

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 June. 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 Town Council, which then provides direction. The development of the annual operating and capital budgets involve a multi-faceted approach which includes the examination of several documents and the monitoring of federal, state and local economic factors. The interrelationship of the documents used is depicted in the diagram below.



At the center of the Town Council's strategic plan is the "Quality of Life". In the development of the annual operating budget and capital program care is taken to ensure that the services provided and the capital investments made are necessary to maintain or improve the citizenry's quality of life. Every funding decision made takes this into consideration.

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 Town Manager reviews the committee's report and makes recommendations based on funding availability, project score and priority. The Comprehensive Finance Advisory Committee (CFAC) reviews the Town Manager's proposed capital budget and issues a report on the plan.

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.

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. A balanced budget occurs under one of three scenarios:

1. Revenues exceed expenditures;
2. Revenues equal expenditures; or
3. Revenues plus appropriated fund balance (transfer from surplus or reserves) equal expenditures.

The Town’s FY16 budget is balanced using appropriated fund balance for one-time capital expenditures and non-recurring operating expenses.

	Estimated Current Year Receipts	Transfer From Surplus	Transfer From General Fund	Capital Trust Fund	Special Revenue Funds	Trust Funds	Closed Projects	Grants	Borrowing Auth.	Total Receipts	Total Appropriations
General Fund	\$144,287,565	\$4,048,160	\$0	\$0	\$640,053	\$280,000	\$0	\$0	\$0	\$149,255,778	\$149,255,778
Airport Enterprise Fund	7,915,852	-	-	-	-	-	-	-	-	7,915,852	7,915,852
Golf Enterprise Fund	3,117,308	-	125,598	-	-	-	-	-	-	3,242,906	3,242,906
Solid Waste Enterprise Fund	2,751,900	610,911	-	-	-	-	-	-	-	3,362,811	3,362,811
Water Pollution Control Enterprise Fun	4,463,158	-	-	-	-	-	-	-	-	4,463,158	4,463,158
Water Enterprise Fund	4,389,768	-	-	-	-	-	-	-	-	4,389,768	4,389,768
HYCC Enterprise Fund	1,175,450	125,000	592,820	1,292,000	-	-	-	-	-	3,185,270	3,185,270
Marina Enterprise Fund	1,626,500	170,000	-	61,231	24,000	-	-	-	-	1,881,731	1,881,731
Sandy Neck Enterprise Fund	815,717	50,000	-	-	-	-	-	-	-	865,717	865,717
Capital Program	-	1,604,150	-	3,829,832	-	-	494,868	5,422,350	16,065,000	27,416,200	27,416,200
Totals	\$170,543,218	\$6,608,220	\$718,418	\$5,183,063	\$664,053	\$280,000	\$494,868	\$5,422,350	\$16,065,000	\$205,979,190	\$205,979,190

A total of \$6,608,220 of reserves will be used to fund the operating and capital budgets. This represents 3.2% of the overall budget. \$5,004,070 will be used for operations; a majority of which will be for the FY15 snow removal costs, and \$1,604,150 for the capital program.

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.

Long-Term Budget Planning

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.

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

A new formula was developed several years ago that provides for each community to receive no less than 17.5% of its foundation budget in the form of CH70 aid. If the State were to fully fund this formula, the Town would receive an additional \$1 million per year based on its current foundation budget. Limited financial resources over the past few years have made it difficult for the State to honor this commitment. The Town is projecting that the state will phase this additional aid in over a five (5) year period as the economy improves.

Unrestricted General Government Aid

No significant increase in this category of aid is projected. Additionally, the recent passage of legislation allowing casinos in Massachusetts should have some impact on the distribution of aid in this category. Most of this aid is currently derived from lottery sales which could be negatively impacted by casinos. The revenue sharing formula for casino revenue was reported to be based on the CH90 distribution formula which is more favorable to the Town of Barnstable than the lottery formula. No projections for casino revenue have been provided to cities and towns.

Massachusetts School Building Assistance

The town currently receives about \$3.5 million annually from the Massachusetts School Building Authority (MSBA). The budget assumes this funding will continue as scheduled. In addition, 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. Funding for new projects under this program is very competitive. The new program for financing school construction is derived from the state sales tax which has seen some recent recovery.

Significant Budget Considerations

Investment Income

Interest rates have fallen precipitously over the past several years and cash balances will continue to decline as we complete capital projects. It is projected that investment rates will improve in the future as the economy recovers allowing for some modest growth in this area.

Salaries

Salaries are the single largest expense for the Town. Labor contracts include a merit increase for all eligible employees. Merit increases in most cases include ten steps. Employees are moved to the next step upon a satisfactory evaluation. In most cases, once an employee has more than 10 years of service they are no longer eligible for merit increases. Approximately 70% of the school department labor force and 50% of the municipal departments labor force are at the top step. Salaries also increase every year by any negotiated cost of living allowances.

Health Insurance

The Town of Barnstable belongs to a joint purchasing group (Cape Cod Municipal Health Group) for procuring health insurance for its employees. The group implemented plan design changes in FY13 that may assist in mitigating the annual cost increases in premiums as the changes encourage the more effective use of health insurance. The Cape Cod Municipal Health Group continues to work on ways to reduce costs as well; for example, mail order prescriptions, health awareness and smoking cessation programs. Plan design changes are expected to be made again in FY17. For FY16, rates are projected to increase 10%.

Pension Assessments

The Town belongs to the Barnstable County Retirement Association (BCRA). Each year, the County Retirement Board notifies each member town with the amount of its share of the county retirement pension expense. This assessment includes the normal costs for current retirees, an amount for the amortization of the unfunded liability of the system, and the expense of running the system. Pension assessments are expected to continue to rise in the neighborhood of 4.5% to 8% per year depending upon the investment performance of the system's assets. The county pension system conducts an actuarial calculation every other year of the unfunded liability for the system which will readjust the assessment levels. The assessments have increased more \$3.5 million over the past 10 years. The unfunded liability of the system is being amortized through fiscal year 2038 as allowed by State law. The system could go as far as 2040.

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 the town actuarially determine what its annual required contribution (ARC) would be to fully fund this benefit. The amount of the ARC that exceeds the Town's actual health insurance expense for retirees in any one year gets added to the liability on the town's balance sheet. The ARC exceeded the Town's actual expenses in fiscal year 2014 by an estimated \$4 million and the Town's balance sheet liability grew to \$40 million. In essence, to fully fund health insurance for active and retired employees, the town

would have to budget \$4 million more per year for health insurance. A similar shortfall can be expected every subsequent year. If the town elects not to fund all or part 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. It is expected that the town will continue to cover fifty percent of the annual health insurance costs of eligible town retirees as this is the minimum required by State law. Eligible retired teachers enter the State's health insurance program managed through the Group Insurance Commission. The Town is assessed its share of the cost each year by the State for retired teachers. The town must pay 80% to 85% of retired teacher's health insurance premiums depending upon their retirement date. This charge is included on the Town's Cherry Sheet. Finally, House Bill 59; if passed will require the Town to pay for 50% of the health insurance costs for surviving spouses; a benefit that is not currently offered. This could add millions to the Town's unfunded OPEB liability. The Town has created an OPEB Trust Fund and annually makes an appropriation into the fund; however, it is far below the ARC. The annual appropriation is projected to increase \$50,000 per year.

Utilities and Fuel

The FY16 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, photovoltaic solar panels and wind turbines and upgraded heating plants to make buildings more efficient. In addition, it has adopted a new fuel efficient vehicle policy and has four new electric vehicles. Efforts will continue to reduce the town's reliance on fossil fuels as well as reduce costs. A 4 megawatt photovoltaic solar array at the Town's transfer station and recycling facility in Marstons Mills went on-line in FY15 as well as a 7 megawatt solar array at the Barnstable Municipal Airport. Collectively, these systems are expected to generate close to \$1 million in additional revenue annually. This new revenue source will be used to balance operating budgets as well as increase funding for the capital program.

Private Roads

The Town has a significant inventory of private roads. Many of these roads are breaking down to the point where they need major repairs. Some of these roads can be considered public roads just by the very nature of their use; especially ones that connect one public way to another public way. These roads are predominantly used by commuters and not just property abutters. The Town has created a special revenue fund which can be used to make improvements to private ways. Funding is provided from meals and rooms taxes. The FY16 capital program includes the improvements to four (4) private roads that are predominantly used by commuters.

Clean Water

This challenge involves two major pieces: expanding and constructing sewer collection systems and upgrading and maintaining existing sewer collection systems. Protecting the town's water resources is one of the most immediate issues facing the community. The Town has resurrected a Citizen's Advisory Committee which is charged with reviewing scientific and technological data associated with protecting the town's water resources. In addition, the Town's Comprehensive Financial Advisory Committee (CFAC) has reported on a financing method for funding a comprehensive water resource protection program. In

summary, their report concluded that new revenue sources would need to be created as existing town resources were inadequate for addressing this program. Some of their recommendations could be implemented while others would require special or general legislation to be passed. The Town Council adopted several measures (not necessarily CFAC's recommendations) in July 2010 to begin addressing this issue including: the establishment of a 50% betterment assessment, adoption of a local meals tax and an increase in the local room occupancy tax. This issue is also being examined on a county-wide basis to see where opportunities exist for Cape Cod communities to work collaboratively on addressing the topic. Concurrently, the town has commissioned a sewer rate study which will provide a roadmap for setting sewer utility rates at levels which will allow for the continuous upgrade and maintenance of the Town's existing sewer treatment facilities.

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. Absent of mitigation funds, it is estimated that a rate increase of 3% per year will provide a debt financed water line replacement program of \$1 million per year. A well exploration program is in place to enhance water resources and it is expected that major capital expenditures for the system will be made. Water rates will be expected to cover the cost of this capital program.

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 in excess of \$100 million dollars of general fund capital needs over the next 5 years not including a comprehensive sewer expansion or private road repair program. This is more than what the town can provide. It is estimated that it will take 10 years to fund all of the projects submitted for FY16.

Infrastructure Maintenance

Town and school infrastructure is aging. Adequate funds need to be directed to the annual maintenance and improvement of these assets. When budgets are constricted, this is one of the first reductions made. The town must continue to find ways to augment currently allocated funds to the maintenance of infrastructure 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 have allowed for the reduction of the School Department's physical plant reducing the cost of this program. The former Grade 5 building was closed and sold for \$3 million. Osterville Bay Elementary School was closed at the end of the 07-08 school year. Cotuit, Marstons Mills and Osterville Elementary schools were closed after the 08-09 school year. Any lease income generated from these facilities can be used towards maintaining their condition. The \$3 million from the sale of the former Grade 5 building has been used for upgrading the HVAC system at the Barnstable Community Horace Mann Charter Public School (BCHMCPS - formerly known

as Hyannis East), technology upgrades system-wide, and replacement of the track and field at the high school.

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 and another \$337,000 in FY10. The challenge will be to implement this as part of the School Department's annual operating budget. The Information Technology Division within the municipal operations budget has a financial plan that includes \$105,000 annually for hardware and software upgrades and the Police Department receives \$32,000. The FY16 Capital Program provides additional resources for the School Department.

Special Education

The largest component within this section of the School Department budget is the cost for out-of-district residential placement services. These services can fluctuate immensely from year to year depending upon the number of students enrolled and the type of services required. One new student could easily add over \$100,000 of costs to the School Department's budget. 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 MGL CH70 and in accordance with the Department of Elementary and Secondary Education. In recent years, the reimbursement rate was as high as 75%. For FY15, the rate is approximately 70%. Even with no changes in enrollment, a cut in the reimbursement rate can have a significant impact on a school district's budget.

Net School Spending Requirements

The Town is subject to one mandated spending requirement every year. The Commonwealth's school finance statute, Chapter 70 of the General Laws, establishes an annual "net school spending" requirement for each Massachusetts school district. Failure to comply with this requirement may result in non-approval of a municipality's tax rate, enforcement action by the Attorney General, or loss of state aid. The town has consistently complied with the state mandated spending requirements. These are minimum spending requirements and each community determines its own level of spending so long as it meets these levels. The Town exceeded the minimum spending requirement in FY14 by nearly \$9 million and it is anticipated the FY15 and FY16 will have similar results.

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. 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% of the operating budget, net of transfers, for extraordinary and unforeseen events. Any balance remaining is distributed between the School Department and Municipal Departments in accordance with a revenue sharing agreement. The use of the reserves is subject to Town Council approval. It may be used to balance

annual operating budgets, capital budgets or to fund one-time expenses. The town has historically been able to generate more reserves than what it has spent with the exception of FY08. This demonstrates a structurally balanced budget over the years. The generation of surplus is derived from unexpended appropriations and actual revenues out-performing budget estimates. The town must be cautious about placing an over dependency on this funding source to pay for repeated operating costs. The current balance of \$13.4 million in the savings account is distributed in accordance with the revenue sharing agreement as follows:

Municipal savings	\$3.1 million
School savings	\$4.7 million
Town Council reserve	\$5.6 million
Total	\$13.4 million

Bond Ratings

The Town continues to manage its financial affairs in a prudent manner. In FY15, 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.

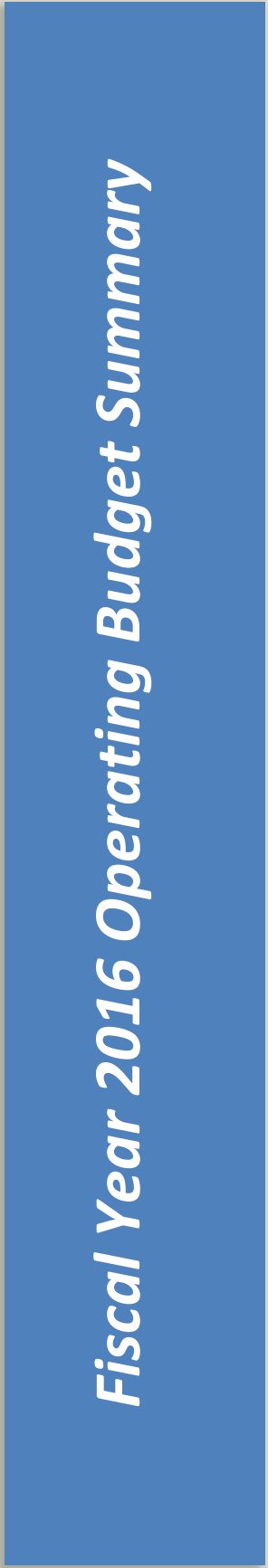
Borrowing Rates

Borrowing rates are at an all-time low for the municipal bond market. This has created an opportunity for the Town to "refund" or "refinance" most of its older bond issues. All bonds eligible for refunding have been refunded. The Town's last bond issue of \$22.9 million in January 2015 resulted in a net interest cost of 1.79% over the life of the bond. The Town could seize this opportunity, coupled with its excellent bond rating, and implement an aggressive capital improvement program that could save millions in borrowing costs but it would require a revenue source to repay the bonds such as an increase in taxes or the elimination of services.

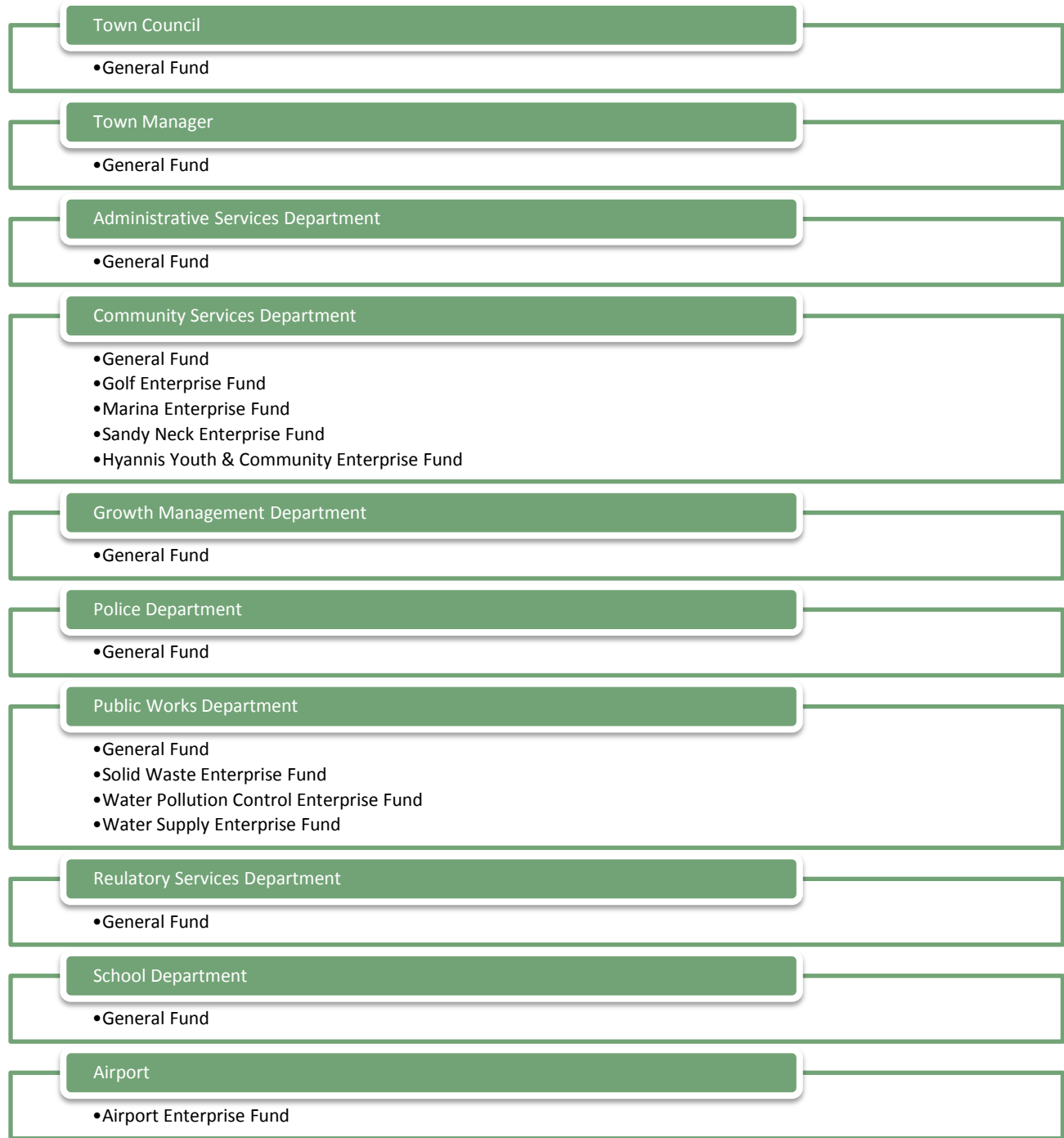
Financial Fund Structure

The Town’s financial records are organized within several different fund types. Funds requiring the annual appropriation process include the General Fund and each of the eight Enterprise Funds. All other funds are to account for certain receipts and their subsequent expenditure in accordance with Federal or State law, granting agency requirements or donor requirements. All capital program appropriations are accounted for within the Capital Projects Fund. The following list includes all fund types utilized by the Town with a brief description for each one.

<p>General Fund Requires annual appropriation by Town Council</p>	<p>This is the main operating fund of the town and is part of the annual budget process. All resources are credited to this fund unless they are specifically required to go elsewhere. This is where all property taxes are credited and a majority of town services are provided from including Education, Police and Public Works.</p>
<p>Special Revenue Funds These funds are not required to be part of the annual budget process</p>	<p>Revolving Funds - Fees charged for certain services which cover cost of service. Receipts Reserved for Appropriation - Fees requiring Town Council appropriation in order to be spent. These are used to balance the General Fund budget and include items such as Embarkation fees and Bismore parking receipts.</p> <p>Grants (non-enterprise fund) Gifts Other Designated Revenue - Cable provider license fee</p>
<p>Capital Project Funds These funds are used to track the annual capital improvement program</p>	<p>Municipal Capital Projects School Capital Projects Enterprise Fund Capital Projects</p>
<p>Enterprise Funds Similar to the General Fund, these funds all require annual appropriation by the Town Council</p>	<p>Airport Golf Solid Waste Water Pollution Control Water Supply Marinas Sandy Neck Park Hyannis Youth & Community Center</p>
<p>Trust & Agency Funds</p>	<p>Permanent Funds Fiduciary Funds</p>



Department and Financial Fund Relationship – All Funds Requiring Annual Appropriation



All Appropriated Funds Budget Summary

Fund	FY14 Actual	Budget		\$ Change	% Change
		FY 2015	FY 2016		
General Fund	\$138,773,084	\$144,338,860	\$149,255,778	\$4,916,918	3.41%
Airport Enterprise	7,594,405	7,313,808	7,915,852	602,044	8.23%
Water Pollution Control Enterprise	4,024,979	4,410,053	4,463,158	53,105	1.20%
Water Supply Enterprise	3,588,061	4,021,468	4,389,768	368,300	9.16%
Solid Waste Enterprise	2,989,538	3,077,550	3,362,811	285,261	9.27%
Golf Enterprise	2,872,371	3,036,657	3,242,906	206,249	6.79%
HYCC Enterprise	2,979,209	3,172,059	3,185,270	13,211	0.42%
Marina Enterprise	626,500	684,713	873,731	189,018	27.61%
Sandy Neck Enterprise	730,358	835,195	865,717	30,522	3.65%
Total All Budgeted Funds	\$164,178,504	\$170,890,363	\$177,554,990	\$6,664,627	3.90%

Full-time Equivalent Employees

1254.39	1282.66	1290.76	8.10
---------	---------	---------	------

The total proposed FY16 operating budgets for the Town of Barnstable's appropriated funds is \$177,554,990. This is an increase over the FY15 budget of \$6,664,627 or 3.9%. 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 budget increase includes 8.1 new full-time equivalent positions; 6.4 in the General Fund and 0.7 for all of the Enterprise 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.

The General Fund budget is increasing \$4,916,918 in FY16. Municipal operations are increasing \$2,157,566. This includes the snow removal deficit incurred in FY15 that must be added to the FY16 budget. Excluding the FY15 snow removal deficit the municipal budgets will increase \$1,465,633 or 4.4%. The local school operations are increasing \$2,179,891 and fixed costs are decreasing \$212,621. Major factors contributing to the increase in the overall budget are contractual labor obligations, an increase of 3.8 full-time equivalents in the local school operations, the addition of two (2) sworn officers in the Police Department, wage increases for seasonal employees to bring them up to the new minimum wage rates, a new field maintenance crew for the Public Works Department, an increase in operating capital for the municipal operations, a large snow removal cost incurred in FY15 that must be budgeted in FY16 and increases in employee benefits.

The increase in the Airport Enterprise Fund budget is principally due to contractual labor obligations; employee benefit costs increases, electricity cost increases and an increase in the amount budgeted for jet fuel purchase as sales volumes are on the rise.

The increase in the Water Pollution Control Enterprise Fund budget is due to the increase in personnel costs including labor contracts and employee benefits.

The Water Enterprise Fund budget is changing primarily due to an increase in the management contract for operating the system and additional funds to purchase water from the Town of Yarmouth if needed.

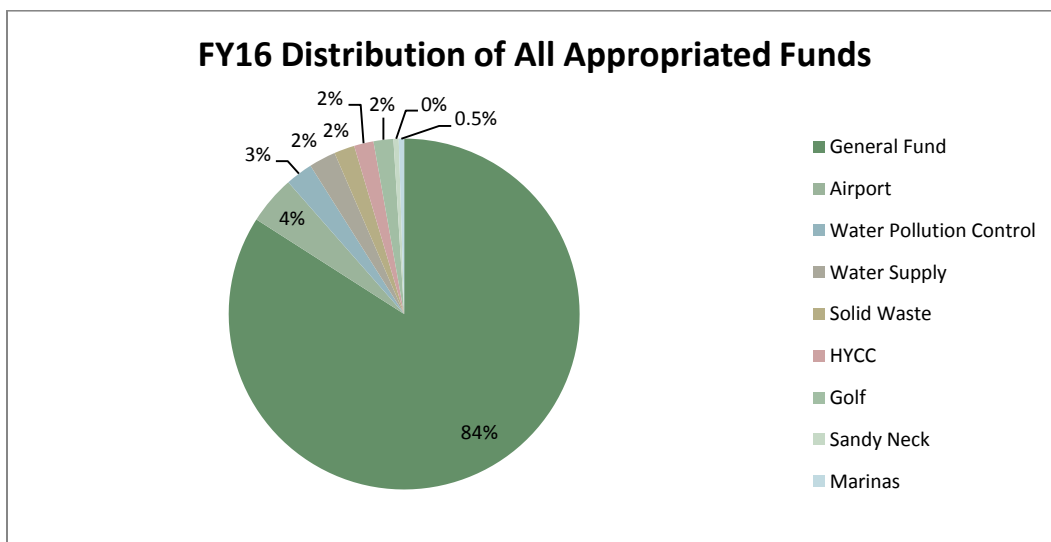
The Solid Waste Enterprise Fund budget is increasing mainly due a new contract for the disposal of trash that went into effect on January 1, 2015. FY16 will include twelve (12) months at the new tipping fee compared to FY15 which included six (6) months at the new rate.

The HYCC Enterprise Fund is increasing due to seasonal wage increases and additional funds for expanding the seasonal workforce.

The increase in the Golf Course Enterprise Fund is primarily due to one additional full-time employee and additional operating expenses for the maintenance of the two courses.

The Sandy Neck Enterprise Fund is increasing due to contractual labor obligations, seasonal employee wage increases, additional funds for the purchase of merchandise for resale, and additional funds for tools and equipment.

The Marina Enterprise Fund is increasing due to increases in labor costs and benefits and a reimbursement to the General Fund for replacing the piles in Barnstable Harbor in FY15.



The General Fund comprises 84% of all spending for the funds requiring annual appropriation. The Airport is the largest enterprise fund and comprises 4% of all spending.

Position Summary for All Appropriated Funds

DEPARTMENT	FY 07 FTE's	FY 08 FTE's	FY 09 FTE's	FY 10 FTE's	FY 11 FTE's	FY 12 FTE's	FY 13 FTE's	FY 14 FTE's	FY 15 FTE's	FY 16 FTE's	Chg
Town Council	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.40	(0.60)
Town Manager	5.00	5.00	5.00	4.50	4.50	4.50	4.50	4.50	4.50	4.50	-
Administrative Services	75.50	75.25	73.25	70.90	70.80	70.80	70.80	71.00	70.35	70.35	-
Finance	37.00	37.00	37.00	36.75	36.75	36.75	36.75	36.75	38.10	38.10	-
Town Collector	7.00	7.00	6.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	-
Town Clerk	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	-
Legal	4.75	4.75	4.75	4.65	4.55	4.55	4.55	4.75	4.75	4.75	-
Human Resources	8.25	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	-
Information Technology	13.00	13.00	12.00	11.00	11.00	11.00	11.00	11.00	10.00	10.00	-
Community Services	50.37	51.37	52.79	56.53	54.66	53.20	53.15	53.95	55.90	57.30	1.40
Recreation	9.71	9.71	11.13	7.35	7.35	8.30	7.70	7.70	7.42	7.42	-
Golf Enterprise Fund	18.00	19.00	19.00	18.35	15.85	15.85	15.75	15.75	15.75	16.75	1.00
Senior Services	8.21	8.21	8.21	8.21	7.61	6.35	6.35	6.35	6.33	6.53	0.20
Marine & Environmental Affairs	10.30	10.30	10.30	10.20	10.20	9.65	9.65	10.45	10.70	10.70	-
Marina Enterprise Fund	1.40	1.40	1.40	1.45	1.45	1.45	1.45	1.45	1.45	1.65	0.20
Sandy Neck Enterprise Fund	2.75	2.75	2.75	2.70	2.70	2.70	2.75	2.75	3.75	3.75	-
HYCC Enterprise Fund	0.00	0.00	0.00	8.27	9.50	8.90	9.50	9.50	10.50	10.50	-
Growth Management	15.55	14.15	14.15	13.00	12.35	11.50	11.50	12.00	11.50	11.50	-
Administration	0.00	0.00	0.00	0.00	2.50	2.50	2.50	3.00	2.50	2.50	-
Regulatory Review	8.50	7.00	7.00	7.00	3.35	3.00	3.50	3.50	3.50	3.50	-
Comprehensive Planning	3.50	3.50	3.50	2.50	2.00	1.50	1.00	1.00	1.00	1.00	-
Economic Development	0.65	0.65	0.65	0.65	1.65	1.65	1.65	2.15	2.15	2.15	-
Community Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
Property Management	0.90	1.00	1.00	0.85	0.85	0.85	0.85	0.35	0.35	0.35	-
Traffic & Parking Management	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
Police	139.48	139.48	137.48	126.26	126.26	124.26	125.76	125.76	130.76	132.76	2.00
Administrative & Investigative Services	37.58	37.58	37.58	35.50	34.00	33.50	35.00	34.00	35.00	35.00	-
Field Services	101.90	101.90	99.90	90.76	92.26	90.76	90.76	91.76	95.76	97.76	2.00

DEPARTMENT	FY 07 FTE's	FY 08 FTE's	FY 09 FTE's	FY 10 FTE's	FY 11 FTE's	FY 12 FTE's	FY 13 FTE's	FY 14 FTE's	FY 15 FTE's	FY 16 FTE's	Chg
Public Works	119.50	119.50	120.50	115.50	115.50	115.75	116.35	116.35	118.33	120.33	2.00
Administration & Tech Support	15.00	15.00	16.00	16.00	15.50	15.50	12.95	12.95	12.93	12.93	-
Highway	39.50	39.50	39.50	35.50	35.50	35.50	35.50	35.50	37.50	37.50	-
Structures & Grounds	34.80	34.80	34.80	33.80	33.80	33.80	34.10	34.10	34.10	35.10	1.00
Solid Waste Enterprise Fund	15.10	15.10	15.10	15.10	15.10	15.10	15.75	15.75	15.75	16.75	1.00
Water Pollution Control Enterprise Fund	14.10	14.10	14.10	14.10	14.10	14.10	15.15	15.15	15.15	15.15	-
Water Supply Enterprise Fund	1.00	1.00	1.00	1.00	1.50	1.75	2.90	2.90	2.90	2.90	-
Regulatory Services	31.66	31.66	34.65	33.15	31.25	32.40	33.60	34.10	33.48	33.48	-
Building & Zoning	12.50	12.50	12.50	11.50	12.15	12.50	12.50	12.50	12.00	12.00	-
Conservation	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	-
Consumer Affairs	6.00	6.00	6.50	6.50	3.95	4.50	5.20	5.20	5.10	5.10	-
Health	9.16	9.16	11.65	11.15	11.15	11.40	11.90	12.40	12.38	12.38	-
Airport Enterprise Fund	26.40	26.40	26.40	26.40	25.00	24.60	25.30	25.50	25.50	25.00	(0.50)
SUBTOTAL GENERAL FUND	386.71	385.06	386.47	360.87	357.12	354.56	354.41	356.41	361.56	364.16	2.60
SUBTOTAL ENTERPRISE FUNDS	78.75	79.75	79.75	87.37	85.20	84.45	88.55	88.75	90.75	92.45	1.70
TOTAL MUNICIPAL OPERATIONS	465.46	464.81	466.22	448.24	442.32	439.01	442.96	445.16	452.31	456.61	4.30
Schools	911.30	903.54	891.38	811.58	812.58	813.03	815.53	809.23	830.35	834.15	3.80
Administration (restated for school consolidation)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00	6.80	(0.20)
Instructional Services	774.05	763.16	751.00	686.20	686.20	686.03	638.90	634.60	654.72	679.40	24.68
Health Services	14.00	16.50	16.50	16.50	16.50	14.90	14.93	13.93	13.93	15.00	1.07
Transportation	24.00	23.00	23.00	21.00	21.00	21.00	24.00	24.00	24.00	26.00	2.00
Food Services	15.25	14.38	14.38	13.38	13.38	15.00	13.00	13.00	13.00	1.00	(12.00)
Athletics	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	-
Other Student Services	6.00	6.00	6.00	6.60	7.60	7.60	48.46	46.46	46.46	37.60	(8.86)
Maintenance of Plant	62.00	63.50	63.50	51.90	51.90	52.50	59.24	59.24	59.24	53.95	(5.29)
Network & Technology	8.00	8.00	8.00	7.00	7.00	7.00	8.00	9.00	9.00	11.40	2.40
TOTAL ALL DEPARTMENTS	1376.76	1368.35	1357.60	1259.82	1254.90	1252.04	1258.49	1254.39	1282.66	1290.76	8.10

Total full-time equivalents are increasing by 7.1 positions; 3.8 in the School operations and 3.3 for the Municipal operations. The School Department is adding over 20 positions to address the MTSS schedules and other programming changes. This is offset by reductions to positions in other areas most notably Food Service which is now contracted out.

Change in Fund Balance – All Appropriated Funds

Fund	Beginning	FY 2016		Ending	Dollar Change	Percentage Change
	Fund Balance	Resources	Expenditures	Fund Balance		
General Fund	\$19,346,286	\$145,207,618	\$149,255,778	\$15,298,126	(\$4,048,160)	-20.9%
Airport Enterprise Fund	75,727,221	13,338,202	13,827,852	75,237,571	(489,650)	-0.6%
Golf Enterprise Fund	10,696,132	3,556,906	3,556,906	10,696,132	-	0.0%
Solid Waste Enterprise Fund	4,819,725	2,751,900	3,842,811	3,728,814	(1,090,911)	-22.6%
Water Pollution Control Enterprise Fund	46,844,820	5,463,158	5,747,658	46,560,320	(284,500)	-0.6%
Water Enterprise Fund	16,075,535	5,904,768	6,254,768	15,725,535	(350,000)	-2.2%
Marina Enterprise Fund	4,724,802	1,711,731	1,881,731	4,554,802	(170,000)	-3.6%
Sandy Neck Enterprise Fund	890,091	815,717	865,717	840,091	(50,000)	-5.6%
HYCC Enterprise Fund	10,541,315	3,060,270	3,185,270	10,416,315	(125,000)	-1.2%
Totals	\$189,665,927	\$181,810,270	\$188,418,490	\$183,057,706	(\$6,608,220)	-3.5%

In the General Fund a total of \$4,048,160 of fund balance, or surplus, will be used to fund the operating budget. This will still leave a healthy fund balance of over \$15 million which represents over 10% of General Fund expenditures. Additionally, the FY15 budget is trending very favorably and is expected to generate in excess of \$2 million of surplus which will increase fund balance at the close out of the fiscal year. The surplus will be used to finance the following costs:

- \$2,711,000 for FY15 snow removal costs that exceeded the FY15 budget
- \$32,000 in overlay deficits for tax refunds issued on the FY09 and FY10 tax levy years
- \$585,000 for health insurance mitigation for employees
- \$200,000 for retiree sick leave buyback
- \$300,000 for the Town's self-insured unemployment expense
- \$220,160 for the local school's operating budget

With the exception of the \$220,160 used for the local school operations, these costs are not expected to be repeated with any certainty. Snow removal costs are dependent upon the weather and FY15 was an extraordinary, recording-breaking year for the Town. There are no more outstanding Appellate Tax Board cases for the FY09 and FY10 tax levy years. FY16 is the final year of a three year agreement to use reserves to mitigate increases in co-pays and deductibles for employee health insurance. The Police Department has several superior officers retiring in FY16 who will receive a sick leave buyback payment in accordance with the labor contract and the Town has always used reserves to fund its self-insured unemployment insurance program.

The airport will use \$489,650 of its fund balance, or reserves, to pay for a portion of the FY16 capital program. No reserves are used for recurring operating costs. Additionally, the airport's FY15 budget is trending favorably and most of the reserves used to balance the FY16 budget should be replenished at the close out of FY15.

The Solid Waste Enterprise Fund will use \$1,090,911 of its reserves to balance its FY16 operating budget and capital program. \$480,000 is being used to finance the capital program and \$610,911 is used to balance the operating budget. The amount used for the operating budget will cover the debt service on the landfill capping loan (\$325,000) and \$285,911 is used for fee mitigation. The residential transfer station stickers were increased in FY15 from \$160 to \$210 to offset a portion of the increased costs in tipping fees. Another rate hike is anticipated for FY17 and a modest amount of surplus will be used in FY16 to avoid another rate hike for a year. The surplus includes an amount that has been set aside to pay for the landfill capping loan which expires in FY19.

The Water Pollution Control Enterprise Fund will use \$284,500 of reserves to finance the FY16 capital program. These are one-time expenses and the amount is immaterial in relation to the reserve balance.

The Water Enterprise Fund will use \$350,000 of reserves to balance its FY16 capital program. The FY15 budget is tracking favorably and an amount greater than this is expected to be generated in surplus which will increase the fund's reserve balance at the close of FY15.

The Sandy Neck Enterprise Fund will use \$50,000 of surplus for a sand nourishment program, but only if needed. This is a placeholder in case the soft solution proposed in its FY16 capital program does not get implemented and the beach incurs storm damage similar to last year.

Finally, the HYCC will use \$125,000 of surplus to balance its FY16 operating budget. FY16 revenue estimates are projected to be less than what the facility needs to operate. This has been an on-going challenge and the FY17 General Fund budget will need to increase its support for this operation if the revenues generated do not improve.

The State's Division of Local Services certifies the amount of surplus a community has at the beginning of each fiscal year. This is the amount a community can use to balance its operating and capital budgets if they choose to do so. A five year summary of the certified amounts for the General Fund and each enterprise fund as illustrated below.

	<u>July 1, 2010</u>	<u>July 1, 2011</u>	<u>July 1, 2012</u>	<u>July 1, 2013</u>	<u>July 1, 2014</u>
General Fund	\$10,746,572	\$12,320,186	\$17,272,393	\$10,602,665	\$13,370,039
Water Pollution	4,442,790	2,749,077	6,997,924	12,070,153	14,838,692
Solid Waste	2,390,996	3,460,970	3,854,114	3,428,957	4,010,757
Airport	5,321,792	6,520,729	3,211,359	2,996,203	2,563,977
Water Supply	598,879	312,442	1,944,267	2,347,933	1,827,720
Marinas	297,445	327,309	422,111	570,096	714,427
Sandy Neck	377,556	500,177	645,858	611,448	569,512
Golf	23,355	70,879	414,712	387,901	500,742
HYCC	125,728	130,526	141,734	222,277	313,525
Total	<u>\$24,325,113</u>	<u>\$26,392,295</u>	<u>\$34,904,472</u>	<u>\$33,237,633</u>	<u>\$38,709,391</u>

Consolidated Resource/Appropriation Summary

	GENERAL FUND FY 16 BUDGET	AIRPORT FUND FY 16 BUDGET	GOLF FUND FY 16 BUDGET	SOLID WASTE FUND FY 16 BUDGET	SEWER FUND FY 16 BUDGET	WATER SUPPLY FUND FY 16 BUDGET	MARINA FUND FY 16 BUDGET
RESOURCES:							
Property Taxes	\$ 110,479,501						
Other Taxes	8,257,864						
Intergovernmental	17,291,502	\$ 5,509,950					
Fines & Penalties	1,300,000				\$ 50,000	\$ 50,000	
Fees, Licenses, Permits	3,099,600	1,052,227				45,500	\$ 593,600
Charges for Services	1,750,000	6,725,125	\$ 3,112,180	\$ 2,653,900	4,315,000	3,978,000	7,200
Interest and Other	1,449,747	50,900	5,128	98,000	100,000	156,268	17,700
Interfund Transfers	3,329,404		125,598				85,231
Borrowing Authorizations			314,000		1,000,000	2,552,000	1,008,000
TOTAL RESOURCES	146,957,618	13,338,202	3,556,906	2,751,900	5,465,000	6,781,768	1,711,731
OPERATING EXPENDITURES:							
Town Council	250,759						
Town Manager	596,116						
Administrative Services	5,739,396						
Growth Management	904,585						
Police	13,192,241						
Regulatory Services	2,632,848						
Public Works	11,493,377			2,669,816	3,020,521	2,859,385	
Community Services	2,857,738		2,448,208				414,485
Education	71,204,182						
Airport Operations		7,384,593					
Subtotal Operations	108,871,242	7,384,593	2,448,208	2,669,816	3,020,521	2,859,385	414,485
OTHER REQUIREMENTS:							
Debt Service	8,647,981	53,600	419,100	400,500	1,012,600	1,245,000	227,900
Employee Benefits	21,439,410						
Property, Casualty & Liability Ins.	1,580,000						
State, County & Local Assessments	2,521,142						
Library & Tourism Grants	1,838,250						
Other Fixed Costs	204,000						
Reserve For Abatements & Exemptions	1,750,000						
Capital Program		5,912,000	314,000	480,000	1,284,500	2,902,000	1,008,000
Subtotal Other Requirements	37,980,783	5,965,600	733,100	880,500	2,297,100	4,147,000	1,235,900
Interfund Transfers	4,153,753	477,659	375,598	292,495	431,879	125,383	231,346
Grand Total Expenditures	151,005,778	13,827,852	3,556,906	3,842,811	5,749,500	7,131,768	1,881,731
Excess (Deficiency) Cash Basis	(4,048,160)	(489,650)	-	(1,090,911)	(284,500)	(350,000)	(170,000)
Beginning Fund Balance	19,346,286	75,727,221	10,696,132	4,819,725	46,844,820	16,075,535	4,724,802
Ending Fund Balance	\$ 15,298,127	\$ 75,237,571	\$ 10,696,132	\$ 3,728,814	\$ 46,560,320	\$ 15,725,535	\$ 4,554,802

Consolidated Resource/Appropriation Summary

	SANDY NECK FUND FY 16 BUDGET	HYCC FUND FY 16 BUDGET	CAPITAL PROJECTS FUND	TOTAL FY 16 BUDGET	TOTAL FY 15 BUDGET	CHANGE FY15 - 16
RESOURCES:						
Property Taxes				\$ 110,479,501	\$ 106,676,485	\$ 3,803,016
Other Taxes				8,257,864	7,287,967	969,897
Intergovernmental			\$ 2,000,000	24,801,452	19,989,427	4,812,025
Fines & Penalties				1,400,000	1,288,500	111,500
Fees, Licenses, Permits	\$ 511,347	299,000		5,601,274	5,051,754	549,520
Charges for Services	227,370	735,450		23,504,225	22,607,288	896,937
Interest and Other	77,000	141,000		2,095,743	1,643,050	452,693
Interfund Transfers		1,884,820	3,829,832	9,254,885	10,386,624	(1,131,739)
Borrowing Authorizations	352,000		10,839,000	16,065,000	6,819,500	9,245,500
TOTAL RESOURCES	1,167,717	3,060,270	16,668,832	201,459,944	181,750,595	19,709,349
OPERATING EXPENDITURES:						
Town Council				250,759	281,251	(30,492)
Town Manager				596,116	579,800	16,316
Administrative Services				5,739,396	5,490,179	249,218
Growth Management				904,585	859,897	44,688
Police				13,192,241	12,441,808	750,433
Regulatory Services				2,632,848	2,536,326	96,522
Public Works				20,043,099	18,266,856	1,776,242
Community Services	696,124	1,611,198		8,027,752	7,636,968	390,784
Education				71,204,182	68,232,209	2,971,973
Airport Operations				7,384,593	7,313,808	70,785
Subtotal Operations	696,124	1,611,198	-	129,975,571	123,639,102	6,336,469
OTHER REQUIREMENTS:						
Debt Service	95,481	1,291,400		13,393,562	13,690,086	(296,524)
Employee Benefits				21,439,410	20,916,506	522,904
Property, Casualty & Liability Ins.				1,580,000	1,570,000	10,000
State, County & Local Assessments				2,521,142	2,499,989	21,153
Library & Tourism Grants				1,838,250	1,794,753	43,497
Other Fixed Costs				204,000	176,924	27,076
Reserve For Abatements & Exemptions				1,750,000	1,869,334	(119,334)
Capital Program	352,000		17,163,700	29,416,200	16,661,735	12,754,465
Subtotal Other Requirements	447,481	1,291,400	17,163,700	72,142,564	59,179,327	12,963,237
Interfund Transfers	74,112	282,672	-	6,444,897	6,976,744	(531,847)
Grand Total Expenditures	1,217,717	3,185,270	17,163,700	208,563,032	189,795,173	18,767,859
Excess (Deficiency) Cash Basis	(50,000)	(125,000)	(494,868)	(7,103,088)	(8,044,578)	941,490
Beginning Fund Balance	890,091	10,541,315	10,351,734	200,017,661	208,061,239	(8,043,578)
Ending Fund Balance	\$ 840,091	\$ 10,416,315	\$ 9,856,866	\$ 192,914,573	\$ 200,016,661	\$ (7,102,088)

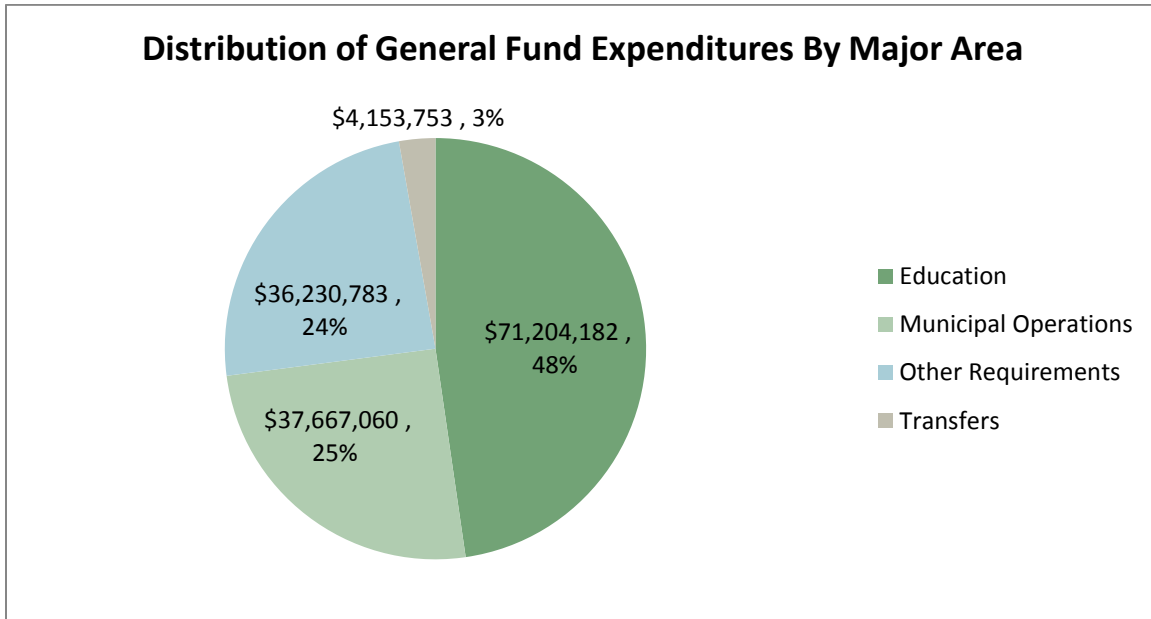
In addition to the \$6,608,220 of surplus used in the General Fund and Enterprise Funds a total of \$494,868 of capital project funds left over from completed projects will be reprogrammed to fund the FY16 capital program. This results in fund balance declining \$7,103,088 as illustrated above.

General Fund Budget Summary

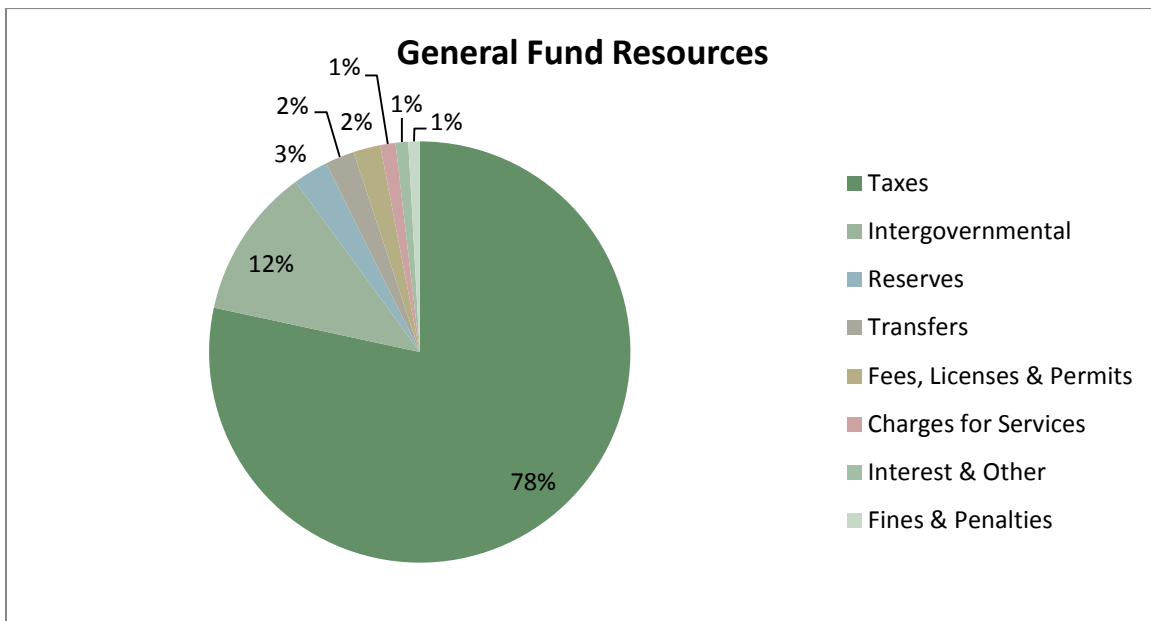
<u>Expenditure Category</u>	Actual FY 2014	Approved FY 2015	Projected FY 2015	Proposed FY 2016	Change FY15 - 16	Percent Change
Municipal Operations	\$ 33,515,686	\$ 35,509,494	\$ 35,698,963	\$ 37,667,060	\$ 2,157,566	6.08%
School Operations	66,564,449	68,232,209	67,901,642	71,204,182	2,971,973	4.36%
Fixed Costs Excluding Transfers	33,454,700	35,637,225	35,414,017	36,230,783	593,558	1.67%
Transfers	5,238,250	4,959,932	4,959,932	4,153,753	(806,179)	-16.25%
Total Appropriation	138,773,084	144,338,860	143,974,554	149,255,778	4,916,918	3.41%
Full-time Equivalent Employees	1156.14	1191.91		1198.31	6.40	
Source of Funding						
Taxes	111,353,971	112,095,117	113,085,320	116,987,365	4,892,248	4.36%
Intergovernmental	18,261,926	17,744,627	17,744,896	17,291,502	(453,125)	-2.55%
Fines & Penalties	1,499,805	1,158,500	1,333,641	1,300,000	141,500	12.21%
Fees, Licenses, Permits	3,456,373	2,993,355	3,370,244	3,099,600	106,245	3.55%
Charges for Services	1,827,184	1,740,160	1,843,648	1,750,000	9,840	0.57%
Interest and Other	2,078,807	1,012,650	1,914,210	1,449,747	437,097	43.16%
Special Revenue Funds	649,247	610,376	610,376	640,053	29,677	4.86%
Enterprise Funds	2,171,377	2,371,386	2,371,386	2,409,351	37,965	1.60%
Trust Funds	300,000	290,000	290,000	280,000	(10,000)	-3.45%
Total Sources	141,598,690	140,016,171	142,563,720	145,207,618	\$ 5,191,447	3.71%
Excess (Deficiency)	2,825,605	(4,322,689)	(1,410,834)	(4,048,160)	\$ (274,529)	-6.35%
Beginning Fund Balance	17,931,515	\$ 20,757,120	\$ 20,757,120	\$ 19,346,286		
Ending Fund Balance (cash basis)	\$ 20,757,120	\$ 16,434,431	\$ 19,346,286	\$ 15,298,126		

The total General Fund budget for FY16 is increasing \$4,916,918 over the FY15 amount, or 3.4%. New positions equaling 6.4 full-time equivalents are included in the budget. The Municipal Operations budget increase of \$2,157,566 includes a \$692,000 increase in the amount spent on snow removal by Public Works over the previous year; a significant portion of the budget increase. Removing this expense from the Municipal Operations budget results in a 4.4% budget increase; an amount similar to the School Operations. The School Operations includes the local school district, the Regional School District assessment, Commonwealth Charter School assessments and School Choice assessments. The local school system budget is increasing 3.5% or \$2,179,891.

Total resources used to balance the budget are increasing \$5,191,447 which results in a reduction of \$274,529 in reserves used to balance the budget. A majority on the increase in resources (94%) are from taxes which includes property, motor vehicle and boat excise and hotel/motel excise tax.



Education is the largest cost area for the General Fund accounting for 48% of all expenditures. Transfers include amounts allocated to the Capital Trust Fund for future capital improvements and support provided to the Golf Course and HYCC Enterprise Funds.



Taxes include property, motor vehicle and boat excise as well as local hotel/motel rooms tax. These funding sources provide 78% of the funding for all of the general fund operations. Intergovernmental revenue provides 12% of the funding with local receipts making up the balance of 10%.

School Operations Changes:

Category	Amount	FTE	Description
Contractual Salary Obligations	\$1,135,176		Costs associated with employee collective bargaining agreements.
Kindergarten Grant	160,466		Projected elimination of state funding that has been used to employ part-time Teacher Assistants in Kindergarten classrooms. This allocation will move all Kindergarten Assistants from the grant budget into the general fund.
MTSS Schedule	241,090	3.90	Funds allocated to the hiring and reorganization of specialist teachers in the K-5 grades, enabling concentrated blocks of instruction and the delivery of enhanced Tier 1 & 2 intervention supports.
Preschool Programming	218,908	3.90	Funds allocated for the additional staff members needed due to the expansion of the Early Learning Center.
Programming Changes	174,880	4.40	Funding allocated for departmental programming changes and increasing needs at different grade levels.
Reduction in Positions	(508,764)	(8.40)	Salary reductions are due to changes in class schedules, student course selections, and faculty retirements.
Instructional Equipment & Text	400,700		Includes funding for the purchasing of new instructional and athletic equipment, curriculum materials, and the replacement of outdated textbooks.
BCHMCPS	113,726		Includes funding for the Kindergarten Grant elimination and annual increase from FY15 to FY16.
Operating capital	23,520		Funding allocated for the traffic and parking upgrades at WVES in order to keep our faculty and students safe.
Non-salary Program Reductions	(52,545)		Reductions in Maintenance and System Administration programs which are not needed at this time.
Fixed Costs Increases	272,734		Costs associated with transportation, technology, and utility obligations. Includes funds for known current obligations and projected future expenses.
Increase in Local School Budget	\$2,179,891	3.80	
School assessments	792,082		Increases in Charter School and Regional School Assessments.
Total Increase in Education	\$2,971,973		

Municipal Operations Changes:

Category	Amount	FTE	Description
Contractual Salary Obligations	\$1,004,375		Costs associated with employee collective bargaining agreements.
Seasonal and hourly staff	209,380		Costs associated with the state minimum wage increases that went into effect January 1, 2015 and January 1, 2016.
Athletic field maintenance crew	85,455	1.00	A new Working Foreman supported by two seasonal laborers to increase the maintenance of municipal athletic fields. \$10,000 included for materials and supplies.
Vehicle and equipment replacements	81,360		Increased costs For Police and Public Works vehicles and equipment replacements.
Technology costs	78,250		Costs associated with support and licensing for various software utilized by the Town including new ePermitting software and a new Financial Transparency program.
Training academy	72,128		Costs associated with hiring 7 new recruits to replace sworn officers who have retired.
Consumer Affairs police officer	62,000	1.00	To replace existing officer who will support the Consumer Affairs Division's Licensing and Parking programs full-time.
Community Impact Unit police officer	62,000	1.00	One new sworn officer to complement the existing 3 members of the Community Impact Unit.
Vehicle maintenance	16,800		Costs associated with maintaining Public Works vehicle and equipment.
Employee safety	15,000		Costs associated with workplace safety evaluations and safety training.
Solid waste disposal	15,000		Costs associated with disposing municipal trash at new disposal contract rates.
Police firearms certification	14,300		Costs associated with overtime and facility rental for firearms certification.
Town Council expense allowance	13,000		Costs associated with new expense allowance approved.
Senior Center Staffing	11,277	0.20	An increase of 8 hours per week for an Outreach Worker at the Senior Center.
Arts program	10,000		Funds to enhance Growth Management's Arts Program
Sewer fees	3,000		Costs associated with sewer fee rate increases.
Assistant Harbormaster training funds	(7,700)		Costs included in the FY15 budget that will not be repeated.

Municipal Operations Changes Continued:

Natural gas	(9,000)		Reduction due to new contract rate.
Renewable energy	(12,000)		Savings from Senior Center renewable energy project
Senior service assessment	(25,000)		Costs included in the FY15 budget that will not be repeated.
Town Council staffing	(43,492)	(0.60)	Reduction of one position to 16 hours per week and the downgrade of the remaining full-time position.
Defunding for closed shooting range	(54,000)		Costs included in the FY15 budget that will not be repeated.
Fuel contracts	(136,500)		Costs savings on new 12 month contracts for gasoline and diesel fuel.
Increase in Municipal Operations	\$1,465,633	2.60	
Increase in Snow removal deficit (DPW)	691,933		Costs associated with the FY15 snow removal.
Increase in Municipal operations	\$2,157,566	2.60	

Fixed Costs Changes

Category	Amount	FTE	Description
Employee benefits	\$522,904		Costs increases mainly due to retirement and health insurance.
Reduction in debt service	(30,426)		Costs savings as retired bonds exceed the cost of new issues.
Grants	43,497		Increase in grants for libraries and tourism.
Property & casualty insurance	10,000		Increase costs associated with premiums
Assessments & other fixed costs	47,581		Increase costs associated State, County & local assessments
Transfers	(806,179)		Reduction in net transfer to the Capital Trust Fund and amounts used for the supplemental FY15 capital program.
Decrease in Fixed Costs & Transfers	(\$212,623)		

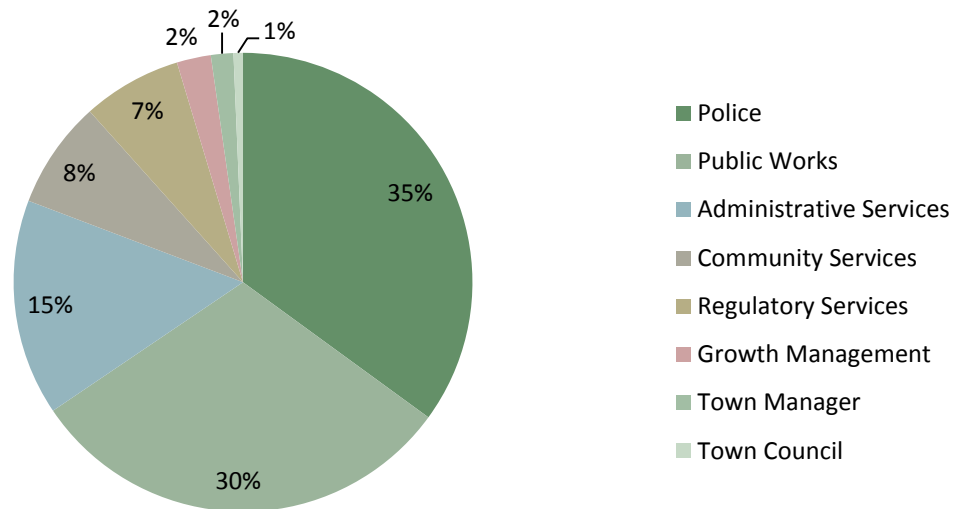
Increase in General Fund Budget	\$4,916,918
----------------------------------------	--------------------

General Fund Expenditure Summary

	ACTUAL	APPROVED	PROJECTED	PROPOSED	CHANGE FY15 - 16	
	FY 2014	FY 2015	FY 2015	FY 2016	\$	%
Municipal Operations:						
Police Department	\$ 11,645,813	\$ 12,441,808	\$ 12,399,166	\$ 13,192,241	\$ 750,433	6.03%
Public Works Department	9,858,305	10,575,029	10,904,978	11,493,377	918,348	8.68%
Administrative Services Department	5,254,413	5,490,179	5,491,503	5,739,396	249,218	4.54%
Community Services Department	2,568,789	2,745,204	2,684,428	2,857,738	112,534	4.10%
Regulatory Services Department	2,405,385	2,536,326	2,489,101	2,632,848	96,522	3.81%
Growth Management Department	956,942	859,897	857,111	904,585	44,688	5.20%
Town Manager	555,587	579,800	590,430	596,116	16,316	2.81%
Town Council	270,452	281,251	282,247	250,759	(30,492)	-10.84%
Total Municipal Operations	33,515,686	35,509,494	35,698,963	37,667,060	2,157,566	6.08%
Education:						
Local School System	60,797,528	62,070,109	61,745,792	64,250,000	2,179,891	3.51%
Regional School District	2,810,364	2,830,850	2,830,850	3,195,407	364,557	12.88%
Commonwealth Charter Schools	2,277,229	2,644,118	2,640,000	2,863,624	219,506	8.30%
School Choice	679,328	687,132	685,000	895,151	208,019	30.27%
Total Education	66,564,449	68,232,209	67,901,642	71,204,182	2,971,973	4.36%
Fixed Costs:						
Employee Benefits	18,864,474	20,916,506	20,750,655	21,439,410	522,904	2.50%
Debt Service	8,830,555	8,678,407	8,670,000	8,647,981	(30,426)	-0.35%
State & County Assessments	2,389,262	2,499,989	2,482,970	2,521,142	21,153	0.85%
Grants	1,773,948	1,794,753	1,794,753	1,838,250	43,497	2.42%
Property & Liability Insurance	1,439,324	1,570,000	1,539,715	1,580,000	10,000	0.64%
Celebrations, Rent & Other	157,137	176,924	175,924	172,000	(4,924)	-2.78%
Abatements & Exemptions Deficits	-	646	-	32,000	31,354	4853.56%
Total Other Requirements	33,454,700	35,637,225	35,414,017	36,230,783	593,558	1.67%
Total General Fund Before Transfers	133,534,834	139,378,928	139,014,622	145,102,025	5,723,097	4.11%
Transfers to Other Funds	5,238,250	4,959,932	4,959,932	4,153,753	(806,179)	-16.25%
Grand Total General Fund	\$ 138,773,084	\$ 144,338,860	\$ 143,974,554	\$ 149,255,778	\$ 4,916,918	3.41%

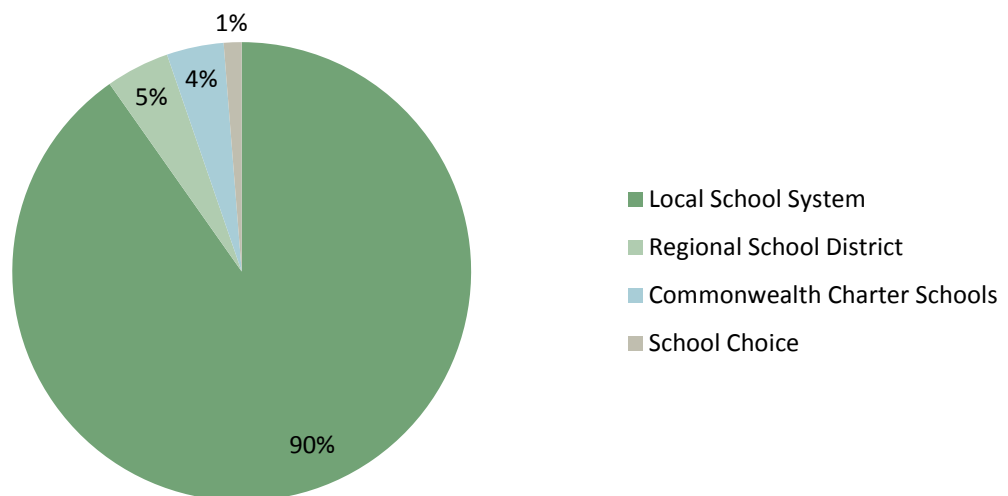
The municipal operations budget is increasing \$2,157,566 or 6.1%. This includes a \$692,000 increase in the snow removal deficit from the prior year. This is included in the Public Works budget above. Excluding the snow removal deficit from recurring operations results in an increase of \$1,465,663, or 4.4%. Total spending on education is increasing \$2,971,973 or 4.4%. Local school operations are increasing \$2,179,891 while assessments from other districts are increasing \$792,082 collectively. Fixed costs are increasing 1.7% or \$593,558 with a majority of the increase attributed to employee benefits. Transfers to other funds are declining by over \$800,000 as the FY15 budget included several transfers from reserves for grant matches and capital improvements that are not repeated in the FY16 budget.

Distribution of Municipal Operations Budget

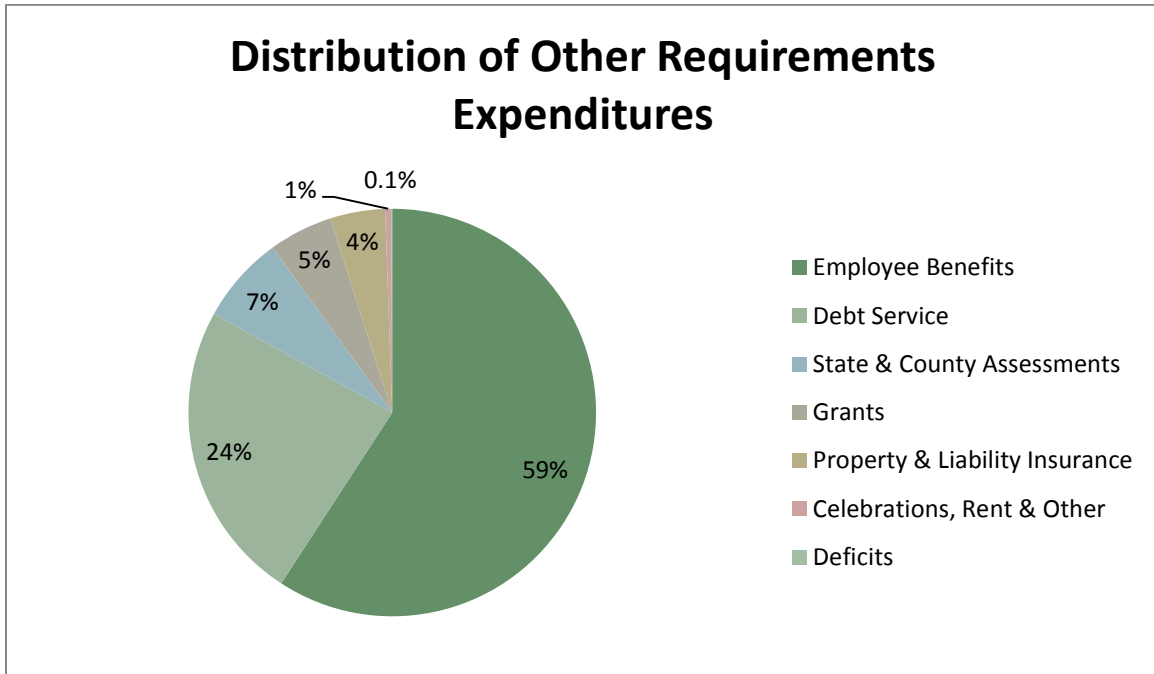


The two largest municipal operations; Police and Public Works, comprise 65% of all municipal spending. Administrative Services is the next largest area representing 15% and includes the Finance, Legal, Human Resources and Information Technology divisions.

Distribution of All Education Expenditures



The local K to 12 school system accounts for 90% of all expenditures on education. 10% of education expenditures are directed towards other districts in which Barnstable students attend.



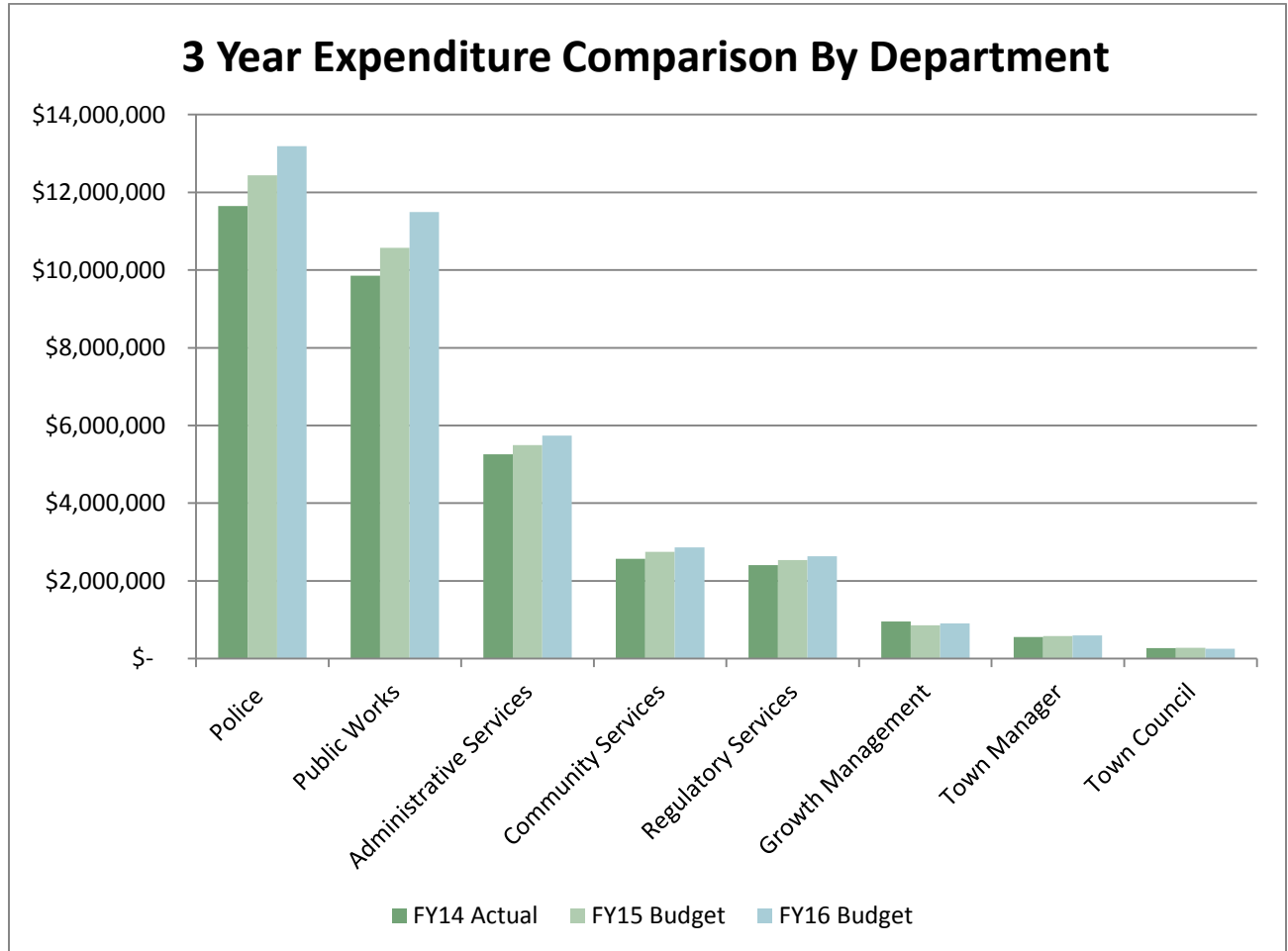
A majority of these expenditures are for debt service and employee benefits. They comprise 83% of all expenditures in this category.

Municipal Budget and Funding Source Summary

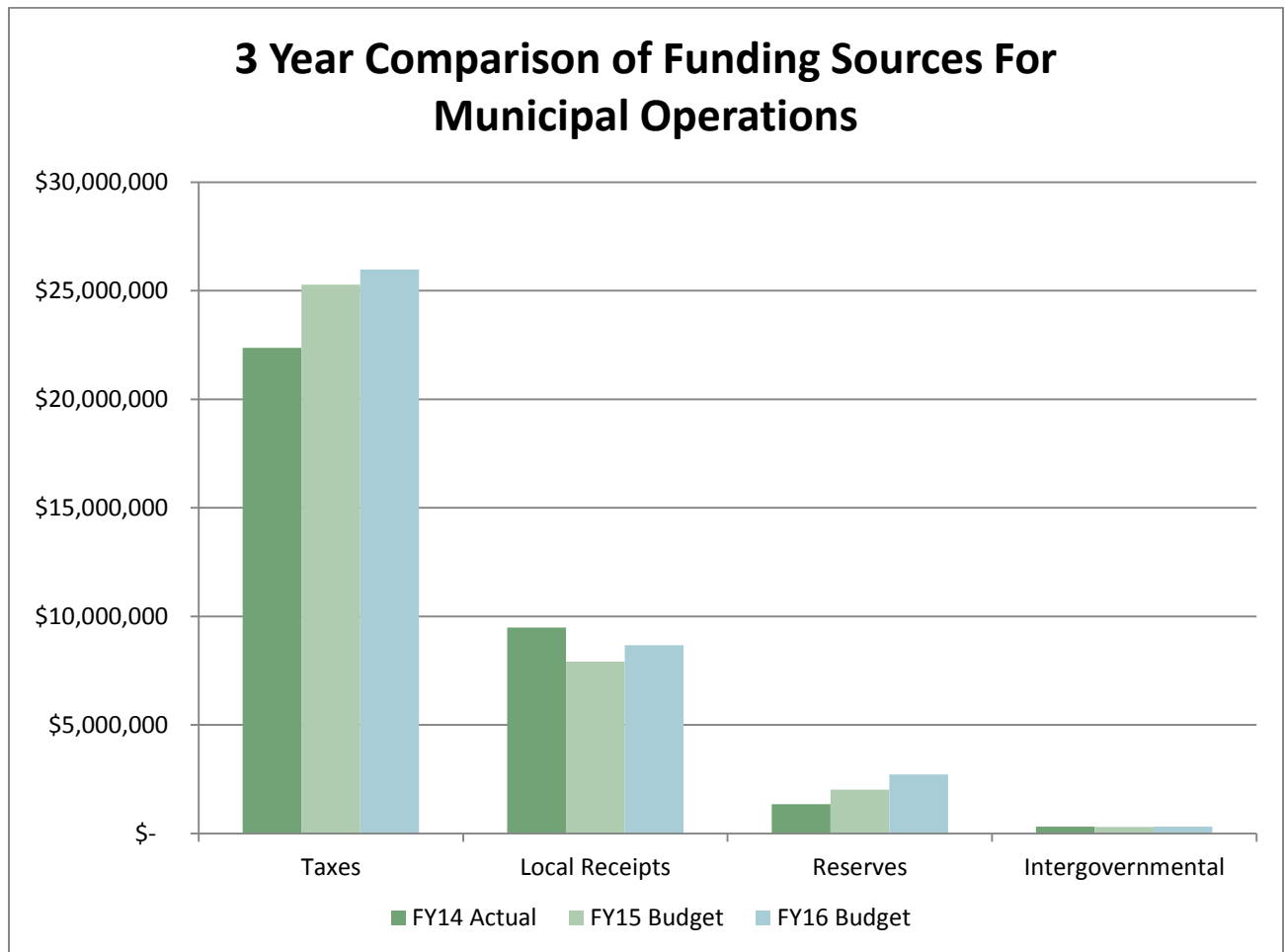
<u>Municipal Department</u>	Actual FY 2014	Approved FY 2015	Projected FY 2015	Proposed FY 2016	Change FY15 - 16	Percent Change
Police	\$ 11,645,813	\$ 12,441,808	\$ 12,399,166	\$ 13,192,241	\$ 750,433	6.03%
Public Works	9,858,305	10,575,029	10,904,978	11,493,377	918,348	8.68%
Administrative Services	5,254,413	5,490,179	5,491,503	5,739,396	249,218	4.54%
Community Services	2,568,789	2,745,204	2,684,428	2,857,738	112,534	4.10%
Regulatory Services	2,405,385	2,536,326	2,489,101	2,632,848	96,522	3.81%
Growth Management	956,942	859,897	857,111	904,585	44,688	5.20%
Town Manager	555,587	579,800	590,430	596,116	16,316	2.81%
Town Council	270,452	281,251	282,247	250,759	(30,492)	-10.84%
Total Appropriated Expenditures	33,515,686	35,509,494	35,698,963	37,667,060	2,157,566	6.08%
Employee Benefits Allocation:						
Life Insurance	2,213		2,288			
Medicare	312,687		314,297			
Health Insurance	2,033,580		2,119,749			
County Retirement	4,530,518		5,007,937			
Total Employee Benefits (1)	6,878,998		7,444,270			
Total Expenditures Including Benefits	\$ 40,394,684		\$ 43,143,234			
Full-time Equivalent Employees	347.86	352.06		354.66	2.60	
Source of Funding						
Taxes	\$ 22,364,152	\$ 25,278,471	\$ 24,032,885	\$ 25,976,741	\$ 698,270	2.76%
Intergovernmental	315,611	304,896	304,896	313,805	8,909	2.92%
Fines, Forfeitures, Penalties	1,499,805	1,158,500	1,333,641	1,300,000	141,500	12.21%
Fees, Licenses, Permits	3,031,373	2,568,355	2,945,244	2,734,600	166,245	6.47%
Charges for Services	1,827,184	1,740,160	1,843,648	1,750,000	9,840	0.57%
Interest and Other	1,826,752	1,012,650	1,792,188	1,449,600	436,950	43.15%
Special Revenue Funds	501,916	491,294	491,294	524,016	32,722	6.66%
Enterprise Funds	803,210	936,101	936,101	907,298	(28,803)	-3.08%
Reserves	1,345,683	2,019,067	2,019,067	2,711,000	691,933	34.27%
Total Sources	33,515,686	35,509,494	35,698,963	37,667,060	2,157,566	6.08%

The largest budget increase is in the Public Works Department. Of the \$918,000 budget increase, \$692,000 is attributable to the snow removal costs incurred in FY15 which is included in the FY16 budget. Communities are allowed to deficit spend for this purpose in the current year and must raise any deficit in the subsequent year. The FY15 deficit is \$2.7 million which is \$692,000 more than the FY14 deficit. The Police Department is the next largest budget increase at \$750,000. Collectively, these two departments comprise 77% of the municipal budget increase. The FY16 proposed budget includes 3.2 new full-time equivalents (FTE's); 2.0 in the Police Department, 1.0 in Public Works, and 0.2 in Community Services Department, offset by a reduction of 0.6 in the Town Council for a net increase of 2.6 FTE's.

The increase in the budget will be provided an increase in tax support of \$698,000, an increase in reserves of \$692,000, and an increase in other local receipts of \$767,000.



The Police and Public Works Departments have experienced the largest budget increases over the past three years in terms of dollar and percentage increase. Two severe winters in a row for FY14 and FY15 resulted in spending deficits for snow removal in excess of \$2 million each year. The deficits are included in the FY15 and FY16 Public Works Department budget. In the Police Department, the Town has added seven (7) new sworn officer positions to the General Fund budget. Five (5) in FY15 and two (2) are proposed for FY16.



Taxes and reserves have been used to fund the increase in the municipal department operating budgets for the past couple of years. Reserves have been used to cover the increased snow removal expenditures in the Public Works Department. Conservative budget estimates for in local receipts in FY15 and FY16 has also created more dependency on taxes to fund these operations. The conservative estimates should allow the Town to generate surplus and replenish the reserves used to cover snow removal costs.

Education Expenditures and Funding Source Summary

Expenditure Category	Actual FY 2014	Approved FY 2015	Projected FY 2015	Proposed FY 2016	Change FY15 - 16	Percent Change
Local School System	\$ 58,362,909	\$ 59,674,317	\$ 59,350,000	\$ 61,778,876	\$ 2,104,559	3.53%
Horace Mann Charter School	2,434,619	2,395,792	2,395,792	2,471,124	75,332	3.14%
Regional School District Assessment	2,810,364	2,830,850	2,830,850	3,195,407	364,557	12.88%
Commonwealth Charter School Assessment	2,277,229	2,644,118	2,640,000	2,863,624	219,506	8.30%
School Choice Assessment	679,328	687,132	685,000	895,151	208,019	30.27%
Total Appropriation	\$ 66,564,449	\$ 68,232,209	\$ 67,901,642	\$ 71,204,182	\$ 2,971,973	4.36%

Employee Benefits Allocation:

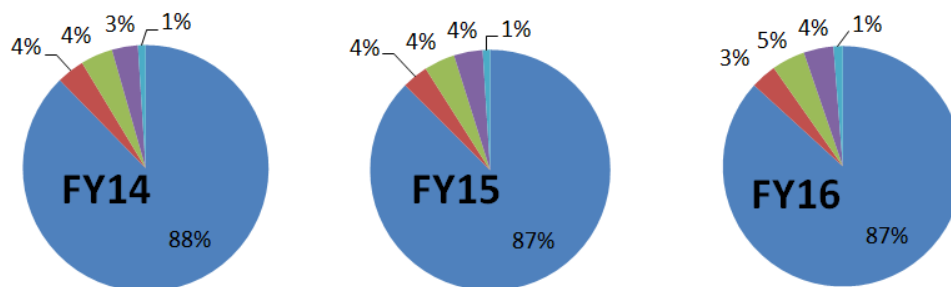
Life Insurance	4,523		7,712	
Medicare	629,792		645,703	
Health Insurance	3,731,448		4,290,569	
County Retirement	1,921,731		1,649,482	
Total Employee Benefits (1)	6,287,494		6,593,467	

Total Expenditures Including Benefits **\$ 72,851,943** **\$ 74,495,109**

Full-time Equivalent Employees **809.23** **830.35** **834.15** **3.80**

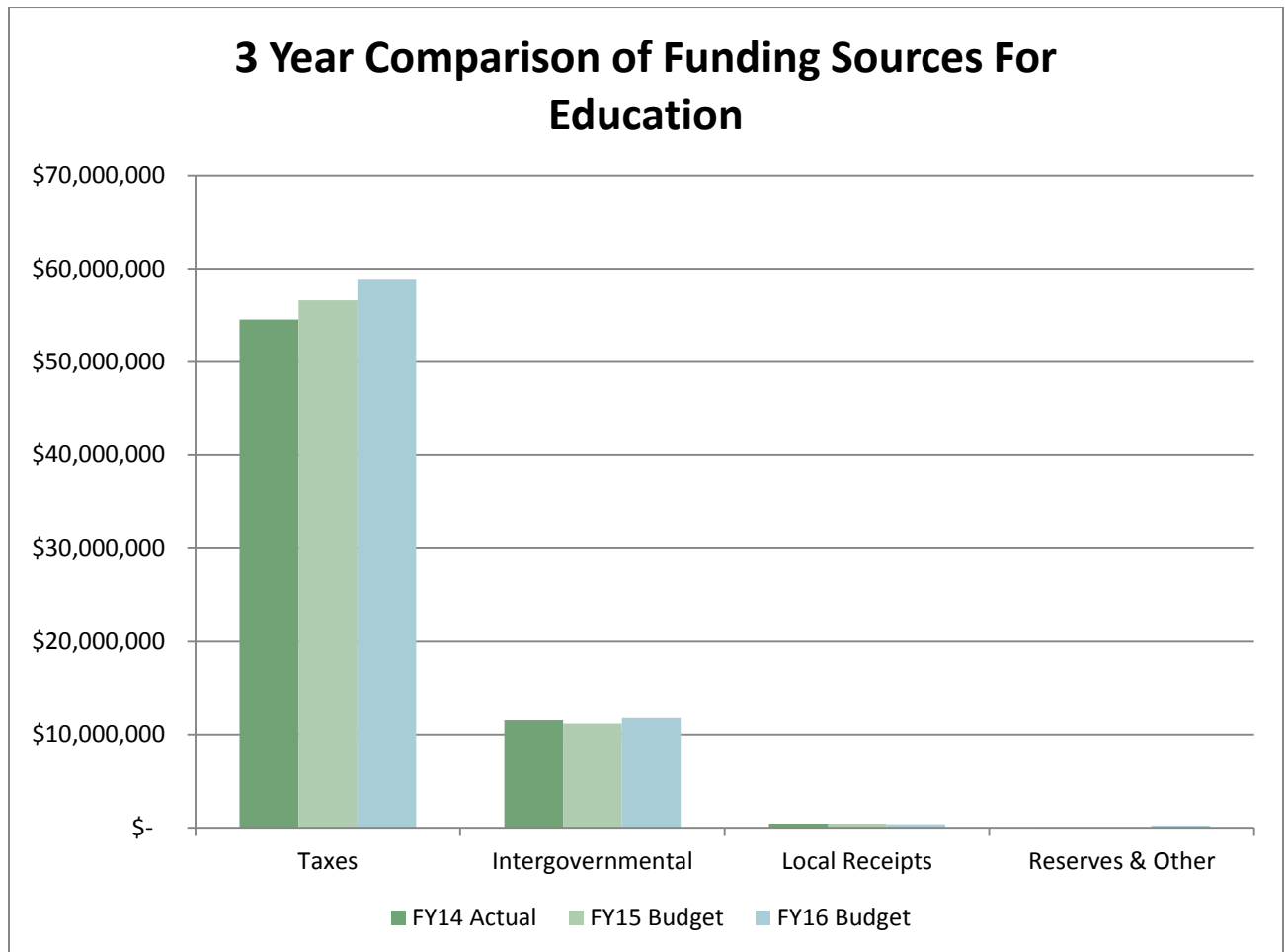
Source of Funding

Taxes	\$ 54,561,222	\$ 56,614,536	\$ 55,706,329	\$ 58,821,958	\$ 2,207,422	3.90%
Intergovernmental	11,558,976	11,192,673	11,770,313	11,797,064	604,391	5.40%
Fees, Licenses, Permits	425,000	425,000	425,000	365,000	(60,000)	-14.12%
Interest and Other	19,251	-	-	-	-	0.00%
Reserves	-	-	-	220,160	220,160	0.00%
Total Sources	\$ 66,564,449	\$ 68,232,209	\$ 67,901,642	\$ 71,204,182	\$ 2,971,973	4.36%



- Local School System
- Horace Mann Charter School
- Regional School District Assessment
- Commonwealth Charter School Assessment
- School Choice Assessment

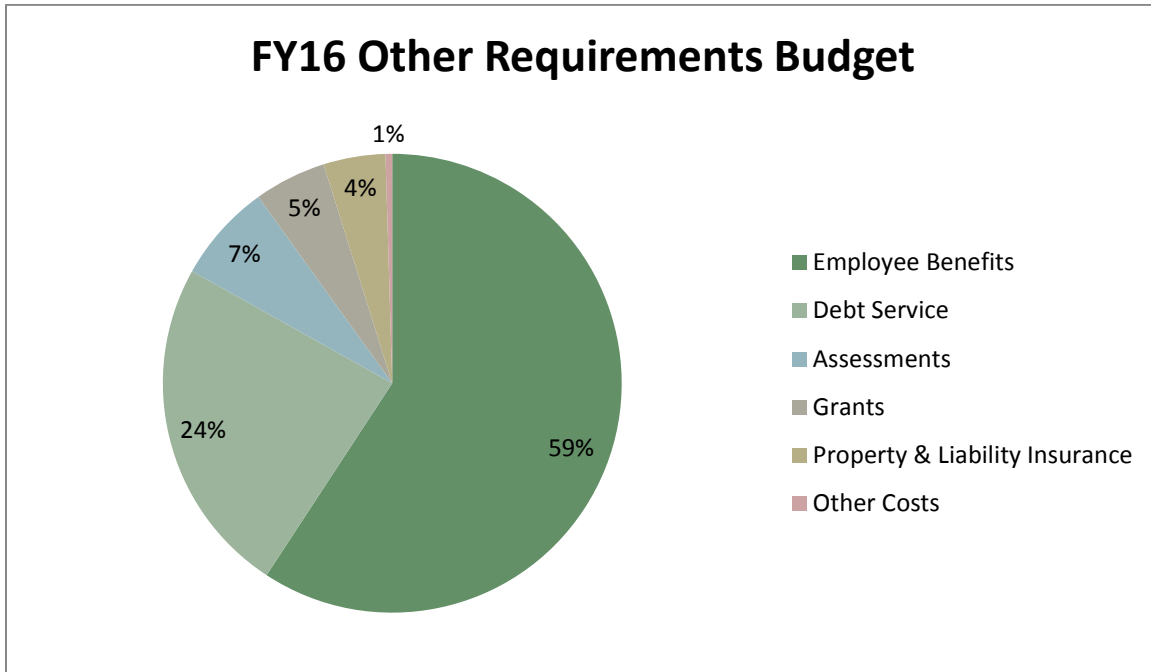
The distribution of expenditures on education has shifted slightly away from the local system (Local and Horace Mann Charter) to the other three systems (Regional, Commonwealth Charters and School Choice). Enrollment in the other systems has grown resulting in higher assessments. The local school system budget is increasing \$2.1 million and includes 3.8 new full-time equivalents.



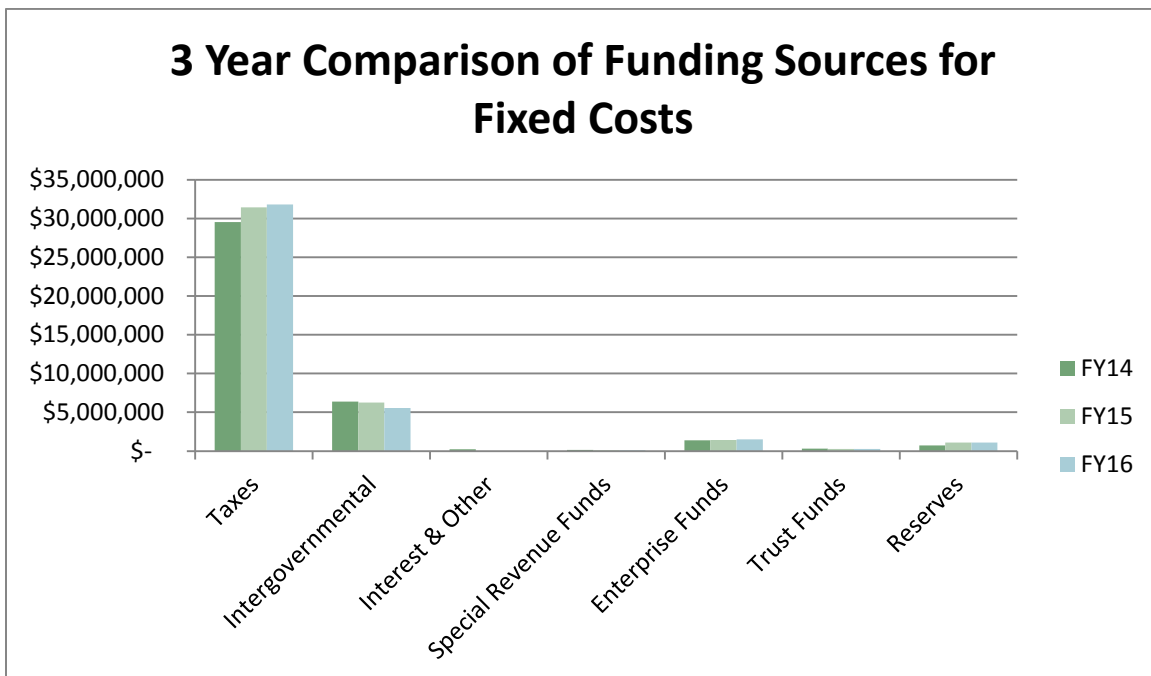
A majority of the funding for education has been provided from taxes for this three year period as Intergovernmental revenue has remained relatively unchanged. The slight increase in Intergovernmental revenue in FY16 is from School Choice and Circuit Breaker funds. General Fund reserves of \$220,160 will be used to balance the FY16 budget.

Fixed Costs Expenditures and Funding Source Summary

<u>Expenditure Category</u>	Actual FY 2014	Approved FY 2015	Projected FY 2015	Proposed FY 2016	Change FY15 - 16	Percent Change
<u>Employee Benefits</u>						
Retirement Assessments	\$ 7,515,745	\$ 7,871,271	\$ 7,871,271	\$ 8,035,227	\$ 163,956	2.08%
Health Insurance for Active Employees	5,774,706	6,410,318	6,300,000	6,885,000	474,682	7.40%
Retiree Health & Sick Benefits	3,442,434	4,180,293	4,200,293	4,017,183	(163,110)	-3.90%
Workers' Compensation & Unemployment	1,182,373	1,484,624	1,419,291	1,500,000	15,376	1.04%
Medicare & Life Insurance	949,216	970,000	959,800	1,002,000	32,000	3.30%
Total	18,864,474	20,916,506	20,750,655	21,439,410	522,904	2.50%
<u>Debt Service, Grants, Assessments & Other</u>						
Debt Service	8,830,555	8,678,407	8,670,000	8,647,981	(30,426)	-0.35%
Library Grants	1,630,979	1,671,753	1,671,753	1,714,000	42,247	2.53%
Tourism Grant	142,969	123,000	123,000	124,250	1,250	1.02%
Property & Liability Insurance	1,439,324	1,570,000	1,539,715	1,580,000	10,000	0.64%
Interest on Tax Refunds	1,912	25,000	24,000	20,000	(5,000)	-20.00%
Celebrations	103,301	100,000	100,000	100,000	-	0.00%
Lombard Trust Rent	51,924	51,924	51,924	52,000	76	0.15%
Veterans' District Assessment & Benefit Payments	382,738	442,019	425,000	430,000	(12,019)	-2.72%
Old Kings Highway	9,000	9,000	9,000	9,000	-	0.00%
Greenhead Fly Control District	5,320	5,320	5,320	5,320	-	0.00%
County Tax & Cape Cod Commission Assessments	1,057,930	1,084,379	1,084,379	1,094,175	9,796	0.90%
Mosquito Control	325,539	337,988	337,988	352,254	14,266	4.22%
Air Pollution Control Districts	21,977	21,813	21,813	21,832	19	0.09%
RMV Non-renewal Surcharge	72,380	72,380	72,380	72,380	-	0.00%
Cape Cod Regional Transit Authority	484,887	497,009	497,009	509,433	12,424	2.50%
Special Education Assessment	29,491	30,081	30,081	26,748	(3,333)	-11.08%
Abatements & Exemptions Deficits	-	646	-	32,000	31,354	4853.56%
Total	14,590,226	14,720,719	14,663,362	14,791,373	39,300	0.27%
Subtotal Before Transfers	33,454,700	35,637,225	35,414,017	36,230,783	593,558	1.67%
<u>Transfers</u>						
Transfer to Trust Funds	3,827,151	3,530,313	3,530,313	3,435,335	(94,978)	-2.69%
Transfer to Special Revenue Funds	172,631	-	-	-	-	0.00%
Transfer to Capital Projects Funds	607,493	737,689	737,689	-	(737,689)	-100.00%
Transfers to Enterprise Funds	630,975	691,930	691,930	718,418	26,488	3.83%
Total	5,238,250	4,959,932	4,959,932	4,153,753	(806,179)	-16.25%
Grand Total Other Requirements	\$38,692,950	\$40,597,157	\$40,373,949	\$40,384,536	\$(212,621)	-0.52%
<u>Source of Funding</u>						
Taxes	\$ 29,539,936	\$ 31,420,732	\$ 31,082,560	\$ 31,810,852	\$ 390,120	1.24%
Intergovernmental	6,387,339	6,247,058	6,240,000	5,558,594	(688,464)	-11.02%
Interest and Other	232,804	-	122,022	-	-	0.00%
Special Revenue Funds	147,331	119,082	119,082	116,037	(3,045)	-2.56%
Enterprise Funds	1,368,167	1,435,285	1,435,285	1,502,053	66,768	4.65%
Trust Funds	300,000	290,000	290,000	280,000	(10,000)	-3.45%
Reserves	717,373	1,085,000	1,085,000	1,117,000	32,000	2.95%
Total Sources	\$38,692,950	\$40,597,157	\$40,373,949	\$40,384,536	\$(212,621)	-0.52%



Employee benefits and debt service comprise most of the spending in this category. Together they account for 83% of all spending in the fixed costs category.

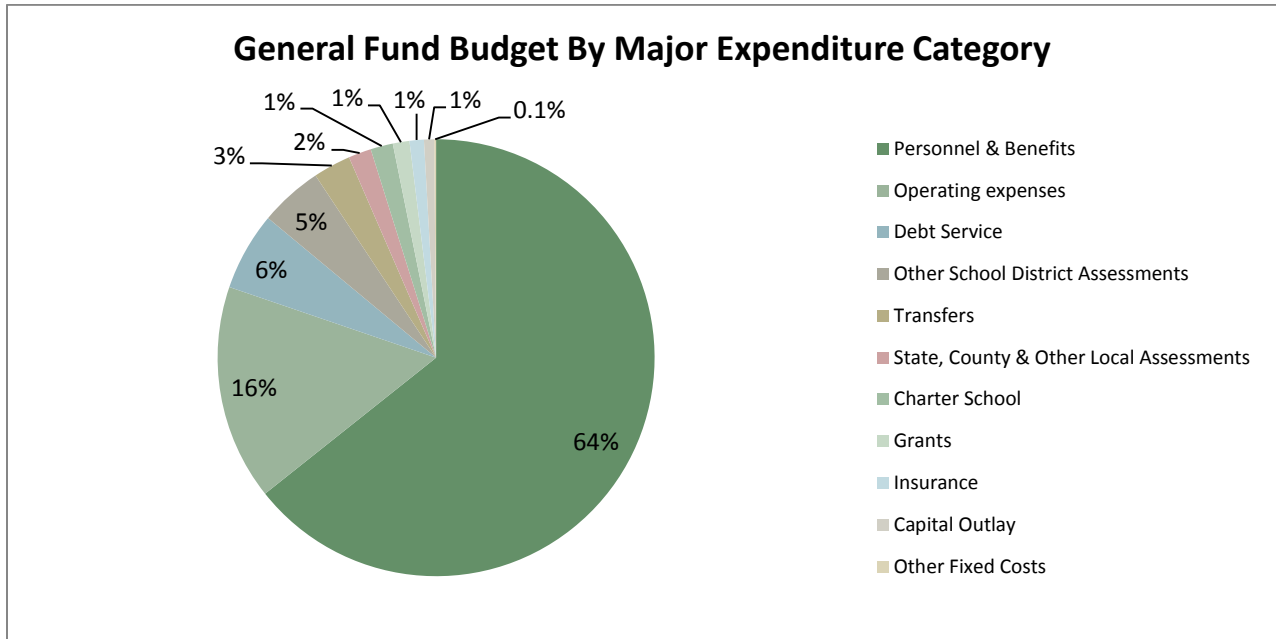


Taxes have provided the additional funding for this category over this three year period. Intergovernmental revenue has declined due to an expiring School Construction reimbursement from the State. The use of reserves has increased slightly to offset unemployment budgets and retiree sick leave buyback budgets.

General Fund Budget by Major Expenditure Category

Expenditure Category	Actual FY 2014	Approved FY 2015	Projected FY 2015	Proposed FY 2016	Change FY15 - 16	Percent Change
Personnel	\$ 69,771,752	\$ 71,914,377	\$ 71,725,437	\$ 74,543,224	\$ 2,628,847	3.66%
Employee Benefits	18,864,474	20,916,506	20,750,655	21,439,410	522,904	2.50%
Operating Expenses	21,095,408	22,228,434	22,299,102	23,780,352	1,551,918	6.98%
Other School District Assessments	5,766,921	6,162,100	6,155,850	6,954,182	792,082	12.85%
Transfers	5,238,250	4,959,932	4,959,932	4,153,753	(806,179)	-16.25%
Debt Service	8,830,555	8,678,407	8,670,000	8,647,981	(30,426)	-0.35%
State, County & Other Local Assessments	2,389,262	2,499,989	2,482,970	2,521,142	21,153	0.85%
Horace Mann Charter Schools	2,434,619	2,395,792	2,395,792	2,471,124	75,332	3.14%
Grants	1,773,948	1,794,753	1,794,753	1,838,250	43,497	2.42%
Property & Liability Insurance	1,439,324	1,570,000	1,539,715	1,580,000	10,000	0.64%
Capital Outlay	1,011,435	1,041,000	1,024,424	1,122,360	81,360	7.82%
Other Fixed Costs	157,137	177,570	175,924	204,000	26,430	14.88%
Total Expenditures	\$138,773,084	\$144,338,860	\$143,974,554	\$149,255,778	\$ 4,916,918	3.41%
Full-time Equivalent Employees	1156.14	1191.91		1198.31	6.40	

Personnel costs and the associated employee benefits account for \$3.2 million of the FY16 General Fund budget increase or 64%. This includes an increase of 6.4 full-time equivalents; 3.8 in the local school operations and 2.6 in the municipal operations. Operating expenses are increasing \$1.5 million. This is comprised of \$833,000 for the local school operations and \$719,000 for the municipal operations. Of the increase in the municipal operations, \$692,000 is for snow removal. Assessments from other school districts are increasing \$792,000, or almost 13% mainly due to enrollment increases. Transfers are declining \$806,000 as one-time transfers for grant matching and capital improvements were included in the FY15 budget. All other categories are increasing a collective \$227,000.



Personnel and benefits account for 64% of all General Fund expenditures.



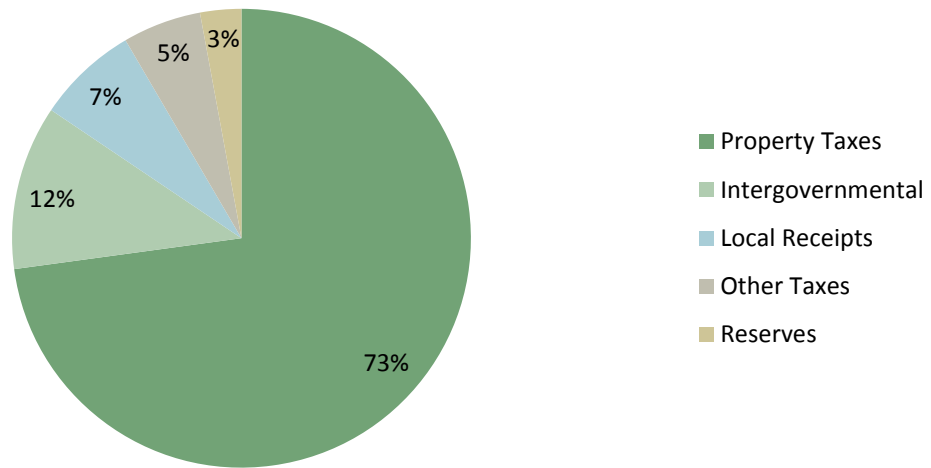
Flag Day 2014 at Barnstable West Barnstable School

General Fund Revenue Summary

	Actual FY 2014	Budget FY 2015	Budget FY 2016	Change FY15 - 16	Percent Change
<u>Property Taxes:</u>					
Tax Levy	\$ 103,522,018	\$ 106,676,485	110,479,501	\$ 3,803,016	3.56%
Reserved for Abatements and Exemptions	(1,526,093)	(1,869,334)	(1,750,000)	119,334	-6.38%
Property Taxes Available for Operations	101,995,925	104,807,151	108,729,501	3,922,350	3.74%
<u>Other Taxes:</u>					
Motor Vehicle Excise Tax	6,493,473	5,486,717	6,309,864	823,147	15.00%
Boat Excise Tax	132,358	135,000	130,000	(5,000)	-3.70%
Motel/Hotel Excise Tax	1,810,513	1,641,250	1,790,000	148,750	9.06%
Payments in Lieu of Tax	29,283	25,000	28,000	3,000	12.00%
Total Other Taxes	8,465,627	7,287,967	8,257,864	969,897	13.31%
<u>Other Resources:</u>					
Intergovernmental	18,261,926	17,744,627	17,291,502	(453,125)	-2.55%
Fines & Penalties	1,499,805	1,158,500	1,300,000	141,500	12.21%
Fees, Licenses, Permits	3,456,373	2,993,355	3,099,600	106,245	3.55%
Charges For Services	1,827,184	1,740,160	1,750,000	9,840	0.57%
Interest and Other	2,078,807	1,012,650	1,449,747	437,097	43.16%
Special Revenue Funds	649,247	610,376	640,053	29,677	4.86%
Enterprise Funds	2,171,377	2,371,386	2,409,351	37,965	1.60%
Trust Funds	300,000	290,000	280,000	(10,000)	-3.45%
General Fund Reserves	-	4,322,689	4,048,160	(274,529)	-6.35%
Total Other Resources	30,244,719	32,243,743	32,268,413	24,670	0.08%
Total General Fund Resources	\$ 140,706,271	\$ 144,338,861	\$ 149,255,778	\$ 4,916,918	3.41%

Total General Fund resources used to balance the FY16 budget are projected to grow \$4.9 million, or 3.4%. Sixty-six percent of the revenue growth is from property taxes. Other taxes are increasing \$970,000; mostly comprised of an increase from motor vehicle excise taxes. Intergovernmental aid is decreasing \$453,000 principally due to an expiring school construction aid reimbursements and reductions in the Commonwealth Charter School aid reimbursements. Revenue from local receipts is increasing \$762,000. Much of this increase is due to an increase in investment income and revenue generated from renewable energy projects. Transfers from reserves and other funds are decreasing \$285,000. Fewer General Fund reserves are being used to balance the budget.

Composition of FY16 General Fund Revenue



Property taxes comprise 73% of all general fund resources and intergovernmental resources make up 12%. Local receipts provide 7% of the funding sources and other taxes provide 5% of all the General Fund resources. Transfers from reserves comprise 3% of the total resources with a majority of this being used to fund the FY15 snow and ice deficit.

FY16 General Fund Revenue Estimates

Property Taxes

Property taxes are projected to grow consistent with the provisions of Proposition 2½ and the Town Council’s budget policy. No property tax overrides are proposed for FY16 to balance the operating or capital budgets. The formula used to calculate the projected tax levy for FY16 is as follows:

Base levy from FY15	\$104,892,708
Prop 2½ allowable increase	2,622,318 (2.5% of FY15 base)
Estimated new property tax growth	\$950,000
Cape Cod Commission environmental tax	\$568,234
Debt exclusions	\$1,446,241
Less reserve for abatements & exemptions	<u>(\$1,750,000)</u>
FY16 Tax Levy available for operations	\$108,729,501

Estimated new property tax growth is derived principally from new building construction. The Town Assessor works closely with the Building Division and reviews building activity to arrive at a conservative estimate for the ensuing year.

The tax for the Cape Cod Commission (CCC) is a tax that is added to the levy every year above the proposition 2½ allowable increase. This was a voter approved additional tax that all Cape Cod communities pay. The CCC assessments can only be increased by 2.5% every year so the tax is projected to grow by this percentage in FY16.

Debt exclusions are also voter approved initiatives that are added to the levy above the proposition 2½ increase. These are equal to the debt service payments they are raised to cover and they expire once the debt service expires.

Every year a provision for abatements and property tax exemptions must be made as well. For FY16 a provision of \$1,750,000 is being set aside; reducing the available property taxes to fund operations. FY16 is a property revaluation year for the town which can result in more abatements being granted as new property values are challenged. This is a conservative estimate but is slightly less than what was set aside for FY15.

Motor Vehicle Excise Tax

Motor Vehicle Excise collections are authorized by Massachusetts General Law, Chapter 60A, Section 1. The excise tax is calculated by a formula of \$25 per \$1,000 of valuation. The tax is based on a percentage of the MSRP as follows:

- 90% of MSRP for model year the same as the tax year
- 60% of MSRP for model 1 year old

- 40% of MSRP for model 2 years old
- 25% of MSRP for model 3 years old
- 10% of MSRP for model over 3 years old

This category of revenue is difficult to project because of the many variables involved. 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. The town receives a tax commitment from the State Department of Motor Vehicles each month with the first and largest commitment usually issued in the month of January. This commitment is a good indicator of where this revenue category is trending. For the past seven years, the January commitment has been as follows:

- FY 2006 - \$4,460,449
- FY 2007 - \$4,466,675 – no change
- FY 2008 - \$4,318,526 – 3.3% decrease
- FY 2009 - \$3,811,735 – 11.7% decrease
- FY 2010 - \$3,916,718 – 2.7% increase
- FY 2011 - \$4,073,493 – 4.0% increase
- FY 2012 - \$4,184,661 – 2.7% increase
- FY 2013 - \$4,578,757 – 9.4% increase
- FY 2014 - \$4,810,718 – 5.0% increase
- FY 2015 - \$5,066,021 – 5.3% increase

The auto industry appears to be recovering from the recent recessionary years. Locally, many dealerships have made significant investments in their properties signifying a recovery is in progress. For FY16 the Town is projecting a 15% increase as it has been conservatively budgeted and there has been several years of increased commitments.

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. This category is projected to decline slightly in FY16 based on prior year collections. 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

Motel/Hotel 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”). 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% until recently. Cities and towns now have the option of increasing the local portion to 6%. The Town of Barnstable recently adopted this increase in July 2010. The revenue collected from the additional 2% has been dedicated for sewer expansion projects and certain qualifying private road improvements. 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 is one new hotel/motel development on the horizon that may add less than 100 new rooms to the town’s stock which contributes to the increase in projected revenue for this category.

Intergovernmental

This category of revenue consists of several state aid classifications. Most notably are CH70 aid for education and unrestricted general government aid. The estimate used for the FY16 budget proposal is based on the Governor’s proposed budget for FY16 which was issued in February of 2015. The House and Senate will also propose budgets and then conference to reconcile their differences. Their budget is then sent to the Governor who can veto specific line items or make changes to state aid categories like CH70. The House and Senate can override any vetoes. This process is usually completed by late June or early July; after the Town approves its budget. As this is a political process the Town has historically used the Governor’s proposal to develop its budget and makes budget adjustments subsequent to the state budget passage if necessary.

Local Receipts

This category includes revenue generated from services, fees, permits, licenses, fines, penalties, investment income and other sources generated at the local level. The historical activity levels in each are monitored and then projected. Any fee adjustments are also taken into consideration and projections for each area are then produced based on activity levels and rates. This area of revenue is projected to grow \$695,000 in FY16. Most of the increase is in the investment income area which is expected to grow \$200,000 due to increased cash balances invested and improving rates. Also included in the revenue increase is \$180,000 of new revenue from renewable energy projects. The Town has installed a 4 megawatt and 6.8 megawatt solar panel system at the transfer station and recycling facility and the airport, respectively, which will provide a new resource for the Town.

Trust Funds

The Town maintains a Pension Reserve Trust Fund which it utilizes every year to offset the pension assessment received from the County Retirement System. The pension assessment is budgeted in the General Fund. \$280,000 will be used in FY16. This is \$10,000 less than what was used for FY15.

General Fund Reserves

The Town will use \$4,048,160 in general fund reserves to balance the FY16 operating budget. The Town has historically been able to generate more reserves than what it has used to balance the budget due to conservative revenue estimation and unexpended appropriations. The Town expects to generate a surplus in excess of \$2 million in FY15 which will offset a significant portion of what will be used in FY16 to balance the budget. Also, most of the costs being paid for with surplus are not recurring operating costs. Following is a ten-year history of General Fund reserves used and generated.

Certification Date:	Beginning Balance	Used For:		Generated	Ending Balance
		Operations	Capital		
July 1, 2005	\$9,121,071	(\$3,641,549)	\$0	\$5,883,381	\$11,362,903
July 1, 2006	\$11,362,903	(\$4,013,319)	(\$1,235,000)	\$7,326,981	\$13,441,565
July 1, 2007	\$13,441,565	(\$3,577,630)	(\$2,235,000)	\$9,692,548	\$17,321,483
July 1, 2008	\$17,321,483	(\$6,390,369)	(\$4,500,000)	\$1,501,616	\$7,932,730
July 1, 2009	\$7,932,730	(\$1,930,000)	\$0	\$2,408,587	\$8,411,317
July 1, 2010	\$8,411,317	(\$1,080,758)	\$0	\$3,416,013	\$10,746,572
July 1, 2011	\$10,746,572	(\$1,195,000)	(\$2,000,000)	\$4,768,613	\$12,320,185
July 1, 2012	\$12,320,185	(\$687,330)	\$0	\$5,639,538	\$17,272,393
July 1, 2013	\$17,272,393	(\$3,579,836)	(\$7,000,000)	\$4,403,107	\$11,095,664
July 1, 2014	\$11,095,664	(\$3,585,000)	(\$807,493)	\$6,666,868	\$13,370,039
Totals		(\$29,680,791)	(\$17,777,493)	\$51,707,252	

Capital Program Development

Every year the Town updates its five-year capital improvement plan (CIP). The plan requires every department to look ahead and anticipate their capital needs separate and apart from the operating budget. This includes projects that cost at least \$50,000 and the asset having a useful life of three or more years. Departments submit their requests which include cost estimates, justification, department priority, location, time to complete, previous funding received as well as other information. All project submissions are then rated by a task force comprised of senior level management across all departments using a matrix which evaluates each submission against ten (10) criteria. The projects are ranked according to the score they received which is used as one criterion to recommend project funding. The costs of projects submitted exceed the Town's ability to finance them over the next five years so projects must be prioritized and opportunities for grants and other resources are constantly evaluated to assist in addressing this area of the budget. During this process the town will also review the status of prior capital appropriations to see if there are any remaining funds available due to project savings that could be reauthorized for another purpose.

Submission Cost and Fiscal Year Summary

The capital projects identified by the Town departments in this year's CIP process represents a total of \$52,291,736 for FY16, and a combined total of \$115,634,507 over a five-year period. Of the \$115 million, approximately \$43 million represents enterprise funds and \$73 million are general fund requests.

	Enterprise Funds	General Fund	Total
FY 2016	\$ 13,967,937	\$ 38,323,799	\$ 52,291,736
FY 2017	\$ 13,751,095	\$ 13,181,692	\$ 26,932,787
FY 2018	\$ 2,659,745	\$ 7,964,838	\$ 10,624,583
FY 2019	\$ 8,100,000	\$ 7,597,462	\$ 15,697,462
FY 2020	\$ 4,509,067	\$ 5,578,872	\$ 10,087,939
Totals	\$ 42,987,844	\$ 72,646,663	\$ 115,634,507

Fiscal Year 2016 Capital Program

Recommended Projects for Fiscal Year 2016

Recommended capital projects for FY16 total \$27,416,200 as follows: \$15,163,700 for the General Fund program and \$12,252,500 for enterprise accounts. Funding for the general fund portion of the program consists of \$3,829,832 in Capital Trust Fund (CTF) reserves, \$494,868 in transfers from closed appropriations, and \$10,839,000 in new borrowing authorizations. Funding for the enterprise fund programs consists of using \$1,604,150 of enterprise fund reserves and \$5,226,000 in new borrowing authorizations. \$5,422,350 is anticipated to be reimbursed from federal and state granting agencies. The grants funds received will reduce the amount of any bonds issued or the reserves used to finance the enterprise fund's capital program. The bonds issued for the enterprise fund projects are expected to be paid back with enterprise fund revenues.

Enterprise Funds:

Project Name	Funding Source			
	Enterprise Fund Reserves	Bond Issue	Grants	Total
AIRPORT:				
Reconstruct Taxiway C & Part of TWY Delta	190,000		3,610,000	3,800,000
Replace Kodiak Snow Blower & Dump Truck	53,750		1,021,250	1,075,000
Design & Replace Airfield Vault Emergency Generator	4,500		85,500	90,000
Hangar 2 Drainage Improvements	25,000		100,000	125,000
Improve Airport Access Rd & Security Fence East Side	132,000		528,000	660,000
Airfield Equipment Replacement	84,400		77,600	162,000
Total Airport Enterprise Fund	489,650		5,422,350	5,912,000
MARINAS:				
Gateway Marina Dredging		280,000		280,000
Prince Cove Marina Bulkhead - Construct		570,000		570,000
Hyannis Harbor Bulkhead - Study & Design		158,000		158,000
Total Marinas Enterprise Fund		1,008,000		1,008,000
SANDY NECK:				
Sandy Neck Beach Park Stabilization		352,000		352,000
Total Sandy Neck Enterprise Fund		352,000		352,000
GOLF COURSES:				
Olde Barnstable Fairgrounds Golf Facility Improvements		174,000		174,000
Hyannis Golf Facilities Improvements		140,000		140,000
Total Golf Enterprise Fund		314,000		314,000

Project Name	Funding Source			
	Enterprise Fund Reserves	Bond Issue	Grants	Total
WATER SUPPLY:				
Pipe Replacement & Upgrade Program	150,000	900,000		1,050,000
Wells Pump Station & Treatment Plant Upgrades	200,000			200,000
Paint / Repair Large Tank Mary Dunn 2		615,000		615,000
Water Main Upgrade Barnstable Rd		1,037,000		1,037,000
Total Water Supply Enterprise Fund	350,000	2,552,000		2,902,000
WATER POLLUTION CONTROL:				
Re-line Sewers & Laterals on South Street	84,500			84,500
Sewer Capacity Evaluation	200,000			200,000
Rehab Clarifiers		1,000,000		1,000,000
Total Sewer Enterprise Fund	284,500	1,000,000		1,284,500
SOLID WASTE:				
Truck Scale	50,000			50,000
Rubber Tire Wheel Loader	280,000			280,000
Roll-Off Trailer	50,000			50,000
Four Compactor Units for recycle area	100,000			100,000
Total Solid Waste Enterprise Fund	480,000			480,000
Total All Enterprise Funds	1,604,150	5,226,000	5,422,350	12,252,500

General Fund:

Project Name	Funding Source			Total
	Capital Trust Fund Reserves	Bond Issue	Transfer From Closed Projects	
INFRASTRUCTURE:				
Public Roads Maintenance Program	3,250,000			3,250,000
School Zone Traffic Lights	92,700			92,700
Guardrails and Sidewalks		400,000		400,000
Bay Street Boat Ramp		142,000	147,000	289,000
JFK Memorial Restoration	87,000			87,000
Add Private Roads to Asset Management System	55,000			55,000
Private Roads Program		488,000	245,000	733,000
Joshua's Pond Site Work		282,000	35,000	317,000
Total	3,484,700	1,312,000	427,000	5,223,700
MUNICIPAL FACILITIES:				
Police Station Improvements		355,000		355,000
Demolish Portables at Former MM Elementary School	39,598		10,402	50,000
Town Hall Heating System		939,000		939,000
Total	39,598	1,294,000	10,402	1,344,000
WATER QUALITY:				
Hamblin Pond Alum Treatment		300,000		300,000
Hydrilla Control Mystic Lake & Middle & Long Ponds	86,950		13,050	100,000
Total	86,950	300,000	13,050	400,000
SCHOOL FACILITIES:				
Elementary School Modular Classroom Construction		3,720,000		3,720,000
BIS Facade & Roof Improvements		3,353,000		3,353,000
BCHMCPS Facade Improvements & Roof Replacement		260,000		260,000
Technology Infrastructure Improvements	168,584		44,416	213,000
High School & Middle School Boiler Upgrades		350,000		350,000
W Villages Elementary Air Conditioning Replacement		250,000		250,000
60watt Cogeneration Plant at BIS	50,000			50,000
Total	218,584	7,933,000	44,416	8,196,700
Grand Totals	3,829,832	10,839,000	494,868	15,163,700

Project Descriptions and Budget Impact

Airport Enterprise Fund:

Reconstruct Taxiway Charlie and A Portion Of Taxiway - \$3,800,000

As part of the Federal Aviation Administration's (FAA) goals to improve and correct airport layout deficiencies, enhance aircraft safety, and insure compliance with regulatory guidance, this project serves to correct major operational aircraft ground and runway safety area (RSA) deficiencies associated with taxiways Charlie and a portion of Delta, and its aircraft run-up area.

Budget Impact - Routine maintenance would stay the same. Savings to be derived from use of LED taxiway lights is yet to be determined.

Replace Snow Removal Equipment - \$1,075,000

Snow Removal Equipment (SRE) and Aircraft Rescue and Fire Fighting (ARFF) equipment must be maintained regularly and when certain FAA approved equipment is eligible for replacement with FAA grant assistance, SRE and ARFF vehicles and equipment must be evaluated and replaced as necessary. This project is to replace a 1998 Kodiak Diesel 4x4 Snow Blower and a 1995 Ford L-8000 Heavy Duty Dump Truck with Plow and Sander.

Budget Impact - None. Replacement Vehicles. Mission and usage remains the same. Any savings derived by new equipment would be available to maintain remainder of deteriorating ARFF and SRE vehicles.

Design & Replace Airfield Vault Emergency Generator (100kw) And Remove Underground Storage Tank (Ust) - \$90,000

Replace the existing circa 1990 100KW diesel generator and its associated 550 gallon underground storage tank (UST); and replace it with a new natural gas 100KW generator for the emergency operation of the airfield lighting and vault located near Gate Papa (P) on the East Ramp.

Budget Impact - None. Replacement emergency generator and fuel tank. Mission and usage remains the same. Any savings derived by new equipment would be available to maintain remainder of airport continuing maintenance requirements.

Hangar 2 Drainage Improvements - \$125,000

Design and install corrective ramp stormwater and roof drainage run-off for the circa 1980 Airport-owned Hangar 2 on the North Ramp. The so-called Hangar 2 is owned by the Airport, but is leased to Hyannis Air Service (dba Cape Air). The existing hangar roof drainage and the north ramp storm water run-off drains toward the Hangar and causes frequent main floor flooding during heavy weather. The proposed drainage project should fix the problem for the foreseeable future.

Budget Impact - New drainage system. Minimal impact on operating budget.

Design & Construct Phase 2 Airport Access Road On East Side Of Airfield - \$660,000

The proposed two phase project will provide an Airport Access Road on the East side of the airfield from the current Gate Mike (M) to the limit of future growth in this area and to existing buildings located on the East Ramp. Phase 1 of the project is extending the access road and security fence to the north side of the northernmost existing hangar site to accommodate a new Cape Cod Community College (4C's) Airframe & Power Plant (A&P) School. Phase 2 of the project will extend the access road, security fence and utilities to the limit of future growth in the area. The overall two-phased project will include the installation of approximately 2,500 linear feet of pavement and security fence in two approximately equal phases. Phase 1 incorporates existing utilities, and Phase 2 will require the extension of utilities to serve potential future hangar buildings as may be permitted.

Budget Impact - Minimal additional line painting, snow plowing and routine maintenance for road extension. Long range (20 years) replacement. Can be accomplished with existing resources.

Replace Airfield Equipment And Vehicles- \$162,000

The Airfield Equipment being replaced in FY2016 includes the aircraft DAVCO Ground Power Unit (GPU) and the 2000 New Holland Tractor with Mower Deck; and in FY2018 - the Maintenance Shop Air Compressor. All items will have reached the end of their useful life and must be replaced.

Budget Impact - None. Any savings derived by new equipment would be available to maintain remainder of deteriorating ARFF and SRE vehicles.

Marina Enterprise Fund:Gateway Marina Dredging - \$280,000

This project involves the maintenance dredging of the Gateway Marina within Hyannis Harbor to depths of -10 and -6 feet below Mean Low Water depending on location (approximately 1,000 Cubic yards of sediment).

Budget Impact - None.

Prince Cove Marina Bulkhead – Construction - \$570,000

Repair of Existing Bulkhead structure, upgrade the lighting and upgrade the water supply services to the bulkhead.

Budget Impact - None. A newly constructed bulkhead will require minimal maintenance over its expected life of at least 25 years.

Hyannis Harbor Bulkhead Study & Preliminary Design - \$158,000

Survey, analysis, planning and preliminary design of existing bulkhead structure, associated utilities and space needs associated with the bulkhead and its use, including finger piers and vehicle and pedestrian access. Consideration of "ocean rise" and increased storm activity are to be taken into consideration in the analysis. A "findings" report will be delivered to the Town.

Budget Impact - None. Design portion only.

Sandy Neck Enterprise Fund:

Sandy Neck Beach Park Stabilization - withdrawn

Golf Course Enterprise Fund:

Olde Barnstable Fairgrounds Golf Facility Improvements - \$174,000

This project will consist of a phased approach to address a multitude of building maintenance deficiencies. The existing clubhouse roof is over 23 years old and is at the end of useful life and is leaking. This project will replace the existing cedar roof with a new asphalt roof on the clubhouse, replace exterior trim and paint the entire building's exterior. Subsequent phases will include replacement of windows and doors that are beyond repair with more energy efficient units. The HVAC system is in need of upgrades to include new pipe insulation and plumbing. The maintenance barn roof is in need of replacement and the underground fuel storage tanks should be upgraded to include above ground fuel storage and distribution systems.

Budget Impact – Energy savings will be realized from the replacement of existing windows and doors. Improved HVAC systems and insulation will reduce energy consumption. Estimate \$2,500 annually.

Hyannis Golf Facilities Improvements - \$140,000

This project will consist of a phased approach to address a multitude of building maintenance deficiencies. The clubhouse roof is at the end of useful life and needs full replacement. This project will replace the existing asphalt roof, redesign the main entrance and improve handicap accessibility. Subsequent phases will include rebuilding the rear deck and stairs and replacing the balustrades to meet current code. The maintenance building roof will be replaced and the propane fired heating plant will be replaced with a high efficiency natural gas unit.

Budget Impact - With renovations routine maintenance should be reduced. Amount to be determined.

Water Supply Enterprise Fund:

Pipe Replacement And Upgrade Program - \$1,050,000

This is a continuation of a 30 year, phased, pipe replacement and upgrade program for the Hyannis Water System; as recommended by Weston & Sampson Engineering, Inc. in their April 2007 Master Plan.

Budget Impact - The upgrades will be to existing distribution piping which are already maintained by the DPW. Replacing these pipes will likely result in less maintenance cost, and should not result in the need for additional personnel.

Water Supply Wells, Pump Stations, & Treatment Plant Repair - \$200,000

This CIP is a continuation of the repairs and upgrades program started in FY2007. With the exception of the Straightway well #2, all of the wells were constructed in the early to mid-1970s. The prior year's monies were used to install emergency generators, lighting, and fencing and implement pavement improvements.

Starting in FY14 the Hyannis Water Board approved the recommendation to implement a structured rehabilitation program dealing with major facility components needing upgrades or replacements. These facility components include: buildings, process control equipment, safety & security equipment, and electrical equipment.

Budget Impact - The upgrades will be to existing well buildings, treatment and other facilities which are currently maintained by the DPW. Some operating budget savings may be realized by replacing existing equipment with more energy efficient equipment, and a reduction in maintenance cost yet to be determined.

Paint And Repair Large Water Tank, Mary Dunn 2 - \$615,000

This water storage tank needs rehabilitation, upgrades, and painting on its interior and exterior. In addition, repairs needed for the security fencing, gates and access road.

Budget Impact - The tank is an existing facility that is currently maintained by the DPW. Repairs / upgrades will potentially decrease near-term maintenance cost, but will not have lasting impact on the operating budget.

Water Main Upgrade, Barnstable Road – Withdrawn

Water Pollution Control Enterprise Fund:

Reline Sewers & Laterals, South Street, Hyannis - \$84,500

Reline the sewers and laterals in South Street, Hyannis. This work includes inserting a soft plastic insert into the existing sewer and then heating it to form a hard interior liner.

Budget Impact - The line would be inspected every ten (10) years; it is inspected every five (5) years presently.

Capacity, Management, Operations And Maintenance (CMOM) - \$200,000

An evaluation of the sewer collection system and designing a program to meet the new CMOM criteria.

Budget Impact - This is study. Future budget impacts will be determined as part of the study.

Clarifiers Rehabilitation - \$1,000,000

This is the second phase of this project. Previously a consultant was brought on board to evaluate the condition, capacity, operation, repainting and repair of the five clarifiers at the Bears' Way treatment plant. By FY16, a decision will have been made as to what method and materials to use to rehabilitate the clarifiers. This CIP is to fund the construction efforts. \$1,000,000 is budgeted as a placeholder until the study is complete in the spring of 2015.

Budget Impact - None identified at this time. Depends upon the type of rehabilitation.

Solid Waste Enterprise Fund:**New Truck Scale - \$50,000**

Replace a 120,000 lb. truck scale that services the transfer station operations.

Budget Impact –Every day the existing scale is inoperable could result in a daily revenue loss in the thousands of dollars depending upon activity levels. In addition, repair costs of up to \$5,000 is avoided.

Rubber Tire Wheel Loader - \$280,000

The existing 2003 loader has 24,000 hours on it. Typical design life for these loaders is 12,000 to 15,000 hours. Both the motor and transmission have had major repairs. It is the most important piece of equipment at the facility.

Budget Impact – avoidance of \$5,000 to \$7,500 in repair costs annually.

Roll Off Trailer - \$50,000

Purchase a roll off trailer to replace the existing 1991 roll off trailer. This trailer is used to pick-up, transport, and dispose of materials.

Budget Impact – Estimated reduction in repair costs of \$1,000.

Replace Four (4) Compactor Units - \$100,000

The decision has been made to change our recycle program from a sorting system to a single stream system; compacting all recyclable materials in single containers. Cardboard will be separated out and compacted then sold at market price. This system will make recycling much easier for our residents and will increase the Town's recycle rate.

Budget Impact – Electric costs increase estimated at \$2,000.

General Fund:**Public Roads Maintenance - \$3,250,000**

Road rehabilitation of the entire length of Huckins Neck Road in Centerville. Drainage improvements and resurfacing are planned on Smith Street, Putnam Avenue, High School Road, Hyannis Road, East Bay Road, Keveney Lane, and Pine Street (West Barnstable). Drainage projects and preventive maintenance crackseal of various roads town-wide (approx. 37.5 miles) to extend their service life is also included in this project.

Budget Impact - The purpose of this project is primarily to maintain the existing roadway network and reduce the impacts of deferred maintenance on operating and capital budgets.

School Zone Traffic Lights - \$92,700

Replace the old zone school traffic light sign boards with new technology utilizing solar power.

Budget Impact - The new solar powered lights should reduce electric costs and save on maintenance actions for annual savings of approximately \$2,000 to \$4,000.

Guardrail Replacement / Sidewalk Overlay & Construction - \$400,000

This project addresses three issues as follows: 1) Removal and replacement of 6,000 linear feet of old deteriorated concrete post and steel cable guardrails. 2) Removal of old broken asphalt and vegetation within existing footprint of exiting deteriorated sidewalks and install a new 1.5" layer of new asphalt. 3) Construct a new sidewalk on west side of Bay Lane between the south and north entrances to the ballpark in the vicinity of the Centerville Elementary School. Included will be new handicap accessible crossings at two locations supported by solar powered flashing warning signs for high visibility.

Budget Impact - This work should decrease the need for maintenance in the near term saving approximately \$5,000 to \$10,000 annually in labor and materials.

Bay Street Boat Ramp Construction - \$289,000

The existing asphalt boat ramp will be removed and a new boat ramp will be constructed. The adjacent parking area will be excavated and replaced with a state of the art porous concrete surface. Additional catch basins will be installed in the approach roadway, and further storm water mitigation features consisting of low impact swales and a rain garden will be constructed.

Budget Impact - Additional catch basins will require periodic cleaning. Estimated to be less than \$1,000 annually.

Police Headquarters Improvements - \$355,000

The Police Department facility was constructed over 30 years ago. The original building equipment and systems are coming to the end of their useful life and need upgrading. Many parts of the existing building are in need of replacement and renovation. This project would fund the following: replacement of all overhead doors and mechanicals; replacement of chiller (50 ton unit) and floor mounted fan coil units; and upgrade of interior finishes to include new carpet, painting and selective interior improvements.

Budget Impact - The majority of the work consists of functional efficiency improvements involving safety concerns and renovation upgrades replacing worn out finishes. Door and window replacements will improve energy conservation and reduce operating costs (TBD).

Town Hall Boiler Conversion - \$939,000

This project will continue the replacement of the existing Town Hall heating plant with new high efficiency modulating boilers. With this project, the current steam distribution system will be replaced with hot water fin tube radiation throughout the entire facility. A new direct digital control system will be installed to efficiently regulate heat distribution. This system will allow for remote computer monitoring, fuel tracking data, space temperature control, occupancy schedules and boiler run times. All new hot water distribution piping will be insulated to minimize heat loss and maximize efficiency.

Budget Impact - The facility is an existing Town facility that is currently maintained by the DPW. Improvements/upgrades are expected to result in improvement in energy usage and are not expected to adversely impact the operating budget. It is estimated that a 30% annual savings will be recovered from natural gas expenses due to an increase in heating efficiency.

Private Roads Program - \$733,000

Recent legislation (Chapter 339 of the Acts of 2014 - signed by the Governor on 10/3/2014) allows that "*the Town of Barnstable may from time to time, for the purpose of ensuring the safety of the general public, enter and make expenditures for undertaking maintenance and improvements within the layout, or any portion thereof, of one or more private ways within the Town*" this must include "*a declaration of common usage of such private way by the general public by vote of the Town Council*". The four (4) projects included in this capital project request are considered priority locations.

Budget Impact - No immediate impact is expected for the projected life of the repairs which is 12 years.

JFK Memorial Restoration Project - \$87,000

Historic restoration and preservation of the John F. Kennedy Memorial Park. Work consists of the complete reconstruction of the concrete patio, granite benches, fountain, and landscape enhancements.

Budget Impact - None other than what has been routinely spent each year.

Adding Private Roads To The Asset Management System - \$55,000

In 2012, the Town hired BETA Group to establish "benchmark" existing conditions for pavement, signage, guardrails and stormwater facilities on Public roads. This information has been entered into a robust Asset Management software program and can be used for multiple purposes including future budget need. Adding the private roads to the system will only require an updated physical survey because the software "platform" is already in place. Use of the Asset Management system as applied to private roads will enable overall costs to be calculated and will allow DPW to better allocate maintenance funds and Temporary Repair to Private Road funds.

Budget Impact - No direct operating cost impacts until private road policy is amended.

Joshua's Pond Site Work - Design & Construction - \$317,000

The project involves the design and construction of revised access to and layout of parking areas, improvements to the stormwater systems and landscaping.

Budget Impact - New construction will be mostly maintenance free. Existing maintenance effort will be expended.

Demolish Portables at Former Marstons Mills Elementary School - \$50,000

The three (3) portable/modular structures located at the facility are joined to the main building by a covered hallway. These structures are in excess of twenty years old and have completely outlived their usefulness. As they sit and deteriorate due to insect infestation and neglect they have become a nuisance and continue to

attract vandals. The space is not salvageable and they need to be removed. The project involves the permitting costs, labor costs and disposal fee to disconnect the utilities, demolish the structures, salvage and sort the recyclable materials and remove and dispose of the building. It also includes basic site work to clean up the area post-demolition.

Budget Impact - The elimination of these buildings reduces the potential for costs incurred in the future to respond to vandalism. It reduces liability which could impact insurance budgets in the future by as much as \$5,000 to \$10,000 annually.

Hamblin Pond Alum Treatment - \$300,000

Alum injection onto bottom sediments of Hamblin Pond to prevent devastating algae blooms.

Budget Impact - None. Just 16 hrs staff time for permitting; all other work contracted.

Hydrilla Control Mystic Lake & Middle & Long Ponds - \$100,000

2014 marked the 4th year of hydrilla control in Mystic Lake. After 12 years of effort, 2014 marked the second consecutive year that hydrilla was absent from Long Pond. Hydrilla is capable of causing devastating impact to freshwater ponds, due to its rapid growth rate. It can spread from pond to pond, and has more recently cropped up in Middle Pond, adjacent to Mystic Lake. The Town along with The Association for the Preservation of Long Pond, the Indian Ponds Association and Massachusetts Department of Conservation and Recreation (MA DCR) are partnering in this effort to preserve the three (3) affected ponds and to reduce the chance of hydrilla spread to other ponds in Barnstable. As a result of the team effort, hydrilla has been drastically reduced in Long Pond (perhaps even eradicated), and slowed in Mystic Lake and Middle Pond. Halting spread of the hydrilla in Mystic Lake has proven a challenge however. For FY16, we anticipate using Sonar™ aquatic herbicide and supplementing the effort with bottom-screening, hand-pulling and diver-assisted suction harvesting.

Budget Impact - None. All work contracted

Elementary School Modular Classroom Construction - \$3,720,000

This is the second phase of our modular classroom project which is designed to replace outdated portable classrooms which are currently in use at Hyannis West, Barnstable West Barnstable and Centerville.

Budget Impact - Removal of existing portable classrooms would provide a positive impact on current facilities utilities and maintenance budget of approximately \$25,000 per year.

Barnstable Intermediate School Façade & Roof Improvements – \$3,353,000

Existing conditions study was performed by a consultant in FY15 who physically verified suspect areas for completion of specifications and bid documents. If not repaired building envelope will continue to deteriorate, allow leakage and create the opportunity for water damage and the potential for health and environmental quality issues.

Budget Impact - Repairs to windows and façade will reduce energy costs by eliminating air and water infiltration areas saving up to \$25,000 per year.

BCHMCPS Façade Improvements and Roof Replacement - \$260,000

Provide exterior repairs including re-pointing, trim replacement, gutters, doors, downspouts and foundation. Replace existing sloped, ballasted and flat roofs. This is for design service only. Construction request to follow in FY17.

Budget Impact – None. Design services contract.

Infrastructure Improvement for the School Network: Access To Internet and Digital Resources - \$213,000

In year three, this capital improvement project will continue to fund the final leg of construction of a managed, enterprise, and secured wireless network in the district to support the demand for increased connectivity of mobile devices, computers and other peripherals.

Budget Impact – To be determined.

Barnstable High School & Middle School Boiler Upgrades - \$350,000

Replace "Cleaver Brooks" boiler, motor and damper burner control units on five main boiler units.

Budget Impact - Expect 8% annual savings on heating costs.

West Villages Elementary Air Conditioning Replacement - \$250,000

Replace existing water chiller and cooling tower with new high efficiency system.

Budget Impact - Replacement of current system will provide energy cost savings for cooling of building. Amount to be determined.

Barnstable Intermediate School Cogen - \$50,000

Working through the Massachusetts Department of Energy Resources (DOER) a Grant funded 150Kilowatt Reciprocating Combustion Cogeneration plant to be installed at the Barnstable Intermediate School. This major electricity producing plant provides on-site stand alone electricity to power the school in the event of a power failure. Because this facility is the Town-wide shelter for the general public as well as the building for the sixth and seventh grades the CoGen will provide financial relief to the School Department in the form of reduced costs for utilities, and will provide backup power during a power outage for the Town-wide shelter. The School department will be seeking a 90% construction grant from the DOER and will be obligated to provide a 10% contribution to the project. Half of that contribution can be in-kind using school staff electrician and plumbers as well as project management services.

Budget Impact - The project is estimated to meet 48% of the building electricity load and 43% of the building heat load. Savings could be as much as \$43,000 annually.

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 absorb.

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 the bond issue for the Barnstable Harbor Marina bulkhead replacement.

The FY16 General Fund Capital Improvements 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 balances remaining in appropriations from completed projects. This "pay-as-you-go" financing approach saves the Town thousands of dollars in the form of bond issuance and interest cost. It also provides the opportunity to have some capital program on an annual basis, and provides flexibility within the budget. 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 with an amortization period of ten (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 \$8 million in FY16. This amount is projected to increase by 2½% 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. In FY13, an additional \$7 million was transferred from the general fund reserves so as to provide for a greater level of capital funding over the next five years and another \$4 million is anticipated by the end of FY15.

Table A on the next page illustrates the CTF cash flow for the next ten (10) years incorporating all existing loan payments and the FY16 proposed capital improvements 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 1.5% per year;
- The transfer from the general fund will increase 2.5% per year;
- Loan amortization on the FY16 bond issue will include:
 - \$400,000 over 5 years,
 - \$2,724,000 over 10 years,
 - \$2,027,000 over 15 years,
 - \$7,688,000 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;
- The FY16 bonds will be issued at a time so that the first loan payments will not be made until FY17;
- There are no savings from bond refinancing included in the projection;
- Barnstable Shooting Range (Place holder) revitalization \$2,000,000 annually for three (3) years;
- 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; and
- The funding for the public roads program of \$3.25 million is repeated every year for the next ten (10) years.

Major Assumptions Used In Table B:

In addition to all of the assumptions in Table A, bond issues ranging from \$2 to \$9 million per year are included for the FY17 through FY25 capital program with the following amortization amounts:

- \$2,157,000 over 5 years
- \$9,836,000 over 10 years
- \$15,607,000 over 15 years
- \$15,824,000 over 20 years

TABLE A – Estimated Capital Trust Fund Cash Flow FY 2016 – FY 2025

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
1 Beginning Trust Fund Balance	\$ 14,630,457	\$ 13,613,237	\$ 12,407,432	\$ 12,651,721	\$ 12,186,321	\$ 12,475,995	\$ 13,535,403	\$ 16,389,092	\$ 18,853,884	\$ 22,115,095
Resources:										
2 Investment Earnings	219,457	204,199	186,111	189,776	182,795	187,140	203,031	245,836	282,808	331,726
3 Private Road Betterments Collected	85,000	80,000	75,000	70,000	65,000	60,000	55,000	50,000	45,000	40,000
4 Transfer From General Fund	8,043,646	8,231,723	8,424,485	8,622,050	8,824,537	9,032,069	9,244,773	9,462,777	9,686,214	9,915,220
5 Additional Contribution From General Fund	-	-	1,000,000	-	-	-	1,000,000	-	-	-
6 Total Current Year Resources	8,348,103	8,515,922	9,685,596	8,881,826	9,072,332	9,279,209	10,502,804	9,758,613	10,014,022	10,286,946
7 Total Available Resources	22,978,560	22,129,159	22,093,028	21,533,546	21,258,653	21,755,203	24,038,207	26,147,705	28,867,907	32,402,041
Commitments:										
8 Existing Debt Service Payments	(5,535,491)	(4,967,819)	(4,670,198)	(4,389,914)	(4,055,145)	(3,614,086)	(3,094,000)	(2,890,484)	(2,371,253)	(1,764,187)
9 Estimated Debt Service on FY16 CIP (\$10.8m)		(1,192,908)	(1,171,110)	(1,149,312)	(1,127,513)	(1,105,715)	(1,025,115)	(1,003,337)	(981,559)	(975,039)
10 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)
11 Other Cash Program	(579,832)	(311,000)	(350,000)	(558,000)	(350,000)	(250,000)	(280,000)	(150,000)	(150,000)	(150,000)
12 Total Current Year Commitments	(9,365,323)	(9,721,727)	(9,441,308)	(9,347,226)	(8,782,658)	(8,219,801)	(7,649,115)	(7,293,821)	(6,752,812)	(6,139,226)
13 Increase (Decrease) in Trust Fund	(1,017,220)	(1,205,806)	244,289	(465,400)	289,674	1,059,408	2,853,689	2,464,793	3,261,211	4,147,720
14 Ending Trust Fund Balance	\$ 13,613,237	\$ 12,407,432	\$ 12,651,721	\$ 12,186,321	\$ 12,475,995	\$ 13,535,403	\$ 16,389,092	\$ 18,853,884	\$ 22,115,095	\$ 26,262,815
15 % of trust fund resources committed in CY (max = 80%)	41%	45%	44%	45%	43%	39%	33%	29%	24%	20%

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 FY16. Cash funded projects in FY16 total \$3,829,832 and bond funded projects total \$10.8 million. The bonds will be issued in FY16 and the first estimated loan payment of \$1,192,908 is anticipated to be made in FY17 as illustrated above on line 9. Line 8 in the table above includes all existing loan payments. Lines 10 and 11 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 FY18 and FY22 are included on line 5. The projected balance in the fund begins to grow in FY18 and beyond indicating that that the fund can absorb more annual loan payments which will allow for more bond issues beyond FY16 to fund additional capital expenditures.

TABLE B – Capital Trust Fund Estimated Capacity for the Next 10 Years

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
1 Beginning Trust Fund Balance	\$ 14,630,457	\$ 13,613,237	\$ 12,407,432	\$ 11,702,921	\$ 9,559,385	\$ 7,634,443	\$ 6,076,819	\$ 5,948,962	\$ 4,867,248	\$ 4,320,823
Resources:										
2 Investment Earnings	219,457	204,199	186,111	175,544	143,391	114,517	91,152	89,234	73,009	64,812
3 Private Road Betterments Collected	85,000	80,000	75,000	70,000	65,000	60,000	55,000	50,000	45,000	40,000
4 Transfer From General Fund	8,043,646	8,231,723	8,424,485	8,622,050	8,824,537	9,032,069	9,244,773	9,462,777	9,686,214	9,915,220
5 Additional Contribution From General Fund	-	-	1,000,000	-	-	-	1,000,000	-	-	-
6 Total Current Year Resources	8,348,103	8,515,922	9,685,596	8,867,594	9,032,928	9,206,586	10,390,925	9,602,011	9,804,223	10,020,032
7 Total Available Resources	22,978,560	22,129,159	22,093,028	20,570,514	18,592,313	16,841,029	16,467,744	15,550,973	14,671,471	14,340,855
Commitments:										
8 Existing Debt Service Payments	(5,535,491)	(4,967,819)	(4,670,198)	(4,389,914)	(4,055,145)	(3,614,086)	(3,094,000)	(2,890,484)	(2,371,253)	(1,764,187)
9a Estimated Debt Service on FY16 CIP (\$10.8m)		(1,192,908)	(1,171,110)	(1,149,312)	(1,127,513)	(1,105,715)	(1,025,115)	(1,003,337)	(981,559)	(975,039)
9b Estimated Debt Service on FY17 CIP (\$9.2m)			(948,800)	(930,870)	(912,940)	(895,010)	(877,080)	(811,745)	(793,716)	(775,687)
9c Estimated Debt Service on FY18 CIP (\$6.6m)				(733,033)	(718,855)	(704,677)	(690,498)	(676,320)	(608,243)	(594,390)
9d Estimated Debt Service on FY19 CIP (\$5.4m)					(543,417)	(533,231)	(523,046)	(512,860)	(502,675)	(435,997)
9e Estimated Debt Service on FY20 CIP (\$3.8m)						(411,492)	(403,585)	(395,678)	(387,772)	(379,865)
9f Estimated Debt Service on FY21 CIP (\$3.6m)							(375,458)	(368,350)	(361,242)	(354,133)
9g Estimated Debt Service on FY22 CIP (\$6.6m)								(624,950)	(613,456)	(601,963)
9h Estimated Debt Service on FY23 CIP (\$3.6m)									(330,733)	(324,720)
9i Estimated Debt Service on FY24 CIP (\$2.4m)										(213,858)
9j Estimated Debt Service on FY25 CIP (\$2.0m)										
10 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)
11 Other Cash Program	(579,832)	(311,000)	(350,000)	(558,000)	(350,000)	(250,000)	(280,000)	(150,000)	(150,000)	(150,000)
12 Total Current Year Commitments	(9,365,323)	(9,721,727)	(10,390,108)	(11,011,129)	(10,957,870)	(10,764,210)	(10,518,783)	(10,683,725)	(10,350,648)	(9,819,839)
13 Increase (Decrease) in Trust Fund	(1,017,220)	(1,205,806)	(704,511)	(2,143,535)	(1,924,942)	(1,557,625)	(127,857)	(1,081,713)	(546,425)	200,194
14 Ending Trust Fund Balance	\$ 13,613,237	\$ 12,407,432	\$ 11,702,921	\$ 9,559,385	\$ 7,634,443	\$ 6,076,819	\$ 5,948,962	\$ 4,867,248	\$ 4,320,823	\$ 4,521,017
15 % of trust fund resources committed in CY (max = 80%)	41%	45%	48%	55%	62%	67%	68%	74%	77%	75%

Including the proposed FY16 capital program, it is estimated the Capital Trust Fund can absorb approximately \$90 million in capital expenditures over the next 10 years and stay within the maximum allowable commitment of 80% as shown on line 15. Cash financed capital is estimated at \$36 million as illustrated on lines 10 and 11. Bond financed capital is estimated a \$54 million through FY25. The estimated annual loan payments on the bonds are illustrated on lines 9a through 9j.

TABLE C – Capital Trust Fund Debt Amortization Schedule

DEBT SERVICE PROGRAM	Issue Date	Maturity Date	Original Amount	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	P&I Payments FY 2024	P&I Payments FY 2025
CTF Police Station Construction (I) Subseq Refunded Bonds	06/15/05	06/15/25	400,000	25,452	25,313	23,783	23,130	22,320	21,600	20,880	20,160	19,440	18,720
CTF Public Wharves-Dredging-Refunded	02/15/07	02/15/15	155,800	-	-	-	-	-	-	-	-	-	-
CTF School Facilities Repair	02/15/07	02/15/17	339,000	32,400	31,200	-	-	-	-	-	-	-	-
CTF BHS Cogeneration	02/15/07	02/15/17	500,000	54,000	52,000	-	-	-	-	-	-	-	-
CTF Old Town Hall Phase II (I)	02/15/07	02/15/17	295,000	32,200	26,000	-	-	-	-	-	-	-	-
CTF Building - Senior Center - Refunded	02/15/07	02/15/19	702,378	85,990	82,990	79,790	26,250	-	-	-	-	-	-
CTF School Upgrades 1 Subseq Refunded Bonds	02/15/07	02/15/22	360,000	31,321	30,427	28,127	27,360	21,280	20,520	19,760	-	-	-
CTF School Facilities Repair & Improvement Subseq Refunded Bonds	02/15/07	02/15/22	660,000	57,586	55,190	51,390	49,455	42,520	41,000	38,480	-	-	-
CTF Beach Facilities Subseq Refunded Bonds	02/15/07	02/15/22	270,000	24,603	18,585	17,985	16,310	15,680	15,120	14,560	-	-	-
CTF Land Acquisition - Hyannis Golf Course Subseq Refunded Bonds	02/15/07	02/15/26	748,000	56,388	54,665	52,065	49,310	47,600	46,080	44,560	43,040	35,520	34,240
CTF School Health & Safety Improvements Subseq Refunded Bonds	02/15/07	02/15/26	478,000	35,135	33,780	31,780	30,700	29,620	28,660	27,700	21,740	19,980	19,260
CTF MME Roof Replacement Subseq Refunded Bonds	02/15/07	02/15/26	750,000	56,295	54,856	52,056	49,510	47,800	46,280	44,760	43,240	40,720	34,240
CTF School Upgrades 2 Subseq Refunded Bonds	02/15/07	02/15/27	150,000	12,591	12,266	6,766	6,645	6,420	6,220	6,020	5,820	5,620	4,920
CTF BHMCS Roof Subseq Refunded Bonds	02/15/07	02/15/27	910,000	65,092	63,481	60,581	57,705	55,770	54,050	52,330	50,610	48,890	46,170
CTF Senior Center - Garden Level Subseq Refunded Bonds	02/15/07	02/15/27	457,000	34,226	33,635	31,635	25,555	24,700	23,940	23,180	22,420	21,660	20,900
CTF Town Building Repairs & Renovations Subseq Refunded Bonds	02/15/07	02/15/27	685,000	50,713	48,870	46,470	44,940	43,410	41,050	39,730	38,410	37,090	30,770
CTF MWPAT CW-04-31 Pool 11	11/09/07	07/15/20	389,216	33,999	33,999	33,999	33,999	33,999	33,999	-	-	-	-
CTF Coastal Water Quality Improvements	06/15/08	06/15/18	250,000	27,120	26,040	25,140	-	-	-	-	-	-	-
CTF Lake & Pond Improvements	06/15/08	06/15/18	250,000	27,120	26,040	25,140	-	-	-	-	-	-	-
CTF Land Acquisition - CAP	06/15/08	06/15/23	365,200	32,010	30,930	30,030	28,890	27,930	26,970	26,010	25,020	-	-
CTF Private Road Repairs	06/15/08	06/15/23	1,607,900	142,711	137,896	133,884	128,801	124,521	120,241	115,961	111,548	-	-
CTF Bismore Park Visitor Center - CAP	06/15/08	06/15/23	150,000	13,338	12,888	12,513	12,038	11,638	11,238	10,838	10,425	-	-
CTF Bismore Park Visitor Center	06/15/08	06/15/23	465,000	41,346	39,951	38,789	37,316	36,076	34,836	33,596	32,318	-	-
CTF Pleasant St. Dock - 1	06/15/08	06/15/23	350,000	30,676	29,641	28,779	27,686	26,766	25,846	24,926	23,978	-	-
CTF Pleasant St. Dock - 2	06/15/08	06/15/23	350,000	30,676	29,641	28,779	27,686	26,766	25,846	24,926	23,978	-	-
CTF Boat Ramps - CAP	06/15/08	06/15/23	927,000	82,489	79,699	77,374	73,429	70,989	68,549	66,109	63,593	-	-
CTF School Facility Improvements 1 (I)	06/15/08	06/15/28	916,600	51,763	45,188	44,063	42,638	41,438	40,238	39,038	37,800	36,525	35,250
CTF Municipal Building Improvements	06/15/08	06/15/28	297,000	7,756	7,531	7,344	7,106	6,906	6,706	6,506	6,300	6,088	5,875
CTF School Building Improvements	06/15/10	06/15/30	936,000	75,869	73,369	65,869	64,744	62,944	61,144	59,794	58,331	56,869	55,294
CTF Highway Facility	06/15/10	06/15/30	136,000	11,024	10,660	9,571	9,407	9,080	8,884	8,688	8,475	8,263	8,034
CTF Dredging	06/15/10	06/15/24	419,250	39,875	38,375	36,875	36,125	34,625	33,725	32,825	31,850	25,875	-
CTF Lake Treatment	06/15/10	06/15/25	275,000	26,575	25,575	24,575	24,075	23,075	17,475	17,025	16,538	16,050	15,525
CTF Municipal Facility Improvements	06/15/10	06/15/29	402,500	7,619	7,369	7,119	6,994	6,744	6,594	6,444	6,281	6,119	5,944
CTF Police Facility	06/15/10	06/15/30	508,000	39,094	37,844	36,594	35,969	34,719	33,969	33,219	32,406	31,594	30,719
CTF 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	-	-	-	-
CTF School Facilities Upgrades/Repairs V (I)	06/14/11	06/15/31	884,000	71,419	70,069	68,719	66,919	65,119	63,319	61,519	59,719	57,919	56,400
CTF School Facilities Upgrades/Repairs I	06/14/11	06/15/16	65,000	10,300	-	-	-	-	-	-	-	-	-
CTF School Equipment	06/14/11	06/15/16	193,000	36,050	-	-	-	-	-	-	-	-	-
CTF Traffic Calming	06/14/11	06/15/16	50,000	10,300	-	-	-	-	-	-	-	-	-
CTF Municipal Facility Upgrades/Repairs - MEA Building	06/14/11	06/15/16	114,000	20,600	-	-	-	-	-	-	-	-	-
CTF Police Dept. Emergency Generator	06/14/11	06/15/16	271,000	51,500	-	-	-	-	-	-	-	-	-
CTF Refunded Recreational Facility	06/14/11	06/15/16	144,000	36,050	-	-	-	-	-	-	-	-	-

TABLE C – Capital Trust Fund Debt Amortization Schedule – Continued

DEBT SERVICE PROGRAM	Issue Date	Maturity Date	Original Amount	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	P&I Payments FY 2024	P&I Payments FY 2025
CTF Police Station Construction (I) Subseq Refunded Bonds	06/15/05	06/15/25	400,000	25,452	25,313	23,783	23,130	22,320	21,600	20,880	20,160	19,440	18,720
CTF Public Wharves-Dredging-Refunded	02/15/07	02/15/15	155,800	-	-	-	-	-	-	-	-	-	-
CTF School Facilities Repair	02/15/07	02/15/17	339,000	32,400	31,200	-	-	-	-	-	-	-	-
CTF BHS Cogeneration	02/15/07	02/15/17	500,000	54,000	52,000	-	-	-	-	-	-	-	-
CTF Old Town Hall Phase II (I)	02/15/07	02/15/17	295,000	32,200	26,000	-	-	-	-	-	-	-	-
CTF Building - Senior Center - Refunded	02/15/07	02/15/19	702,378	85,990	82,990	79,790	26,250	-	-	-	-	-	-
CTF School Upgrades 1 Subseq Refunded Bonds	02/15/07	02/15/22	360,000	31,321	30,427	28,127	27,360	21,280	20,520	19,760	-	-	-
CTF School Facilities Repair & Improvement Subseq Refunded Bonds	02/15/07	02/15/22	660,000	57,586	55,190	51,390	49,455	42,520	41,000	38,480	-	-	-
CTF Beach Facilities Subseq Refunded Bonds	02/15/07	02/15/22	270,000	24,603	18,585	17,985	16,310	15,680	15,120	14,560	-	-	-
CTF Land Acquisition - Hyannis Golf Course Subseq Refunded Bonds	02/15/07	02/15/26	748,000	56,388	54,665	52,065	49,310	47,600	46,080	44,560	43,040	35,520	34,240
CTF School Health & Safety Improvements Subseq Refunded Bonds	02/15/07	02/15/26	478,000	35,135	33,780	31,780	30,700	29,620	28,660	27,700	21,740	19,980	19,260
CTF MME Roof Replacement Subseq Refunded Bonds	02/15/07	02/15/26	750,000	56,295	54,856	52,056	49,510	47,800	46,280	44,760	43,240	40,720	34,240
CTF School Upgrades 2 Subseq Refunded Bonds	02/15/07	02/15/27	150,000	12,591	12,266	6,766	6,645	6,420	6,220	6,020	5,820	5,620	4,920
CTF BHMCS Roof Subseq Refunded Bonds	02/15/07	02/15/27	910,000	65,092	63,481	60,581	57,705	55,770	54,050	52,330	50,610	48,890	46,170
CTF Senior Center - Garden Level Subseq Refunded Bonds	02/15/07	02/15/27	457,000	34,226	33,635	31,635	25,555	24,700	23,940	23,180	22,420	21,660	20,900
CTF Town Building Repairs & Renovations Subseq Refunded Bonds	02/15/07	02/15/27	685,000	50,713	48,870	46,470	44,940	43,410	41,050	39,730	38,410	37,090	30,770
CTF MW PAT CW-04-31 Pool 11	11/09/07	07/15/20	389,216	33,999	33,999	33,999	33,999	33,999	33,999	-	-	-	-
CTF Coastal Water Quality Improvements	06/15/08	06/15/18	250,000	27,120	26,040	25,140	-	-	-	-	-	-	-
CTF Lake & Pond Improvements	06/15/08	06/15/18	250,000	27,120	26,040	25,140	-	-	-	-	-	-	-
CTF Land Acquisition - CAP	06/15/08	06/15/23	365,200	32,010	30,930	30,030	28,890	27,930	26,970	26,010	25,020	-	-
CTF Private Road Repairs	06/15/08	06/15/23	1,607,900	142,711	137,896	133,884	128,801	124,521	120,241	115,961	111,548	-	-
CTF Bismore Park Visitor Center - CAP	06/15/08	06/15/23	150,000	13,338	12,888	12,513	12,038	11,638	11,238	10,838	10,425	-	-
CTF Bismore Park Visitor Center	06/15/08	06/15/23	465,000	41,346	39,951	38,789	37,316	36,076	34,836	33,596	32,318	-	-
CTF Pleasant St. Dock - 1	06/15/08	06/15/23	350,000	30,676	29,641	28,779	27,686	26,766	25,846	24,926	23,978	-	-
CTF Pleasant St. Dock - 2	06/15/08	06/15/23	350,000	30,676	29,641	28,779	27,686	26,766	25,846	24,926	23,978	-	-
CTF Boat Ramps - CAP	06/15/08	06/15/23	927,000	82,489	79,699	77,374	73,429	70,989	68,549	66,109	63,593	-	-
CTF School Facility Improvements 1 (I)	06/15/08	06/15/28	916,600	51,763	45,188	44,063	42,638	41,438	40,238	39,038	37,800	36,525	35,250
CTF Municipal Building Improvements	06/15/08	06/15/28	297,000	7,756	7,531	7,344	7,106	6,906	6,706	6,506	6,300	6,088	5,875
CTF School Building Improvements	06/15/10	06/15/30	936,000	75,869	73,369	65,869	64,744	62,944	61,144	59,794	58,331	56,869	55,294
CTF Highway Facility	06/15/10	06/15/30	136,000	11,024	10,660	9,571	9,407	9,080	8,884	8,688	8,475	8,263	8,034
CTF Dredging	06/15/10	06/15/24	419,250	39,875	38,375	36,875	36,125	34,625	33,725	32,825	31,850	25,875	-
CTF Lake Treatment	06/15/10	06/15/25	275,000	26,575	25,575	24,575	24,075	23,075	17,475	17,025	16,538	16,050	15,525
CTF Municipal Facility Improvements	06/15/10	06/15/29	402,500	7,619	7,369	7,119	6,994	6,744	6,594	6,444	6,281	6,119	5,944
CTF Police Facility	06/15/10	06/15/30	508,000	39,094	37,844	36,594	35,969	34,719	33,969	33,219	32,406	31,594	30,719
CTF 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	-	-	-	-
CTF School Facilities Upgrades/Repairs V (I)	06/14/11	06/15/31	884,000	71,419	70,069	68,719	66,919	65,119	63,319	61,519	59,719	57,919	56,400
CTF School Facilities Upgrades/Repairs I	06/14/11	06/15/16	65,000	10,300	-	-	-	-	-	-	-	-	-
CTF School Equipment	06/14/11	06/15/16	193,000	36,050	-	-	-	-	-	-	-	-	-
CTF Traffic Calming	06/14/11	06/15/16	50,000	10,300	-	-	-	-	-	-	-	-	-
CTF Municipal Facility Upgrades/Repairs - MEA Building	06/14/11	06/15/16	114,000	20,600	-	-	-	-	-	-	-	-	-
CTF Police Dept. Emergency Generator	06/14/11	06/15/16	271,000	51,500	-	-	-	-	-	-	-	-	-
CTF Refunded Recreational Facility	06/14/11	06/15/16	144,000	36,050	-	-	-	-	-	-	-	-	-

TABLE C – Capital Trust Fund Debt Amortization Schedule – Continued

DEBT SERVICE PROGRAM	Issue Date	Maturity Date	Original Amount	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	P&I Payments FY 2024	P&I Payments FY 2025
CTF Osterville Community Building Upgrades	11/22/13	11/15/23	200,000	24,500	23,900	23,400	23,000	22,500	21,900	21,300	20,750	20,250	-
CTF Police Station Upgrades	11/22/13	11/15/23	168,000	23,600	23,000	17,550	17,250	16,875	16,425	15,975	15,563	15,188	-
CTF Town Hall Interior Upgrades	11/22/13	11/15/23	150,000	18,375	17,925	17,550	17,250	16,875	16,425	15,975	15,563	15,188	-
CTF Guyer Barn Upgrades	11/22/13	11/15/23	148,000	18,250	17,800	17,425	17,125	16,750	16,300	15,850	15,438	10,125	-
CTF MEA Facility Upgrades	11/22/13	11/15/23	131,000	17,825	17,375	17,000	16,700	16,325	10,950	10,650	10,375	10,125	-
CTF Beach Facility Design	11/22/13	11/19/19	115,000	26,925	26,175	20,600	20,200	-	-	-	-	-	-
CTF Pearl St Building Upgrades	11/22/13	11/15/23	114,000	17,325	11,950	11,700	11,500	11,250	10,950	10,650	10,375	10,125	-
CTF S&G Facility Roof Repairs	11/22/13	11/15/23	103,000	12,250	11,950	11,700	11,500	11,250	10,950	10,650	10,375	10,125	-
CTF Lombard Parking & Ballfield Design	11/22/13	11/19/19	101,000	21,700	21,100	20,600	20,200	-	-	-	-	-	-
CTF West Barnstable Community Building Upgrades	11/22/13	11/15/23	72,000	11,450	11,150	10,900	5,750	5,625	5,475	5,325	5,188	5,063	-
CTF Highway Operations Facility Construction	11/22/13	11/15/23	66,000	11,350	11,050	5,850	5,750	5,625	5,475	5,325	5,188	5,063	-
CTF East Bay Dredging	11/22/13	11/15/23	600,000	73,500	71,700	70,200	69,000	67,500	65,700	63,900	62,250	60,750	-
CTF Hyannis Harbor Bulkhead Construction	11/22/13	11/15/23	142,000	17,975	17,525	17,150	16,850	16,475	16,025	10,650	10,375	10,125	-
CTF Millway Boat Ramp & Dock Upgrades	11/22/13	11/15/23	133,000	17,825	17,375	17,000	16,700	16,325	10,950	10,650	10,375	10,125	-
CTF Senior Center - Parking Lot Expansion	02/15/15	06/30/30	290,000	29,870	29,525	29,125	28,225	27,325	26,525	25,725	24,925	24,125	23,325
CTF Police Facilities - February 17, 2015 Issue	02/15/15	06/30/35	288,000	27,476	24,169	23,869	23,194	22,519	21,919	21,319	20,719	20,119	19,519
CTF Marstons Mills Fish Run Reconstruction	02/15/15	06/30/30	326,000	41,934	35,375	34,875	33,750	27,625	26,825	26,025	25,225	24,425	23,625
CTF Sidewalk/Guardrail Improvements 1	02/15/15	06/30/20	200,000	46,762	46,000	45,200	43,400	41,600	-	-	-	-	-
CTF Sidewalk/Guardrail Improvements 2	02/15/15	06/30/20	85,000	22,735	22,350	16,950	16,275	15,600	-	-	-	-	-
CTF Dredge Permitting/Planning	02/15/15	06/30/20	341,000	82,431	80,075	78,675	70,525	67,600	-	-	-	-	-
CTF Blish Point Sand Management	02/15/15	06/30/20	215,000	52,185	51,325	50,425	43,400	41,600	-	-	-	-	-
CTF Centerville Recreation Building	02/15/15	06/30/35	185,000	16,128	15,963	15,763	15,313	14,863	14,463	14,063	13,663	13,263	12,863
CTF Early Learning Center Modular Facility	02/15/15	06/30/35	2,000,000	165,758	164,125	162,125	157,625	153,125	149,125	145,125	141,125	137,125	133,125
TOTAL GENERAL FUND DEBT SERVICE				4,157,978	3,626,312	3,380,866	3,144,218	2,851,518	2,445,819	1,962,094	1,795,320	1,321,214	752,692
CTF Marina Bulkhead Repair I	06/14/11	06/15/30	725,000	61,231	60,031	58,831	57,231	55,631	54,031	52,431	50,831	44,231	43,050
CTF HYCC 1 Subseq Refunded Bonds	02/15/07	02/15/27	1,000,000	71,718	70,546	66,446	64,390	62,230	60,310	58,390	56,470	53,550	51,670
CTF HYCC 2 Subseq Refunded Bonds	02/15/07	02/15/27	8,000,000	579,694	564,190	535,190	515,775	495,450	480,170	463,890	447,650	430,450	413,330
CTF HYCC 3 Subseq Refunded Bonds	02/15/07	02/15/27	1,600,000	115,765	112,845	107,645	103,135	98,670	95,630	92,590	89,550	86,510	82,470
CTF HYCC 4	06/15/08	06/15/28	6,765,000	524,105	508,895	496,220	480,165	466,645	453,125	439,605	425,663	410,298	395,975
TOTAL ENTERPRISE FUND DEBT SERVICE				1,352,513	1,316,507	1,264,332	1,220,696	1,178,626	1,143,266	1,106,906	1,070,164	1,025,039	986,495
Temporary 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				5,535,491	4,967,819	4,670,198	4,389,914	4,055,145	3,614,086	3,094,000	2,890,484	2,371,253	1,764,187

Sewer Construction and Private Way Maintenance and Improvements Fund

This is another fund that the Town has to finance its capital program. Chapter 355 of the Acts of 2014 enacted by the General Court allows the Town of Barnstable to establish a special fund that may be used for the construction of sewers and the maintenance and improvements of private ways. This law expanded the use of this special fund to include the maintenance and improvements of private ways. The fund was originally established with the passage of Chapter 248 of the Acts of 2012 which created a special fund for sewer construction.

Dedicated revenue sources for this fund includes 100% of the local meals excise tax and one-third of the local rooms excise tax. In addition, any betterment assessed to property abutters on sewer construction and private way improvements will also be credited to this fund if the fund is used to finance the improvements. The Stewart's Creek sewer construction and West Main Street Pump Station projects are the only projects to date that have been accounted for within this special fund. The Town borrowed money from the Massachusetts Clean Water Trust to finance the construction of these projects. The Town received low interest loans and principal subsidies on the loans. The loans will be paid back from the resources credited to this special fund. Betterments on the Stewart's Creek project were assessed to property abutters in the amount of 50% of the project costs. The betterments collected are credited to this fund.

As of June 30, 2014 this fund was included within the sewer enterprise fund for external financial reporting purposes in accordance with Generally Accepted Accounting Standards. However, the Town has been tracking the financial activity in a separate fund within its financial reporting system in the event that it would need to know the cumulative financial activity of these actions. The passage of Chapter 355 created a multipurpose fund which will no longer be accounted for with the sewer enterprise fund for external financial reporting purposes.

There are currently no projects included in the five year capital improvements plan which will use this fund as the funding mechanism. Following is a five (5) year projection for the fund's activity.

	FY2015	FY2016	FY2017	FY2018	FY2019
Beginning Fund Balance	\$ 8,981,326	\$ 10,715,547	\$ 12,455,207	\$ 14,200,354	\$ 15,951,034
<u>Resources:</u>					
Meals tax	1,280,000	1,286,400	1,292,832	1,299,296	1,305,793
Rooms tax	875,000	879,375	883,772	888,191	892,632
Betterments	100,000	95,000	90,000	85,000	80,000
<u>Commitments:</u>					
Debt service	(520,779)	(521,115)	(521,456)	(521,807)	(522,164)
Excess resources	1,734,221	1,739,660	1,745,147	1,750,680	1,756,261
Ending Fund Balance	\$ 10,715,547	\$ 12,455,207	\$ 14,200,354	\$ 15,951,034	\$ 17,707,295

Debt Position Analysis

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 1.5% to 4% range. Rates remain low in FY15 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 Beach 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 recreation, community housing and historic preservation projects. The CPF, a special revenue fund, is funded with 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.

Current Debt Position

As of June 30, 2014, the Town of Barnstable had \$111.1 million of outstanding long-term debt. New debt issued in FY14 was \$6.5 million and existing debt retired was \$13.2 million, representing a \$6.7 million net decrease in the outstanding long-term debt level from June 30, 2013. These debt figures include all debt incurred on behalf of the enterprise funds and the Community Preservation Fund.

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 January 30, 2015, Standard & Poor's (S&P) 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 (GOD) 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 \$19.7 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)

Projects	Maturities Through	Original Loan Amount	Coupon Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
MCWT Title V Bond of 1997.....	2021	\$ 200,000	0.00	\$ 83,003	\$ -	\$ (10,400)	\$ 72,603
MCWT Title V Bond of 2002.....	2023	200,000	0.00	100,184	-	(9,972)	90,212
Municipal Purpose Bonds of 2004.....	2014	11,783,000	3.00 - 5.00	620,000	-	(620,000)	-
Municipal Purpose Bonds of 2005.....	2025	6,280,000	3.25 - 5.00	3,760,000	-	(315,000)	3,445,000
MCWT Title V Bonds of 2006.....	2026	400,000	0.00	260,000	-	(20,000)	240,000
MCWT Title V Bond of 2007.....	2027	200,000	0.00	140,000	-	(10,000)	130,000
Municipal Purpose Bonds of 2007.....	2027	46,664,000	3.38 - 4.75	28,325,000	-	(4,115,000)	24,210,000
MCWT Bond of 2008 (CW-04-31).....	2021	389,216	2.00	251,359	-	(29,265)	222,094
Municipal Purpose Bonds of 2008.....	2028	5,928,700	3.75 - 4.50	3,585,000	-	(373,000)	3,212,000
MCWT Bond of 2009.....	2021	887,454	2.00	712,342	-	(82,597)	629,745
Municipal Purpose Bonds of 2010.....	2030	4,947,270	2.00 - 5.00	3,290,000	-	(540,000)	2,750,000
Municipal Purpose Bonds of 2011.....	2031	15,751,000	2.00 - 4.00	13,076,897	-	(1,786,548)	11,290,349
Municipal Purpose Refunding of 2013.....	2023	10,037,900	2.00 - 4.00	9,169,500	-	(1,090,000)	8,079,500
Municipal Purpose Bonds of 2014.....	2024	6,248,000	2.00 - 3.00	-	6,248,000	-	6,248,000
Total Bonds Payable.....				63,373,285	6,248,000	(9,001,782)	60,619,503
Add: unamortized premium.....				237,493	245,377	(295,533)	187,337
Total Bonds Payable, net.....				\$ 63,610,778	\$ 6,493,377	\$ (9,297,315)	\$ 60,806,840

Debt service requirements for principal and interest for **Governmental Bonds Payable** in future fiscal years are as follows:

Year	Principal	Interest	Total
2015.....	\$ 8,967,140	\$ 2,263,727	\$ 11,230,867
2016.....	8,681,546	1,957,203	10,638,749
2017.....	8,344,002	1,640,784	9,984,786
2018.....	8,281,509	1,335,373	9,616,882
2019.....	8,285,071	984,237	9,269,308
2020.....	4,688,685	632,556	5,321,241
2021.....	3,685,157	465,149	4,150,306
2022.....	3,179,756	334,397	3,514,153
2023.....	2,555,256	215,507	2,770,763
2024.....	1,449,483	138,416	1,587,899
2025.....	914,483	96,505	1,010,988
2026.....	589,483	61,719	651,202
2027.....	344,483	39,624	384,107
2028.....	229,483	26,016	255,499
2029.....	194,483	17,008	211,491
2030.....	189,483	9,230	198,713
2031.....	40,000	1,656	41,656
Total.....	\$ 60,619,503	\$ 10,219,107	\$ 70,838,610

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 new Middle School and the renovation and addition to the High School. During 2014, approximately \$3,509,000 of such assistance was received. Approximately \$16,444,000 will be received in future years. Of this amount, \$1,310,000 represents reimbursement of future long-term interest costs and \$15,134,000 represents reimbursement of approved construction cost and interest costs previously paid.

Bonds Payable Schedule – Enterprise Funds

Projects	Maturities Through	Original Loan Amount	Coupon Rate (%)	Outstanding at June 30, 2013	Issued	Redeemed	Outstanding at June 30, 2014
Golf Course.....	2025	\$ 4,450,000	5.00	\$ 3,150,000	\$ -	\$ (250,000)	\$ 2,900,000
Wastewater.....	2032	34,940,442	0.00 - 4.75	19,456,517	-	(1,532,282)	17,924,235
Water.....	2033	13,699,618	2.00 - 5.00	12,772,107	-	(637,102)	12,135,005
Solid Waste Transfer Station.....	2027	8,405,700	0.00 - 4.50	3,196,600	-	(446,800)	2,749,800
Sandy Neck.....	2031	1,365,000	4.00	1,165,000	-	(50,000)	1,115,000
Marinas.....	2030	3,774,000	3.00 - 5.00	1,817,103	-	(143,452)	1,673,651
Hyannis Youth and Community Center.....	2028	17,365,000	3.375 - 5.00	12,485,000	-	(868,000)	11,617,000
Airport.....	2031	730,000	2.00 - 4.12	680,000	-	(30,000)	650,000
Total Bonds Payable.....				\$ 54,722,327	\$ -	\$ (3,957,636)	\$ 50,764,691

Debt service requirements for principal and interest for **Enterprise Bonds Payable** in future fiscal years are as follows:

Year	Principal	Interest	Total
2015.....	\$ 3,979,041	\$ 1,649,331	\$ 5,628,372
2016.....	3,876,306	1,509,484	5,385,790
2017.....	3,938,915	1,367,055	5,305,970
2018.....	3,685,396	1,216,833	4,902,229
2019.....	3,763,085	1,081,656	4,844,741
2020.....	3,389,410	946,854	4,336,264
2021.....	3,282,068	838,335	4,120,403
2022.....	3,310,284	733,079	4,043,363
2023.....	3,377,458	623,738	4,001,196
2024.....	3,301,175	513,908	3,815,083
2025.....	3,209,804	412,604	3,622,408
2026.....	2,968,921	309,347	3,278,268
2027.....	3,028,539	216,143	3,244,682
2028.....	1,778,665	121,108	1,899,773
2029.....	1,001,085	80,185	1,081,270
2030.....	991,371	56,919	1,048,290
2031.....	947,712	33,137	980,849
2032.....	462,700	14,981	477,681
2033.....	472,756	5,646	478,402
Total.....	\$ <u>50,764,691</u>	\$ <u>11,730,343</u>	\$ <u>62,495,034</u>

The Town has entered into several loan agreements with the Massachusetts Clean Water Trust (MCWT) for which the Town has recorded the total amount of debt outstanding. However, as of June 30, 2014, the Town has not incurred \$1,309,527 of the eligible construction costs related to the projects and as a result has not yet received the corresponding loan proceeds from MCWT. The Town is scheduled to be subsidized by the MCWT on a periodic basis for principal in the amount of \$1,406,745 and interest costs for \$670,673. The principal subsidies are guaranteed. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying figures above. The 2014 principal and interest subsidies totaled \$237,389 and \$200,924, respectively.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2014, the Town had the following authorized and unissued debt:

Purpose	Amount
Sewer Projects.....	9,088,246
Water Projects.....	3,353,819
Marston Mills Fish Run	500
Airport Projects.....	14,958,125
Fuel Farm.....	<u>810,000</u>
Total.....	28,210,690

General Obligation Debt – Credit Ratings

In January 2015, the Treasurer conducted a \$16.2 million bond refunding. This sale required a rating agency analysis. S&P change their criteria and analytical framework used for evaluating credit and the Town maintained its AAA rating using their new criteria and framework. S&P cited the following reasons for their rating:

- A very strong economy, which participates in the strong Boston metropolitan statistical area;
- Very strong budgetary flexibility, with available reserves in excess of 15% of general fund expenditures for the most recent three audited years;
- Strong budgetary performance and stable and consistent revenue profile;
- Very strong liquidity, providing very strong cash levels to cover both debt service and expenditures;
- Very strong management practices and policies that we believe are embedded and sustainable; and
- Strong debt and contingent liabilities, albeit large pension and other post-employment benefits (OPEB) liabilities.

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. This AAA rating reflects sound credit quality with associated very low risk and should result in future 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; and

- The community's ability to address unfunded pension system and other post-employment benefits obligations.

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 November 8, 2013

"The stable outlook reflects our view of the town's very strong budgetary flexibility and liquidity, further supported by a very strong and diverse local economy. Although Barnstable maintains a strong debt and liability profile, and despite pension and OPEB costs that are expected to continue rising through the medium term, we do not anticipate weakened performance or liquidity measures, due to the town's very strong management practices. Steady economic development in recent years should aid tax base stability and provide additional future tax revenue. While unlikely, significant deterioration in general fund reserve or performance could lead to rating actions. For these reasons, we do not expect to change the rating within the two-year outlook horizon."

General Obligation Debt – Limitations

There are several legal limitations that govern the issuance of municipal debt. Under Massachusetts statutes, the debt limit of the Town of Barnstable 5% 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. 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 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 the debt limit.

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 (GO) bond ratios. Several of the GO 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 GO 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 GO debt burden

placed on the citizens. To determine an issuer’s overall GO debt burden, overlapping debt is added to the issuer’s own outstanding GO debt. If other overlapping jurisdictions pursue aggressive capital improvements programs, some of the Town’s debt ratios will increase. Therefore, it is important to be aware of not only our GO 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

Current Status

Criteria

0.649%

Direct Debt - General fund debt as a % of the town’s FY14 equalized property valuation as calculated by the state.

Formula – Overall general fund debt ÷ Equalized valuation

Standard & Poor’s rates this as low (favorable)

8.83%

Municipal Debt Burden – Current Year

Definition - Town’s general fund debt service ÷ Total general fund expenditures

Standard & Poor’s rates this as moderate

\$1,600

Net Direct Debt Per Capita

Definition – Governmental fund net debt ÷ Town population

Standard & Poor’s rates this as low (favorable)

\$298,191

Per Capita Market Value

Definition – Equalized valuation ÷ Population

Standard & Poor’s rates this as very high (favorable)

Administrative Policies 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 2½ 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 0.44%.**
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 6.8%.**
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 4.45%.**
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 \$19 million in the next five years as "pay-as-you-go" financing and anticipates financing about \$31 million in capital with new debt issues resulting in a 38/62 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 Improvements Program projects, as contained within the Town's five-year capital improvements plan.

1. The Capital Trust Fund will be funded through a general operation set aside of at least \$1.9 million annually. The annual estimated commitment for FY2015 is approximately \$7.5 million. This is expected to be repeated for the next five 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; and
 - 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.

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.

Capital Projects Funds

The general fund capital improvement plan proposed for FY16 totals \$15,163,700. 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 amounts list in the *Consolidated Resource/Appropriation Summary* on page 68 AND 69 includes not only the FY16 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.

Special Revenue Funds

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

These are 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. The largest municipal revolving fund is the Recreation Revolving Fund which generates approximately \$400,000 of program activity per year. The Adult Social Day Care Revolving Fund will be eliminated at the end of FY15.

The largest school revolving fund is the School Lunch Revolving Fund. Other notable school revolving funds include School Choice Tuition. Tuition received from other communities who send their children to Barnstable Schools is credited to this account and the School Committee is allowed to expend the

Other Funds Not Part of the Budget Process

funds for school related purposes, particularly to offset the costs of educating the out-of-town students.

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. These must be kept separate from other receipts that are credited to the General Fund.

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.

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 FY15 and FY16 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. This is also used to pay the debt service on some pier reconstruction at the harbor.

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.

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.

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 FTE's out of

this program for administering the program as well as conducting program activities such as creating affordable accessory housing units.

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. The two largest types of receipts in this category include cable license fees and Community Preservation Fund surtaxes.

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 land acquisitions, recreation improvements, historical preservation and community housing projects. 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 tax levy change every year.

Grants

Federal, State and other 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. The greatest impact in the town's grant activity is in the School Department which receives several federal and state grants. Some are entitlement grants and many are competitive.

Comcast License Fee 5 Year Spending Plan

The Town receives approximately \$700,000 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 were also used to finance the construction of a fiber optic network that was completed in FY14. The network connects 48 municipal facilities. This fund will also be used to self-insure the network.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2019</u>
Estimated License Revenue	\$ 699,574	\$ 706,570	\$ 713,636	\$ 720,772	\$ 727,980
Personnel	294,657	306,649	319,132	332,124	345,648
Full-time Equivalent Employees	4.00	4.00	4.00	4.00	4.00
<u>Operating Expenses</u>					
Internet access charge	49,672	50,913	52,186	53,491	54,828
Legal expenses	5,000	5,000	5,000	5,000	5,000
Equipment replacement	54,000	55,000	56,000	57,000	58,000
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	20,497	22,547	24,802	27,282	30,010
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	49,792	50,788	51,803	52,840	53,896
Total operating expenses	205,961	211,248	216,792	222,612	228,735
<u>Other Expenses</u>					
Self insurance fund contribution for BFON	200,000	-	-	-	-
School Dept. funding - Channel 22	93,589	97,332	101,226	105,275	109,486
Total other expenses	293,589	97,332	101,226	105,275	109,486
Grand total expenses	794,206	615,230	637,149	660,011	683,868
Net license revenue after expenses	(94,632)	91,341	76,487	60,761	44,112
Beginning fund balance	891,522	796,891	888,231	964,718	1,025,479
Ending fund balance	\$ 796,891	\$ 888,231	\$ 964,718	\$ 1,025,479	\$ 1,069,591
Self insurance fund balance	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000

Trust and Agency Funds

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 \$1.5 million in investment income annually. Future earnings will depend upon interest rates and investment appreciation.

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

The Pension Reserve Fund is used to offset tax support for the county retirement assessment. As of June 30, 2014, the fund had a market value of almost \$2.7 million. The Pension Reserve Fund will transfer \$280,000 in FY16 to the general fund to offset the cost of funding the county retirement assessment.

The Cobb Trust Fund is managed by a Town Council appointed Trustee and had a market value of over \$8 million at the end of FY14. The Trustee sold some real estate in FY14 which should result in higher award levels in the future since the Trust has more invested cash now. The annual awards from this fund have been around \$150,000 per year. All awards are for the benefit of Barnstable school children.

The Kirkman Fund, with a market value of more than \$5 million as of June 30, 2014, 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 DPW's Structures and Grounds Division and the seven village libraries for project funding. No operating expenses of the public works department, which maintains the cemeteries, are paid for out of this fund. Approximately \$300,000 has been awarded annually out of this fund for the past few years.

Town-Wide Financial Management Policies

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

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:

- a. The times and places where copies of the entire proposed budget are available for inspection by the public, and

- b. 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.

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

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:

- a. A clear summary of its contents;
- b. 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;
- c. Cost estimates, method of financing, and recommended time schedules; and
- d. The estimated annual cost of operating and maintaining the facilities included.

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:

- a. The times and places where entire copies of the capital improvement plan are available for inspection by the public; and

- b. 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.

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.

General Ordinances

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.

Enterprise Funds

The Town accepts the provisions of §53F 1/2 of Chapter 44 of the Massachusetts General Laws (MGL), authorizing the establishment of Enterprise Funds and hereby designates:

- a. The Community Services Department's Olde Barnstable Fairgrounds and Hyannis Municipal Golf Course facilities and its operation as an enterprise there under;
- b. The Barnstable Municipal Airport and its operation as an enterprise there under;
- c. The Public Works Department, Solid Waste Division, Flint Street, Marstons Mills Municipal Solid Waste Facility and its operation as an enterprise there under;
- d. The Public Works Department, Water Pollution Control Division facilities, including mains and pumping stations and their operation, as an enterprise there under;
- e. 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;
- f. The Department of Community Services, Marine and Environmental Affairs Division Marina facilities as an enterprise there under; and,
- g. The Department of Community Services, Marine and Environmental Affairs Division Sandy Neck area and facilities as an enterprise there under.
- h. The Department of Community Services Recreation Division, Hyannis Youth & Community Center as an enterprise there under.

Revolving Funds

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

- a. The Classroom Education Fund, Senior Services Division, Community Services Department.
- b. Adult Social Day Fund, Senior Services Division, Community Services Department.
- c. Recreation Program Fund, Recreation Division, Community Services Department.
- d. Shellfish Propagation Fund, Natural Resources Division, Community Services Department.
- e. Building Inspections Fund, Building Services Division, Regulatory Services Department.
- f. Consumer Protection Fund, Consumer Affairs Division, Regulatory Services Department.
- g. Geographical Information Systems Fund, Information Systems Division, Administrative Services Department.
- h. Police Training Fund, Police Department.
- i. Arts & Culture Program Fund, Growth Management Department.

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

- a. 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.
- b. 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.

- c. Interest earned on any revolving fund balance shall be treated as general fund revenue of the Town.
- d. 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.
- e. 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:
 - i. The programs and purposes for which the revolving fund may be expended;
 - ii. The department or officer authorized to expend from such fund;
 - iii. The departmental receipts which shall be credited to the revolving fund; and
 - iv. 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.

Administrative Code

1. Financial Policies and Procedures

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:

- a. To develop effective financial management within the Town which conform to generally accepted accounting principles.
- b. To simplify, clarify, and modernize the financial systems of the Town as the need occurs.
- c. To provide increased public confidence in public financial management.
- d. To provide increased economy and financial performance and to maximize to the fullest extent practicable the use of public funds of the Town.
- e. To provide safeguards to ensure quality and integrity of the financial systems.
- f. In order to obtain the above goals, the Town Council adopts the following policies:
 - i. 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.
 - ii. 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.

- iii. 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.
- iv. 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.

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, an 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.

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.

General Fund:

- a. Current revenues will be sufficient to support current expenditures.
- b. Debt will not be used to fund current operating expenditures.
- c. 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.
- d. 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.

- e. 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.

The year-to-year increase of actual revenue from the levy of the ad valorem (property) tax shall generally not exceed 2.5% (Proposition 2½).

- a. Excluding taxable value gained through consolidation; excluding the value gained through new construction;
- b. Excluding expenditure increases funded outside the tax limit cap; and
- c. Not excluding the valuation gained or lost through revaluation or equalization programs.

Property values shall be appraised at a minimum of every three years.

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.

Charges for service and other revenues shall be examined annually and adjusted as deemed necessary to respond to changes in cost of service.

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.

General obligation debt:

- a. All debt shall be financed outside the limitations of Proposition 2½ 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.
- b. 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.
- c. 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.
- d. The ratio of debt service to total expenditures (operating expenditures and debt service combined) shall not exceed 15%.
- e. The Town shall target a Standard and Poor's (S&P) ratio of 8%. S&P ratio is calculated by dividing overall net debt per capita by effective buying income per capita.
- f. 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.

- g. 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.

Offset receipts and Enterprise Funds in general:

- a. 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.
- b. 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.
- c. Principal repayment delays shall not exceed five years.
- d. An offset receipts and Enterprise Fund shall maintain a fully funded debt service reserve for its existing bond issues and future issues.
- e. Debt service coverage of at least 1.25 times shall be the target.
- f. 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.
- g. Ongoing routine, preventive maintenance should be funded on a pay-as-you-go basis.
- h. Capital enterprise projects should be financed through a combination of cash financing and debt. A ratio of at least 10% equity contributions is desirable.
- i. 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.
- j. 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.

Gifts and grants:

- a. 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.
- b. 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.

Capital Trust Fund:

- a. 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.
- b. The Capital Trust fund will be funded through a general operations set-aside at a minimum of \$1,900,000 annually.
- c. The Capital Trust Fund shall not be utilized for any purpose other than that stated herein.
- d. The criteria for reviewing capital project eligibility for Capital Trust Fund borrowing include the following:
 - i. The capital project shall have a financing term of 20 years or less;
 - ii. The capital project shall have a minimum project cost of \$250,000; and
 - iii. The capital project is approved by the Town Council for funding through an appropriation and loan order submitted by the Town Manager.
- e. 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.
- f. 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:

- a. The town should not insure itself against minor recurrent losses;
- b. Self-insurance should be used where risks are recurrent and financially manageable; and
- c. Insurance should 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:

- a. Preservation of capital;
- b. Maintenance of sufficient liquidity to meet operating needs;
- c. Security of Town funds and investments;
- d. Diversification of investments to avoid unreasonable or avoidable risks; and
- e. 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:

- a. 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.
- b. 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.
- c. 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.
- d. 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.
- e. Centralize functions which can be automated and/or centralized 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:

- a. Conformance to each trust document's specified purpose, legal requirements, and administrative guidelines;
- b. Adherence to the Town of Barnstable general ordinance providing for the administration of town trusts;
- c. Preservation of capital;
- d. Maintenance of security of trust funds and investments;
- e. Maximization of total return for each trust fund;
- f. Efficient disbursement of funds on an equitable basis; and,
- g. Effective collection of all due monies.

Town Council Budget Policy

The Barnstable Town Council established the following policy guidelines for the Town of Barnstable's operating budget:

1. REVENUE POLICY AND ORDER OF PRIORITY:

- a. To maintain a comprehensive and sound financial plan for meeting the prioritized operating and capital needs of the Town within the confines of available resources.
- b. To limit the increases on the property tax revenues to 2½% t plus new growth.
- c. To maintain adequate fund balances and reserves at 4% of the General Fund budget appropriation, net of transfers, to be set apart from certified free cash to protect against emergencies and unforeseen calamities.
- d. To maintain a capital trust fund by dedicating a minimum of \$6,725,000 in general funds annually and to enhance the fund where possible with revenues or expenditure reductions not otherwise necessary to sustain operations, or through grants and gifts.
- e. To support a revenue sharing agreement between municipal and school operations that includes the following:
 - i. Increases or decreases in General Fund revenue will be shared 60/40 between school and

- municipal operations net of the amount set aside to cover fixed costs increases.
- ii. General Fund savings reserves in excess of the 4% reserve mentioned in item c. above will be made available for funding non-recurring municipal and non-recurring school operating expenses.
 - iii. The municipal and school operations savings account will continue to be credited with their respective appropriation savings from FY15; and excess General Fund revenue over budget estimates for FY15 will be shared 60/40 between school and municipal operations.
- f. To seek new sources of funding through grants, impact fees, and other innovative revenue raising practices.
 - g. Explore and create new revenue sources (including grants) for the town and schools to alleviate strain on municipal and school budgets and perform operational audits and work toward greater energy efficiency.
 - h. To ensure that enterprise programs shall be self-supporting, except where the provision of basic public services require general fund support.
 - i. To utilize revolving funds to fund senior service programs, recreational programs, shellfish propagation, building inspections, arts programs, GIS and consumer protection programs.
 - j. To maximize interest income through sound investment practices.
 - k. To aggressively pursue tax title payments for prior tax commitments.
 - l. Increase the education efforts in disseminating to the general public the municipal/school financial position including a detailed, clear and easy to understand explanation of operational and capital budgets.
 - m. Continue to support lobbying efforts to change the Chapter 70 funding formula (changed in FY06), Lottery Aid and other Municipal Aid.
 - n. To preserve and promote residential and commercial tax base.

2. EXPENDITURE POLICY AND ORDER OF PRIORITY:

In the event reductions to the labor force affect the ability to deliver a quality service, such service should be considered for its possible elimination.

3. GENERAL POLICY:

- a. To maintain a consolidated administrative structure that will stabilize net operating costs, provide for cross training of employees, and improve service delivery by emphasizing:
 - i. Continued use of information systems technologies as a tool to increase performance efficiencies.
 - ii. Continued implementation of quality improvements in the operating departments of the Town.
 - iii. Continued implementation of a "user friendly" public service program for permitting, licensing and payment of taxes and fees.
 - iv. Continued implementation of innovative, cost-effective and meaningful programs and services and improve efficiency in the use of equipment and personnel.
- b. To ensure cost benefit analysis is performed on newly proposed programs to ensure cost efficiency and cost avoidance in implementation.
- c. Evaluate and assess on an on-going basis alternative methods to decrease the cost of services by exploring the financial benefits of regionalization, consolidation, privatization and collective bargaining.
- d. Continued implementation of a municipal public relations program that encourages community

understanding of and participation in local government and that responds to constituents' requests and needs.

- e. Provide for adequate maintenance and repair of Town-owned property, maintain or improve the current level of service to the public schools and other municipal facilities through more efficient use of equipment and personnel.
- f. Continue efforts to address infrastructure critical needs including but not limited to roads and wastewater needs.

Management Policy

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.

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.

The municipal and school operations savings account will continue to be credited with their respective appropriation savings from FY15; and excess General Fund revenue over budget estimates for FY15 will be shared 60/40 between school and municipal operations after any allocation is made to maintain the Town Council's policy reserve.

The General Fund will contribute a base amount of \$6.725 million annually to the Capital Trust Fund.

The Capital Trust Fund will provide for a minimum of \$3.25 million for public road improvements annually.