowing Authorizations	730,000	-	-	-	9,504,000	9,504,000	0.00%
Total Sources	21,988,041	15,242,116	7,349,458	7,190,000	16,734,647	9,385,189	127.70%
Excess (Deficiency) cash basis	1,544,644	(4,709,533)	(1,866,000)	(1,851,953)	(592,000)	\$ 1,274,000	
Adjustment to accrual basis	16,172,411	11,957,254	-	2,000,000	-		
Beginning Net Assets	45,266,629	62,983,684	70,231,405	70,231,405	70,379,452		
Ending Net Assets	\$ 62,983,684	\$ 70,231,405	\$ 68,365,405	\$ 70,379,452	\$ 69,787,452		

AIRPORT CAPITAL PROGRAM

Operating capital includes \$112,500 for equipment replacement. This will be funded from FY14 operating revenue. A separately appropriated capital program for the airport in FY14 includes the following projects:

Description	Cost	Funding	Impact on Operating Budget
Test, Design & Construct Runway 6 Engineered Material Arresting System	\$200,000	Federal grant and airport surplus	Estimated \$5,000 to \$10,000 in annual maintenance costs.
Airfield Lighting Regulators & runway Hold Position Signs	\$260,000	Federal grant and airport surplus	\$1,000 in electrical savings. New lights will be more energy efficient.
Main Terminal Ramp & Deicing Pad	\$7,800,000	Federal grant and airport surplus	Estimated \$10,000 to \$20,000 in annual maintenance costs.
New Fuel Farm	\$810,000	Federal grant and airport surplus	Estimated \$5,000 in annual maintenance costs.
East Ramp Sewer Extension	\$634,000	Federal grant and airport surplus	Sewer enterprise fund will gain new customers. Annual revenue is estimated at \$3,000 to \$5,000.
Design Fixed Base Operations Facility	\$102,000	Airport Surplus	None. Final design will include estimated operating cost if facility is constructed.
Terminal & ARFF Building Improvements	\$200,000	Airport Surplus	Estimated annual maintenance savings of \$5,000 to \$10,000.
Airfield Access Controls and Security Upgrades	\$90,000	Airport Surplus	\$2,000 increase in maintenance costs.
Total	\$10,096,000		

GOLF COURSE OPERATIONS

The purchase of the Hyannis Golf Course in FY05 provides the Town with two municipal courses that should increase the recreational opportunities for our citizens. The golf course management is committed to operating and maintaining attractive, self-supporting public golf facilities. The following strategies have been established as a way of achieving these commitments: maximize revenue centers; develop a comprehensive junior golf program; provide members with competitive and recreational golf tournaments; cultivate a continuous volunteer assistance program; establish a sound turf management plan, and work closely with other Town divisions to cross-utilize department resources.

During the past several years, management has committed revenue resources to improving golf course conditions. Without healthy turf conditions, it is difficult to charge competitive prices. The visitor is likely to pay more for a top quality conditioned golf course. Therefore, the playing surfaces must be well maintained.

It is projected that the combined revenue for the two golf courses will be slightly higher than what was budgeted for FY13. Total general fund support for this operation is calculated at \$411,288. The estimated revenue generated at the facilities will allow for a reimbursement of \$250,000 resulting in a general fund subsidy of \$161,288. The Town anticipates that the public's participation in recreational activities will continue to undergo sluggish growth. Going forward, fee increases in the neighborhood of two to three percent per year are necessary if activity levels remain constant with current levels. The golf course needs to work on building reserves and increasing revenue before it implements a more comprehensive capital improvement program.

Factors Affecting Revenues

Each year, golf course fees are set through the town-wide user fee rate analysis. These fees are set in accordance with the necessary revenue required to run course operations with a small profit if play shows an upward trend. As growth in play is difficult to predict, fees are set assuming level utilization. If the amount of rounds played or memberships increase, then the need to raise rates can be mitigated. Weather plays a significant role in this operation's ability to generate revenue.

Factors Affecting Expenses

Maintenance operations are a significant factor for this operation. Quality playing surfaces attract customers but require significant expenses. If not maintained adequately a loss in business could result further deteriorating resources necessary for adequate maintenance.

SUMMARY OF GOLF COURSE OPERATIONS

Expenditure Category	Actual FY 2011	Actual FY 2012	Budget FY 2013	Projected FY 2013	Proposed FY 2014	Change FY13-14	Percent Change
Personnel	\$ 1,139,687	\$ 1,104,040	\$ 1,208,614	\$ 1,190,500	\$ 1,260,017	\$ 51,403	4.25%
Operating Expenses	921,135	993,836	1,006,975	1,000,000	1,018,864	11,889	1.18%
Operating Capital	105,309	44,995	62,000	62,000	10,000	(52,000)	-83.87%
Debt Service	380,411	381,611	382,411	382,411	382,811	400	0.10%
Transfers Out	295,041	312,123	312,346	312,346	411,288	98,942	31.68%
Total Expenditures	2,841,583	2,836,605	2,972,346	2,947,257	3,082,980	110,634	3.72%
Permanent full-time equivalent employees	15.85	15.85	15.75		15.75	-	
Sources of Funds							
Taxes	70,041	-	62,346	62,346	161,288	98,942	158.70%
Charges for Services	2,812,616	2,840,095	2,864,000	2,850,000	2,879,692	15,692	0.55%
Interest and Other	6,774	6,548	6,000	7,000	7,000	1,000	16.67%
Total Sources	2,889,431	2,846,643	2,932,346	2,919,346	3,047,980	115,634	3.94%
Excess (Deficiency) cash basis	47,848	10,038	(40,000)	(27,911)	(35,000)	\$ 5,000	
Adjustment to accrual basis	46,027	(163,630)	-	(125,000)	-		
Beginning Net Assets	10,182,701	10,276,576	10,122,984	10,122,984	9,970,073		
Ending Net Assets	\$ 10,276,576	\$ 10,122,984	\$ 10,082,984	\$ 9,970,073	\$ 9,935,073		

GOLF COURSE CAPITAL PROGRAM

Operating capital includes \$10,000 for the replacement of pumps.

SOLID WASTE OPERATIONS

The solid waste fund is used to account for all revenues and expenses associated with operating the Town of Barnstable's facility located on Flint Street in Marstons Mills. The facility operates a transfer station, recycling facility, and bulky item disposal service.

Factors Affecting Revenues

The solid waste fund revenues are affected by rates set at the residential transfer station and recycling facility. Rates are set annually for services provided by this facility. The two major sources of revenue for the fund are the residential sticker and the tonnage fees charged for disposal of construction and demolition materials by homeowners and local small businesses. Residential stickers increased \$10 annually to \$150 on January 1, 2013. Rates are projected to increase significantly in FY15 as the Town's disposal contract with SEMASS expires. The Town's Renewable Energy Committee and Comprehensive Finance Advisory Committee are currently reviewing alternative disposal program options and financial implications of those options, respectfully.

Factors Affecting Expenses

Expenses have been forecast to provide staffing levels for a 7 day operation. Projected wage and benefit increases range from 2 to 7.5 percent. Operating expenses are level funded for FY14. Tipping fees are projected to increase significantly in FY15 which could result in an 80% increase in operating expenses. Debt service is included for all solid waste related borrowings.

The recycling operation does not generate enough revenue to offset the cost of operations requiring this operation to be funded partially with surplus funds. A significant amount of the fund's surplus is expected to be consumed by funding recycling program costs and debt repayment over the next 9 years. Surplus used for debt repayment has been planned as surplus was accumulated in prior years for this specific purpose in order to eliminate any need for rate increases to repay the loan on the capping of the landfill.

SUMMARY OF SOLID WASTE OPERATIONS

Expense Category	Actual FY 2011	Actual FY 2012	Approved FY 2013	Projected FY 2013	Proposed FY 2014	Change FY13 - 14	Percent Change
Personnel	\$ 891,967	\$ 994,222	\$ 1,090,475	\$ 1,055,000	\$ 1,138,971	\$ 48,496	4.45%
Operating Expenses	692,540	733,851	854,886	835,000	853,996	(890)	-0.10%
Capital Outlay	1,944	1,944	35,600	35,000	35,600	-	0.00%
Debt Service	415,465	398,710	405,598	405,598	401,403	(4,195)	-1.03%
Transfers Out	345,199	344,094	270,195	270,195	266,371	(3,824)	-1.42%
Subtotal Operating Budget	2,347,115	2,472,821	2,656,754	2,600,793	2,696,341	39,587	1.49%
Capital Program	46,753	2,459	-	-	415,000	415,000	0.00%
Total Expenses	2,393,868	2,475,280	2,656,754	2,600,793	3,111,341	454,587	17.11%
Permanent full-time equivalent employees	15.10	15.10	15.75		15.75	-	
Sources of Funds							
Charges for Services	2,086,779	2,185,650	2,138,500	2,099,000	2,201,472	62,972	2.94%
Interest and Other	118,946	81,017	82,000	81,500	66,500	(15,500)	-18.90%
Total Sources	2,205,725	2,266,667	2,220,500	2,180,500	2,267,972	47,472	2.14%
Excess (Deficiency) cash basis	(188,143)	(208,613)	(436,254)	(420,293)	(843,369)	\$ (407,115)	93.32%
Adjustment to accrual basis	265,677	189,806	-	185,000	-		
Beginning Net Assets	4,147,672	4,225,206	4,206,399	4,206,399	3,971,106		
Ending Net Assets	\$ 4,225,206	\$ 4,206,399	\$ 3,770,145	\$ 3,971,106	\$ 3,127,737		

SOLID WASTE CAPITAL PROGRAM

The FY14 capital program for the solid waste operation includes \$415,000 for vehicle replacements. This will be funded from the solid waste reserve. Annual vehicle maintenance savings are estimated to be \$5,000 to \$10,000 per year.

SEWER OPERATIONS

The Water Pollution Control Fund is used to account for revenues and expenses associated with the Wastewater Facility on Bearses Way in Hyannis, the treatment plant located in Marstons Mills on school property along Osterville-West Barnstable Road, and a treatment system near Red Lily Pond. The main facility in Hyannis acts as a repository for residential and commercial sewage and septage. The facility in Marstons Mills services the two school buildings and a residential housing development located adjacent to the school property. The Red Lilly Pond system services residential properties located in the vicinity of the pond.

Factors Affecting Revenues

Sewer rates charged to users of the system account for a majority of the revenue in this fund. The number of customers tied into the facility can have a significant impact on revenue. The rates are set in accordance with the necessary revenue required to run the sewer operations and pay back the borrowings issued for the sewer plant improvements.

In July of 2010, the Town Council voted to increase the local rooms tax by 2 percent and to levy a local meals tax of 0.75 percent. The Council also voted to dedicate these new revenues to a sewer expansion program by filing special legislation for the creation of a sewer trust fund. This legislation was passed in FY13.

Factors Affecting Expenses

Expenses have been forecast to maintain current staffing levels, at a projected wage and benefit increase of 2.5 and 7.5 percent respectively. Operating expenses are projected to increase 3 percent per year. Sludge disposal is major expense for this operation. Utility savings have been accounted for in the FY14 proposed budget as a result of the renewable energy upgrades at the facility. Debt service is included for all sewer related borrowings.

This enterprise fund will see some significant changes in the future. There has been much discussion of various funding scenarios for sewer expansion, effluent mitigation and nitrogen management. Part of the expansion discussion includes issues of ability to pay and cost allocation. In the past, the federal and state governments subsidized 90 percent of capital costs for construction of new wastewater facilities and sewer expansion. Decisions will need to be made in regards to the cost allocation for sewer expansion, nitrogen management and effluent mitigation. Cost allocations will include betterments, sewer rates and tax rates, net of any federal and state funding that may be available. The Town Council recently voted to assess 50% betterments to homeowners tying into the Stewart's Creek sewer expansion.

Sewer Expansion Program

The Town is working on implementing a comprehensive wastewater management program. A Citizens Advisory Committee (CAC) has been working on reviewing information in regards to the science and technologies available for analyzing and addressing this program.

SUMMARY OF SEWER OPERATIONS

Expense Category	Actual FY 2011	Actual FY 2012	Approved FY 2013	Projected FY 2013	Proposed FY 2014	Change FY13 - 14	Percent Change
Personnel	\$ 958,916	\$ 890,894	\$ 1,123,130	\$ 1,025,000	\$ 1,139,046	\$ 15,916	1.42%
Operating Expenses	1,471,051	1,384,718	1,455,194	1,425,000	1,402,450	(52,744)	-3.62%
Capital Outlay	41,171	126,076	90,000	71,000	90,000	-	0.00%
Debt Service	1,584,133	1,798,486	1,625,000	1,610,000	1,307,000	(318,000)	-19.57%
Transfers Out	493,800	506,131	390,865	390,865	390,022	(843)	-0.22%
Subtotal Operating Budget	4,549,071	4,706,305	4,684,189	4,521,865	4,328,518	(355,671)	-7.59%
Capital Program	10,338,464	3,559,231	77,000	77,000	370,000	293,000	380.52%
Total Expenses	14,887,535	8,265,536	4,761,189	4,598,865	4,698,518	(62,671)	-1.32%
Permanent full-time equivalent employees	14.10	14.10	15.15		15.15	-	
Sources of Funds							
Taxes	-	1,767,250	-	-	-	-	0.00%
Intergovernmental Aid	8,153,034	6,685,922	-	-	-	-	0.00%
Fines & Penalties	95,537	91,849	80,000	79,000	80,000	-	0.00%
Fees, Licenses, Permits	18,685	24,765	15,000	8,000	10,000	(5,000)	-33.33%
Charges for Services	3,617,705	4,090,720	3,695,000	4,100,000	4,028,518	333,518	9.03%
Interest and Other	261,324	227,345	200,000	285,467	210,000	10,000	5.00%
Borrowing Authorizations	300,000	-	-	-	-	-	0.00%
Total Sources	12,446,285	12,887,851	3,990,000	4,472,467	4,328,518	338,518	8.48%
Excess (Deficiency) cash basis	(2,441,250)	4,622,315	(771,189)	(126,398)	(370,000)	\$ 401,189	-52.02%
Adjustment to accrual basis	7,523,512	(3,322,461)	-	1,500,000	-		
Beginning Net Assets	31,392,519	36,474,781	37,774,635	37,774,635	39,148,237		
Ending Net Assets	\$ 36,474,781	\$ 37,774,635	\$ 37,003,446	\$ 39,148,237	\$ 38,778,237		

SEWER CAPITAL PROGRAM

Operating capital includes \$90,000 for the replacement of equipment and various improvements to the facilities. A separately appropriated capital program for the sewer fund for FY14 includes the following projects:

Description	Cost	Funding	Impact on Operating Budget
Staff Locker Room Reconstruction	\$190,000	Sewer surplus	Annual savings estimated at \$5,000 to \$10,000 per year in maintenance costs.
Backup Pump	\$80,000	Sewer surplus	Annual maintenance and operating costs estimated to be \$10,000 depending upon the amount of use.
Pretreatment Building and Clarifier Evaluation	\$50,000	Sewer surplus	None. Evaluation will provide the following necessary steps needed to rehab.
Hydraulic Load Testing	\$50,000	Sewer surplus	None. Load testing will determine facilities ability to discharge additional future effluent.
Total	\$370,000		

WATER SUPPLY OPERATIONS

The Water Supply Fund was created through the acquisition of the Barnstable Water Company. This operation provides service to residential and commercial properties within the village of Hyannis. The daily management of the water service is provided for by an outside contractor.

Factors Affecting Revenues

The rates are set in accordance with the necessary revenue required to run the water operations and pay back borrowings issued for water related capital improvements. Current rates are projected to be adequate to cover the loan payments on the acquisition cost and on-going management contract. Annual rate increases of 4 percent are projected to help fund operational budget increases and 3 percent fund for an infrastructure improvement program.

Factors Affecting Expenses

Management of this service is provided for by an outside contractor and it is expected to continue operating in this manner. The capital improvement portion of this service could have a significant impact on expenses. Depending upon how aggressive the Town wants to address these improvements over the next 10 years will determine the amount of rate increase necessary to cover this cost.

SUMMARY OF WATER SUPPLY OPERATIONS

Expense Category	Actual FY 2011	Actual FY 2012	Approved FY 2013	Projected FY 2013	Proposed FY 2014	Change FY13 - 14	Percent Change
Personnel	\$ 128,800	\$ 139,393	\$ 249,181	\$ 235,000	\$ 257,712	\$ 8,531	3.42%
Operating Expenses	1,696,321	1,854,021	1,970,457	1,950,000	1,991,853	21,396	1.09%
Capital Outlay	198,597	167,549	160,000	160,000	160,000	-	0.00%
Debt Service	752,046	921,532	982,000	975,000	1,146,000	164,000	16.70%
Transfers Out	129,399	166,416	92,933	92,933	106,855	13,922	14.98%
Subtotal Operating Budget	2,905,163	3,248,911	3,454,571	3,412,933	3,662,420	207,849	6.02%
Capital Program	3,359,840	3,493,397	2,418,102	2,400,000	2,579,500	161,398	6.67%
Total Expenses	6,265,003	6,742,308	5,872,673	5,812,933	6,241,920	369,247	6.29%
Permanent full-time equivalent employees	1.00	1.50	2.90		2.90	-	
Sources of Funds							
Intergovernmental Aid	705,226	-	-	-	-	-	0.00%
Fines & Penalties	95,914	54,780	55,000	45,000	45,000	(10,000)	-18.18%
Fees, Licenses, Permits	65,722	162,203	67,500	40,000	37,500	(30,000)	-44.44%
Charges for Services	3,257,562	3,403,452	3,142,100	3,200,000	3,402,920	260,820	8.30%
Interest and Other	186,153	213,862	189,971	190,000	177,000	(12,971)	-6.83%
Trust Funds	2,695,000	-	-	-	-	-	0.00%
Borrowing Authorizations	-	2,303,308	2,120,000	2,120,000	2,379,500	259,500	12.24%
Total Sources	7,005,577	6,137,605	5,574,571	5,595,000	6,041,920	467,349	8.38%
Excess (Deficiency) cash basis	740,574	(604,703)	(298,102)	(217,933)	(200,000)	\$ 98,102	0.00%
Adjustment to accrual basis	4,825,228	1,631,524	-	2,000,000	-		
Beginning Net Assets	4,580,067	10,145,869	11,172,690	11,172,690	12,954,757		
Ending Net Assets	\$ 10,145,869	\$ 11,172,690	\$ 10,874,588	\$ 12,954,757	\$ 12,754,757		

WATER SUPPLY CAPITAL PROGRAM

The FY14 operating budget includes \$160,000 for operating capital to provide equipment replacements and upgrades as well as to cover emergency repairs. A separately appropriated capital program for the water fund for FY14 includes the following project:

Description	Cost	Funding	Impact on Operating Budget
Water Pipe Replacement Program	\$1,050,000	Borrowing Authorization	Annual debt service of \$68,000 and potential savings from avoiding breakage and leaks in old pipes.
Pump Station and Treatment Plant Upgrades	\$200,000	Water fund reserves	Estimated annual savings of \$5,000 in maintenance.
New Well Exploration Program	\$489,500	Borrowing Authorization	Annual debt service of \$105,000. No other operating budget impact.
Air Stripper Upgrade	\$300,000	Borrowing Authorization	Annual debt service of \$34,000. Annual maintenance savings estimated at \$5,000 to \$10,000
New Water Main Loop	\$540,000	Borrowing Authorization	Annual debt service of \$35,000. No other operating budget impact.
Total	\$2,579,500		

MARINA ENTERPRISE FUND

The Marina Enterprise Fund was created in FY06 to isolate the financial activity of the four town-owned marinas; Barnstable, Bismore, Gateway and Prince Cove. The enterprise model will allow the town to segregate all financial activity associated with operating these facilities to measure their financial self-sufficiency. The principal revenue source at all four marinas is the annual rental of docking space or slips. Daily management of the marinas is provided by town staff.

Factors Affecting Revenues

The rates are set in accordance with the necessary revenue required to run the marina operations including all capital improvements. Available space for expanding slips is being evaluated which may allow for additional revenue sources in this area. The marinas have a waiting list for slip space so vacancy rates are not a significant factor in calculating revenues. Revenues are projected to increase slightly more than 2 percent per year through a combination of activity levels and rate adjustments.

Factors Affecting Expenses

The purchase of the Prince Cove Marina in FY03 was financed with the issuance of a new loan. The annual loan payments for the acquisition are covered by the new revenue sources derived from taking over the operations of the marina. Additionally, a loan of \$1,250,000 was issued to replace the Barnstable Harbor Bulkhead. The general fund will repay \$725,000 of the loan and the marina enterprise fund will repay the remaining \$525,000. Major operating expenses include utilities and marine related expenses.

SUMMARY OF MARINA OPERATIONS

Expense Category	Actual FY 2011	Actual FY 2012	Budget FY 2013	Projected FY 2013	Proposed FY 2014	Change FY13-14	Percent Change
Personnel	\$ 193,360	\$ 203,692	\$ 213,476	\$ 210,000	\$ 234,868	\$ 21,392	10.02%
Operating Expenses	89,098	75,634	139,457	135,000	134,033	(5,424)	-3.89%
Operating Capital	37,150	38,530	20,000	20,000	20,000	-	0.00%
Debt Service	164,495	171,967	252,824	252,824	234,371	(18,453)	-7.30%
Transfers Out	47,413	54,702	55,674	55,674	56,959	1,285	2.31%
Subtotal Operating Budget	531,516	544,525	681,431	673,498	680,231	(1,200)	-0.18%
Capital Program	2,464,671	209,789	80,000	80,000	-	(80,000)	-100.00%
Total Expenses	2,996,187	754,314	761,431	753,498	680,231	(81,200)	-10.66%
Permanent full-time equivalent employees	1.45	1.45	1.45		1.45	-	
Sources of Funds							
Intergovernmental Aid	1,965,196	189,607	-	-	-	-	0.00%
Fees, Licenses, Permits	577,743	627,882	563,500	570,000	563,500	-	0.00%
Charges for Services	8,847	10,285	7,500	7,000	7,500	-	0.00%
Interest and Other	70,891	44,585	22,000	40,000	22,000	-	0.00%
Special Revenue Funds	24,000	24,000	24,000	24,000	24,000	-	0.00%
Trust Funds	-	-	64,431	64,431	63,231	(1,200)	-1.86%
Borrowing Authorizations	525,000	-	-	-	-	-	0.00%
Total Sources	3,171,677	896,359	681,431	705,431	680,231	(1,200)	-0.18%
Excess (Deficiency) cash basis	175,490	142,045	(80,000)	(48,067)	-	\$ 80,000	
Adjustment to accrual basis	1,886,451	206,992	-	50,000	-		
Beginning Net Assets	2,176,541	4,238,482	4,587,519	4,587,519	4,589,452		
Ending Net Assets	\$ 4,238,482	\$ 4,587,519	\$ 4,507,519	\$ 4,589,452	\$ 4,589,452		

MARINA CAPITAL PROGRAM

The FY14 capital program for the marinas includes \$20,000 in operating capital for dock replacements.

SANDY NECK PARK ENTERPRISE FUND

Sandy Neck, a coastal barrier beach, is approximately six miles long, varying in width from 200 yards to one half mile. This unique conservation and recreation area is owned by the Town of Barnstable. The Sandy Neck Park Enterprise Fund was created in FY06. The activities included in this operation include visitors to Bodfish Park (recreational beach area) and off-road vehicle access to the outer portions of the beach. Daily management of the park is provided by Town staff.

Factors Affecting Revenues

Major sources of revenues for this operation include beach sticker sales, parking revenue and off-road vehicle sticker sales. Weather can play a major role in the revenue generated at this park as approximately 20 to 25 percent of revenue is derived from daily parking fees. Another factor that can affect revenue is the presence of the Piping Plover, a threatened species of bird that nest every year on the front of the barrier beach. This can limit the number of vehicles that access the outer beach in the early to mid-summer time frame.

Factors Affecting Expenses

Salaries and benefits are projected to increase 2.5 percent and 10 percent per year respectively. Operating expenses are projected to increase on average 2.5 to 3 percent per year. Debt service includes a new loan payment of approximately \$90,000 per year for the construction of the new bathhouse which opened in May 2011. Rates are set accordingly so that sufficient revenue can be generated to cover this loan payment.

SUMMARY OF SANDY NECK OPERATIONS

Expense Category	Actual FY 2011	Actual FY 2012	Budget FY 2013	Projected FY 2013	Proposed FY 2014	Change FY13-14	Percent Change
Personnel	\$ 358,548	\$ 345,204	\$ 407,948	\$ 405,000	\$ 410,875	\$ 2,927	0.72%
Operating Expenses	88,854	95,717	111,750	110,000	111,750	-	0.00%
Operating Capital	26,115	20,559	21,500	21,000	52,500	31,000	144.19%
Debt Service	16,200	111,709	94,500	94,500	93,000	(1,500)	-1.59%
Transfers Out	57,052	68,418	68,744	68,744	72,257	3,513	5.11%
Subtotal Operating Budget	546,769	641,607	704,442	699,244	740,382	35,940	5.10%
Capital Program	1,348,145	58,866	-	-	-	-	0.00%
Total Expenses	1,894,914	700,473	704,442	699,244	740,382	35,940	5.10%
Permanent full-time equivalent employees	2.70	2.70	2.75		2.75	-	
Sources of Funds							
Fees, Licenses, Permits	379,827	549,593	437,542	450,000	433,947	(3,595)	-0.82%
Charges for Services	194,835	215,671	203,400	200,000	210,435	7,035	3.46%
Interest and Other	119,210	74,059	63,500	65,000	65,000	1,500	2.36%
Borrowing Authorizations	1,265,000	-	-	-	-	-	0.00%
Total Sources	1,958,872	839,323	704,442	715,000	709,382	4,940	0.70%
Excess (Deficiency) cash basis	63,958	138,850	-	15,756	(31,000)	\$ (31,000)	
Adjustment to accrual basis	41,086	14,823	-	15,000	-		
Beginning Net Assets	461,424	566,468	720,141	720,141	750,897		
Ending Net Assets	\$ 566,468	\$ 720,141	\$ 720,141	\$ 750,897	\$ 719,897		

CAPITAL PROGRAM

The FY14 capital program includes \$52,500 in operating capital for equipment and vehicle replacement.

HYANNIS YOUTH AND COMMUNITY CENTER ENTERPRISE FUND

FY 2013 was the third full year of operations for this new enterprise fund. The facility consists of a youth center complete with multi-purpose rooms, a full size gymnasium with a 4 lane walking track above it, a cafeteria, pro shop, lockers, common areas and two ice skating rinks. The main rink has a seating capacity of 1,700. Ice rink areas can also be used for non-ice activities such as concerts, indoor lacrosse and soccer, and other events. The facility is operated as an enterprise fund in order to determine its level of self-sufficiency. Revenue generated from the facility was expected to cover its operating expenses.

The facility was constructed at a cost of approximately \$24.7 million dollars. \$4.5 million was received in the form of grants, \$1.3 million was received from private contributions, \$1.5 million was transferred in unspent balances from other town projects that had been completed and \$17.4 million in new bonds were issued to complete the financing. The loan repayments on the bond issue are included in the enterprise fund's operating expenses but are being made by the general fund. A transfer of cash is made annually from the general fund to cover this cost.

Factors Affecting Revenues

The major source of revenue for this operation is from facility rentals. Major rental activity includes ice rental activities such as public skating, youth hockey associations, camps, clinics, private ice rentals, tournaments and leagues. Other significant sources of revenue consist of concessions, gymnasium rental and advertising activities. A business plan was developed by the Recreation Division, working with a consultant who was brought in to conduct a marketing study, to determine the needs for the facility. Revenues will be impacted by the level of activity at the facility as well as pricing. Ice activities are projected to generate 85 percent of the total gross revenue. As the activities conducted in this facility are recreational in nature, downturns in the economy will impact this operation more significantly. Customers tend to cut back on recreational activities that cost money when under economic stress. This operation is currently experiencing this environment.

Factors Affecting Expenses

Contractual obligations, employee benefits and utilities are the major expense for this operation.

SUMMARY OF HYCC OPERATIONS

Expense Category	Actual FY 2011	Actual FY 2012	Budget FY 2013	Projected FY 2013	Proposed FY 2014	Change FY13-14	Percent Change
Personnel	\$ 489,567	\$ 593,215	\$ 721,912	\$ 720,000	\$ 757,806	\$ 35,894	4.97%
Operating Expenses	569,567	580,351	618,744	600,000	618,744	-	0.00%
Operating Capital	-	-	-	-	-	-	0.00%
Debt Service	1,491,270	1,358,629	1,425,988	1,425,988	1,391,423	(34,565)	-2.42%
Transfers Out	-	-	164,785	164,785	253,687	88,902	53.95%
Total Expenses	2,550,404	2,532,195	2,931,429	2,910,773	3,021,660	90,231	3.08%
Permanent full-time equivalent employees	9.50	8.90	9.50		9.50	-	
Source of Funding							
Taxes	-	30,000	224,785	224,785	469,687	244,902	108.95%
Fees, Licenses, Permits	395,525	367,846	379,568	300,000	302,100	(77,468)	-20.41%
Charges for Services	758,118	693,551	650,081	710,000	718,200	68,119	10.48%
Interest and Other	174,665	303,563	179,360	150,000	140,250	(39,110)	-21.81%
Trust Funds	1,241,270	1,208,529	1,425,988	1,425,988	1,391,423	(34,565)	-2.42%
Total Sources	2,569,578	2,603,489	2,859,782	2,810,773	3,021,660	161,878	5.66%
Excess (Deficiency) cash basis	19,174	71,294	(71,647)	(100,000)	-	\$ 71,647	
Adjustment to accrual basis	9,260,821	254,880	-	250,000	-		
Beginning Net Assets	-	9,279,995	9,606,169	9,606,169	9,756,169		
Ending Net Assets	\$ 9,279,995	\$ 9,606,169	\$ 9,534,522	\$ 9,756,169	\$ 9,756,169		

HYCC CAPITAL PROGRAM

There is no separate capital budget for this operation in FY14.

ENTERPRISE FUND RESERVES

These are similar to the general fund reserves and are generated from revenues collected in excess of budget estimates and unexpended appropriation balances. Every year the enterprise funds go through a similar process as the general fund when certifying the reserve account balances. Enterprise fund reserves can only be used towards capital expenditures in the enterprise fund operations or to mitigate fees. The following table illustrates the town's certified enterprise fund reserves for the past ten years.

	Airport	Solid Waste	Sewer	Water	Marinas	Sandy Neck	Golf	HYCC
July 1, 2003	\$3,971,916	\$2,724,237	\$4,886,075					
July 1, 2004	\$3,216,939	\$2,914,059	\$4,835,212					
July 1, 2005	\$3,596,375	\$3,474,160	\$4,318,773	\$140,445				
July 1, 2006	\$5,013,270	\$3,266,889	\$4,516,796	\$103,791	\$115,913	\$85,491		
July 1, 2007	\$6,302,050	\$1,736,226	\$4,852,632	\$296,086	\$111,141	\$119,338		
July 1, 2008	\$4,202,370	\$5,257,705	\$2,606,901	\$535,194	\$131,049	\$200,398		
July 1, 2009	\$8,693,064	\$2,243,244	\$5,662,245	\$684,261	\$202,553	\$280,890	\$4,812	
July 1, 2010	\$5,321,792	\$2,390,996	\$4,442,790	\$598,879	\$297,445	\$377,556	\$23,355	\$125,728
July 1, 2011	\$6,520,729	\$3,460,970	\$2,749,077	\$312,442	\$327,309	\$500,177	\$70,879	\$130,526
July 1, 2012	\$3,211,359	\$3,854,114	\$6,997,924	\$1,944,267	\$422,111	\$645,858	\$414,712	\$141,734

The decrease in the airport reserve from 2011 to 2012 was a result of a portion being used to fund the FY13 capital program in anticipation of federal and state grant reimbursements. When the reimbursements are received they will replenish the reserve. The solid waste, marina, Sandy Neck and HYCC reserves grew in 2012 as a consequence of favorable budget results. The sewer and water reserves grew in 2012 as a consequence of favorable budget results and state reimbursements on capital expenditures which occurred in the prior fiscal year. The golf course reserve increased due to a change in accounting for membership revenue. The FY14 budgets will use the following amount of reserves to fund their operating and capital budgets:

Airport - \$592,000 for capital program. The airport is expecting 90 to 95 percent of the amount used for the capital program will be reimbursed by state and federal agencies.

Solid Waste - \$415,000 for vehicle replacements and \$428,369 for the operating budget.

Sewer - \$370,000 for the for the capital program.

Water - \$200,000 for the capital program.

Sandy Neck - \$31,000 for the operating budget.

CAPITAL PROJECT FUND SUMMARY

The general fund capital improvement plan proposed for FY14 totals \$9,345,000. Funding for the general fund capital will come from reserves within the Town's Capital Trust Fund and borrowing authorizations. The general fund capital program is required by State law to be accounted for in a separate "Capital Projects Fund". The capital project accounting requirement allows for the segregation of capital related expenditures from operating expenses for a clearer presentation. The pro forma Statement below, (presented on a cash basis), includes not only the FY14 proposed capital plan for the General Fund but also the activity projected to occur from existing borrowing authorizations and appropriations approved in prior years for the general fund capital program.

CAPITAL PROJECTS PRO FORMA SUMMARY

	Actual FY 2011	Actual FY 2012	Projected FY 2013	Estimated FY 2014
Revenues				
Federal/State Grants	\$ 3,150,834	\$ 2,482,859	\$ 1,750,000	\$ 2,000,000
Other	4,911	-	100,000	100,000
Gifts, Donation, Contributions	-	-	10,000	10,000
Bond Proceeds	7,535,000	-	-	5,615,000
Transfers	3,345,000	3,602,300	3,250,000	3,730,000
Total Revenues	14,035,745	6,085,159	5,110,000	11,455,000
Expenditures				
Administrative Services	211,488	-	-	100,000
Public Safety	-	563,675	50,000	250,000
Education	3,548,890	1,594,661	600,000	2,000,000
Public Works	6,764,607	7,131,739	6,800,000	6,000,000
Regulatory Services	284,688	332,413	100,000	90,000
Community Services	900	475,244	25,000	400,000
Community & Economic Development				
Libraries				
Transfers	-	12,430	-	-
Total Expenditures	10,810,573	10,110,162	7,575,000	8,840,000
Excess (Deficiency) of Revenues Over Expenditures	3,225,172	(4,025,003)	(2,465,000)	2,615,000
Beginning Fund Balance	14,844,024	18,069,196	14,044,193	11,579,193
Ending Fund Balance	\$ 18,069,196	\$ 14,044,193	\$ 11,579,193	\$ 14,194,193

The capital project fund balance is projected to decrease at the end of FY13 as appropriations are expended. The fund balance for FY14 is projected to increase due to bond proceeds received for the FY14 capital improvement program.

SPECIAL REVENUE FUND SUMMARY

PURPOSE AND DESCRIPTION

The Special Revenue Funds are used to account for revenue sources that are legally restricted for specific purposes. The funds received by the Town are under the control of the Town Manager as they pertain to the general government and the School Committee as they pertain to School Department. Most funds may be expended without further appropriation. Some require Town Council authorization to expend.

There are several sub-categories of special revenue funds. These include the following:

Revolving Funds – used to account for receipts from specific activities that are used to cover the cost of operating specific activities. The municipal and school operations have several revolving type activities. The municipal activities require Town Council action which approves a spending ceiling every year. The School Department revolving activities are under the School Committee's governance and do not require Town Council approval.

Receipts Reserved for Appropriation – certain revenues collected by the Town are restricted under state laws as to their use and require the Town Council's approval in order to expend.

Grants – Non-enterprise fund grants must be accounted for separately from the general fund and enterprise fund grants are included within the enterprise funds. Grants can be accepted by any department but grants received by the municipal operations must be brought forward to the Town Council for their authorization to expend. Grants received by the School Department must receive School Committee approval. Town Council action is not required.

Gifts – Similar to grants, gifts must be kept separate from general fund operations and accounted for within the special revenue fund structure unless it's an enterprise fund gift which can be combined within the enterprise fund accounting records. Authorization to expend gifts received by municipal operations is performed by the Town Council, and the School Committee authorizes the expenditure of School Department gifts.

Other Designated Revenue – this category includes certain receipts received by the Town that must be spent on specific designated purposes. These receipts must be kept separate from general fund resources.

ESTIMATED REVOLVING FUND ACTIVITY FOR FY13 AND FY14

	Balance July 1, 2012	Projected FY13 Revenue	Projected FY13 Expenditures	Projected Balance June 30, 2013	Estimated FY14 Revenue	Estimated FY14 Expenditures	Estimated Balance June 30, 2014
MUNICIPAL							
GIS	\$ 2,486	\$ 1,500	\$ (1,000)	\$ 2,986	\$ 1,500	\$ (1,000)	\$ 3,486
SENIOR SERVICES	180,859	180,000	(195,000)	165,859	190,000	(200,000)	155,859
WEIGHTS & MEASURES	225,860	250,000	(350,000)	125,860	250,000	(300,000)	75,860
BUILDING PERMITS	656,044	85,000	(100,000)	641,044	50,000	(150,000)	541,044
SHELLFISH	183,927	125,000	(130,000)	178,927	130,000	(150,000)	158,927
RECREATION	183,694	350,000	(375,000)	158,694	375,000	(375,000)	158,694
ARTS	8,453	20,000	(20,000)	8,453	20,000	(20,000)	8,453
							\$ -
							\$ -
SCHOOL							
SCHOOL CHOICE TUITION FUND	1,735,264	550,000	(440,000)	1,845,264	600,000	(1,080,000)	1,365,264
ELEM. AFTER SCHOOL PROGRAM	292,777	250,000	(275,000)	267,777	250,000	(275,000)	242,777
EMPLOYEE CHILDCARE REVOLVING FUND	31,900	120,000	(130,000)	21,900	120,000	(120,000)	21,900
SCHOOL ATHLETIC REVOLVING	59,545	150,000	(160,000)	49,545	150,000	(150,000)	49,545
SCHOOL BUILDING RENTAL	93,676	175,000	(200,000)	68,676	150,000	(175,000)	43,676
EYL	2,567	15,000	(15,000)	2,567	15,000	(15,000)	2,567
SCHOOL LUNCH PROGRAM	128,361	1,750,000	(1,800,000)	78,361	1,800,000	(1,825,000)	53,361
EARLY CHILDHOOD PROGRAM	55,464	100,000	(120,000)	35,464	110,000	(125,000)	20,464
ACE	6,379	8,000	(8,000)	6,379	10,000	(10,000)	6,379
SCHOOL BUILDING LEASE	285,076	150,000	(200,000)	235,076	150,000	(150,000)	235,076
TRANSPORTATION FEES	766,846	225,000	(225,000)	766,846	200,000	(425,000)	541,846
TOTAL REVOLVING FUNDS	\$ 4,899,180	\$ 4,504,500	\$ (4,744,000)	\$ 4,659,680	\$ 4,571,500	\$ (5,546,000)	\$ 3,685,180

There are no significant changes projected to the Town's revolving fund activity. The largest municipal revolving fund is the Recreation Revolving Fund which generates approximately \$350,000 of program activity per year. The largest school revolving fund is the School Lunch Revolving Fund. The total fund balance is projected to decrease slightly as a portion is used to offset increased operating costs. The FY14 School Department budget includes using an additional \$500,000 of school choice tuition funds to enhance the school's technology and facility maintenance operations. Finally, an additional \$200,000 of transportation fees are used to offset the school's transportation costs included in the general fund budget appropriation.

ESTIMATED RECEIPTS RESERVED FOR APPROPRIATION ACTIVITY FOR FY13 AND FY14

	Balance July 1, 2012	Projected FY13 Revenue	Projected FY13 Expenditures	Projected Balance June 30, 2013	Estimated FY14 Revenue	Estimated FY14 Expenditures	Estimated Balance June 30, 2014
BDC HANDICAP	\$ 43,463	\$ 10,000	\$ (3,000)	\$ 50,463	\$ 10,000	\$ (3,000)	\$ 57,463
SALE OF GRADE 5 BUILDING	741,508	-	-	741,508	-	-	741,508
SALE OF 75 IYANOUGH ROAD	193,500	-	-	193,500	-	(193,500)	-
SALE OF CAPN CROSBY ROAD	25,000	-	-	25,000	-	(25,000)	-
SALE OF WILLOW AVE.	-	195,500	-	195,500	-	(195,500)	-
PARKING METER RECEIPTS	202,059	200,000	(168,491)	233,568	200,000	(171,381)	262,187
SALE OF CEMETERY LOTS	99,348	15,000	-	114,348	15,000	-	129,348
WETLAND PROTECTION FUND	162,707	35,000	(42,000)	155,707	35,000	(42,840)	147,867
EMBARKATION FEE REVENUE	207,660	150,000	(154,948)	202,712	155,000	(158,047)	199,665
WATERWAYS IMPROVEMENT FUND	565,909	215,000	(213,981)	566,928	215,000	(291,075)	490,853
OTHER	4,700	-	(4,700)	-	-	-	-
TOTAL	\$ 2,245,853	\$ 820,500	\$ (587,120)	\$ 2,479,233	\$ 630,000	\$ (1,080,343)	\$ 2,028,890

Revenue for the Barnstable Disability Commission (BDC) is derived from receipts on handicap parking fines collected by the Town. The Town Council has authorized the BDC to expend up to \$3,000 per year on administrative costs. Any additional expenditure out of the fund must be approved by the Town Council.

Receipts from the sale of town-owned property can only be expended on purposes for which the Town can borrow funds. In other words, these receipts cannot be used to pay for operating costs. They can only be used for capital related expenditures. The FY14 capital improvement plan budget includes using \$414,000 of these funds.

Parking meter receipts are derived from the parking activities at Bismore Park. Special legislation enacted by the State upon petition from the Town restricts these receipts for being used to maintain and improve the Bismore Park area. The FY13 and FY14 expenditures include debt service on the visitor center in Bismore Park as well as the maintenance costs of the facility and park area.

Wetland protection fees are assessed by the Conservation Commission in accordance with the Wetland Protection Act and are used to cover the cost of administering the act which is part of the Conservation Division's operating budget.

Embarkation fees are derived from a \$0.50 fee added to every ferry passenger ticket. These receipts are used to mitigate the cost of having ferry operations in the harbor area which are incurred by the Police and Public works Departments.

Mooring fees are credited to the Waterways Improvement Fund (WWIF) in accordance with state law. The WWIF can be used for maintaining and improving the town's waterways. Expenditures are currently used to offset the mooring operations and a portion of the Harbormaster operating budget within the general fund.

ESTIMATED GRANT ACTIVITY FOR FY13 AND FY14

	Balance July 1, 2012	Projected FY13 Revenue	Projected FY13 Expenditures	Projected Balance June 30, 2013	Estimated FY14 Revenue	Estimated FY14 Expenditures	Estimated Balance June 30, 2014
MUNICIPAL GRANTS	\$ 683,005	\$ 1,000,000	\$ (1,200,000)	\$ 483,005	\$ 900,000	\$ (1,000,000)	\$ 383,005
SCHOOL GRANTS	1,902,975	6,000,000	(7,500,000)	402,975	5,500,000	(5,600,000)	302,975
TOTAL	\$ 2,585,980	\$ 7,000,000	\$ (8,700,000)	\$ 885,980	\$6,400,000	\$ (6,600,000)	\$ 685,980

Grant activity is projected to be down in FY14 due to the federal budget situation. The greatest impact to the town's grant activity is expected in the School Department.

ESTIMATED GIFT ACTIVITY FOR FY13 AND FY14

	Balance July 1, 2012	Projected FY13 Revenue	Projected FY13 Expenditures	Projected Balance June 30, 2013	Estimated FY14 Revenue	Estimated FY14 Expenditures	Estimated Balance June 30, 2014
GIFTS	\$ 93,287	\$ 100,000	\$ (150,000)	\$ 43,287	\$ 125,000	\$ (130,000)	\$ 38,287

The Town will periodically receive gifts from individuals or corporations. Most are designated for certain purposes. The Town records these within the special revenue funds. There are no significant changes projected from gift activity in FY13 or FY14.

ESTIMATED OTHER DESIGNATED SPECIAL REVENUE ACTIVITY FOR FY13 AND FY14

	Balance July 1, 2012	Projected FY13 Revenue	Projected FY13 Expenditures	Projected Balance June 30, 2013	Estimated FY14 Revenue	Estimated FY14 Expenditures	Estimated Balance June 30, 2014
COMCAST CABLE LICENSE	\$ 2,775,464	\$ 675,000	\$ (2,000,000)	\$ 1,450,464	\$ 680,000	\$ (650,000)	\$ 1,480,464
COMMUNITY PRESERVATION FUND	8,261,250	3,800,000	(4,000,000)	8,061,250	3,900,000	(4,500,000)	7,461,250
CDBG	9,123	275,000	(280,000)	4,123	250,000	(250,000)	4,123
OTHER	340,555	250,000	(300,000)	290,555	300,000	(325,000)	265,555
TOTAL OTHER RESTRICTED REVENUE	\$ 11,386,392	\$ 5,000,000	\$ (6,580,000)	\$ 9,806,392	\$ 5,130,000	\$ (5,725,000)	\$ 9,211,392

The Community Preservation Fund is funded from a 3% surtax on real estate bills. In accordance with state laws, these receipts must be accounted for separately from other general fund revenues. The revenue can be used to finance open space and recreation land acquisitions, historical preservation and community housing. Expenditure activity levels will be determined by the level of project requests brought forward to the committee throughout the year. Revenue will track with the real estate levy change every year.

The Town receives an entitlement allocation from the Federal government every year as part of the Community Development Block Grant Program (CDBG). These allocations have been declining due to cuts at the federal level as well as the town's population decline. The town pays for approximately 1.5 FTE's out of this program for administering the program as well as conducting program activities such as creating affordable accessory housing units.

The other category consists of mainly county grant funds and mitigation funds that are to be used for specific purposes.

The town receives approximately \$675,000 per year from its cable license with Comcast. In accordance with the licensing agreement, the funds are restricted for use as they relate to public, educational and governmental programming activity. The Town currently uses these funds to operate Channels 18 and 22. They are also being used to finance the construction of a fiber optic network that will connect 48 municipal facilities. This accounts for the higher expenditure level in FY13. The following page presents a five year projected spending plan as well as projected revenue for the license.

COMCAST LICENSE FEE 5 YEAR SPENDING PLAN

TOWN OF BARNSTABLE, MASSACHUSETTS					
5 YEAR PROJECTION FOR COMCAST LICENSE FEE					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Estimated License Revenue	\$ 685,790	\$ 692,648	\$ 699,574	\$ 706,570	\$ 713,636
Position	Total	Total	Total	Total	Total
Video Coordinator	51,816	53,931	56,132	58,424	60,810
Video Coordinator	24,396	25,374	26,393	27,452	28,553
Video Coordinator	43,703	45,504	47,380	49,334	51,369
Senior Videographer	64,194	66,805	69,522	72,351	75,295
Videographer	53,886	56,087	58,378	60,764	63,247
Shift Differential	1,622	1,687	1,755	1,825	1,898
Overtime	32,448	33,746	35,096	36,500	37,960
Personnel	272,065	283,135	294,657	306,649	319,132
Full-time Equivalent Employees	4.00	4.00	4.00	4.00	4.00
Operating Expenses					
Internet access charge	47,278	48,460	49,672	50,913	52,186
Legal expenses	5,000	5,000	5,000	5,000	5,000
Equipment replacement	52,000	53,000	54,000	55,000	56,000
Equipment rental	10,000	10,000	10,000	10,000	10,000
INET maintenance	10,000	10,000	10,000	10,000	10,000
Pole rental fee	16,940	18,634	20,497	22,547	24,802
Supplies	5,000	5,000	5,000	5,000	5,000
License and permits	1,000	1,000	1,000	1,000	1,000
Training	1,000	1,000	1,000	1,000	1,000
C3TV funding	47,858	48,816	49,792	50,788	51,803
Total operating expenses	196,077	200,910	205,961	211,248	216,792
Other Expenses					
BFON Construction	-	-	-	-	-
Self insurance fund contribution for BFON	200,000	200,000	200,000	-	-
School Dept. funding - Channel 22	86,528	89,989	93,589	97,332	101,226
Total other expenses	286,528	289,989	293,589	97,332	101,226
Grand total expenses	754,670	774,034	794,206	615,230	637,149
Net license revenue after expenses	(68,880)	(81,386)	(94,632)	91,341	76,487
Beginning fund balance	1,026,984	958,105	876,719	782,087	873,428
Ending fund balance	\$ 958,105	\$ 876,719	\$ 782,087	\$ 873,428	\$ 949,915
Self insurance fund balance	\$ 600,000	\$ 800,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000

As the town cannot procure insurance for the Barnstable Fiber Optic Network a self-insured fund has been created within this account. The projected balance in the account at the end of FY14 is \$600,000. The goal is to establish this reserve at \$1 million by the end of FY16.

TRUST AND AGENCY FUND SUMMARY

PURPOSE AND FY14 SPENDING PLAN

The town uses the trust funds to account for assets held in a trustee capacity. Normally, the principal assets remain intact, and income that is generated can be used in accordance with the terms and conditions of the will or gift.

The Town Treasurer, in conjunction with the Trust Fund Advisory Committee, work to formulate a plan that will provide the town with the maximum amount of resources possible while simultaneously protecting the integrity of the principal investments. In accordance with the Town's Charter, the Town Manager is trustee of all trust funds except those administered by a court appointed trustee, and those under the School Committee.

All revenues from trust funds are generated primarily from investment income, and each year, expenditures from these funds are based on anticipated expendable income. As a matter of policy or for legal reasons, trust fund principal is not utilized for general expenditures with the exception of the Pension Reserve Fund. The trusts generated approximately \$768,000 in investment income and unrealized gains in FY12. Future earnings will depend upon interest rates and investment appreciation that is projected to improve for FY13 and FY14.

ESTIMATED EXPENDITURES FOR FY14 AND FUNDING

Expenditures are based on the current year needs and anticipated expendable income. Notable trust funds are the Pension Reserve, Cobb Fund, Kirkman Fund and Capital Trust Fund.

The Pension Reserve Fund is used to offset tax support for the county retirement assessment. As of June 30, 2012, the fund had a market value of almost \$2.7 million. The Pension Reserve Fund will transfer \$300,000 in FY14 to the general fund to offset the cost of funding the county retirement assessment.

The Kirkman Fund, with a market value of more than \$4.7 million as of June 30, 2012, will be used to provide beautification projects first at the Mosswood Cemetery and then all other town cemeteries. This fund is also used for the Cotuit Library and finally, all other public libraries. Proposals will be solicited from town departments, the general public and the seven village libraries for project funding. No operating expenses of the public works department, which maintains the cemetery, are paid for out of this fund.

The Capital Trust Fund (CTF) is used as a mechanism to finance the town's capital improvement program within the limitations of Proposition 2½. In essence, this capital is financed through general taxation. The fund operates similar to a debt service fund. Most projects approved as part of this program have been financed with debt issues whose annual debt service payments are not excluded from the Proposition 2½ taxing limitations. The market value of this fund as of June 30, 2012 was \$6.7 million. The town transferred \$7 million to this fund in the FY13 budget cycle from general fund reserves to enhance its capital program.

Beginning with the FY01 capital improvement program, the Town incorporated a cash program into the CTF. This portion of the program pays for capital improvements with direct cash outflows from the unreserved portion of the CTF balance after annual debt service requirements are met. This saves the Town thousands of dollars in debt service cost, provides the opportunity to have some capital program on an annual basis, and provides flexibility in its budgeting. With just a debt service policy, the fund can quickly become saturated and prohibit the approval of any new projects until the debt service from another project expires. The cash program could be converted to a debt program to stretch out the cash flow and keep the capital improvement program going if necessary. Alternatively, the cash program portion could decrease the annual contribution from the general fund to the CTF, if the need for funding general fund operations is determined to be greater than the need for capital improvements.

The annual contribution to the CTF was originally established at \$1.9 million per year. This has increased to a recommended amount of \$7.2 million for FY14. The total net appropriation out of this fund in FY14 is proposed to be the following:

Transfer the General Fund	\$7,224,528
Transfer to General Fund to cover CTF debt service requirements	(\$3,460,608)
Transfer to the Hyannis Youth and Community Center Enterprise fund	(\$1,391,423)
Transfer to the Marina Enterprise Fund	(\$63,231)
Transfer to Capital Projects Fund to finance FY14 capital program	(\$3,316,000)
Net transfer <u>out of</u> the Capital Trust Fund	(\$1,006,734)

The Lombard Trust Fund will be used to assist the needy of the town. Money received from confiscated assets of drug raids are used to purchase equipment within the Police Department. The John F. Kennedy Memorial receipts are used for sailing programs and scholarship programs under the Recreation Department. The Enoch Cobb Trust is dedicated to educational projects primarily through the School Department for expenditures that are unique and not normally budgeted as part of the School operations. The Cobb Trust had a balance of over \$4.5 million as of June 30, 2012.

TRUST FUND PRO FORMA SUMMARY

	Actual FY 2011	Actual FY 2012	Projected FY 2013	Estimated FY 2014
Revenues				
Meals & Rooms Tax	\$ -	\$ 2,000,000	\$ 2,100,000	\$ 2,150,000
Investment Income	1,920,453	767,250	1,500,000	1,600,000
Rents, Fees, Commissions	366,728	287,742	300,000	300,000
Gifts, Donation, Contributions	68,285	65,385	50,000	50,000
Transfers	6,922,299	-	11,110,690	5,127,150 ▼
Total Revenues	9,277,766	3,120,378	15,060,690	9,227,150
Expenditures				
Administrative Services	106,539	150,147	125,000	130,000
Employee Benefits	-	437,132	750,000	800,000
Public Safety	154,094	144,040	125,000	130,000
Education	64,443	26,895	50,000	50,000
Public Works	107,018	226,180	200,000	225,000
Community Services	38,105	116,022	100,000	125,000
Community & Economic Development	110,750	115	100,000	100,000
Libraries	-	100,000	100,000	100,000
Debt Service	-	-	262,000	520,000
Transfers	11,971,249	168,876	3,565,000	5,070,654 ▼
Total Expenditures	12,552,198	1,369,407	5,377,000	7,250,654
Excess (Deficiency) of Revenues Over Expenditures	(3,274,432)	1,750,971	9,683,690	1,976,496
Beginning Fund Balance	27,644,437	24,370,004	26,120,975	35,804,665
Ending Fund Balance	\$ 24,370,004	\$ 26,120,975	\$ 35,804,665	\$ 37,781,161

Trust fund balance is projected to increase in FY14 due to the estimated levels in investment income and the growth in meals and rooms taxes.

SUMMARY OF ALL TOWN FUNDS

	Beginning Fund Balance	FY14 Resources	FY14 Expenditures	Ending Fund Balance	Dollar Change	Percentage Change
General Fund	\$ 24,747,145	\$ 132,788,971	\$ 135,425,807	\$ 22,110,309	\$ (2,636,836)	-10.7%
Airport Enterprise Fund	70,379,452	16,734,647	17,326,647	69,787,452	(592,000)	-0.8%
Golf Enterprise Fund	9,970,073	3,047,980	3,082,980	9,935,073	(35,000)	-0.4%
Solid Waste Enterprise Fund	3,971,106	2,267,972	3,111,341	3,127,737	(843,369)	-21.2%
Sewer Enterprise Fund	39,148,237	4,328,518	4,698,518	38,778,237	(370,000)	-0.9%
Water Enterprise Fund	12,954,757	6,041,920	6,241,920	12,754,757	(200,000)	-1.5%
Marina Enterprise Fund	4,589,452	680,231	680,231	4,589,452	-	0.0%
Sandy Neck Enterprise Fund	750,897	709,382	740,382	719,897	(31,000)	-4.1%
HYCC Enterprise Fund	9,756,169	3,021,660	3,021,660	9,756,169	-	0.0%
Capital Project Funds	11,579,193	11,455,000	8,840,000	14,194,193	2,615,000	22.6%
Special Revenue Funds	17,874,572	16,856,500	19,081,343	15,649,729	(2,224,843)	-12.4%
Trust Funds	35,804,665	9,227,150	7,250,654	37,781,161	1,976,496	5.5%
Totals	\$ 241,525,718	\$ 207,159,931	\$ 209,501,483	\$ 239,184,166	\$ (2,341,552)	-1.0%

Total revenues for all funds for fiscal year 2014 have been budgeted and estimated at \$204.9 million. Total expenditures across all funds for fiscal year 2014 have been budgeted and estimated at \$209 million. Total fund balance, on a cash basis, is estimated to decrease by just over \$4 million, or 1.7%. Reserves are used in the general fund to pay for one-time expenses and several enterprise funds will use some of their reserves to finance the FY14 capital program. In addition, the solid waste enterprise fund uses some its reserves to pay for the debt service on its landfill capping loan. The capital project fund balance is projected to increase at the end of FY14 as the town plans on selling bonds in FY14 to finance its capital program. The expenditure of the bond proceeds will cross into fiscal year 2015. The special revenue fund balance decline is due to some of the fund balance being used to finance the FY14 operating budget and some is due to the timing of expenditures. The trust fund balance is expected to increase as the return on investments continues to improve.

The summary of all town funds located on the following pages presents information on the financial position of all major operating funds in a consolidated form. The Capital Projects, Special Revenue and Trust Funds do not require annual appropriation as do the General Fund and Enterprise Funds. The General Fund capital program is accounted for within the Capital Projects Fund. The capital improvements program for the Enterprise Funds is illustrated within the Enterprise Fund columns. The Special Revenue and Trust Fund amounts are estimates only and do not represent any approved budget for fiscal year 2014.

**TOWN OF BARNSTABLE
CONSOLIDATED RESOURCES/APPROPRIATION SUMMARY FOR FISCAL 2014**

	GENERAL FUND FY 14 BUDGET	AIRPORT FUND FY 14 BUDGET	GOLF FUND FY 14 BUDGET	SOLID WASTE FUND FY 14 BUDGET	SEWER FUND FY 14 BUDGET	WATER SUPPLY FUND FY 14 BUDGET	MARINA FUND FY 14 BUDGET
RESOURCES:							
Property Taxes	\$ 101,995,925						
Other Taxes	7,111,939						
Intergovernmental	13,968,322	\$ 87,600					
Fines & Penalties	1,250,000				\$ 80,000	\$ 45,000	
Fees, Licenses, Permits, Inspections	2,522,063	645,191			10,000	37,500	\$ 563,500
Charges for Services	1,620,000	6,446,856	\$ 2,879,692	\$ 2,201,472	4,028,518	3,402,920	7,500
Interest and Other	1,210,000	51,000	7,000	66,500	210,000	177,000	22,000
Interfund Transfers	3,110,722		161,288				87,231
Bond Proceeds	-	9,504,000				2,379,500	
TOTAL RESOURCES	132,788,971	16,734,647	3,047,980	2,267,972	4,328,518	6,041,920	680,231
OPERATING EXPENDITURES:							
Town Council	276,383						
Town Manager	565,822						
Administrative Services	5,389,290						
Growth Management	968,435						
Police	11,601,168						
Regulatory Services	2,643,229						
Public Works	8,114,348			2,028,567	2,631,496	2,409,565	
Community Services	2,670,058		2,288,881				388,901
Education (local schools only)	57,255,360						
Airport Operations	-	6,561,608					
Subtotal Operations	89,484,093	6,561,608	2,288,881	2,028,567	2,631,496	2,409,565	388,901
OTHER REQUIREMENTS:							
Debt Service	8,778,309	55,100	382,811	401,403	1,307,000	1,146,000	234,371
Employee Benefits	18,345,585						
Property, Casualty & Liability Ins.	1,495,650						
Celebrations	125,000						
Tourism Grant	121,875						
Lombard Trust	51,924						
Libraries	1,630,979						
Regional School District	2,810,364						
Commonwealth Charter Schools	2,238,420						
School Choice Assessments	645,660						
Veteran's District	439,816						
Old Kings Highway	8,250						
Greenhead Fly Control District	5,320						
Interest on Tax Refunds	25,000						
State and County Assessments	1,989,436						
Appropriation Deficits	1,472,000						
Enterprise Fund Capital Program	-	10,096,000	-	415,000	370,000	2,579,500	-
Subtotal Other Requirements	40,183,588	10,151,100	382,811	816,403	1,677,000	3,725,500	234,371
Interfund Transfers	5,758,126	613,939	411,288	266,371	390,022	106,855	56,959
Grand Total Expenditures	135,425,807	17,326,647	3,082,980	3,111,341	4,698,518	6,241,920	680,231
Excess (Deficiency) Cash Basis	(2,636,836)	(592,000)	(35,000)	(843,369)	(370,000)	(200,000)	-
Beginning Fund Balance	24,747,145	70,379,452	9,970,073	3,971,106	39,148,237	12,954,757	4,589,452
Ending Fund Balance	\$ 22,110,309	\$ 69,787,452	\$ 9,935,073	\$ 3,127,737	\$ 38,778,237	\$ 12,754,757	\$ 4,589,452

**TOWN OF BARNSTABLE
CONSOLIDATED RESOURCES/APPROPRIATION SUMMARY FOR FISCAL 2014**

	SANDY NECK FUND FY 14 BUDGET	HYCC FUND FY 14 BUDGET	CAPITAL PROJECTS FUND FY 14 BUDGET	SPECIAL REVENUE FUND FY 14 BUDGET	TRUST FUND FY 14 BUDGET	TOTAL FY 14 BUDGET	TOTAL FY 13 BUDGET	CHANGE FY 13 - 14
RESOURCES:								
Property Taxes				\$ 3,900,000		\$ 105,895,925	\$ 101,657,498	\$ 4,238,427
Other Taxes					2,150,000	9,261,939	8,617,000	644,939
Intergovernmental			\$ 2,000,000	6,650,000		22,705,922	22,632,169	73,753
Fines & Penalties				10,000		1,385,000	1,349,100	35,900
Fees, Licenses, Permits, Inspections	\$ 433,947	302,100		1,400,000	\$ 300,000	6,214,301	10,356,568	(4,142,267)
Charges for Services	210,435	718,200		4,771,500		26,287,093	20,797,539	5,489,554
Interest and Other	65,000	140,250	110,000	125,000	1,650,000	3,833,750	4,444,712	(610,962)
Interfund Transfers		1,861,110	3,730,000		5,127,150	14,077,501	12,237,873	1,839,628
Bond Proceeds			5,615,000			17,498,500	2,120,000	15,378,500
TOTAL RESOURCES	709,382	3,021,660	11,455,000	16,856,500	9,227,150	207,159,931	184,212,459	22,947,472
OPERATING EXPENDITURES:								
Town Council						276,383	276,543	(160)
Town Manager						565,822	652,806	(86,984)
Administrative Services			100,000	2,109,000	130,000	7,728,290	6,052,780	1,675,510
Growth Management				2,193,903	100,000	3,262,338	3,194,226	68,112
Police			250,000		130,000	11,981,168	11,353,649	627,519
Regulatory Services			90,000	450,000		3,183,229	3,172,247	10,982
Public Works			6,000,000		225,000	21,408,976	23,176,314	(1,767,338)
Community Services	575,125	1,376,550	400,000	725,000	125,000	8,549,515	7,956,346	593,169
Education (local schools only)			2,000,000	9,950,000	50,000	69,255,360	63,895,835	5,359,525
Airport Operations						6,561,608	6,740,243	(178,635)
Subtotal Operations	575,125	1,376,550	8,840,000	15,427,903	760,000	132,772,689	126,470,989	6,301,700
OTHER REQUIREMENTS:								
Debt Service	93,000	1,391,423		2,576,097	520,000	16,885,514	17,328,257	(442,743)
Employee Benefits					800,000	19,145,585	18,203,846	941,739
Property, Casualty & Liability Ins.						1,495,650	1,386,000	109,650
Celebrations						125,000	100,000	25,000
Tourism Grant						121,875	116,250	5,625
Lombard Trust						51,924	50,658	1,266
Libraries					100,000	1,730,979	1,625,444	105,535
Regional School District						2,810,364	2,657,683	152,681
Commonwealth Charter Schools						2,238,420	2,191,908	46,512
School Choice Assessments						645,660	491,426	154,234
Veteran's District						439,816	462,317	(22,501)
Old Kings Highway						8,250	8,250	-
Greenhead Fly Control District						5,320	5,000	320
Interest on Tax Refunds						25,000	25,000	-
State and County Assessments						1,989,436	1,908,827	80,609
Appropriation Deficits						1,472,000	20,000	1,452,000
Enterprise Fund Capital Program	-	-				13,460,500	4,441,102	9,019,398
Subtotal Other Requirements	93,000	1,391,423	-	2,576,097	1,420,000	62,651,293	51,021,968	11,629,325
Interfund Transfers	72,257	253,687	-	1,077,343	5,070,654	14,077,501	12,237,873	1,839,628
Grand Total Expenditures	740,382	3,021,660	8,840,000	19,081,343	7,250,654	209,501,483	189,730,830	19,770,653
Excess (Deficiency) Cash Basis	(31,000)	-	2,615,000	(2,224,843)	1,976,496	(2,341,552)	(5,518,371)	3,176,819
Beginning Fund Balance	750,897	9,756,169	11,579,193	17,874,572	35,804,665	241,525,718	203,153,131	38,372,587
Ending Fund Balance	\$ 719,897	\$ 9,756,169	\$ 14,194,193	\$ 15,649,729	\$ 37,781,161	\$ 239,184,166	\$ 197,634,760	\$ 41,549,406

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