

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.

Building the Budget

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.

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

March

The Town Manager submits the Capital Improvements Plan to the Town Council at least 30 days prior to the submission of the Annual Operating Budget. This includes all town and school capital requests.

April

The School Committee approves the school's operating budget and submits it to the Town Manager.

May/June

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

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

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

BUDGET PROCESS												
BUDGET PREPARATION SCHEDULE												
JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	
	Development of capital budget											
	Development of 10 Year Forecast											
						Joint Meeting of Town Council and School Committee						
	School Dept Budget Development											
							Public Hearings on School Budget					
		Town Budget Development										
						Budget Workshops and Public Hearings With Town Council						
										Publish Adopted Budget		
JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	

Basis of Budgeting

Pursuant to Chapter 44, Section 32 of the Massachusetts General Laws, the town adopts an Annual Operating 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

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.

The proposed appropriations for all departments and operations of the town, except that of School Department, 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 FY17 budget is balanced using appropriated fund balance of \$4,830,425 for one-time capital expenditures and non-recurring operating expenses.

	Estimated Current Year Receipts	Transfer From Surplus	Transfer From General Fund	Trust Funds	Special Revenue Funds	Closed Projects	Grants	Borrowing Auth.	Total Receipts	Total Appropriations
General Fund Operations	\$ 149,922,683	\$ 2,585,000	\$ -	\$ 270,000	\$ 738,853	\$ -	\$ -	\$ -	\$ 153,516,536	\$ 153,516,536
Airport Enterprise Fund Operations	6,093,528	-	-	-	-	-	-	-	6,093,528	6,093,528
Golf Enterprise Fund Operations	3,185,745	96,296	149,140	-	-	-	-	-	3,431,181	3,431,181
Solid Waste Enterprise Fund Operations	3,077,007	326,808	-	-	-	-	-	-	3,403,815	3,403,815
Water Pollution Enterprise Fund Operations	4,692,412	-	-	-	-	-	-	-	4,692,412	4,692,412
Water Enterprise Fund Operations	5,270,312	-	-	-	-	-	-	-	5,270,312	5,270,312
HYCC Enterprise Fund Operations	1,175,450	69,149	719,936	1,256,476	-	-	-	-	3,221,011	3,221,011
Marina Enterprise Fund Operations	661,200	46,172	-	60,031	30,000	-	-	-	797,403	797,403
Sandy Neck Enterprise Fund Operations	887,998	50,000	-	-	-	-	-	-	937,998	937,998
Capital Program	-	1,657,000	-	3,786,070	1,589,710	809,174	6,149,350	15,890,650	29,881,954	29,881,954
Totals	\$ 174,966,335	\$ 4,830,425	\$ 869,076	\$ 5,372,577	\$ 2,358,563	\$ 809,174	\$ 6,149,350	\$ 15,890,650	\$ 211,246,150	\$ 211,246,150

The \$4,830,425 of reserves being used to balance the operating and capital budgets represents 2.3% of the overall budget. \$3,173,425 will be used for operations; a majority of which will be for the FY16 snow removal costs that was in excess of the FY16 budget, and \$1,657,000 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 to the appropriations 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 \$360,000 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 million annually from the Massachusetts School Building Authority (MSBA). The budget assumes this funding will continue as scheduled. In addition, school officials continue to submit "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

Significant Budget Considerations

program for financing school construction is derived from the state sales tax which has seen some recent recovery.

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 FY18. For FY17, 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 2015 by an estimated \$4.8 million and the town's balance sheet liability grew to \$44 million. In essence, to fully fund health insurance for active and retired employees, the town would have to budget \$4.8 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. 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 FY17 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 several new electric vehicles and hybrids. 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 6 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 FY17 capital program includes the improvements to two (2) 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 created a Water Resources Advisory

Committee which is charged with advising Barnstable officials on the completion and implementation of its Comprehensive Water Resource Management Planning Project, with the goal of protecting and restoring the town's fresh and salt water bodies and its drinking water supplies, in compliance with the Cape Cod Commission's Cape Cod Area Wide Water Quality Management Plan Update of 2015, ("The 208 Plan"). The Town Council has already adopted several measures 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. 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 FY17.

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 capital programs for FY14 to FY16 included \$600,000 for the School Department's technology infrastructure. The FY17 capital improvement program includes over \$400,000 for municipal technology infrastructure. In addition, 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 \$38,000.

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 FY16, the rate is approximately 73%. 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 FY15 by nearly \$13 million and it is anticipated the FY16 and FY17 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 Annual 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 \$13.9 million in the savings account is distributed in accordance with the revenue sharing agreement as follows:

Municipal savings	\$3.7 million
School savings	\$4.6 million
Town Council reserve	\$5.6 million
Total	\$13.9 million

Bond Ratings

The town continues to manage its financial affairs in a prudent manner. In FY16, 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; 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 \$16.6 million in February 2016 resulted in a net interest cost of 2.1% 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 all 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.

General Fund Requires annual appropriation by Town Council	This is the main operating fund of the town. 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.
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Special Revenue Funds	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.
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These funds are not required to be part of the annual budget process	Grants (non-enterprise fund) Gifts Other Designated Revenue
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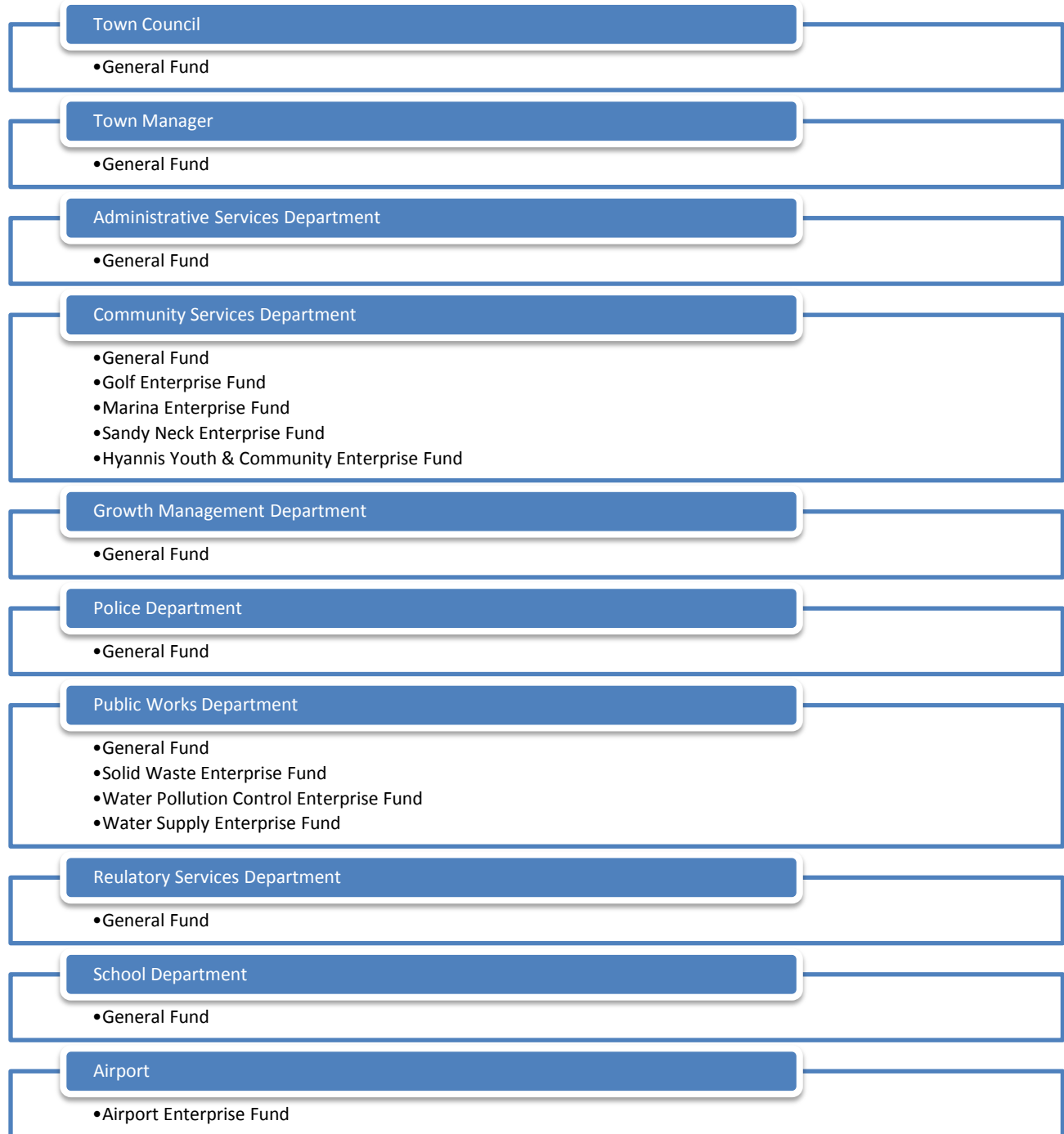
Capital Project Funds These funds are used to track the annual capital improvement program	Municipal Capital Projects School Capital Projects Enterprise Fund Capital Projects
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Enterprise Funds Similar to the General Fund, these funds all require annual appropriation by the Town Council	Airport Golf Solid Waste Water Pollution Control Water Supply Marinas Sandy Neck Park Hyannis Youth & Community Center
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Trust & Agency Funds	Permanent Funds Fiduciary Funds
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Fiscal Year 2017 Operating Budget Summary

Department and Financial Fund Relationship – All Funds Requiring Annual Appropriation



All Appropriated Funds Budget Summary

Fund	Actual		Budget		FY 2016 - 2017	
	FY 2015	FY 2016	FY 2017	\$ Change	% Change	
General Fund	\$142,367,485	\$153,360,141	\$153,516,536	\$156,395	0.10%	
Airport Enterprise	7,852,708	7,915,852	6,093,528	(1,822,324)	-23.02%	
Water Pollution Control Enterprise	4,222,820	4,463,158	4,692,412	229,254	5.14%	
Water Supply Enterprise	3,863,074	4,389,768	5,270,312	880,544	20.06%	
Solid Waste Enterprise	2,850,186	3,362,811	3,403,815	41,004	1.22%	
Golf Enterprise	2,997,498	3,242,906	3,431,181	188,276	5.81%	
HYCC Enterprise	3,006,004	3,185,270	3,221,011	35,742	1.12%	
Marina Enterprise	650,119	703,731	797,403	93,672	13.31%	
Sandy Neck Enterprise	881,584	865,717	937,998	72,281	8.35%	
Total All Budgeted Funds	\$168,691,478	\$181,489,353	\$181,364,196	(\$125,157)	-0.07%	
All Funds Net Of Transfers	\$162,190,271	\$171,673,067	\$175,226,998	\$3,553,931	2.07%	
All Funds Net of Transfers and Snow Removal Deficit	\$159,588,484	\$169,071,280	\$173,726,998	\$4,655,718	2.75%	
General Fund Net of Transfers and Snow Removal Deficit	\$134,887,547	\$142,569,600	\$147,606,992	\$5,037,392	3.53%	
Full-time Equivalent Employees	1274.80	1280.85	1292.25	11.40		

The total proposed FY17 operating budget for the town of Barnstable's appropriated funds is \$181,364,196. This is a decrease from the FY16 budget of \$125,157. 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 decrease is attributable to the large reduction in the Airport Enterprise Fund, a reduction in the amount transferred to the capital Trust Fund and a reduction in snow removal costs in FY16.

Another way to look at the overall budget is to compare the change year-over-year net of transfers, as transfers are not direct expenditures for personnel services or operating expenses. Excluding transfers from the budget results in a FY17 budget increase of \$3,553,931 or 2.07%. The budget increase includes a net of 11.40 new full-time equivalent (fte) positions; 12.95 in the General Fund offset by a reduction of 1.55 for all of the Enterprise Funds. The School Department's fte are increasing by 6.25 and the Municipal Operations by 6.70 fte. The Airport Enterprise Fund's fte are decreasing by 2 and the Enterprise Funds under the Public Works Department are increasing .45 fte.

Eliminating snow removal costs from the budgets provides one more way to view the budget. Since these costs can vary significantly from year-to-year it provides a better picture of the recurring operating costs. Removing these costs reveal that the overall operating budgets are increasing \$4,655,718 or 2.75%.

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 \$156,395 in FY17. This includes transfers and snow removal costs. Removing those costs result in a General Fund budget increase of \$5,037,392 or 3.53%. Municipal operations are increasing \$1,315,368, education expenditures are increasing \$2,122,273 and fixed costs are increasing \$1,599,751. Major factors contributing to the increase in the overall budget are contractual labor obligations, an increase of 6.25 full-time equivalents in the local school operations, the addition of 6.70 full-time equivalents in the municipal operations, wage increases for seasonal employees to bring them up to the new minimum wage rates, seasonal Community Service Officers in the Police Department, software licensing and hardware maintenance fees across departments, training funds in the Police Department, additional funds for materials and supplies in Public Works, an increase for operating capital in the municipal operations, an increase in pension and healthcare costs, program enhancements in the School Department for preventative maintenance, textbooks and a K-5 reading program, and an increase in debt service.

The large reduction in the Airport Enterprise Fund budget is due to the bankruptcy filing of Island Airlines. This company accounted for approximately 25% of the Airport's fuel sales as well as other airport revenues. As a result, the airport will require less funding for fuel purchases and two full-time positions will be eliminated.

The increase in the Water Pollution Control Enterprise Fund budget is due to an increase in operating expenses, employee benefits and debt service.

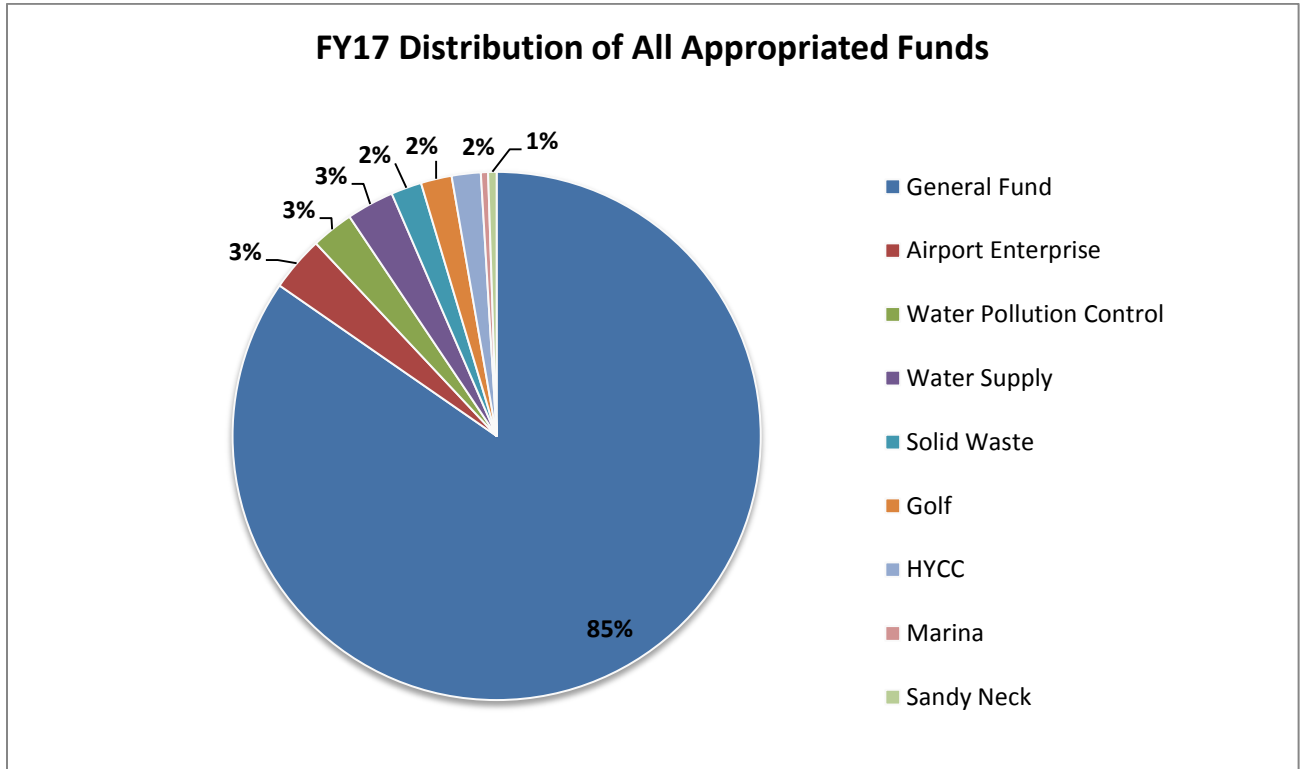
The Water Enterprise Fund budget is increasing primarily due to an increase in the management contract for operating the system, additional funding to purchase water from the town of Yarmouth, if needed, and funding to maintain the new carbon filter treatment system.

The Solid Waste and HYCC enterprise fund budgets are increasing mainly due to contractual salary increases and increases in employee benefit costs.

The Golf Course Enterprise Fund is increasing due to contractual pay increases, an increase in the minimum wage for seasonal employees, funding for a marketing analysis and pump replacement and an increase in debt service.

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 funding for improvements to the gatehouse.

The Marina Enterprise Fund is increasing mainly due to an increase in debt service for bonds issued in FY16 whose first payments are due in FY17.



The General Fund comprises 85% of all spending for the funds requiring annual appropriation. The Airport is the largest enterprise fund and comprises 3.4% of all spending.

Position Summary for All Appropriated Funds

DEPARTMENT	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	FY 17 FTE's	Chg
Town Council	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.40	1.40	0.00
Town Manager	5.00	5.00	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	0.00
Administrative Services	62.75	61.75	60.40	60.30	60.30	60.30	60.50	64.85	64.85	64.50	(0.35)
Finance	37.00	37.00	36.75	36.75	36.75	36.75	36.75	38.10	38.10	37.75	(0.35)
Legal	4.75	4.75	4.65	4.55	4.55	4.55	4.75	4.75	4.75	4.75	0.00
Human Resources	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	0.00
Information Technology	13.00	12.00	11.00	11.00	11.00	11.00	11.00	10.00	10.00	10.00	0.00
PEG Enterprise Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00	4.00	4.00	0.00
Community Services	51.37	52.79	56.53	54.66	53.20	53.15	53.90	55.90	57.55	62.30	4.75
Recreation	9.71	11.13	7.35	7.35	8.30	7.70	7.70	7.42	7.42	8.42	1.00
Senior Services	19.00	19.00	18.35	15.85	6.35	6.35	6.30	6.33	6.53	9.78	3.25
Marine & Environmental Affairs	8.21	8.21	8.21	7.61	9.65	9.65	10.45	10.70	10.70	11.20	0.50
Golf Enterprise Fund	10.30	10.30	10.20	10.20	15.85	15.75	15.75	15.75	17.00	17.00	0.00
Marina Enterprise Fund	1.40	1.40	1.45	1.45	1.45	1.45	1.45	1.45	1.65	1.65	0.00
Sandy Neck Enterprise Fund	2.75	2.75	2.70	2.70	2.70	2.75	2.75	3.75	3.75	3.75	0.00
HYCC Enterprise Fund	0.00	0.00	8.27	9.50	8.90	9.50	9.50	10.50	10.50	10.50	0.00
Growth Management	14.15	14.15	13.00	12.35	11.50	11.50	12.50	10.65	10.50	10.50	0.00
Administration	0.00	0.00	0.00	2.50	2.50	2.50	3.00	2.50	2.50	2.50	0.00
Regulatory Review	7.00	7.00	7.00	3.35	3.00	3.50	3.50	3.50	3.50	4.50	1.00
Comprehensive Planning	3.50	3.50	2.50	2.00	1.50	1.00	1.00	1.00	1.00	0.50	(0.50)
Economic Development	0.65	0.65	0.65	1.65	1.65	1.65	2.65	2.65	2.50	2.00	(0.50)
Community Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00
Property Management	1.00	1.00	0.85	0.85	0.85	0.85	0.35	0.00	0.00	0.00	0.00
Traffic & Parking Management	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Police	139.48	137.48	126.26	126.26	124.26	125.76	131.75	130.75	132.75	132.75	0.00
Administrative & Investigative Services	37.58	37.58	35.50	34.00	33.50	35.00	35.00	35.00	36.00	36.00	0.00
Field Services	101.90	99.90	90.76	92.26	90.76	90.76	96.75	95.75	96.75	96.75	0.00

DEPARTMENT	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	FY 17 FTE's	Chg
Public Works	119.50	120.50	115.50	115.50	115.75	116.35	116.33	116.33	116.75	118.75	2.00
Administration & Tech Support	15.00	16.00	16.00	15.50	15.50	12.95	12.93	12.93	12.45	12.00	(0.45)
Highway	39.50	39.50	35.50	35.50	35.50	35.50	35.50	35.50	35.50	37.50	2.00
Structures & Grounds	34.80	34.80	33.80	33.80	33.80	34.10	34.10	34.10	35.00	35.00	0.00
Solid Waste Enterprise Fund	15.10	15.10	15.10	15.10	15.10	15.75	15.75	15.75	16.75	16.95	0.20
Water Pollution Control Enterprise Fund	14.10	14.10	14.10	14.10	14.10	15.15	15.15	15.15	14.15	14.35	0.20
Water Supply Enterprise Fund	1.00	1.00	1.00	1.50	1.75	2.90	2.90	2.90	2.90	2.95	0.05
Regulatory Services	31.66	34.65	33.15	31.25	32.40	33.60	34.08	33.98	33.40	34.15	0.75
Building & Zoning	12.50	12.50	11.50	12.15	12.50	12.50	12.50	12.50	12.00	12.00	0.00
Conservation	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	0.00
Consumer Affairs	6.00	6.50	6.50	3.95	4.50	5.20	5.20	5.10	5.10	5.10	0.00
Health	9.16	11.65	11.15	11.15	11.40	11.90	12.38	12.38	12.30	13.05	0.75
Airport Enterprise Fund	26.40	26.40	26.40	25.00	24.60	25.30	25.50	25.50	25.00	23.00	(2.00)
SUBTOTAL GENERAL FUND	381.26	383.67	358.52	352.27	344.06	343.91	352.31	349.70	351.00	357.70	6.70
SUBTOTAL ENTERPRISE FUNDS	71.05	71.05	79.22	79.55	84.45	88.55	88.75	94.75	95.70	94.15	(1.55)
TOTAL MUNICIPAL OPERATIONS	452.31	454.72	437.74	431.82	428.51	432.46	441.06	444.45	446.70	451.85	5.15
Schools	903.54	891.38	811.58	812.58	813.03	815.53	809.23	830.35	834.15	840.40	6.25
Administration (restated for school consolidation)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	7.00	6.80	6.80	0.00
Instructional Services	763.16	751.00	686.20	686.20	686.03	638.90	634.60	654.72	680.90	686.45	5.55
Health Services	16.50	16.50	16.50	16.50	14.90	14.93	13.93	13.93	16.20	16.20	0.00
Transportation	23.00	23.00	21.00	21.00	21.00	24.00	24.00	24.00	20.50	20.50	0.00
Food Services	14.38	14.38	13.38	13.38	15.00	13.00	13.00	13.00	1.00	1.00	0.00
Athletics	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0.00
Other Student Services	6.00	6.00	6.60	7.60	7.60	48.46	46.46	46.46	40.90	41.40	0.50
Maintenance of Plant	63.50	63.50	51.90	51.90	52.50	59.24	59.24	59.24	53.45	53.65	0.20
Network & Technology	8.00	8.00	7.00	7.00	7.00	8.00	9.00	9.00	11.40	11.40	0.00
TOTAL ALL DEPARTMENTS	1355.85	1346.10	1249.32	1244.40	1241.54	1247.99	1250.29	1274.80	1280.85	1292.25	11.40

Total full-time equivalents are increasing by 11.40 positions, 6.25 in the School operations, 6.70 for the Municipal operations, and a reduction of 1.55 in the enterprise operations.

Change in Fund Balance – All Appropriated Funds

	Beginning	FY 2017		Ending	Dollar Change	Percentage Change
	Fund Balance	Resources	Expenditures	Fund Balance		
General Fund	\$16,055,776	\$150,931,536	\$153,516,536	\$13,470,776	(\$2,585,000)	-16.1%
Airport Enterprise Fund	70,625,500	12,561,528	12,716,528	70,470,500	(155,000)	-0.2%
Golf Enterprise Fund	8,175,615	3,899,885	3,996,181	8,079,319	(96,296)	-1.2%
Solid Waste Enterprise Fund	1,461,069	5,077,007	6,103,815	434,261	(1,026,808)	-70.3%
Water Pollution Control Enterprise Fund	34,313,120	6,796,412	6,885,917	34,223,615	(89,505)	-0.3%
Water Enterprise Fund	14,076,223	6,170,312	6,972,312	13,274,223	(802,000)	-5.7%
Marina Enterprise Fund	4,319,821	1,251,231	1,297,403	4,273,649	(46,172)	-1.1%
Sandy Neck Enterprise Fund	(142,520)	887,998	937,998	(192,520)	(50,000)	35.1%
HYCC Enterprise Fund	8,816,236	3,151,862	3,221,011	8,747,087	(69,149)	-0.8%
Totals	\$157,700,840	\$190,727,771	\$195,647,701	\$152,780,910	(\$4,919,930)	-3.1%

Fund balance in the table above is reported on the budgetary; or cash basis for the general fund, and the full accrual basis for the enterprise funds. The negative fund balance in Sandy Neck is the result of recognizing net pension and other post-employment benefit liabilities and their impact on fund balance. However, on a budgetary basis, these liabilities are not deducted from fund balance and the state Division of Local Services has certified that the Sandy Neck Enterprise Fund has \$478,853 of available cash for appropriation. See page 349 for a reconciliation of fund balance between the cash and accrual basis of accounting for this fund.

A total of \$2,585,000 of general fund surplus will be used to fund the FY17 operating budget. This will still leave a healthy fund balance of over \$13 million which represents over 8% of General Fund expenditures. The surplus will be used to fund the FY16 snow removal deficit of \$1,500,000, \$585,000 for health insurance mitigation for employees, \$200,000 for retiree benefits and \$300,000 for the Town's self-insured unemployment expense.

The airport will use \$155,000 of its fund balance, or reserves, to pay for a portion of the FY17 capital program. No reserves are used for recurring operating costs.

The Solid Waste Enterprise Fund will use \$1,026,808 of its reserves to balance its FY17 operating budget and capital program. \$700,000 is being used to finance the capital program and \$326,808 is used to balance the operating budget. The amount used for the operating budget will cover the debt service on the landfill capping loan. The surplus includes an amount that has been set aside to pay for the landfill capping loan which expires in FY19. The residential transfer station stickers were increased in FY16 from \$210 to \$240 to eliminate the need to use reserves to balance the FY17 operating budget. Another rate hike is anticipated for FY18 to cover the cost of a bond that will be issued to finance the FY17 capital program.

The Water Pollution Control Enterprise Fund will use \$89,505 of reserves to finance the FY17 capital program. These are one-time expenses and the amount is immaterial in relation to the reserve balance.

The Water Enterprise Fund will use \$802,000 of reserves to balance its FY17 capital program. The FY16 budget is tracking favorably and a portion of this is expected to be generated in surplus at the close of FY16.

The Sandy Neck Enterprise Fund will use \$50,000 of surplus for a sand nourishment program and the Marina Enterprise Fund will use \$46,172 of surplus to offset their FY17 debt service payments. A large bond premium received in FY16 will close to surplus at the end of the current fiscal year and provide for this.

The Golf Course Enterprise Fund will use \$25,000 of surplus for a marketing study; \$27,000 of surplus for a pump replacement and \$44,296 to offset their FY17 debt service payments. Similar to the Marina Enterprise Fund they received a large bond premium in FY16 which will close to the surplus at the end of the current year. This will be used to offset the FY17 debt service budget.

Finally, the HYCC will use \$69,149 of surplus to balance its FY17 operating budget. FY17 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 is illustrated below.

	<u>July 1, 2011</u>	<u>July 1, 2012</u>	<u>July 1, 2013</u>	<u>July 1, 2014</u>	<u>July 1, 2015</u>
General Fund	\$ 12,320,186	\$ 17,272,393	\$ 10,602,665	\$ 13,370,039	\$ 13,949,203
Water Pollution	2,749,077	6,997,924	12,070,153	14,838,692	7,611,524
Solid Waste	3,460,970	3,854,114	3,428,957	4,010,757	3,489,420
Airport	6,520,729	3,211,359	2,996,203	2,563,977	977,186
Water Supply	312,442	1,944,267	2,347,933	1,827,720	3,336,150
Marinas	327,309	422,111	570,096	714,427	661,356
Sandy Neck	500,177	645,858	611,448	569,512	478,853
Golf	70,879	414,712	387,901	500,742	638,274
HYCC	130,526	141,734	222,277	313,535	318,809
Total	<u>\$ 26,392,295</u>	<u>\$ 34,904,472</u>	<u>\$ 33,237,633</u>	<u>\$ 38,709,401</u>	<u>\$ 31,460,775</u>

Sewer Construction & Private Way Improvements \$ 7,751,788 \$ 10,044,371

In addition to the general fund and enterprise funds the town has a new reserve for sewer construction and private road maintenance and improvements. At the close of fiscal year 2015 the fund had a balance of \$10,044,371. It is projected to grow to over \$12 million at the end of fiscal year 2016. This special revenue fund is not part of the annual budget process. It is funded from a local meals tax and rooms tax.

Consolidated Resource/Appropriation Summary

	GENERAL FUND FY 2017 BUDGET	AIRPORT FUND FY 2017 BUDGET	GOLF FUND FY 2017 BUDGET	SOLID WASTE FUND FY 2017 BUDGET	SEWER FUND FY 2017 BUDGET	WATER SUPPLY FUND FY 2017 BUDGET
RESOURCES:						
Property Taxes	\$ 114,243,675					
Other Taxes	8,433,683					
Intergovernmental	18,782,718	\$ 6,555,600				
Fines & Penalties	1,250,000				\$ 50,000	\$ 50,000
Fees, Licenses, Permits	3,144,100	698,477			10,000	149,000
Charges for Services	1,910,000	4,884,106	\$ 3,180,617	\$ 2,979,007	4,492,412	4,890,812
Interest and Other	1,298,500	423,345	5,128	98,000	140,000	180,500
Interfund Transfers	3,568,860		149,140		-	
Borrowing Authorizations			565,000	2,000,000	2,104,000	900,000
TOTAL RESOURCES	152,631,536	12,561,528	3,899,885	5,077,007	6,796,412	6,170,312
OPERATING EXPENDITURES:						
Town Council	263,842					
Town Manager	633,153					
Administrative Services	5,990,289					
Growth Management	904,137					
Police	13,392,590					
Regulatory Services	2,805,050					
Public Works	10,627,159			2,871,717	3,090,973	3,651,195
Community Services	3,262,086		2,578,430			
Education	73,398,172					
Airport Operations		5,580,330				
Subtotal Operations	111,276,478	5,580,330	2,578,430	2,871,717	3,090,973	3,651,195
OTHER REQUIREMENTS:						
Debt Service	9,172,108	77,700	453,611	399,544	1,328,307	1,540,073
Employee Benefits	22,362,912					
Property, Casualty & Liability Ins.	1,620,000					
State, County & Local Assessments	2,602,504					
Library & Tourism Grants	1,900,990					
Other Fixed Costs	172,000					
Reserve For Abatements & Exemptions	1,700,000					
Capital Program		6,623,000	565,000	2,700,000	2,193,505	1,702,000
Subtotal Other Requirements	39,530,514	6,700,700	1,018,611	3,099,544	3,521,812	3,242,073
Interfund Transfers	4,409,544	435,498	399,140	132,554	273,132	79,044
Grand Total Expenditures	155,216,536	12,716,528	3,996,181	6,103,815	6,885,917	6,972,312
Excess (Deficiency) Cash Basis	(2,585,000)	(155,000)	(96,296)	(1,026,808)	(89,505)	(802,000)
Adjustment to accrual basis	-	-	-	-	-	-
Beginning Fund Balance	16,055,776	70,625,500	8,175,615	1,461,069	34,313,120	14,076,223
Ending Fund Balance	\$ 13,470,776	\$ 70,470,500	\$ 8,079,319	\$ 434,261	\$ 34,223,615	\$ 13,274,223

Consolidated Resource/Appropriation Summary

	MARINA FUND FY 2017 BUDGET	SANDY NECK FUND FY 2017 BUDGET	HYCC FUND FY 2017 BUDGET	CAPITAL PROJECTS FUND	TOTAL FY 17 BUDGET	TOTAL FY 16 BUDGET	CHANGE FY16 - 17
RESOURCES:							
Property Taxes					\$ 114,243,675	\$ 110,479,501	\$ 3,764,174
Other Taxes					8,433,683	8,257,864	175,819
Intergovernmental					25,338,318	24,801,452	536,866
Fines & Penalties					1,350,000	1,400,000	(50,000)
Fees, Licenses, Permits	\$ 627,500	\$ 568,519	299,000		5,496,596	5,601,274	(104,678)
Charges for Services	11,000	237,479	735,450		23,320,883	23,504,225	(183,342)
Interest and Other	22,700	82,000	141,000		2,391,173	2,095,743	295,430
Interfund Transfers	90,031		1,976,412	6,095,449	11,879,892	9,254,885	2,625,007
Borrowing Authorizations	500,000	-		9,503,000	15,572,000	16,065,000	(493,000)
TOTAL RESOURCES	1,251,231	887,998	3,151,862	15,598,449	208,026,220	201,459,944	6,566,276
OPERATING EXPENDITURES:							
Town Council					263,842	250,759	13,083
Town Manager					633,153	596,116	37,037
Administrative Services					5,990,289	5,739,396	250,893
Growth Management					904,137	904,585	(448)
Police					13,392,590	13,299,119	93,471
Regulatory Services					2,805,050	2,632,848	172,202
Public Works					20,241,044	20,233,254	7,790
Community Services	399,879	799,902	1,641,705		8,682,002	8,075,650	606,352
Education					73,398,172	71,275,899	2,122,273
Airport Operations					5,580,330	7,434,097	(1,853,767)
Subtotal Operations	399,879	799,902	1,641,705	-	131,890,609	130,441,723	1,448,886
OTHER REQUIREMENTS:							
Debt Service	356,333	93,831	1,256,476		14,677,983	13,648,562	1,029,421
Employee Benefits					22,362,912	21,439,410	923,502
Property, Casualty & Liability Ins.					1,620,000	1,580,000	40,000
State, County & Local Assessments					2,602,504	2,521,092	81,412
Library & Tourism Grants					1,900,990	1,838,250	62,740
Other Fixed Costs					172,000	204,030	(32,030)
Reserve For Abatements & Exemptions					1,700,000	1,724,851	(24,851)
Capital Program	500,000	-	-	20,598,449	34,881,954	29,416,200	5,465,754
Subtotal Other Requirements	856,333	93,831	1,256,476	20,598,449	79,918,343	72,372,395	7,545,948
Interfund Transfers	41,191	44,265	322,830	-	6,137,198	6,976,744	(839,546)
Grand Total Expenditures	1,297,403	937,998	3,221,011	20,598,449	217,946,150	209,790,862	8,155,288
Excess (Deficiency) Cash Basis	(46,172)	(50,000)	(69,149)	(5,000,000)	(9,919,930)	(8,330,918)	(1,589,012)
Adjustment to accrual basis	-	-	-	-	-	-	-
Beginning Fund Balance	4,319,821	(142,520)	8,816,236	11,048,946	168,749,786	178,785,646	(10,035,860)
Ending Fund Balance	\$ 4,273,649	\$ (192,520)	\$ 8,747,087	\$ 6,048,946	\$ 158,829,856	\$ 170,454,728	\$ (11,624,872)

In addition to the \$4,886,930 of surplus used in the General Fund and Enterprise Funds a total of \$5,000,000 of bond proceeds within the capital project funds are expected to be expended resulting in an overall decline of \$9,886,930 in fund balance in FY17 as illustrated above.

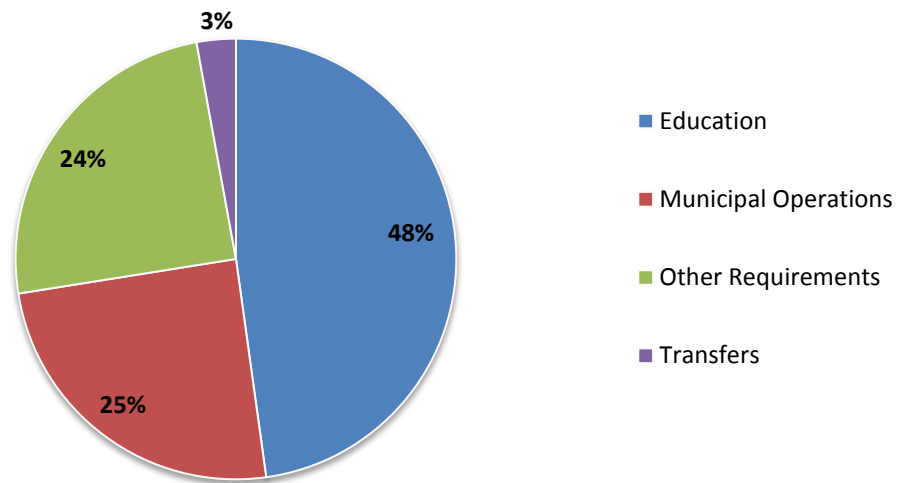
General Fund Budget Summary

<u>Expenditure Category</u>	Actual FY 2015	Approved FY 2016	Projected FY 2016	Proposed FY 2017	Change FY16 - 17	Percent Change
Municipal Operations	\$ 34,814,091	\$ 37,664,725	\$ 35,627,037	\$ 37,878,306	\$ 213,581	0.57%
School Operations	67,788,997	71,275,899	71,237,566	73,398,172	2,122,273	2.98%
Fixed Costs Excluding Transfers	34,886,246	36,230,763	35,926,050	37,830,514	1,599,751	4.42%
Transfers	4,878,150	8,188,754	8,188,754	4,409,544	(3,779,210)	-46.15%
Total Appropriation	142,367,485	153,360,141	150,979,407	153,516,536	156,395	0.10%
Full-time Equivalent Employees	1,180.05	1,185.15		1,198.10	12.95	
Source of Funding						
Taxes	113,126,169	116,852,862	117,184,886	120,977,358	4,124,496	3.53%
Intergovernmental	18,021,185	17,741,040	17,741,040	18,782,718	1,041,678	5.87%
Fines & Penalties	1,345,840	1,300,000	1,335,190	1,250,000	(50,000)	-3.85%
Fees, Licenses, Permits	3,444,222	3,205,000	3,091,710	3,144,100	(60,900)	-1.90%
Charges for Services	1,748,463	1,720,000	1,746,600	1,910,000	190,000	11.05%
Interest and Other	1,447,833	821,800	1,756,500	1,298,500	476,700	58.01%
Special Revenue Funds	846,902	670,053	670,053	738,853	68,800	10.27%
Enterprise Funds	1,989,605	2,579,351	2,579,349	2,560,007	(19,344)	-0.75%
Trust Funds	290,000	280,000	280,000	270,000	(10,000)	-3.57%
Total Sources	142,260,219	145,170,106	146,385,328	150,931,536	\$ 5,761,430	3.97%
Excess (Deficiency)	(107,266)	(8,190,035)	(4,594,079)	(2,585,000)	\$ (5,605,035)	-68.44%
Beginning Fund Balance	20,757,120	\$ 20,649,855	\$ 20,649,855	\$ 16,055,776		
Ending Fund Balance (cash basis)	\$ 20,649,855	\$ 12,459,820	\$ 16,055,776	\$ 13,470,776		

The total General Fund budget for FY17 is increasing \$156,395 over the FY16 amount, or 0.10%. New positions equaling 12.95 full-time equivalents are included in the budget. The Municipal Operations budget is increasing \$213,581; school operations are increasing \$2,122,273; fixed costs are increasing \$1,599,751 and transfers are decreasing \$3,779,210.

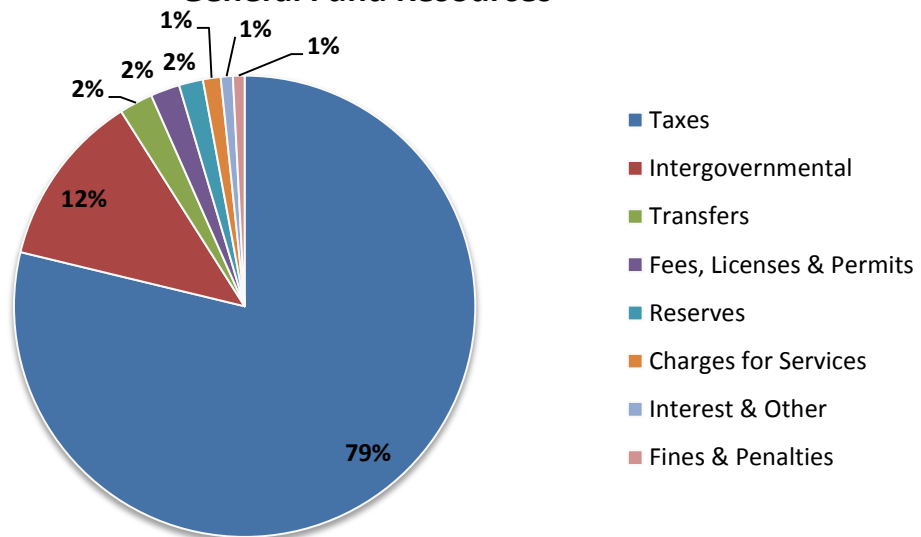
Total resources used to balance the budget are increasing \$5,761,430, which results in a reduction of \$5,605,035 in reserves used to balance the budget. The FY16 budget included a one-time transfer of general fund reserves of \$4 million to the Capital Trust fund accounting for most of the reduction in reserves used to balance the FY17 budget. Taxes account for 71% of the increase in resources and intergovernmental revenues account for 18%. Taxes include property, motor vehicle, boat, and hotel/motel excise tax.

Distribution of General Fund Expenditures By Major Area



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.

General Fund Resources



Taxes include property, motor vehicle and boat excise as well as local hotel/motel rooms tax. These funding sources provide 79% 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 9%.

School Operations Changes:

Category	Amount	FTE	Description
Contractual Salary Obligations	\$ 1,658,877		Costs associated with employee collective bargaining agreements.
Retirement savings	(153,411)		Salary savings from turnover in staff.
One-time expenses in FY16 budget	(220,220)		Expenses included in the FY16 budget that will not be repeated in FY17.
Utilities	(50,000)		Reduction in electricity budget.
Program Enhancements	304,306		\$50,000 for preventative maintenance; \$24,000 for textbooks and \$230,306 for a reading program for Grades K-5.
Out-of-district tuition savings	(213,993)		Reducing slots with the Cape Cod Collaborative by 5.
Crossworks Program	195,000	3.50	Creation of in-house program to offset reduction in slot at Cape Cod Collaborative.
ELL Programming	170,951	2.55	Two teachers and a translator as well as software and curriculum materials.
Athletics	92,215		Increase funding for coaching, game management and custodial overtime.
Early Learning Center	12,525	0.20	Increase funding for custodian and supplies.
Operating expenses	3,750		Cell and data charges
Increase in Local School Budget	1,800,000	6.25	
Increase in Regional School District Assessments	106,689		For students attending Cape Cod Technical Regional High School in Harwich, MA
Increase in Charter School Assessments	199,488		For students attending Sturgis and Lighthouse Charter schools
Increase in School choice Assessments	16,096		For students electing to go to other local school districts
Net Change in Education Budget	\$ 2,122,273	6.25	

Municipal Operations Changes:

Category	Amount	FTE	Description
Contractual Salary Obligations	521,071		Costs associated with employee collective bargaining agreements.
Finance Division staff	(18,956)	(0.35)	Decrease funding for Property Mgt. Coordinator position.
Police Dept. Overtime	32,000		Additional funds for overtime to keep pace with higher salaries.
Seasonal Community Service Officers	51,960		Funding for seasonal CSO's to patrol downtown Hyannis during busy tourism season.
Crocker Neck Gate operations	7,000		Funding for opening and closing Crocker Neck Gate.
Health Division Staff	46,890	0.75	Increase hours for part-time Health Inspector by 10 hours per week and increase Hazmat Materials Specialist to full-time. Cost offset by fee increases in the Health Division.
Gateway Greeter positions in Consumer Affairs	68,800		Funds to increase hourly wage, increase season for additional weeks and increase the daily hours for the seasonal Gateway Greeter positions. Funds offset by additional parking receipts earned at Bismore Park.
Public Works Department staff changes	67,014	1.55	2 new full-time Grade 5 laborers and additional overtime for fleet maintenance in Highway Division offset by the transfer of .45 fte's for a Safety Officer shared with the enterprise fund operations.
Hourly wage increase in the Community Services Department	67,800		Additional funds to cover a \$1 per hour wage increase effective January 1, 2016 and January 1, 2017.
Senior Center Staffing	162,345	3.25	Additional funds provided for operating the Adult Supportive Day Program at the Senior Center. Partially offset by \$90,000 in estimated program revenue.
Restore Asst. Recreation Director's position	54,040	1.00	Restoration of a previous budget cut which will allow the Division to more actively engage the Youth in our Community.
Animal Control Officer	27,000	0.50	Additional funds to increase a part-time position to full-time resulting in two full-time Animal Control Officers.
Seasonal Aquatics Staffing	23,000		Restoration of Hamblin's Pond aquatic staffing.
Savings on gasoline and diesel fuel contracts	(76,500)		Savings in Police, Public Works and Community Services Department.

Municipal Operations Changes Continued:

Category	Amount	FTE	Description
Training academy funds for the Police Dept.	(179,006)		Funds provided in the FY16 budget that will not be repeated in FY17.
Savings on Parking ticket Contract services	(6,000)		New contract signed for parking ticket processing resulting in savings for the Regulatory Services Department.
Utilities	(20,000)		Savings on electric and natural gas utilities
Community Services operating expenses	(5,250)		reduction for one-time expense included in the FY16 budget for mobile on-line registration software.
Town Council operating expenses	3,650		Additional funding for advertising and strategic planning consultant.
Professional Services for Information Tech.	34,000		Consultant to assist Information Technology with evaluating new telecommunications system including possible VOIP system.
Computer hardware, software and maintenance	73,465		Additional funds for Information Technology Division, Public Works Dept. and the Police Dept. for software & hardware licenses & maintenance as well as equipment replacement & upgrades.
Training funds for the Police Department	97,505		Funds to provide for training sworn officers in active shooter training, as well as command staff training and other specialized training.
Cell phones and air cards	69,000		Increase in funds for air card service and town-wide cell phone service.
Police Dept. operating expenses	12,100		Replace dress uniforms and carvac system.
Health Division expenses	7,500		Flu vaccine
Public Works Department operating expenses	125,000		Additional funds for catch basin cleaning, asphalt material, solid waste disposal, traffic signals, contract plumbing services and vehicle repairs and maintenance.
Community Services Department operating expenses	17,000		Increase in funds for navigational aids, postage and educational outreach.
Operating capital funding	52,940		Increase in funding to replace air conditioning in computer room, additional marked cruiser for the Police Department, landscaping improvements at Stone Park and equipment replacement for the Community Survives Department.
Increase in Municipal Operations	1,315,368	6.70	
Decrease in snow removal deficit (DPW)	(1,101,787)		Deficit spending dropped from \$2,601,787 to \$1,500,000.
Net change in Municipal operations	213,581	6.70	

Fixed Costs Changes:

Category	Amount	FTE	Description
Employee benefits	923,502		Costs increases mainly due to retirement and health insurance.
Increase in debt service	524,127		Increase in annual debt service due to FY16 bond issue.
Increase in grant funding	62,740		Increase in grants for libraries and tourism.
Property & casualty insurance	40,000		Increase costs associated with premiums.
Assessments & other fixed costs	49,382		Increase costs associated State, County & local assessments.
Increase in fixed costs	1,599,751		

Increase in General Fund budget before transfers	3,935,605	12.95
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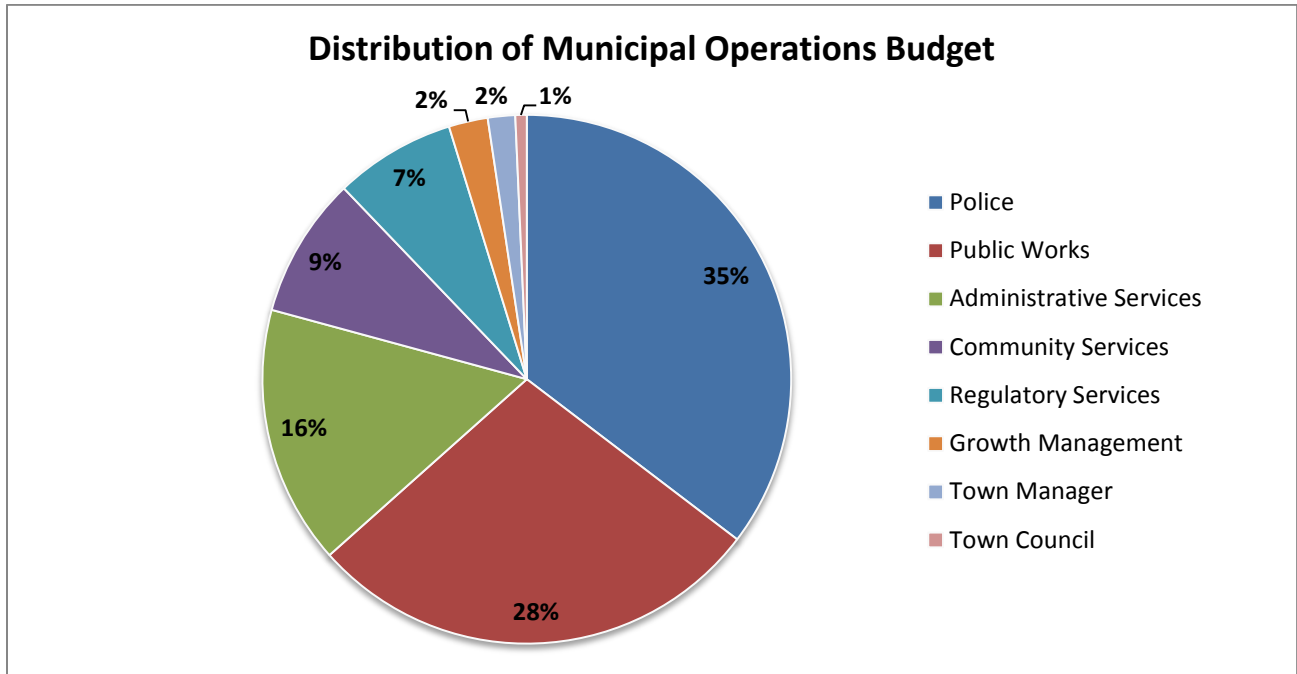
Transfers	(3,779,210)		Reduction in net transfer to the Capital Trust Fund and amounts provided to enterprise funds.
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Net increase in General Fund budget including transfers	156,395
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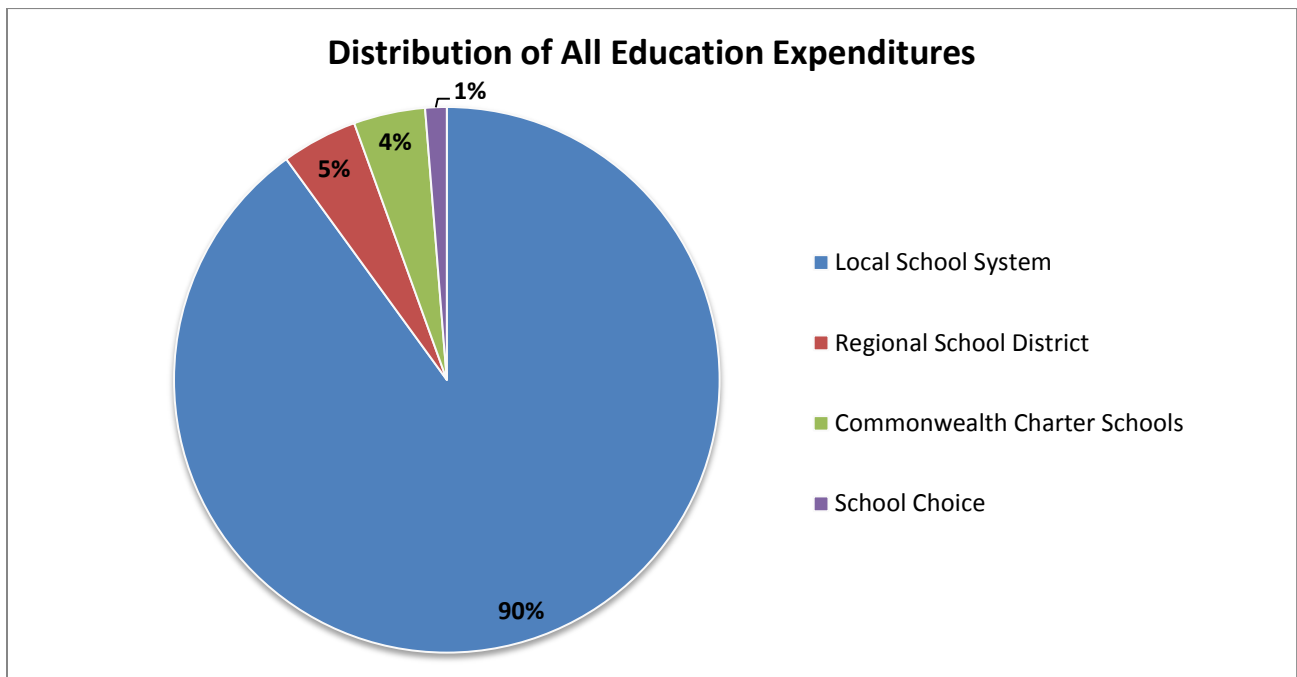
General Fund Expenditure Summary

	Actual	Approved	Projected	Proposed	CHANGE FY16 - 17	
	FY 2015	FY 2016	FY 2016	FY 2017	\$	%
Municipal Operations:						
Police Department	\$ 12,385,746	\$ 13,299,119	\$ 13,277,263	\$ 13,392,590	\$ 93,471	0.70%
Public Works Department	10,657,303	11,384,164	9,810,567	10,627,159	(757,005)	-6.65%
Administrative Services Department	5,169,513	5,739,396	5,547,554	5,990,289	250,893	4.37%
Community Services Department	2,573,871	2,857,738	2,817,214	3,262,086	404,348	14.15%
Regulatory Services Department	2,446,044	2,632,848	2,544,588	2,805,050	172,202	6.54%
Growth Management Department	798,482	904,585	827,689	904,137	(448)	-0.05%
Town Manager	540,368	596,116	563,042	633,153	37,037	6.21%
Town Council	242,765	250,759	239,121	263,842	13,083	5.22%
Total Municipal Operations	34,814,091	37,664,725	35,627,037	37,878,306	213,581	0.57%
Education:						
Local School System	61,444,588	64,250,000	64,138,966	66,050,000	1,800,000	2.80%
Regional School District	2,830,850	3,195,407	3,195,407	3,302,096	106,689	3.34%
Commonwealth Charter Schools	2,609,854	2,912,261	2,968,866	3,111,749	199,488	6.85%
School Choice	903,705	918,231	934,327	934,327	16,096	1.75%
Total Education	67,788,997	71,275,899	71,237,566	73,398,172	2,122,273	2.98%
Fixed Costs:						
Employee Benefits	20,373,431	21,439,410	21,191,227	22,362,912	923,502	4.31%
Debt Service	8,651,467	8,647,981	8,647,981	9,172,108	524,127	6.06%
State & County Assessments	2,415,833	2,521,092	2,511,592	2,602,504	81,412	3.23%
Grants	1,763,557	1,838,250	1,838,250	1,900,990	62,740	3.41%
Property & Liability Insurance	1,510,581	1,580,000	1,580,000	1,620,000	40,000	2.53%
Celebrations, Rent & Other	171,377	172,000	157,000	172,000	-	0.00%
Abatements & Exemptions Deficits	-	32,030	-	-	(32,030)	-100.00%
Total Other Requirements	34,886,246	36,230,763	35,926,050	37,830,514	1,599,751	4.42%
Total General Fund Before Transfers	137,489,334	145,171,387	142,790,653	149,106,992	3,935,605	2.71%
Transfers to Other Funds	4,878,150	8,188,754	8,188,754	4,409,544	(3,779,210)	-46.15%
Grand Total General Fund	\$142,367,485	\$153,360,141	\$150,979,407	\$153,516,536	\$ 156,395	0.10%

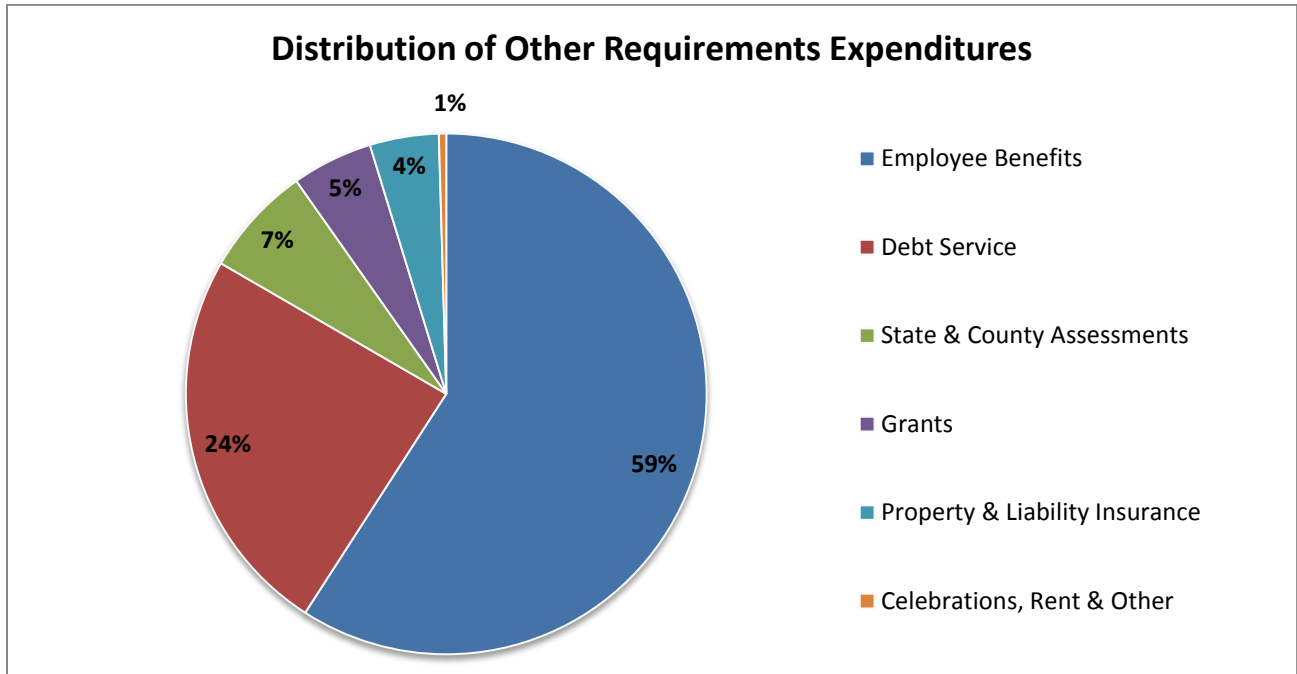
The municipal operations budget is increasing \$213,581 or 0.57%. This includes a reduction of \$1,101,787 in snow removal costs from the prior year. This is included in the Public Works Department budget. Excluding the snow removal costs from recurring operations results in an increase of \$1,315,368 in the municipal operations, or 3.8%. As this costs is included the Public Works Department budget, removing it from there results in an increase of \$344,782, or 4.2% for that department. Total spending on education is increasing \$2,122,273 or 3%. Local school operations are increasing \$1,800,000 while assessments from other districts are increasing \$322,273 collectively. Fixed costs are increasing 4.4% or \$1,599,751 with a majority of the increase attributed to employee benefits and debt service. Transfers to other funds are declining by almost \$3.8 million as the FY16 budget included a transfer of \$4 million to the Capital Trust Fund which is not repeated in the FY17 proposed budget.



The two largest municipal operations; Police and Public Works, comprise 63% of all municipal spending. Administrative Services is the next largest area representing 16% and includes the Finance, Legal, Human Resources and Information Technology divisions.



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.

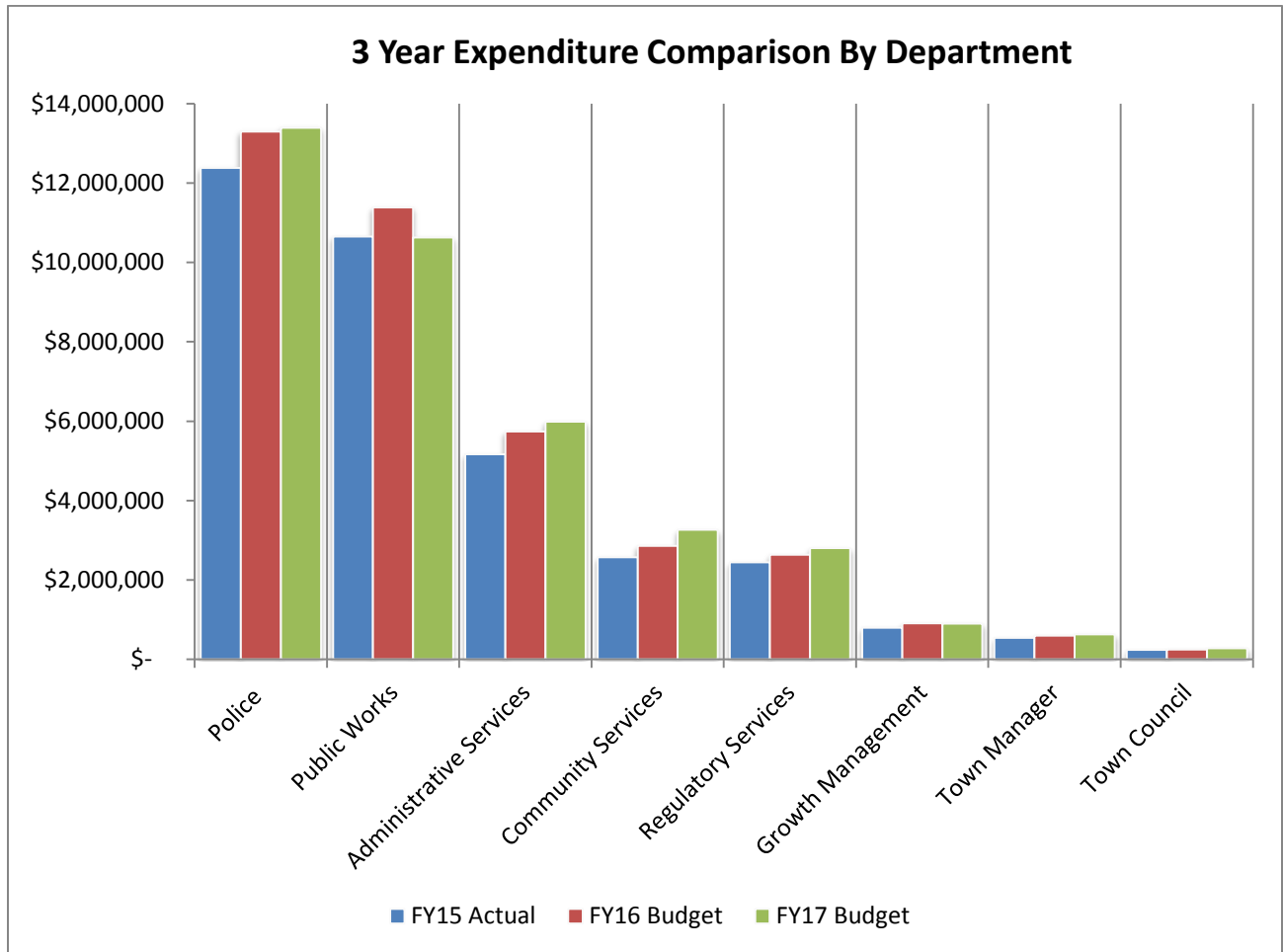
Municipal Budget and Funding Source Summary

Municipal Department	Actual FY 2015	Approved FY 2016	Projected FY 2016	Proposed FY 2017	Change FY16 - 17	Percent Change
Police	\$ 12,385,746	\$ 13,299,119	\$ 13,277,263	\$ 13,392,590	\$ 93,471	0.70%
Public Works	10,657,303	11,384,164	9,810,567	10,627,159	(757,005)	-6.65%
Administrative Services	5,169,513	5,739,396	5,547,554	5,990,289	250,893	4.37%
Community Services	2,573,871	2,857,738	2,817,214	3,262,086	404,348	14.15%
Regulatory Services	2,446,044	2,632,848	2,544,588	2,805,050	172,202	6.54%
Growth Management	798,482	904,585	827,689	904,137	(448)	-0.05%
Town Manager	540,368	596,116	563,042	633,153	37,037	6.21%
Town Council	242,765	250,759	239,121	263,842	13,083	5.22%
Total Appropriated Expenditures	\$ 34,814,091	\$ 37,664,725	\$ 35,627,037	\$ 37,878,306	\$ 213,581	0.57%
Employee Benefits Allocation:						
Life Insurance	2,168		2,125			
Medicare	304,687		331,428			
Health Insurance	2,014,308		2,023,059			
County Retirement	4,641,393		4,615,730			
Total Employee Benefits (1)	6,962,556		6,972,342			
Total Expenditures Including Benefits	\$ 41,776,648		\$ 42,599,379			
Full-time Equivalent Employees	349.70	351.00		357.70	6.70	
Source of Funding						
Taxes	\$ 22,963,536	\$ 26,499,141	\$ 25,239,940	\$ 27,684,961	\$ 1,185,820	4.47%
Intergovernmental	313,805	313,805	313,805	287,096	(26,709)	-8.51%
Fines, Forfeitures, Penalties	1,345,840	1,300,000	1,335,190	1,250,000	(50,000)	-3.85%
Fees, Licenses, Permits	3,019,222	2,840,000	2,726,710	2,919,100	79,100	2.79%
Charges for Services	1,748,463	1,720,000	1,746,600	1,910,000	190,000	11.05%
Interest and Other	1,394,042	821,800	1,196,600	800,300	(21,500)	-2.62%
Special Revenue Funds	491,294	554,016	554,016	626,670	72,654	13.11%
Enterprise Funds	936,102	907,298	907,298	900,179	(7,119)	-0.78%
Reserves	2,601,787	2,708,665	1,606,878	1,500,000	(1,208,665)	-44.62%
Total Sources	\$ 34,814,091	\$ 37,664,725	\$ 35,627,037	\$ 37,878,306	\$ 213,581	0.57%

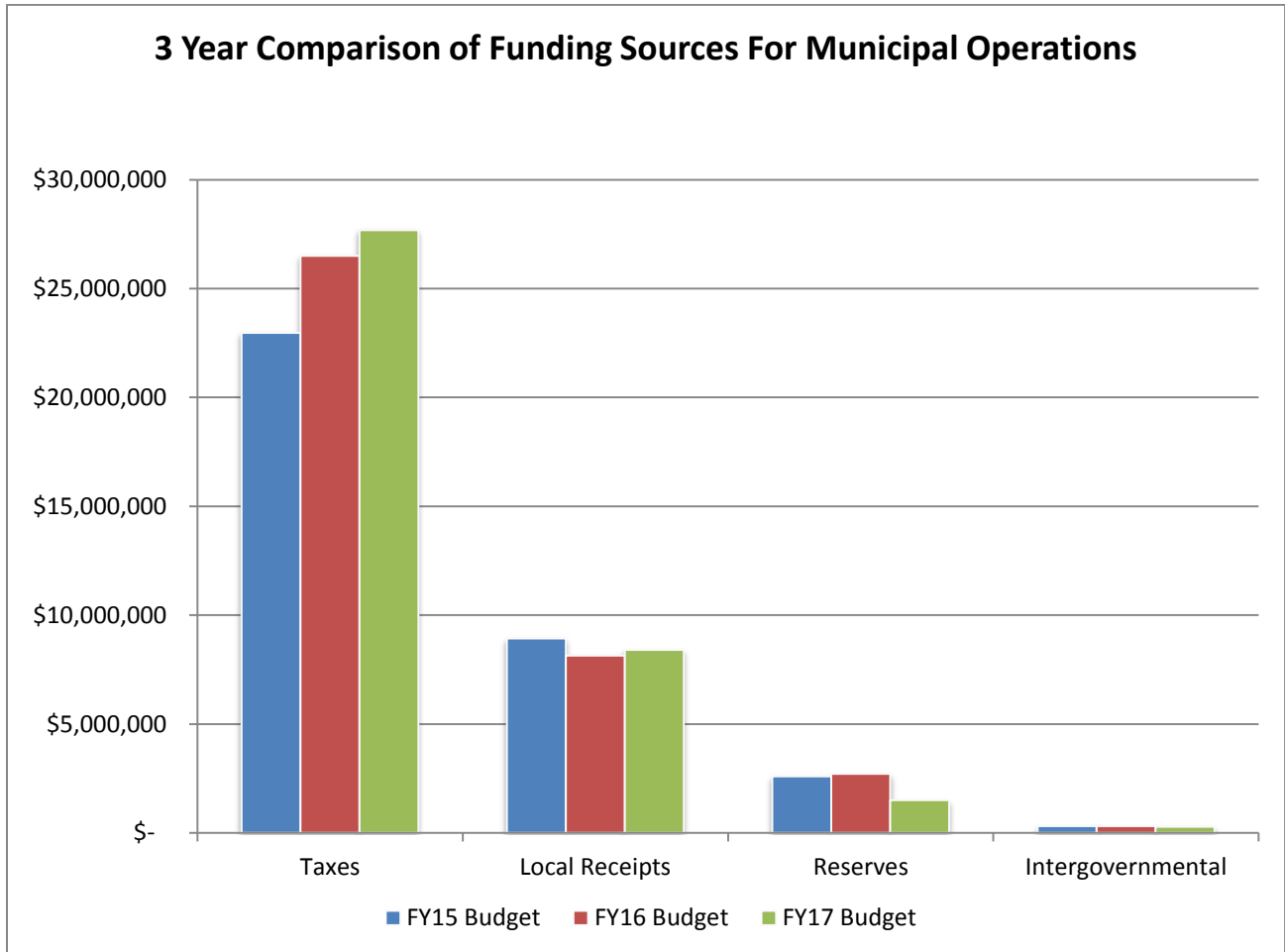
The largest budget increase within the municipal operations is in the Community Services Department. A majority of the increase there is in the personnel category. An increase of 4.75 full-time equivalents is being proposed. The Public Works budget is declining due to a reduction in snow removal costs from the previous year. Removing these costs from the year-over-year budget amounts results in a budget increase of \$344,782, or 4.2% for the Public Works Department. This includes 2 new positions in the Highway Division. The Police Department budget is increasing less than 1% as a result of a significant amount of turnover due to retirements. Other departments with changes to personnel include an increase of .75 full-time

equivalents in the Regulatory Services Department and a reduction of .35 in the Administrative Services Department.

The increase in the budget will be provided with an increase in tax support of almost \$1.2 million. Reserves used to balance the budget decrease correspondingly.



All departments have experienced growth in their expenditures and budget over the past three years. The fluctuation in the Public Works Department is due to snow removal costs which have varied significantly over this three year period in either direction. The significant jump in the Police Department between FY15 and FY16 was the result of the Town adding seven (7) new sworn officer positions to the budget. Five (5) in FY15 and two (2) in FY16.



Taxes have been used to fund the increase in the municipal department operating budgets for the past couple of years. This has increased from \$22.9 million to \$27.7 million. Reserves have been used to cover any snow removal costs in excess of budgeted amounts as well as some employee benefit costs. Conservative budget estimates for in local receipts in FY16 and FY17 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. Intergovernmental resources used to balance this area of the budget are immaterial.

Education Expenditures and Funding Source Summary

Expenditure Category	Actual FY 2015	Approved FY 2016	Projected FY 2016	Proposed FY 2017	Change FY16 - 17	Percent Change
Local School System	\$ 61,444,588	\$ 64,250,000	\$ 64,138,966	\$ 66,050,000	\$ 1,800,000	2.80%
Regional School District Assessment	2,830,850	3,195,407	3,195,407	3,302,096	106,689	3.34%
Commonwealth Charter School Assessment	2,609,854	2,912,261	2,968,866	3,111,749	199,488	6.85%
School Choice Assessment	903,705	918,231	934,327	934,327	16,096	1.75%
Total Appropriation	\$ 67,788,997	\$ 71,275,899	\$ 71,237,566	\$ 73,398,172	\$ 2,122,273	2.98%

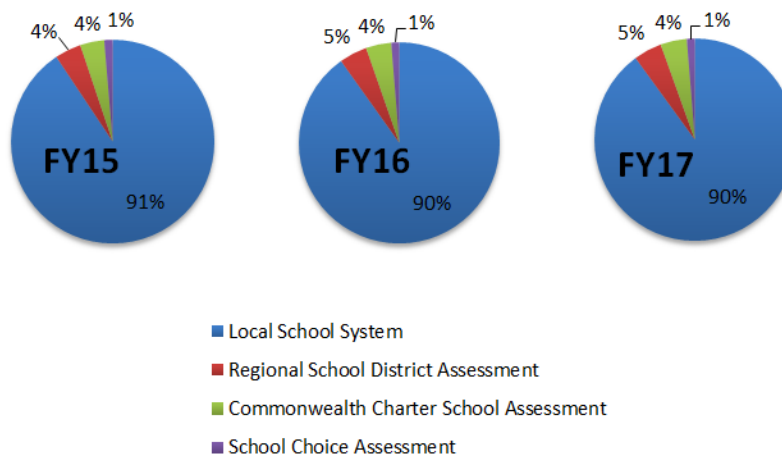
Employee Benefits Allocation:

Life Insurance	4,766		5,126	
Medicare	626,067		650,426	
Health Insurance	3,174,327		3,600,000	
County Retirement	1,872,643		1,979,167	
Total Employee Benefits (1)	5,677,803		6,234,719	

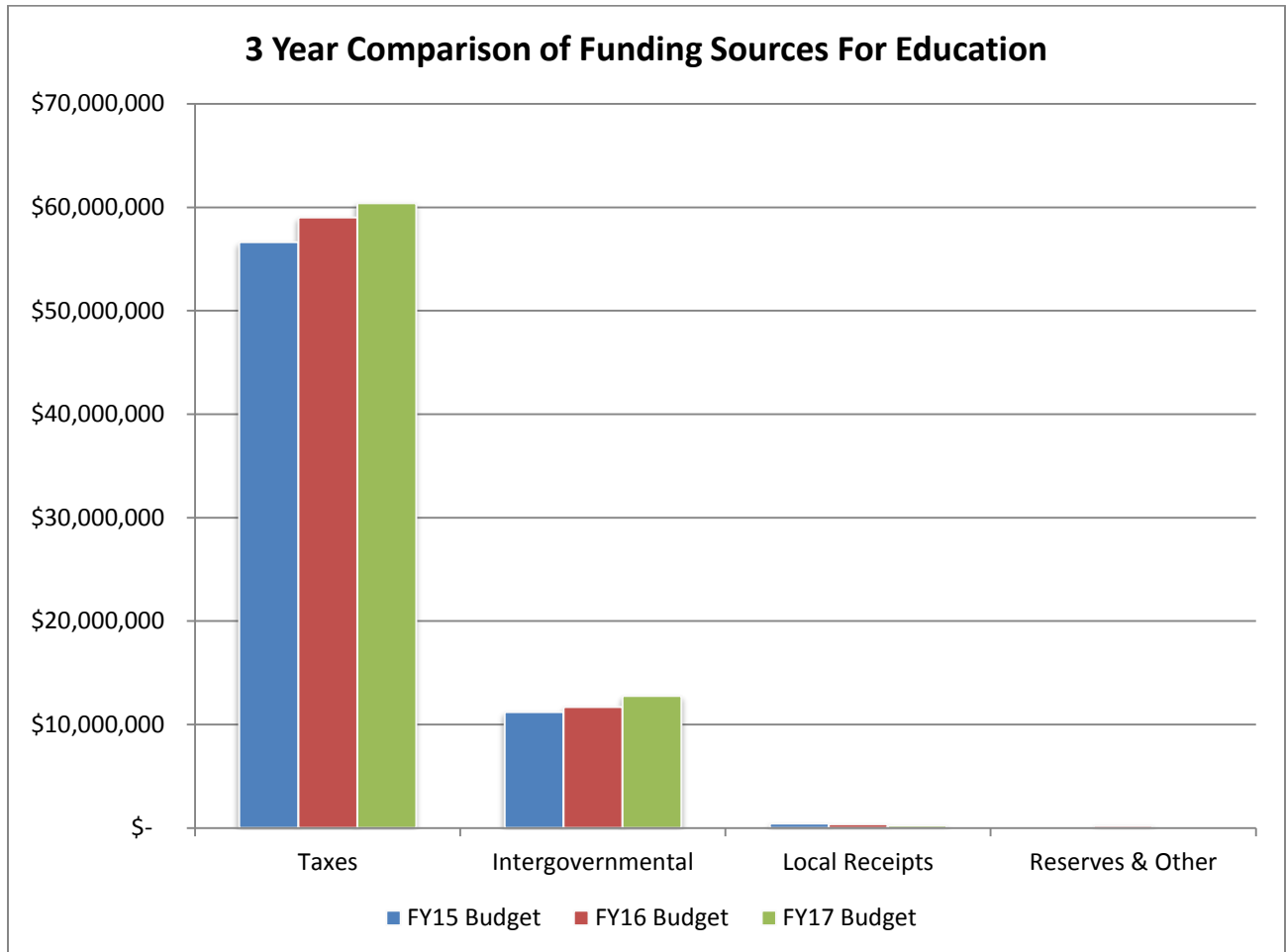
Total Expenditures Including Benefits	\$ 73,466,800		\$ 77,472,285	
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Source of Funding

Taxes	\$ 55,851,113	\$ 58,998,678	\$ 58,960,345	\$ 60,401,475	\$ 1,402,797	2.38%
Intergovernmental	11,510,985	11,692,061	11,692,061	12,771,697	1,079,636	9.23%
Fees, Licenses, Permits	425,000	365,000	365,000	225,000	(140,000)	-38.36%
Interest and Other	1,899	-	-	-	-	0.00%
Reserves	-	220,160	220,160	-	(220,160)	-100.00%
Total Sources	\$ 67,788,997	\$ 71,275,899	\$ 71,237,566	\$ 73,398,172	\$ 2,122,273	2.98%



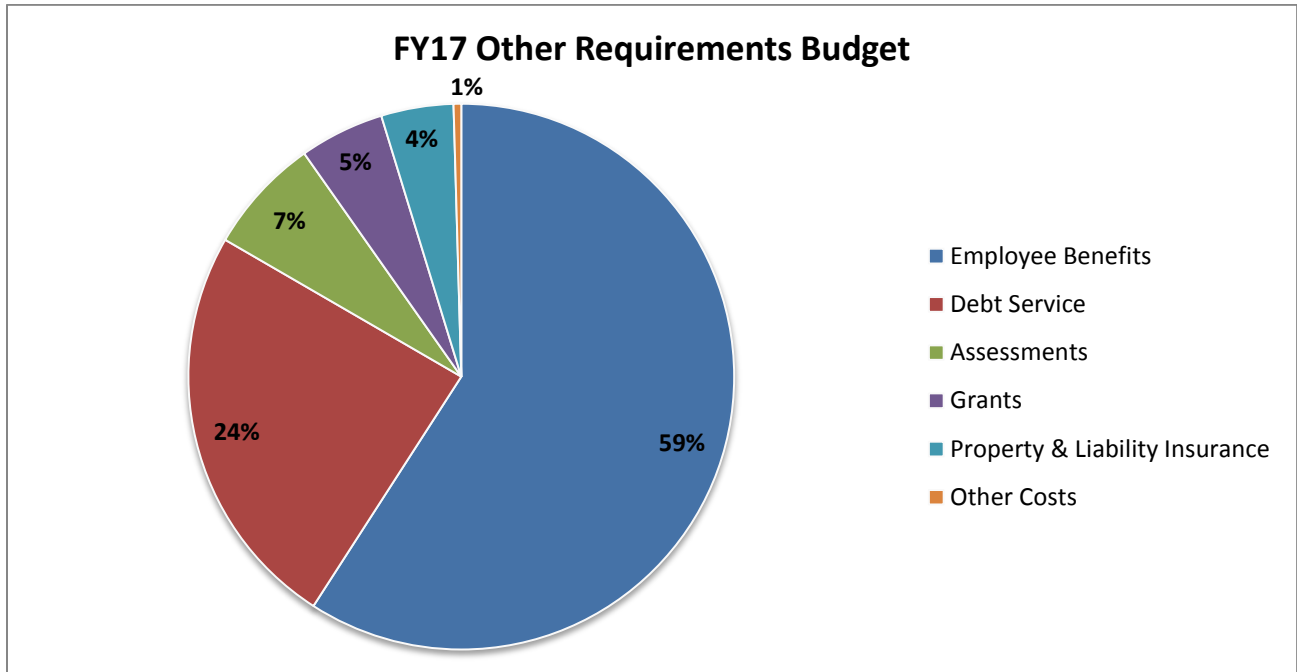
The distribution of expenditures on education has shifted slightly away from the local system to the other three systems (Regional, Commonwealth Charters and School Choice). Enrollment in the other systems has grown resulting in higher assessments. The local school system budget is increasing \$1.8 million and includes 6.25 new full-time equivalents.



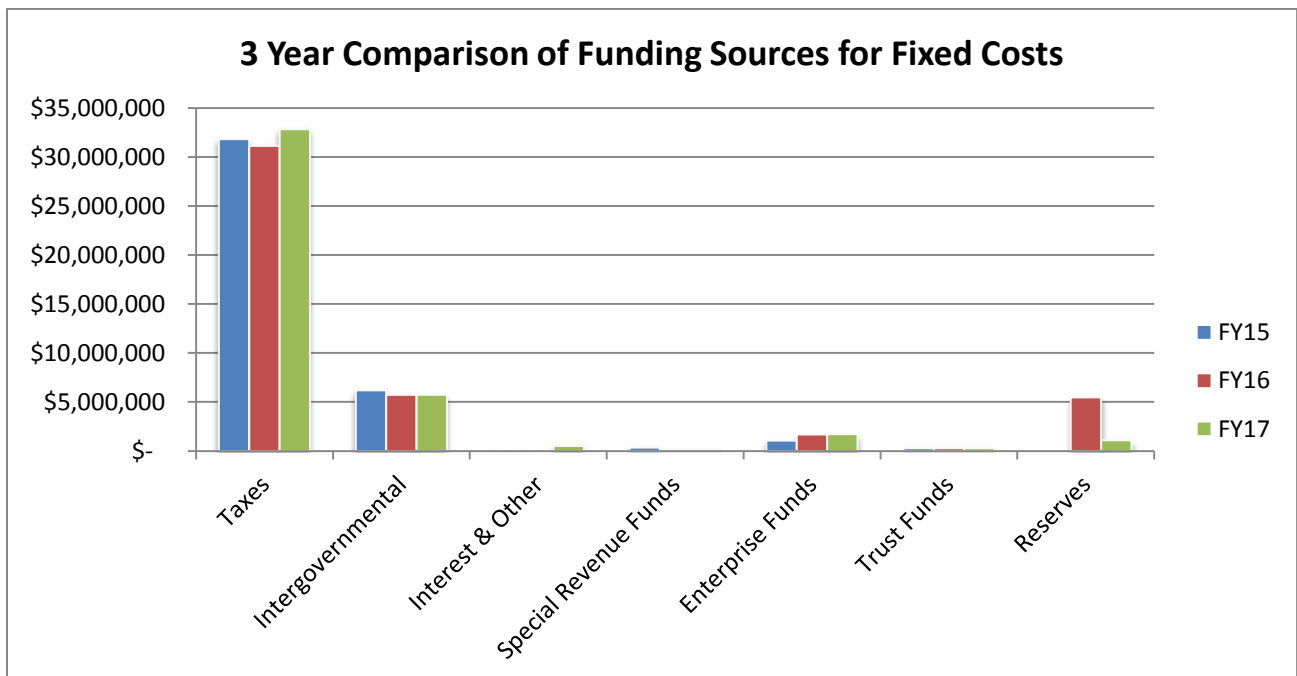
A majority of the funding for education has been provided from taxes for this three year period. Intergovernmental revenue is increasing almost \$1.1 million in FY17 as a change to the state’s chapter 70 funding formula for education benefits Barnstable. Minimal general fund reserves have been used to balance this area of the budget.

Fixed Costs Expenditures and Funding Source Summary

Expenditure Category	Actual FY 2015	Approved FY 2016	Projected FY 2016	Proposed FY 2017	Change FY16 - 17	Percent Change
Employee Benefits						
Retirement Assessments	\$ 7,857,815	\$ 8,035,227	\$ 8,035,227	\$ 8,406,711	\$ 371,484	4.62%
Health Insurance for Active Employees	5,816,760	6,885,000	6,526,000	7,226,550	341,550	4.96%
Retiree Health & Sick Benefits	4,247,189	4,017,183	4,060,000	4,123,071	105,888	2.64%
Workers' Compensation & Unemployment	1,446,766	1,500,000	1,550,000	1,535,000	35,000	2.33%
Medicare & Life Insurance	1,004,901	1,002,000	1,020,000	1,071,580	69,580	6.94%
Total	20,373,431	21,439,410	21,191,227	22,362,912	923,502	4.31%
Debt Service, Grants, Assessments & Other						
Debt Service	8,651,467	8,647,981	8,647,981	9,172,108	524,127	6.06%
Library Grants	1,671,753	1,714,000	1,714,000	1,773,990	59,990	3.50%
Tourism Grant	91,804	124,250	124,250	127,000	2,750	2.21%
Property & Liability Insurance	1,510,581	1,580,000	1,580,000	1,620,000	40,000	2.53%
Interest on Tax Refunds	11,112	20,000	5,000	20,000	-	0.00%
Celebrations	108,341	100,000	100,000	100,000	-	0.00%
Lombard Trust Rent	51,924	52,000	52,000	52,000	-	0.00%
Veterans' District Assessment & Benefit Payments	374,701	430,000	420,000	421,458	(8,542)	-1.99%
Old Kings Highway	9,500	9,000	9,500	9,500	500	5.56%
Greenhead Fly Control District	5,320	5,320	5,320	5,320	-	0.00%
County Tax & Cape Cod Commission Assessments	1,071,451	1,094,175	1,094,175	1,121,529	27,354	2.50%
Mosquito Control	337,988	352,254	352,254	372,123	19,869	5.64%
Air Pollution Control Districts	21,813	21,832	21,832	22,378	546	2.50%
RMV Non-renewal Surcharge	72,380	72,380	72,380	72,380	-	0.00%
Cape Cod Regional Transit Authority	497,009	509,433	509,433	551,118	41,685	8.18%
Special Education Assessment	25,671	26,698	26,698	26,698	-	0.00%
Abatements & Exemptions Deficits	-	32,030	-	-	(32,030)	-100.00%
Total	14,512,815	14,791,353	14,734,823	15,467,602	708,279	4.79%
Subtotal Before Transfers	34,886,246	36,230,763	35,926,050	37,830,514	1,599,751	4.42%
Transfers						
Transfer to Capital Trust Fund	3,530,313	7,435,335	7,435,335	3,540,468	(3,894,867)	-52.38%
Transfer to Special Revenue Funds	-	34,999	34,999	-	(34,999)	-100.00%
Transfer to Capital Projects Funds	1,037,689	-	-	-	-	0.00%
Transfers to Enterprise Funds	310,148	718,420	718,420	869,076	150,656	20.97%
Total	4,878,150	8,188,754	8,188,754	4,409,544	(3,779,210)	-46.15%
Grand Total Other Requirements	\$ 39,764,396	\$ 44,419,517	\$ 44,114,804	\$ 42,240,058	\$ (2,179,459)	-4.91%
Source of Funding						
Taxes	\$ 31,816,998	\$ 31,134,881	\$ 30,270,270	\$ 32,890,922	\$ 1,756,041	5.64%
Intergovernmental	6,196,395	5,735,174	5,735,174	5,723,925	(11,249)	-0.20%
Interest and Other	51,892	-	559,900	498,200	498,200	0.00%
Special Revenue Funds	355,608	116,037	116,037	112,183	(3,854)	-3.32%
Enterprise Funds	1,053,503	1,672,053	1,672,051	1,659,828	(12,225)	-0.73%
Trust Funds	290,000	280,000	280,000	270,000	(10,000)	-3.57%
Reserves	-	5,481,372	5,481,372	1,085,000	(4,396,372)	-80.21%
Total Sources	\$ 39,764,396	\$ 44,419,517	\$ 44,114,804	\$ 42,240,058	\$ (2,179,459)	-4.91%



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 increased in FY16 as \$4 million was transferred to the Capital Trust Fund.

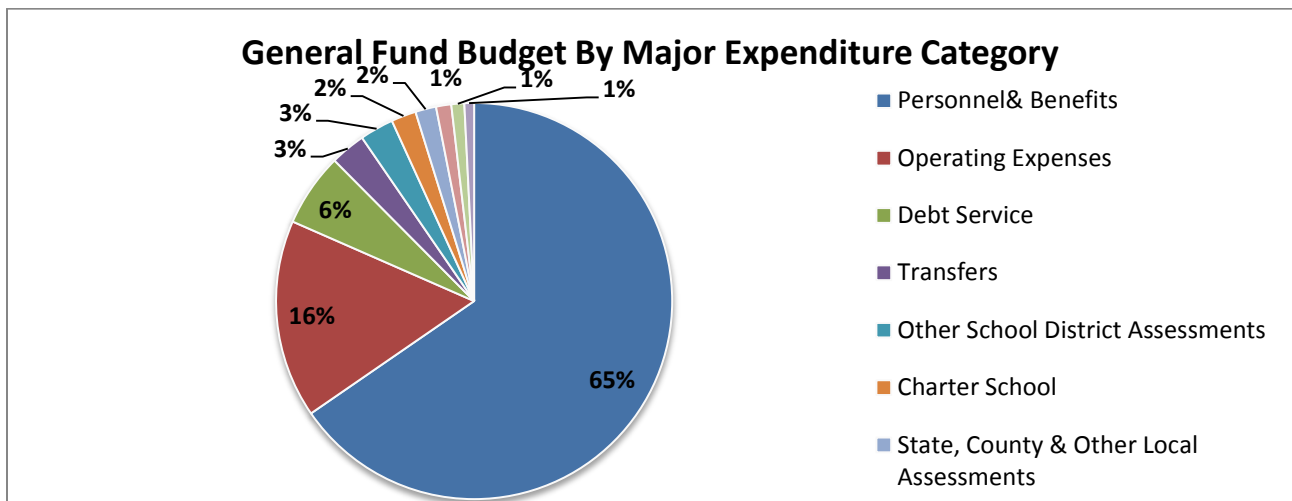
General Fund Budget by Major Expenditure Category

Expenditure Category	Actual	Approved	Projected	Proposed	Change	Percent
	FY 2015	FY 2016	FY 2016	FY 2017	FY16 - 17	Change
Personnel	\$ 70,898,854	\$ 75,052,503	\$ 74,334,793	\$ 77,925,093	\$ 2,872,590	3.83%
Employee Benefits	20,373,431	21,439,410	21,191,227	22,362,912	923,502	4.31%
Operating Expenses	24,289,971	25,739,862	24,310,210	24,793,913	(945,949)	-3.68%
Other School District Assessments	6,344,409	7,025,899	7,098,600	7,348,172	322,273	4.59%
Transfers	4,878,150	8,188,754	8,188,754	4,409,544	(3,779,210)	-46.15%
Debt Service	8,651,467	8,647,981	8,647,981	9,172,108	524,127	6.06%
State, County & Other Local Assessments	2,415,833	2,521,092	2,511,592	2,602,504	81,412	3.23%
Grants	1,763,557	1,838,250	1,838,250	1,900,990	62,740	3.41%
Property & Liability Insurance	1,510,581	1,580,000	1,580,000	1,620,000	40,000	2.53%
Capital Outlay	1,069,855	1,122,360	1,121,000	1,209,300	86,940	7.75%
Other Fixed Costs	171,377	204,030	157,000	172,000	(32,030)	-15.70%
Total Expenditures	\$142,367,485	\$153,360,141	\$150,979,407	\$153,516,536	\$ 156,395	0.10%

Full-time Equivalent Employees

1,180.05	1,185.15	1,198.10	12.95
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Personnel costs and the associated employee benefits account for \$3.8 million of the FY17 General Fund budget increase. This includes an increase of 12.95 full-time equivalents; 6.25 in the local school operations and 6.70 in the municipal operations. Operating expenses are decreasing \$946,000. This includes a reduction in snow removal cost of \$1,102,000. Eliminating this category of expenditures results in an increase in operating expenses of \$156,000. Other significant category changes include school district assessments increasing \$322,000; debt service increasing \$524,000 due to a large bond issue in FY16 and transfers declining \$3.78 million as the FY16 budget included a \$4 million transfer to the Capital Trust Fund that will not be repeated in FY17.

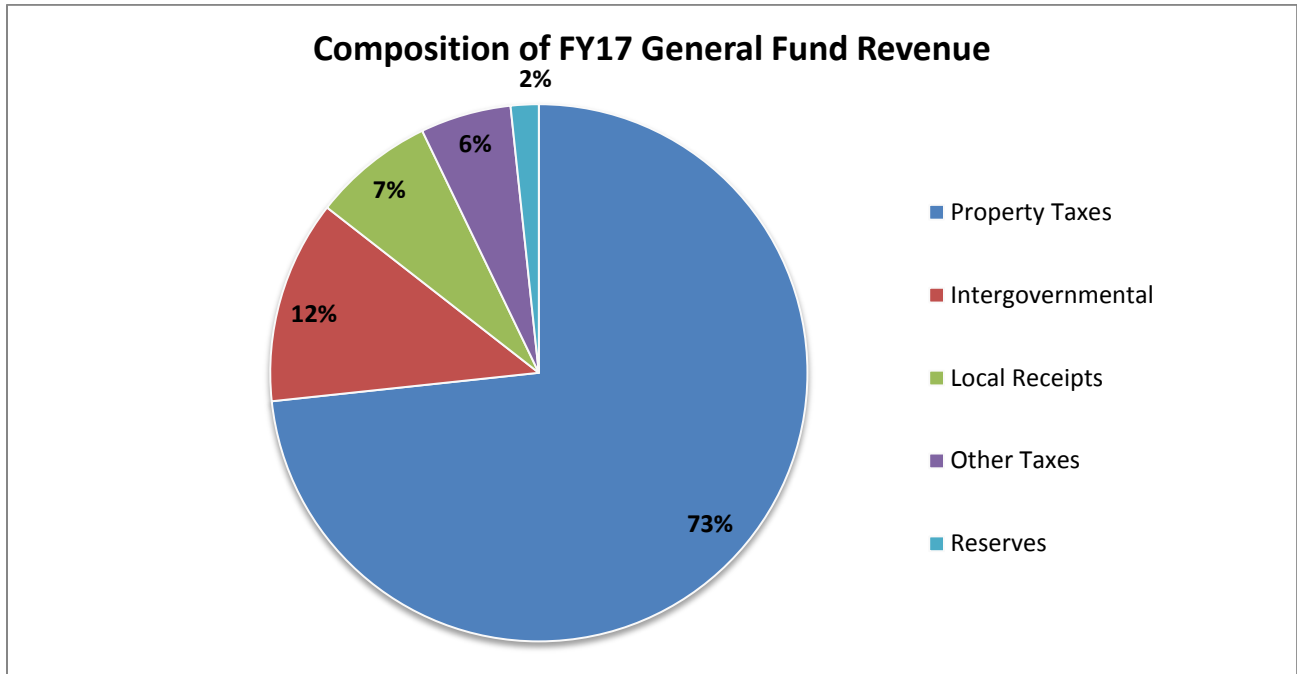


Salaries, wages and the associated benefits for all employees account for 65% of all General Fund expenditures. This is not unusual for local government as it functions as a service provider.

General Fund Revenue Summary

	Actual FY 2015	Budget FY 2016	Budget FY 2017	Change FY16- 17	Percent Change
Property Taxes:					
Tax Levy		110,547,068	114,243,675	\$ 3,696,607	3.34%
Reserved for Abatements and Exemptions		(1,724,851)	(1,700,000)	24,851	-1.44%
Property Taxes Available for Operations	104,269,489	108,822,217	112,543,675	3,721,458	3.42%
Other Taxes:					
Motor Vehicle Excise Tax	6,901,670	6,082,645	6,485,683	403,038	6.63%
Boat Excise Tax	131,523	130,000	130,000	-	0.00%
Motel/Hotel Excise Tax	1,793,403	1,790,000	1,790,000	-	0.00%
Payments in Lieu of Tax	30,084	28,000	28,000	-	0.00%
Total Other Taxes	8,856,680	8,030,645	8,433,683	403,038	5.02%
Other Resources:					
Intergovernmental	18,021,185	17,741,040	18,782,718	1,041,678	5.87%
Fines & Penalties	1,345,840	1,300,000	1,250,000	(50,000)	-3.85%
Fees, Licenses, Permits	3,444,222	3,205,000	3,144,100	(60,900)	-1.90%
Charges For Services	1,748,463	1,720,000	1,910,000	190,000	11.05%
Interest and Other	1,447,833	821,800	1,298,500	476,700	58.01%
Special Revenue Funds	846,902	670,053	738,853	68,800	10.27%
Enterprise Funds	1,989,605	2,579,351	2,560,007	(19,344)	-0.75%
Trust Funds	290,000	280,000	270,000	(10,000)	-3.57%
Reserves	107,266	8,190,035	2,585,000	(5,605,035)	-68.44%
Total Other Resources	29,241,316	36,507,279	32,539,178	(3,968,101)	-10.87%
Total General Fund Resources	\$ 142,367,485	\$ 153,360,141	\$ 153,516,536	\$ 156,395	0.10%

Overall, the total General Fund resources used to balance the FY17 budget are essentially level with the FY16 budget. A significant amount of reserves were used to balance the FY16 budget as some reserves were transferred to the Capital Trust Fund to enhance the town's capital program and there was a significant snow removal deficit included in the FY16 budget which was funded from reserves. In FY17, taxes are projected to increase \$3.7 million. Excluding reserves, 65% of the revenue growth for FY17 is from property taxes, 18% from intergovernmental resources and the remaining 17% from local sources. A change in the Chapter 70 education funding formula results in a larger increase in intergovernmental aid for the town in FY17. Reserves used to balance the budget will decline significantly by \$5.6 million as will the corresponding expenditures funded from here including snow removal and transfers to the Capital Trust Fund.



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 6% of all the General Fund resources. Transfers from reserves comprise 2% of the total resources with a majority of this being used to fund the FY16 snow and ice deficit.

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 FY17 to balance the operating or capital budgets. The formula used to calculate the projected tax levy for FY17 is as follows:

Base levy from FY16	\$108,645,163
Prop 2½ allowable increase	2,716,129 (2.5% of FY16 base)
Estimated new property tax growth	\$900,000
Cape Cod Commission environmental tax	\$580,286
Debt exclusions	\$1,402,097
Less reserve for abatements & exemptions	<u>(\$1,700,000)</u>
FY16 Tax Levy available for operations	\$112,543,675

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 FY17 a provision of \$1,700,000 is being set aside; reducing the available property taxes to fund operations. This is a conservative estimate but is slightly less than what was set aside for FY16.

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 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
 FY 2016 - \$5,693,449 – 12.3% increase

The auto industry has recovered from the recessionary years. Locally, many dealerships have made significant investments in their properties signifying a recovery is in progress. For FY17 the Town is projecting a 5.5% increase in this tax as commitments continue to show improvement.

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 be level in FY17 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 FY17 budget proposal is based on the Governor’s proposed budget for FY17 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 \$556,000 in FY17 as several fee adjustments have been approved including a \$10 increase in the beach parking permit.

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. \$270,000 will be used in FY17. This is \$10,000 less than what was used for FY16.

General Fund Reserves

The town will use \$2,585,000 in general fund reserves to balance the FY17 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 FY16 which will offset a significant portion of what will be used in FY17 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	Used For:		Generated	Ending
	Balance	Operations	Capital		Balance
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)	-	2,408,587	8,411,317
July 1, 2010	8,411,317	(1,080,758)	-	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)	-	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)	(591,993)	6,451,368	13,370,039
July 1, 2015	13,370,039	(4,104,926)	(1,037,689)	5,721,779	13,949,203
Totals		(44,298,437)	(21,599,682)	71,050,536	

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 \$47,387,493 for FY17, and a combined total of \$195,773,265 over a five-year period. Of the \$195 million, approximately \$70 million represents enterprise funds and \$125 million are general fund requests.

	Enterprise Funds	General Fund	Total
FY 2017	\$19,458,617	\$27,928,876	\$47,387,493
FY 2018	\$13,042,996	\$38,670,008	\$51,713,004
FY 2019	\$17,255,000	\$15,323,797	\$32,578,797
FY 2020	\$10,782,400	\$18,853,040	\$29,635,440
FY 2021	\$9,626,180	\$24,832,351	\$34,458,531
Totals	\$70,165,193	\$125,608,072	\$195,773,265

Fiscal Year 2017 Capital Program

Recommended Projects for Fiscal Year 2017

Recommended capital projects for FY17 total \$29,881,954 as follows: \$15,598,449 for the General Fund program and \$14,283,505 for enterprise accounts. Funding for the general fund portion of the program consists of \$3,786,070 in Capital Trust Fund (CTF) reserves, \$719,669 in transfers from closed appropriations and revolving accounts, \$666,710 from the Sewer Construction & Private Way Maintenance & Improvements Fund, \$923,000 from the Community Preservation Fund, and \$9,503,000 in new borrowing authorizations. Funding for the enterprise fund programs consists of using \$2,252,000 of enterprise fund reserves, \$89,505 in transfers from closed appropriations, and \$11,942,000 in new borrowing authorizations. \$6,149,350 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:				
Design & Reconstruct RWY 15-33, TWY C, Portion TWY B, Airfield Lighting Vault Generator		318,650	6,054,350	6,373,000
Runway, Roadway & Taxiway Markings	150,000			150,000
Replace Snow Removal Equipment, ARFF Equipment, Skid Steer Plow	5,000		95,000	100,000
Total Airport Enterprise Fund	155,000	318,650	6,149,350	6,623,000
MARINA:				
Gateway Marina Dredging		500,000		500,000
Total Marina Enterprise Fund	-	500,000		500,000
GOLF COURSES:				
Olde Barnstable Fairgrounds Golf Facility Improvements		258,000		258,000
Hyannis Golf Course Rear Deck, External Stair, Awning & Interior		307,000		307,000
Total Golf Enterprise Fund	-	565,000	-	565,000

Enterprise Funds Continued:

Project Name	Funding Source				
	Enterprise Fund Reserves	Bond Issue	Transfers	Grants	Total
WATER SUPPLY:					
Pipe Replacement & Upgrade Program	150,000	900,000			1,050,000
Water Supply Wells, Pump Stations & Treatment Plant Repair	200,000				200,000
Interconnections with other water systems	400,000				400,000
Upgrades Design & Construction Mary Dunn 1 Water Storage Tank	52,000				52,000
Total Water Supply Enterprise Fund	802,000	900,000	-	-	1,702,000
WATER POLLUTION CONTROL:					
Clarifiers Rehab		1,200,000	89,505		1,289,505
Backup Generator Replacement		904,000			904,000
Total Sewer Enterprise Fund	-	2,104,000	89,505	-	2,193,505
SOLID WASTE:					
Replacement of 2007 Mack Tractor Unit	150,000				150,000
Replacement of 2012 Chevrolet Colorado 1/4 Ton Pick-Up (T401)	50,000				50,000
Solid Waste Facility Master Plan - Construction	500,000	2,000,000			2,500,000
Total Solid Waste Enterprise Fund	700,000	2,000,000	-	-	2,700,000
Total All Enterprise Funds	1,657,000	6,387,650	89,505	6,149,350	14,283,505

General Fund:

Project Name	Funding Source					Total
	Cash	Bond Issue	Community Preservation Fund	Transfers	Sewer Construction & Private Way Fund	
INFRASTRUCTURE:						
Traffic Signal Upgrades	150,000					150,000
Public Roads Maintenance	3,250,000					3,250,000
Guardrail Replacement & Sidewalk Improvements		730,000				730,000
Information Technology Software & Hardware Upgrades		363,000		55,000		418,000
Marston Mills Land Acquisition & Parking lot		290,000				290,000
Blish Point Boat Access Channel Dredge		988,000		91,788		1,079,788
Private Road Repairs				186,290	666,710	853,000
Total	3,400,000	2,371,000	-	333,078	666,710	6,770,788
MUNICIPAL FACILITIES:						
Walkway-to-the Sea HyArts Shanties	103,570			2,430		106,000
Osterville Bay School & Recreation Building Site Improvements		757,000		143,444		900,444
Beach Facility Improvements		478,000		140,717		618,717
Lombard Field Improvements		936,000	750,000			1,686,000
West Barnstable Community Building Window Replacement			173,000			173,000
Total	103,570	2,171,000	923,000	286,591	-	3,484,161

General Fund Continued:

Project Name & Council Order Number	Funding Source					Total
	Cash	Bond Issue	Community Preservation Fund	Transfers	Sewer Construction & Private Way Fund	
WATER QUALITY:						
School House Pond Algae Remediation 2016-089	55,000					55,000
MS4 Municipal Separate Storm Sewer System Program 2016-104	87,500					87,500
Total	142,500	-	-	-	-	142,500
SCHOOL FACILITIES:						
BCHMCPS Roof & Façade Improvements 2016-081		4,236,000		50,000		4,286,000
Barnstable United Elementary Restroom Upgrades & Light Pole Replacement 2016-082		475,000				475,000
Unit Ventilator Upgrades 2016-083		250,000				250,000
Pump Flange Replacements 2016-084	70,000					70,000
Walk-In Cooler Replacements 2016-085	70,000			50,000		120,000
Total	140,000	4,961,000	-	100,000	-	5,201,000
Grand Totals	3,786,070	9,503,000	923,000	719,669	666,710	15,598,449

Project Descriptions and Budget Impact

Airport Enterprise Fund:

Rehabilitate Runway 15-33, Replace Runway 15-33 VASI with PAPI, Re-Align a Portion of Taxiway B and Re-Align a Portion of Taxiway C , and Replace Emergency Back-Up Generator in Airfield Lighting Vault. \$6,373,000

Design has been delayed due to delay in FAA planned funding for reconstruction in FY2016 and FY2017 and using discretionary funding. Use of the statewide crack-sealing project is effectively extending the life of the failing pavement in the interim. Initial funding for the Runway reconstruction project is being used for design and bid documents for grant acceptance; and is being used to front-load a mandatory FAA reimbursable agreement for the VASI to PAPI project. Airport funding for the emergency backup for airfield lighting was previously approved and is being incorporated into this single FAA construction project. The main portion of the Taxiway Charlie reconstruction project was completed in the fall of 2015, with the final phase to be completed in the spring of 2016, as a separate project at a cost of \$4,785,000.

Budget Impact – Potential cost savings in the short-term as routine maintenance to pavement repairs should be reduced. The anticipated annual debt service payment on the bond issue of \$318,650 over ten-years is estimated at \$36,400 or 0.60% of FY17 proposed budget.

Replace 1999 Ford F-450 Heavy Duty Truck and Fire Combat Unit \$100,000

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 1999 Ford F-450 Heavy Duty Flatbed Truck with fire combat unit.

Budget Impact -Routine maintenance is expected to remain the same.

Runway and Taxiway Markings and Airport-Owned Roadways Annual Painting Contract \$150,000

Airport Runway and Taxiway Markings require annual operational and maintenance painting in order to meet FAA 14 CFR Part 139 Inspection requirements to maintain the Airport FAA Certification. In addition, all Airport-owned roadways require annual maintenance painting for roadway and pedestrian safety. This project combines both recurring painting requirements into one annual recurring contract.

Budget Impact – Pavement painting contract cost has jumped from \$50,000 to \$150,000 annually, which is a threefold increase or 1.64% of FY17 is proposed budget.

Marina Enterprise Fund:**Gateway Marina Dredge – Additional Dredging \$500,000**

This dredging is important in order to maintain free access by shallow draft boats to the floats behind the Maritime Museum. Gateway Marina has experienced shoaling for several years and is now at the point where some of our slip holders and transient boaters are experiencing difficulties accessing slips at mid to low tides. The Marina is at the end of Hyannis Inner Harbor where the flushing is poor and sediment tends to collect. Harbor staff has had to rearrange some slip assignments because of this as well. As shoaling continues, more of the marina will become inaccessible and the marina will have to operate at less than full capacity. FY16 CIP request based upon calculations that underestimated the dredge volume. The selected consultant firm has now performed an actual onsite hydrographic survey, which included a larger area of problem depths. Recent sampling indicates the sediment would not qualify for beneficial reuse or ocean disposal resulting in significantly higher licensed landfill disposal. We now seek to increase the funding in order to address the additional corrected sediment volumes and increased disposal costs.

Budget Impact – The anticipated annual debt service payment on the bond issue of \$500,000 over ten-years is estimated at \$57,000 or 7.1% of FY17 proposed budget. No additional revenues or costs are anticipated from this project.

Golf Course Enterprise Fund:**Olde Barnstable Fairgrounds Golf Club Facility Improvements \$258,000**

This Phase includes the replacement of windows and doors that are beyond repair with more energy efficient units. Trim and Exterior painting to elevations where windows and doors are replaced. The HVAC system is in need of upgrades to include new insulation and plumbing. Repairs will be needed to the ceilings where damage has occurred from the HVAC. Pro Shop sidewall is failing around window and needs rebuilding as part of the window replacement program.

Budget Impact – The anticipated annual debt service payment on the bond issue of \$258,000 over ten-years is estimated at \$30,000 or 1.64% of FY17 proposed budget. Other costs will remain unchanged, and any efficiency savings will be immaterial.

Hyannis Golf Course Rear Deck, External Stair, Awning & Interior Staircase Project \$307,000

This Phase includes the rebuilding of the large rear deck, balustrade and stairs to meet current code requirements, which are beyond their useful life, and needing a multitude of immediate repairs. The large deck awning is in need of replacement. The awning needs extending to cover the access from the bar area which it serves. The interior stairwell, the subject of a lawsuit, from the main level down to the Pro Shop is not to code and requires enlarging and rebuilding.

Budget Impact - The anticipated annual debt service payment on the bond issue of \$307,000 over ten-years is estimated at \$35,000 or 2.18% of FY17 proposed budget. Other costs will remain unchanged, and any efficiency savings will be immaterial.

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. It is important to implement a structured program to replace and upgrade the water pipes in the distribution system, some of which are over 100 years old. This program is in addition to the routine maintenance and repair program to be performed by the contracted water system operator. The proposed capital budget for this pipe replacement and upgrade program is \$1,050,000 per year, and includes a capitally funded water works project manager to oversee and implement this program. This continuing project will ensure the long-term ability of the Hyannis Water System to provide sufficient drinking water and fire readiness protection for all its customers.

Budget Impact – The upgrades will be to existing distribution piping which is already maintained by DPW. Replacing these pipes will likely result in less maintenance cost, and should not result in the need for additional personnel. The anticipated annual debt service payment on the bond issue of \$900,000 over twenty-years is estimated at \$75,000 or 1.42% of FY17 proposed budget.

Water Supply Wells Pump Stations Treatment Plant Repair & Upgrade Program \$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-1970. The prior year's monies were used to install emergency generators, lighting, and fencing and implement pavement improvements. Starting in FY2014 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 and cost allocations are: \$45,000 for buildings, \$40,000 for process control equipment, \$40,000 for safety and security components, and \$45,000 for electrical equipment. Project management and oversight will be provided by a junior engineer, partially funded out of this program in the amount of \$30,000.

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

Mary Dunn 1 water storage tank Upgrades Design & Construction \$52,000

Weston & Sampson Engineering, Inc recommended this project in its' 2007 Master Plan in April. Weston & Sampson Engineers, Inc. based on inspections by Merithew / Utility Services Corporation did a detailed tank evaluation in July 2015. According their recommendation the water tank needs a new roof, foundation repair, climbing ladder and overflow rehabilitation. Repairs and upgrades are needed for the security fencing, gates and access road.

Budget Impact – None. This is for design only.

Interconnections with other water systems \$400,000

The design, permitting, pilot study and testing, and agreement development of upgraded, permanent interconnections with surrounding public water supply systems. This project is needed to ensure water supply availability for the Hyannis Water System's customers in case of major mechanical or electrical failures at water pumping or treatment facilities or well contamination issues.

Budget Impact – There is no direct budget impact to FY17 proposed budget, however, future implications for routine maintenance or contract pricing with surrounding public water supply systems should be considered.

Water Pollution Control Enterprise Fund:

Clarifier Rehabilitation \$1,289,505

This project calls for the removal and upgrade of the existing mechanical equipment within Primary Clarifiers 1 and 2 and Secondary Clarifiers 1 and 2. This includes the replacement of walkways, scum collection equipment, sludge scraper arms, influent wells, clarifier drives and electrical wiring. This project also includes the minor rehabilitation of Secondary Clarifier 3, including the sandblasting of all steel sludge collection equipment, an application of a corrosion resistant primer and paint, and the installation of a new clarifier drive assembly. The tank walls, weir walls, and effluent channels of all five clarifiers will be sandblasted and epoxy coated. In 2015, \$1,000,000 was approved as a placeholder for this project prior to the completion of the clarifier evaluation and design. The evaluation revealed the need for more work than was originally anticipated.

Budget Impact – Routine maintenance will remain the same. The anticipated annual debt service payment on the bond issue of \$1,200,000 over twenty-years is estimated at \$77,000 or 1.64% of FY17 proposed budget.

Backup Generator Replacement \$904,000

The generator, its control system, switchgear MSA, and distribution breaker MCC-6 are 35 years old and have reached the end of their typical operational lifespan. Due to the age of the equipment, the existing generator has become increasingly unreliable and spare parts have become difficult to obtain. The manufacturer has advised the WPCD to replace the existing generator. In 2014, an outside consultant completed a backup power evaluation, which also recommended replacing the existing generator. This evaluation examined various replacement options, and concluded that a two-generator approach would best fit the needs of the Town. This plan includes the immediate replacement of the existing generator with a 750kw diesel generator at switchgear MSA, and adding a separate 450kw diesel generator at switchgear MSB at a future date, when loads increase.

Budget Impact - Routine maintenance will remain the same. The anticipated annual debt service payment on the bond issue of \$904,000 over five-years is estimated at \$195,000 or 4.16% of FY17 proposed budget.

Solid Waste Enterprise Fund:Barnstable Transfer Station & Recycling Center \$150,000

Purchase a new tractor unit for services at the Barnstable Transfer Station & Recycling Center and as back-up support for other operations of DPW. This vehicle is used daily for various operations at the transfer station since 2007 and has reached its useful purpose. It also serves as a reserve vehicle when needed by other divisions in DPW

Budget Impact - Routine maintenance will remain the same.

Replacement of 2012 Chevrolet Colorado ¼ Ton Pick-Up (T401) \$50,000

Purchase a new ¾ ton pick-up for services at the Barnstable Transfer Station & Recycling Center and for assistance in other DPW functions and emergencies. This vehicle serves as support for the solid waste division operations and assists in other emergency functions of DPW. The current vehicle does not meet the needs for the daily operations and its only functional ability is for transportation. A larger capacity pick-up truck would be able to provide services at the facility for transporting parts and equipment, snow plowing and towing. T401 will be repurposed for other uses at the DPW.

Budget Impact - Routine maintenance will remain the same.

Solid Waste Facility Master Plan – Construction \$2,500,000

This project is for the safety, traffic flow, and increased efficiency improvements at the Solid Waste Facility. Previously, Town Council approved (FY15-19 CIP) a comprehensive study to improve safety for employees and customers, traffic flow, and increase the efficiency of operations at the Solid Waste Facility. The work has progressed to the preliminary design stage. It is anticipated that after a public process, the design will be finalized and construction could begin as early as the fall/winter of 2016/2017. The preliminary design recommends the construction work be executed in three broad phases, however, this project include phases 1 & 2 below.

Phase I will establish a temporary location to relocate the solid waste and compost areas as well as the scale and C&D drop off area. (Leaf and Yard Waste Area in Figure 2)

Phase II includes the construction of new solid waste and recycling drop off area; construction of a new entrance to the facility; and construction of a new swap shop area.

Budget Impact –Changes in the flow of operations should yield some efficiencies at the facility, however, routine maintenance will remain the same. The anticipated annual debt service payment on the bond issue of \$2,000,000 over twenty-years is estimated at \$128,000 or 3.7% of FY17 proposed budget.

General Fund:

Public Roads Maintenance \$3,250,000

Road rehabilitation work, milling and/or repaving of Bay Lane and Riverview Lane in Centerville, High Street in Cotuit, Pine Grove Ave and Megan Road in Hyannis, Osterville - West Barnstable Road, and Treetop Circle in Marstons Mills, and Bumps River Road in Osterville. Major drainage improvements are planned Treetop Circle in Marstons Mills. Smaller drainage projects, crack sealing and preventive maintenance are also planned for various roads town-wide (approx. 28 miles) to extend their service life. Associated costs are 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.

Sidewalk Overlay and Guardrail \$730,000

Sidewalk improvements will include appropriate repair of failed sections, provision of ADA (Americans with Disabilities Act) compliant ramps and crosswalks, repair of tree grates and provision of “signature” markings for designated trails such as the Kennedy Legacy Trail. Guardrail replacement improvements will include removal of broken concrete posts and broken cable guardrail sections. It is estimated that approximately 6,000 feet of new guardrail will be constructed.

Budget Impact - failure to implement the sidewalk improvement and guardrail replacement project will result in increased risks on our roadways and sidewalks to both vehicle users and pedestrians. In addition inefficient repair “call outs” will continue with increased public frustration. Opportunities to enhance the

experience of visitors to Hyannis, including access to shops, the waterfront and memorial attractions will be lost.

Budget Impact – Ongoing maintenance of the assets affected will be required; however, a reduced effort will be needed because of new construction. The anticipated annual debt service payment on the bond issue of \$730,000 over twenty-years is estimated at \$54,750 financed through the Capital Trust Fund.

MS4 Municipal Separate Storm Sewer System Program \$87,500

An MS4 is a conveyance system owned by a state, city, town, village, or other public entity that discharges to waters of the U.S. Any designed or use to collect or convey storm water (including storm drains, pipes, ditches, etc.); that is not a combined sewer; and that is not part of a Publicly Owned Treatment Works (sewage treatment plant).

To prevent harmful pollutants from being washed or dumped into water bodies from an MS4, the EPA requires that the Town obtain a NPDES permit (Phase II) and develop a storm water management program. For the Town of Barnstable, that program will include the following:
In July 2016 – EPA Permit is predicted to be Final and will expire in 5 years (July 2021).

Budget Impact – No anticipated impact to FY17 proposed budget, but future fines from Environmental Protection Agency (EPA) should be considered if project is ignored.

Traffic Signal Upgrades Study Design Construction \$150,000

Preventative maintenance, emergency response and professional services to initiate the mitigation of intersection deficiencies, equipment failures and poor intersection operations with the twenty-eight (28) existing Town-owned traffic signal systems and four (4) mandated “opticom” systems on state controlled signals. These improvements would increase the level of service for the signaled intersections and adhere to mandatory Federal Manual on Uniform Traffic Control Devices (MUTCD) requirements for pedestrians.

Budget Impact – Potential in reduced future routine maintenance costs.

Private Road Repair \$853,000

Legislation passed in 2014 (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". To do this the Town must make "a declaration of common usage of such private way by the general public by vote of the Town Council". Common usage is defined as "a road or any portion thereof that has been commonly used by the general public for a period of at least 20 consecutive years of travel directly from 1 public road or area to another public road or area."

The roads in question are in common usage, in need of repair, and are heavily traveled. A significant number of large trucks that support the Town's Solid Waste Facility in particular utilize Flint Street. This effort will completely reconstruct Flint Street, to help accommodate the large truck traffic; and stabilize Willow Street for the next few years.

Budget Impact – Repairs should result in a decrease of emergency repairs to private roads required for these two roads.

Kalmus Beach Parking Lot – Repaving \$255,017

Cleaning and repaving of entire existing asphalt parking and access area by re-striping of all parking stalls and traffic markings as well as improving storm drainage systems. Existing paving is deteriorating, failure to repair now with a thin pavement overlay will result in the need for a more extensive and expensive fix in the future. Poor surface drainage is contributing to pavement deterioration and inconveniencing users of the facility.

Craigville Bathhouse Septic System Upgrade \$363,700

The existing septic system at the Craigville Bathhouse failed its Board of Health required inspection. As a result, the system needs to be replaced within the next two years, or alternative means to address the bathhouse's wastewater needs to be implemented.

Budget Impact on combined Kalmus and Craigville projects –Routine maintenance will remain the same. The anticipated annual debt service payment on the bond issue of \$478,000 over twenty-years is estimated at \$36,000 financed through the Capital Trust Fund

Blish Point Boat Access Channel Dredge (3) \$1,079,788

This project involves the design, permitting and dredging of the mid channel and boat access channel at the State boat ramp. This portion of the channel needs the dredging with either off shore disposal or upland disposal using geo-bags for dewatering. Review and approval by the regulatory agencies is required and will be accomplished through the permitting process. The Outer Channel was dredged in January 2016 through an existing permit with Council funding in October of 2015.

Budget Impact –The anticipated annual debt service payment on the bond issue of \$988,000 over ten-years is estimated at \$74,100 financed through the Capital Trust Fund.

Osterville Recreation Building Design & Construction \$900,444

This project includes the hazardous materials abatement specification preparation, demolition specifications; bid documents and contract administration; and project management fees and contingencies for the demolition of the former Osterville Bay School and Community Center buildings. The existing recreation building and the former Bay Elementary School have reached the end of their useful life and are beyond repair. It is time for the site and buildings to be demolished to allow continued and restored use of the site. Parking is inadequate as the building and grounds are heavily used. The existing ball field has deep holes and ruts and is at the end of its useful life. Currently there is no handicapped access to the playground.

Budget Impact -The anticipated annual debt service payment on the bond issue of \$757,000 over twenty-years is estimated at \$57,000 financed through the Capital Trust Fund.

Lombard Field Parking and Field Improvements \$1,686,000

This project includes the architectural and engineering services for the contract documents, bid and contract administration and the full construction funding of the improved facility. This is the site of a much used community center, playground, baseball field and parking area. It is utilized fully by many residents and is one of our most highly used community parks. The existing playground will be relocated on the site away from the ball field, reducing the issue with falling balls onto it, parking will be organized and paved with drainage, walks with dark sky lighting, a new ball field with lighting and fencing and press box, and landscaping, curbs and ADA access throughout.

Budget Impact - The anticipated annual debt service payment on the bond issue of \$936,000 over twenty-years is estimated at \$70,000 financed through the Capital Trust Fund. The Community Preservation Fund will provide \$750,000 of funding from its reserves. Maintenance on the field should stay the same.

West Barnstable Community Building Window Replacement \$173,000

Window replacement project: This project will fund the on-going historic adaptive reuse improvements to the West Barnstable Community Building. For the past several years, improvements have been made to the interior and exterior of the building. These funds will continue repair tasks and such related scope costs that are of greatest concern for the upcoming years. Replace 33 existing worn out aluminum windows with historically correct wood high efficiency windows with insulating glass. Trim to be replaced and painted.

Budget Impact – Potential utility savings and reduce maintenance cost.

BCHMCPS Façade Improvement and Roof Replacement -\$4,286,000

Provide exterior repair including repointing of masonry, trim replacement, gutters, doors, downspouts and foundations repairs and replacement. Continued deterioration of building exterior is the cause of increasing water/air infiltration. Additionally, failure of mortar joints and poured surfaces is allowing water penetration resulting in wall heaving and movement.

Budget Impact – Future cost associated with water and structural damage to masonry walls will be avoided, and thus there should be an annual savings from reduced routine maintenance. The anticipated annual debt service payment on the bond issue of \$4,236,000 over twenty-years is estimated at \$317,700 financed through the Capital Trust Fund.

Barnstable United Elementary Parking Lot Light Pole Replacement \$100,000

Existing Fiberglass Parking Lot Poles are failing at connection point between base sleeve and pole. This project initiative will replace 16 parking lot Light Poles.

Barnstable United Elementary Restroom Fixture and Hardware Upgrades \$375,000

Replace sinks, lavatories, fixtures and associated piping and plumbing in 12 Boy's & Girls Rooms at BUE. Project would include equipment for water treatment if necessary. Existing plumbing and fixtures are +20 years old ('94) are obsolete with many replacement parts becoming difficult and impossible to location. Additionally, high ph in water supply is causing deterioration of pipes and fixtures.

Budget Impact for combined Parking Lot Light Pole and Fixture, and Hardware Upgrades projects- The need for routine maintenance should be reduced as bathroom fixtures and parking light poles are replaced. The anticipated annual debt service payment on the bond issue of \$475,000 over twenty-years is estimated at \$35,000 financed through the Capital Trust Fund.

Unit Ventilator Upgrades \$250,000

Replace original/outdated unit ventilators at five elementary schools, (106 units). Current units are 50+ years old, failing and not operating to current ASHRAE/DLS standards.

Budget Impact –Reduced routine maintenance in the short term as ventilators are replaced with newer models. The anticipated annual debt service payment on the bond issue of \$250,000 over twenty-years is estimated at \$19,000 financed through the Capital Trust Fund.

BHS Pump Flange Replacement \$70,000

Replace/upgrade existing the rubber pumps coupler assemblies with stainless steel replacement units. Existing units have well exceeded 5 to 10 year life expectancy and are beginning to fail.

Budget Impact – Routine maintenance to remain unchanged, however, there is potential utility savings from more reliable couplers.

Walk-In Cooler Replacements \$120,000

Replace Walk-In Coolers at BHS and HYW because the existing equipment is at the end of life as well as lack reliability and efficiency issues.

Budget Impact - Reduced routine maintenance in the short term.

Personal Computer (PC) and Windows XP Upgrades \$218,979

Information Technology (I.T.) replaces approximately 60 PC's a year using Operating Capital. There are 441 PC's in use (not counting laptops, tablets etc.). At a replacement rate of 60 a year, it would take over 7 years to replace all of the PC's. That is, of the 441 PC's, 261 are older and are still running the Windows XP Operating System (OS). Microsoft no longer supports Windows XP. Microsoft no longer issues patches to fix newly found security exploits in Windows XP. This means we have 261 older machines that are vulnerable to any new Windows XP security flaws found. This places the Town's I.T. systems, network, and data at greater risk for hacking, information theft, viruses and malware. New PC's are sold with the latest operating system included. Capital funding for the replacement of these vulnerable 261 PC's benefits the Town two fold. It replaces aging, slower performing PC's with PC's that offer better performance and longevity as well as removing the vulnerable Windows XP operating systems from the Town's network. New PC's come with the latest operating system licensed and installed. It should also be noted that we are currently running Munis version 10.5 (Town's Financial Software). When version 11 is released, it will not support the Windows XP Operating System.

Microsoft Office 2002/2003 and Exchange 2003 Upgrade \$199,021

Upgrade the Microsoft Office 2002/2003 suite to Microsoft Office 2013 (or greater) and upgrade the email server, Microsoft Exchange from 2003 to 2013 (or greater). The Microsoft Office Professional 2002/2003 Suite of software is on a majority of PC's, and is 13 years old. Microsoft no longer supports our existing Microsoft Exchange 2003 server software. Because of its age, more of the third party software that we use either will not work with it or offers limited functionality. Munis is a prime example of not supporting this older Microsoft software. Furthermore, it is not possible to implement this I.T. CIP #2 project without having also implemented I.T. CIP #1. I.T. CIP #3 (FY18) is not possible to implement without the implementation of I.T. CIP #1 and I.T. CIP #2.

Budget Impact combined PC purchases and Windows XP, and Microsoft Office upgrades – Direct cost savings from the bulk purchase of 261 PC's with a three-year warranty. There is no budget impact with Microsoft Office upgrades because the Town already owns the licenses. The anticipated annual debt service payment on the bond issue of \$363,000 over five-years is estimated at \$81,000 financed through the Capital Trust Fund.

Marstons Mills Village Center Parking and Park \$290,000

This parcel is offered to the Town at a very opportune time. At the request of the Village the Town through GMD, and then with DPW, worked with the village for several years to arrive at a working concept for streetscape and place making improvements for Cotuit Road from the Mill Pond to Lovell's Lane, portions of

Main Street to the school property and a small portion of River Road. This centuries old intersection no longer safely serves the village, its residents, businesses, and visitors. Once concepts were developed DPW and GMD worked to refine the plans to move to the final design and construction phase of the project. One of the difficulties encountered was a reluctance of some property owners to grant small easements to allow the development of on street parking – adding to the overall number of spaces available to the area. The final design will include only half the number of on-street spaces originally anticipated. This property on the east side of Cotuit Road will fill that need very well. Vehicle access can be gained from Cotuit Road while pedestrian access can be designed to serve both Cotuit Road and Main Street patrons.

Budget Impact – DPW Structures & Grounds will be responsible for maintenance of park and parking lot estimated to be \$10,000 per year. The anticipated annual debt service payment on the bond issue of \$290,000 over five-years is estimated at \$65,000 financed through the Capital Trust Fund.

Walkway-to-the Sea HyArts Shanties \$106,000

The HyArts shanty program at Bismore Park is a resounding success both economically and culturally. It is important the town continue to integrate arts into the social, physical and economic fabric of our community. Currently we are not able to accommodate all accepted artists within the existing shanty program. Expansion of the program along the Walkway-to-the Sea will provide: an additional attraction to draw visitors from Main Street to the Harbor; more affordable incubator space for local artists; an additional revenue stream for HyArts programming; and, through installation and site design, increased visibility and use within this public space. Artist demand to participate in the current shanty program at Bismore Park far exceeds available space. Offering additional space meets increased demand and eliminates risk of potential participants seeking programs and selling opportunities in other towns on Cape Cod.

Budget Impact – This project offers an annual potential net source of funding of \$6,000, that is, expected revenues from renting the shanties would more than cover the operating cost.

Toxic algae bloom Cyanobacteria, Schoolhouse Pond \$55,000

The goal is to place one solar power unit for water circulation in Schoolhouse Pond to disrupt the habitat for cyanobacteria. Schoolhouse Pond is listed as a chronic public health concern. The Barnstable Health Division and Massachusetts Department of Public Health have closed it to swimming the last two summers due to the toxic algae blooms and visibility of less than four feet. Toxic algae can cause skin and eye irritation and gastrointestinal illness. Children and pets are particularly at risk. The pond is listed as a high priority on the Action Plan for Barnstable Ponds 12/31/2009. Other project objectives include improvement to water quality, pH and oxygen fluctuations and fish habitat. Solar power units are currently being used with success in other Cape towns.

Budget Impact – Installation of a water circulator device will require monitoring and a modest increase in maintenance cost.

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. It CTF operates essentially as a debt service fund. 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 fund's projected cash flow 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 FY17 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 costs. 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 its 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 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 to \$8.3 million in FY17. This amount is projected to increase by 2.5 percent per year in order to allocate more funds to the capital program. Even as more funds are allocated to the capital program, the Town's capital needs require a higher contribution level. Opportunities to increase this contribution are examined every year. In FY16, an additional \$4 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 \$1 million is anticipated by the end of FY19.

Table A on page 102 illustrates the CTF cash flow for the next 10 years incorporating all existing loan payments and the FY17 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 1.1% per year;
- The transfer from the general fund will increase 2.5% per year;
- Loan amortization on the FY17 bond issue will include:
 - \$363,000 over 5 years,
 - \$1,455,000 over 10 years,
 - \$3,159,000 over 15 years,
 - \$4,526,000 over 20 years;
- The coupon rates on the bonds are estimated to range from 2.5% to 4.0% with the longer the amortization period the higher the interest rate;
- The FY17 bonds will be issued at a time so that the first loan payments will not be made until FY18;
- There are no estimated savings from bond refinancing included in the projection;
- The Federal government will not make any changes and the tax advantages of municipal bonds will remain intact;
- No other major changes will take place in the municipal bond market; and
- The cash funded portion of the capital program will total \$3.7 million per year.

Major Assumptions Used In Table B:

In addition to all of the assumptions in Table A, bond issues ranging from \$4.3 to \$5.8 million per year are included for the FY18 through FY26 capital program with the following amortization amounts:

- \$3,150,000 over 5 years
- \$8,250,000 over 10 years
- \$12,500,000 over 15 years
- \$26,500,000 over 20 years

TABLE A – Estimated Capital Trust Fund Cash Flow FY 2017 – FY 2026

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
1 Beginning Trust Fund Balance	\$ 12,779,934	\$ 11,520,905	\$ 9,898,070	\$ 9,784,071	\$ 9,249,614	\$ 9,411,607	\$ 11,306,077	\$ 12,748,327	\$ 14,997,012	\$ 19,159,263
Resources:										
2 Investment Earnings	140,579	126,730	108,879	107,625	101,746	103,528	124,367	140,232	164,967	210,752
3 Private Road Betterments Collected	75,000	90,267	85,267	80,267	75,267	70,267	65,267	60,267	55,267	50,267
4 Transfer From General Fund	8,316,723	8,511,985	8,712,112	8,917,226	9,127,450	9,342,913	9,563,745	9,790,081	10,022,058	10,259,816
5 Additional Contribution From General Fund	-	-	1,000,000	-	-	1,000,000	-	-	1,000,000	-
6 Total Current Year Resources	8,532,302	8,728,982	9,906,257	9,105,117	9,304,462	10,516,707	9,753,379	9,990,579	11,242,292	10,520,835
7 Total Available Resources	21,312,236	20,249,886	19,804,328	18,889,188	18,554,076	19,928,314	21,059,456	22,738,906	26,239,304	29,680,098
Commitments:										
8 Existing Debt Service Payments	(6,092,761)	(5,759,241)	(5,444,057)	(5,079,749)	(4,599,019)	(4,095,162)	(3,857,459)	(3,304,240)	(2,658,403)	(2,534,433)
9 Estimated Debt Service on FY17 CIP (\$9.503m)	-	(892,575)	(876,200)	(859,825)	(843,450)	(827,075)	(753,670)	(737,654)	(721,638)	(716,824)
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	(448,570)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)
12 Total Current Year Commitments	(9,791,331)	(10,351,816)	(10,020,257)	(9,639,574)	(9,142,469)	(8,622,237)	(8,311,129)	(7,741,894)	(7,080,041)	(6,951,257)
13 Increase (Decrease) in Trust Fund	(1,259,029)	(1,622,834)	(114,000)	(534,457)	161,993	1,894,470	1,442,250	2,248,685	4,162,251	3,569,578
14 Ending Trust Fund Balance	\$ 11,520,905	\$ 9,898,070	\$ 9,784,071	\$ 9,249,614	\$ 9,411,607	\$ 11,306,077	\$ 12,748,327	\$ 14,997,012	\$ 19,159,263	\$ 22,728,841
15 % of trust fund resources committed in CY (max = 80%)	47%	53%	52%	53%	52%	45%	42%	36%	28%	25%

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 FY17. Cash funded projects in FY17 total \$3,698,570 and bond funded projects total \$9.5 million. The bonds will be issued in FY17 and the first estimated loan payment of \$892,575 is anticipated to be made in FY18 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 FY19, FY22 and FY25 are included on line 5. The percentage of the trust fund’s current year resources that are committed in any year are less than the Administrative Code limit of 80% (line 15) indicating that the fund has the capacity to absorb more debt financed projects in future years.

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

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
1 Beginning Trust Fund Balance	\$ 12,779,934	\$ 11,520,905	\$ 9,898,070	\$ 9,217,821	\$ 7,561,364	\$ 6,056,107	\$ 5,748,577	\$ 4,541,660	\$ 3,832,429	\$ 4,589,097
Resources:										
2 Investment Earnings	140,579	126,730	108,879	107,625	101,746	103,528	124,367	140,232	164,967	210,752
3 Private Road Betterments Collected	75,000	90,267	85,267	80,267	75,267	70,267	65,267	60,267	55,267	50,267
4 Transfer From General Fund	8,316,723	8,511,985	8,712,112	8,917,226	9,127,450	9,342,913	9,563,745	9,790,081	10,022,058	10,259,816
5 Additional Contribution From General Fund	-	-	1,000,000	-	-	1,000,000	-	-	1,000,000	-
6 Total Current Year Resources	8,532,302	8,728,982	9,906,257	9,105,117	9,304,462	10,516,707	9,753,379	9,990,579	11,242,292	10,520,835
7 Total Available Resources	21,312,236	20,249,886	19,804,328	18,322,938	16,865,826	16,572,814	15,501,956	14,532,240	15,074,721	15,109,931
Commitments:										
8 Existing Debt Service Payments	(6,092,761)	(5,759,241)	(5,444,057)	(5,079,749)	(4,599,019)	(4,095,162)	(3,857,459)	(3,304,240)	(2,658,403)	(2,534,433)
9a Estimated Debt Service on FY17 CIP (\$9.5m)	-	(892,575)	(876,200)	(859,825)	(843,450)	(827,075)	(753,670)	(737,654)	(721,638)	(716,824)
9b Estimated Debt Service on FY18 CIP (\$5.8m)	-	-	(566,250)	(555,750)	(545,250)	(534,750)	(524,250)	(453,125)	(443,500)	(433,875)
9c Estimated Debt Service on FY19 CIP (\$5.8m)	-	-	-	(566,250)	(555,750)	(545,250)	(534,750)	(524,250)	(453,125)	(443,500)
9d Estimated Debt Service on FY20 CIP (\$5.8m)	-	-	-	-	(566,250)	(555,750)	(545,250)	(534,750)	(524,250)	(453,125)
9e Estimated Debt Service on FY21 CIP (\$5.8m)	-	-	-	-	-	(566,250)	(555,750)	(545,250)	(534,750)	(524,250)
9f Estimated Debt Service on FY22 CIP (\$5.1m)	-	-	-	-	-	-	(489,167)	(480,125)	(471,083)	(462,042)
9g Estimated Debt Service on FY23 CIP (\$4.3m)	-	-	-	-	-	-	-	(420,417)	(412,625)	(404,833)
9h Estimated Debt Service on FY24 CIP (\$5.8m)	-	-	-	-	-	-	-	-	(566,250)	(555,750)
9i Estimated Debt Service on FY25 CIP (\$5.8m)	-	-	-	-	-	-	-	-	-	(566,250)
9j Estimated Debt Service on FY26 CIP (\$5.8m)	-	-	-	-	-	-	-	-	-	-
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	(448,570)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)
12 Total Current Year Commitments	(9,791,331)	(10,351,816)	(10,586,507)	(10,761,574)	(10,809,719)	(10,824,237)	(10,960,295)	(10,699,811)	(10,485,624)	(10,794,882)
13 Increase (Decrease) in Trust Fund	(1,259,029)	(1,622,834)	(680,250)	(1,656,457)	(1,505,257)	(307,530)	(1,206,917)	(709,232)	756,668	(274,047)
14 Ending Trust Fund Balance	\$ 11,520,905	\$ 9,898,070	\$ 9,217,821	\$ 7,561,364	\$ 6,056,107	\$ 5,748,577	\$ 4,541,660	\$ 3,832,429	\$ 4,589,097	\$ 4,315,050
15 % of trust fund resources committed in CY (max = 80%)	47%	52%	55%	61%	68%	69%	76%	80%	76%	79%

Including the proposed FY17 capital program, it is estimated the Capital Trust Fund can absorb approximately \$97 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 \$37 million as illustrated on lines 10 and 11. Bond financed capital is estimated a \$60 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	Issued Date	Maturity Date	Principal Amount	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	P&I Payments FY 2026
CTF Advance Refund 6/15/2003 Drainage 1 (i)	04/18/12	09/15/22	193,200	24,328	23,528	22,828	22,228	21,628	18,968	15,504	-	-	-
CTF Advance Refund 6/15/2002 Land Acquisitions BUTAPS	06/14/11	06/15/20	1,102,000	154,650	145,600	140,400	135,200	-	-	-	-	-	-
CTF Advance Refund 6/15/2003 Building Improvements	04/18/12	09/15/22	96,600	12,164	11,764	11,414	11,114	10,814	10,464	6,732	-	-	-
CTF Advance Refund 6/15/2003 Drainage 2 (i)	04/18/12	09/15/22	96,700	12,168	11,768	11,418	11,118	10,818	10,468	6,834	-	-	-
CTF Advance Refund 6/15/2003 Main St. Hyannis Infr. Improv.	04/18/12	09/15/20	39,100	5,723	5,523	5,348	5,198	4,162	-	-	-	-	-
CTF Advance Refund 6/15/2003 Police Facility Addition	04/18/12	09/15/22	626,900	79,157	76,557	71,229	67,500	65,700	63,600	61,200	-	-	-
CTF Advance Refund 6/15/2003 School Remodel I	04/18/12	09/15/22	242,700	31,339	30,299	29,389	28,609	22,806	21,192	20,196	-	-	-
CTF Advance Refund 6/15/2003 School Remodel II	04/18/12	09/15/22	193,400	24,280	23,480	22,780	22,180	21,580	17,940	15,300	-	-	-
CTF Baxter Neck Road's Neck Road - Private Way	06/14/11	06/15/26	350,000	33,475	32,725	31,725	30,725	29,725	23,725	22,925	22,125	21,450	20,750
CTF Beach Facilities Improvements (I) \$270,000 Refunded	02/15/07	02/15/17	195,000	15,600	-	-	-	-	-	-	-	-	-
CTF Beach Facilities Improvements (I) \$270,000 Refunded	02/15/15	02/15/22	71,300	2,985	17,985	16,310	15,680	15,120	14,560	-	-	-	-
CTF Beach Facility Design	11/22/13	11/15/18	115,000	26,175	20,600	20,200	-	-	-	-	-	-	-
CTF BHMCS Roof (I) \$910,000 Refunded	02/15/07	02/15/17	460,000	46,800	-	-	-	-	-	-	-	-	-
CTF BHMCS Roof (I) \$910,000 Refunded	02/17/15	02/15/27	426,900	16,681	60,581	57,705	55,770	54,050	52,330	50,610	48,890	46,170	44,490
CTF BHS Cogeneration	02/15/07	02/15/17	500,000	52,000	-	-	-	-	-	-	-	-	-
CTF Bismore Park Visitor Center	06/26/08	06/15/23	465,000	39,951	38,789	37,316	36,076	34,836	33,596	32,318	-	-	-
CTF Bismore Park Visitor Center - CAP	06/26/08	06/15/23	150,000	12,888	12,513	12,038	11,638	11,238	10,838	10,425	-	-	-
CTF Blish Point Sand Management	02/17/15	02/15/20	215,000	51,325	50,425	43,400	41,600	-	-	-	-	-	-
CTF Boat Ramp Renovations	06/14/11	06/15/21	250,000	29,750	29,000	28,000	27,000	26,000	-	-	-	-	-
CTF Boat Ramps - CAP	06/26/08	06/15/23	927,000	79,699	77,374	73,429	70,989	68,549	66,109	63,593	-	-	-
CTF Bridge Repair	06/14/11	06/15/21	250,000	29,750	29,000	28,000	27,000	26,000	-	-	-	-	-
CTF Building - Senior Center - Refunded	02/15/07	02/15/19	702,378	82,990	79,790	26,250	-	-	-	-	-	-	-
CTF Building - Town Hall Repairs - 01-087 Refunded	06/14/11	06/15/22	100,000	12,260	11,960	11,560	11,160	10,760	9,360	-	-	-	-
CTF Building - Town Hall Space -00-110 Refunded	06/14/11	06/15/21	180,000	23,680	23,080	21,280	20,520	19,760	-	-	-	-	-
CTF Bumps River Bridge Repair	11/22/13	11/15/23	120,000	17,125	16,750	11,500	11,250	10,950	10,650	10,375	10,125	-	-
CTF Centerville Recreation Building	02/17/15	02/15/35	185,000	15,963	15,763	15,313	14,863	14,463	14,063	13,663	13,263	12,863	12,463
CTF Coastal Water Quality Improvements	06/26/08	06/15/18	250,000	26,040	25,140	-	-	-	-	-	-	-	-
CTF Dredge Permitting/Planning	02/17/15	02/15/20	341,000	80,075	78,675	70,525	67,600	-	-	-	-	-	-
CTF Dredging	06/16/10	06/15/24	419,250	38,375	36,875	36,125	34,625	33,725	32,825	31,850	25,875	-	-
CTF Dredging East Bay & Blish Point	06/14/11	06/15/21	665,000	77,350	75,400	72,800	70,200	67,600	-	-	-	-	-
CTF Early Learning Center Modular Facility	02/17/15	02/15/35	2,000,000	164,125	162,125	157,625	153,125	149,125	145,125	141,125	137,125	133,125	129,125
CTF East Bay Dredging	11/22/13	11/15/23	600,000	71,700	70,200	69,000	67,500	65,700	63,900	62,250	60,750	-	-
CTF Guardrail Replacements	11/22/13	11/15/18	60,000	10,550	10,300	10,100	-	-	-	-	-	-	-
CTF Guyer Barn Upgrades	11/22/13	11/15/23	148,000	17,800	17,425	17,125	16,750	16,300	15,850	15,438	10,125	-	-
CTF Highway Operations Facility Construction	11/22/13	11/15/23	66,000	11,050	5,850	5,750	5,625	5,475	5,325	5,188	5,063	-	-
CTF HS Library AC Units	11/22/13	11/15/23	450,000	53,775	52,650	51,750	50,625	49,275	47,925	46,688	45,563	-	-
CTF Hyannis Harbor Bulkhead Construction	11/22/13	11/15/23	142,000	17,525	17,150	16,850	16,475	16,025	10,650	10,375	10,125	-	-
CTF Intermediate School roof & Façade Design	11/22/13	11/15/18	100,000	21,100	20,600	20,200	-	-	-	-	-	-	-
CTF Lake & Pond Improvements	06/26/08	06/15/18	250,000	26,040	25,140	-	-	-	-	-	-	-	-
CTF Lake Treatment	06/16/10	06/15/25	275,000	25,575	24,575	24,075	23,075	17,475	17,025	16,538	16,050	15,525	-
CTF Land Acquisition - CAP	06/26/08	06/15/23	365,200	30,930	30,030	28,890	27,930	26,970	26,010	25,020	-	-	-
CTF Land Acquisition (I) - Hyannis Golf Course \$748,000 Refunded	02/15/07	02/15/17	403,000	41,600	-	-	-	-	-	-	-	-	-
CTF Land Acquisition (I) - Hyannis Golf Course \$748,000 Refunded	02/17/15	02/15/26	325,200	13,065	52,065	49,310	47,600	46,080	44,560	43,040	35,520	34,240	32,960
CTF Lombard Parking & Ballfield Design	11/22/13	11/15/18	101,000	21,100	20,600	20,200	-	-	-	-	-	-	-
CTF Marstons Mills Fish Run Reconstruction	02/17/15	02/15/30	326,000	35,375	34,875	33,750	27,625	26,825	26,025	25,225	24,425	23,625	22,825
CTF MEA Facility Upgrades	11/22/13	11/15/23	131,000	17,375	17,000	16,700	16,325	10,950	10,650	10,375	10,125	-	-
CTF Mill Pond Dredge & Lake Wequaquet Planning	06/14/11	06/15/16	430,000	-	-	-	-	-	-	-	-	-	-
CTF Millway Boat Ramp & Dock Upgrades	11/22/13	11/15/23	133,000	17,375	17,000	16,700	16,325	10,950	10,650	10,375	10,125	-	-
CTF MME Roof Replacement (I) \$750,000 Refunded	02/15/07	02/15/17	400,000	41,600	-	-	-	-	-	-	-	-	-
CTF MME Roof Replacement (I) \$750,000 Refunded	02/17/15	02/15/26	329,800	13,256	52,056	49,510	47,800	46,280	44,760	43,240	40,720	34,240	32,960
CTF Municipal Building Improvements	06/26/08	06/15/28	297,000	7,531	7,344	7,106	6,906	6,706	6,506	6,300	6,088	5,875	5,663
CTF Municipal Facility Improvement	06/14/11	06/15/21	300,000	35,700	34,800	33,600	32,400	31,200	-	-	-	-	-

TABLE C – Capital Trust Fund Debt Amortization Schedule – Continued

DEBT SERVICE PROGRAM	Issued Date	Maturity Date	Principal Amount	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	P&I Payments FY 2026
CTF Municipal Facility Improvements	06/16/10	06/15/29	402,500	7,369	7,119	6,994	6,744	6,594	6,444	6,281	6,119	5,944	5,769
CTF Municipal Facility Upgrades/Repairs - MEA Building	06/14/11	06/15/16	114,000	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-
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	-	-	-	-	-
CTF Nitrogen Management CW-04-31-B Series 16	05/14/15	07/15/20	157,531	27,804	27,842	27,882	27,922	27,963	-	-	-	-	-
CTF Old Town Hall Phase II (I)	02/15/07	02/15/17	295,000	26,000	-	-	-	-	-	-	-	-	-
CTF Osterville Community Building Upgrades	11/22/13	11/15/23	200,000	23,900	23,400	23,000	22,500	21,900	21,300	20,750	20,250	-	-
CTF Pearl St Building Upgrades	11/22/13	11/15/23	114,000	11,950	11,700	11,500	11,250	10,950	10,650	10,375	10,125	-	-
CTF Pleasant St. Dock - 1	06/26/08	06/15/23	350,000	29,641	28,779	27,686	26,766	25,846	24,926	23,978	-	-	-
CTF Pleasant St. Dock - 2	06/26/08	06/15/23	350,000	29,641	28,779	27,686	26,766	25,846	24,926	23,978	-	-	-
CTF Police Dept. Emergency Generator	06/14/11	06/15/16	271,000	-	-	-	-	-	-	-	-	-	-
CTF Police Facilities	02/17/15	02/15/35	288,000	24,169	23,869	23,194	22,519	21,919	21,319	20,719	20,119	19,519	18,919
CTF Police Facility	06/16/10	06/15/30	508,000	37,844	36,594	35,969	34,719	33,969	33,219	32,406	31,594	30,719	29,844
CTF Police Station Construction (I) \$400,000 Adv Refunded 6-15-05	02/17/15	02/15/25	181,650	25,313	23,783	23,130	22,320	21,600	20,880	20,160	19,440	18,720	-
CTF Police Station Upgrades	11/22/13	11/15/23	168,000	23,000	17,550	17,250	16,875	16,425	15,975	15,563	15,188	-	-
CTF Prince Cove/Hayward Rd. Boat Ramp	06/14/11	06/15/26	600,000	55,050	53,850	52,250	50,650	49,050	47,450	45,850	44,250	42,900	41,500
CTF Private Road Repairs	06/26/08	06/15/23	1,607,900	137,896	133,884	128,801	124,521	120,241	115,961	111,548	-	-	-
CTF Private Road Repairs (I)	11/22/13	11/15/23	633,000	77,125	75,500	74,200	72,575	65,700	63,900	62,250	60,750	-	-
CTF Public Wharves-Dredging-Refunded	02/15/07	02/15/15	155,800	-	-	-	-	-	-	-	-	-	-
CTF Refunded Recreational Facility	06/14/11	06/15/16	144,000	-	-	-	-	-	-	-	-	-	-
CTF S&G Facility Roof Repairs	11/22/13	11/15/23	103,000	11,950	11,700	11,500	11,250	10,950	10,650	10,375	10,125	-	-
CTF School Building Improvements	06/16/10	06/15/30	936,000	73,369	65,869	64,744	62,494	61,144	59,794	58,331	56,869	55,294	53,719
CTF School Computer Network Infrastructure	11/22/13	11/15/23	189,000	23,500	23,000	22,600	22,100	21,500	15,975	15,563	15,188	-	-
CTF School Equipment (I)	06/14/11	06/15/16	193,000	-	-	-	-	-	-	-	-	-	-
CTF School Facilities Repair (I) \$339,000 Refunded	02/15/07	02/15/17	339,000	31,200	-	-	-	-	-	-	-	-	-
CTF School Facilities Repair & Improvement (I) \$660,000 Refunded	02/15/07	02/15/17	450,000	46,800	-	-	-	-	-	-	-	-	-
CTF School Facilities Repair & Improvement (I) \$660,000 Refunded	02/17/15	02/15/22	199,700	8,390	51,390	49,455	42,520	41,000	38,480	-	-	-	-
CTF School Facilities Upgrades/Repairs I	06/14/11	06/15/16	65,000	-	-	-	-	-	-	-	-	-	-
CTF School Facilities Upgrades/Repairs II	06/14/11	06/15/26	179,000	13,763	13,463	13,063	12,663	12,263	11,863	11,463	11,063	10,725	10,375
CTF School Facilities Upgrades/Repairs III	06/14/11	06/15/26	190,000	19,313	18,863	18,263	12,663	12,263	11,863	11,463	11,063	10,725	10,375
CTF School Facilities Upgrades/Repairs IV	06/14/11	06/15/21	332,000	40,850	34,800	33,600	32,400	31,200	-	-	-	-	-
CTF School Facilities Upgrades/Repairs V (I)	06/14/11	06/15/31	884,000	70,069	68,719	66,919	65,119	63,319	61,519	59,719	57,919	56,400	54,825
CTF School Facility Improvements 1 (I)	06/26/08	06/15/28	916,600	45,188	44,063	42,638	41,438	40,238	39,038	37,800	36,525	35,250	33,975
CTF School Fire & Communications System	11/22/13	11/15/23	200,000	23,900	23,400	23,000	22,500	21,900	21,300	20,750	20,250	-	-
CTF School Grounds Maintenance Equipment	11/22/13	11/15/18	150,000	31,650	30,900	30,300	-	-	-	-	-	-	-
CTF School Gym Bleacher Upgrades	11/22/13	11/15/18	55,000	10,550	10,300	10,100	-	-	-	-	-	-	-
CTF School Health & Safety Improvements \$478,000 Refunded	02/15/07	02/15/17	273,000	26,000	-	-	-	-	-	-	-	-	-
CTF School Health & Safety Improvements \$478,000 Refunded	02/17/15	02/15/26	193,400	7,780	31,780	30,700	29,620	28,660	27,700	21,740	19,980	19,260	18,540
CTF School Hot Water Pump Replacement	11/22/13	11/15/18	85,000	15,825	15,450	15,150	-	-	-	-	-	-	-
CTF School Improvement (I)	06/14/11	06/15/26	487,000	46,638	45,588	39,188	37,988	36,788	35,588	34,388	33,188	32,175	31,125
CTF School Kitchen equipment	11/22/13	11/15/18	110,000	21,100	20,600	20,200	-	-	-	-	-	-	-
CTF School Parking Lot (I)	06/14/11	06/15/21	250,000	29,750	29,000	28,000	27,000	26,000	-	-	-	-	-
CTF School Remolding - Asbestos 00-110 Refunded	06/14/11	06/15/22	50,000	6,150	6,000	5,800	5,600	5,400	5,200	-	-	-	-
CTF School Roof Repairs	11/22/13	11/15/23	600,000	71,700	70,200	69,000	67,500	65,700	63,900	62,250	60,750	-	-
CTF School Upgrades 1 (I) \$360,000 Refunded	02/15/07	02/15/17	250,000	26,000	-	-	-	-	-	-	-	-	-
CTF School Upgrades 1 (I) \$360,000 Refunded	02/17/15	02/15/22	104,700	4,427	28,127	27,360	21,280	20,520	19,760	-	-	-	-
CTF School Upgrades 2 (I) \$150,000 Refunded	02/15/07	02/15/17	100,000	10,400	-	-	-	-	-	-	-	-	-
CTF School Upgrades 2 (I) \$150,000 Refunded	02/17/15	02/15/27	47,400	1,866	6,766	6,645	6,420	6,220	6,020	5,820	5,620	4,920	4,240
CTF Senior Center - Garden Level \$457,000 Refunded	02/15/07	02/15/17	252,000	26,000	-	-	-	-	-	-	-	-	-
CTF Senior Center - Garden Level \$457,000 Refunded	02/17/15	02/15/27	195,000	7,635	31,635	25,555	24,700	23,940	23,180	22,420	21,660	20,900	20,140
CTF Senior Center - Parking Lot Expansion	02/17/15	02/15/30	290,000	29,525	29,125	28,225	27,325	26,525	25,725	24,925	24,125	23,325	22,525
CTF Sewer Expansion Analysis	11/22/13	11/15/18	70,000	15,725	15,350	10,100	-	-	-	-	-	-	-

TABLE C – Capital Trust Fund Debt Amortization Schedule – Continued

DEBT SERVICE PROGRAM	Issued Date	Maturity Date	Principal Amount	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	P&I Payments FY 2026
Purpose													
CTF Sidewalk Improvements	06/14/11	06/15/21	350,000	41,650	40,600	39,200	37,800	36,400	-	-	-	-	-
CTF Sidewalk Overlays	11/22/13	11/15/23	190,000	23,650	23,150	22,750	22,250	21,650	21,050	15,563	15,188	-	-
CTF Sidewalk/Guardrail Improvements 1	02/17/15	02/15/20	200,000	46,000	45,200	43,400	41,600	-	-	-	-	-	-
CTF Sidewalk/Guardrail Improvements 2	02/17/15	02/15/20	85,000	22,350	16,950	16,275	15,600	-	-	-	-	-	-
CTF Tennis Courts	11/22/13	11/15/23	500,000	59,750	58,500	57,500	56,250	54,750	53,250	51,875	50,625	-	-
CTF Town Building Repairs & Renovations \$685,000 Refunded	02/15/07	02/15/17	350,000	36,400	-	-	-	-	-	-	-	-	-
CTF Town Building Repairs & Renovations \$685,000 Refunded	02/17/15	02/15/27	317,600	12,470	46,470	44,940	43,410	41,050	39,730	38,410	37,090	30,770	29,650
CTF Town Hall Interior Upgrades	11/22/13	11/15/23	150,000	17,925	17,550	17,250	16,875	16,425	15,975	15,563	15,188	-	-
CTF Traffic Calming	06/14/11	06/15/16	50,000	-	-	-	-	-	-	-	-	-	-
CTF US Customs House upgrades	11/22/13	11/15/23	263,000	29,875	29,250	28,750	28,125	27,375	26,625	25,938	25,313	-	-
CTF Wastewater Management Planning	06/14/11	06/15/16	600,000	-	-	-	-	-	-	-	-	-	-
CTF Water Quality Evaluation	11/22/13	11/15/23	230,000	29,325	28,700	28,200	27,575	21,900	21,300	20,750	20,250	-	-
CTF West Barnstable Community Building Upgrades	11/22/13	11/15/23	72,000	11,150	10,900	5,750	5,625	5,475	5,325	5,188	5,063	-	-
CTF Guardrail Improvements (#2015-098)	02/25/16	06/30/36	170,000	26,611	26,000	25,200	24,400	18,600	18,000	17,400	16,800	16,200	15,600
CTF Sidewalk Improvements (#2015-098)	02/25/16	06/30/36	230,000	33,944	33,200	32,200	31,200	30,200	29,200	28,200	27,200	21,600	20,800
CTF Paving: Bay Stree Boat Ramp (#2015-099)	02/25/16	06/30/36	142,000	22,522	20,000	19,400	18,800	18,200	17,600	17,000	16,400	10,800	10,400
CTF Police Station Remodeling (#2015-100)	02/25/16	06/30/36	355,000	31,904	31,444	30,644	29,844	29,044	28,244	27,444	26,644	25,844	25,044
CTF Town Hall Remodeling (#2015-101)	02/25/16	06/30/36	939,000	85,103	79,831	77,831	75,831	73,831	71,831	69,831	67,831	61,031	59,231
CTF Road Repairs (#2015-102)	02/25/16	06/30/31	518,000	55,732	51,719	50,319	48,919	47,519	46,119	44,719	43,319	41,919	40,519
CTF Joshuas Pond Recreational Facility (#2015-111)	02/25/16	06/30/31	282,000	31,794	29,194	28,394	27,594	26,794	25,994	25,194	24,394	23,594	22,794
CTF Hamblin Pond Alum Treatment (#2015-112)	02/25/16	06/30/31	300,000	30,233	29,725	28,925	28,125	27,325	26,525	25,725	24,925	24,125	23,325
CTF Elementary School Modular Classroom (#2015-115)	02/25/16	06/30/36	3,720,000	312,409	308,306	300,706	293,106	280,506	273,106	265,706	258,306	250,906	243,506
CTF BIS Façade & Roof Improvements (#2015-116)	02/25/16	06/30/36	3,353,000	283,543	276,781	269,981	263,181	256,381	249,581	242,781	235,981	229,181	222,381
CTF BCHMPCS Façade & Roof Improvements (#2015-117)	02/25/16	06/30/26	260,000	40,111	39,200	33,000	32,000	31,000	30,000	29,000	28,000	27,000	26,000
CTF High School & Middle School Boiler Upgrades (#2015-119)	02/25/16	06/30/26	350,000	48,611	47,600	46,200	44,800	43,400	42,000	40,600	39,200	37,800	36,400
CTF W Village Elementary A/C Replacement (#2015-120)	02/25/16	06/30/26	250,000	34,722	34,000	33,000	32,000	31,000	30,000	29,000	28,000	27,000	26,000
CTF Craigville Beach Bathhouse (#2016-031)	02/25/16	06/30/36	450,000	40,094	39,525	38,525	37,525	36,525	35,525	34,525	33,525	32,525	31,525
CTF Road Repairs - Governors Way (#2016-037)	02/25/16	06/30/31	304,000	34,388	29,725	28,925	28,125	27,325	26,525	25,725	24,925	24,125	23,325
CTF Channel Dredging- Barnstable Harbour (#2016-035)	02/25/16	06/30/26	490,000	69,056	67,600	65,600	63,600	61,600	59,600	57,600	55,600	48,600	46,800
TOTAL GENERAL FUND DEBT SERVICE				4,751,255	4,469,909	4,198,361	3,876,123	3,430,753	2,963,256	2,762,295	2,254,201	1,646,908	1,560,405
CTF Marina Bulkhead Repair I	06/14/11	06/15/30	725,000	60,031	58,831	57,231	55,631	54,031	52,431	50,831	44,231	43,050	41,825
CTF HYCC 1 (I) \$1,000,000 Refunded	02/15/07	02/15/17	500,000	52,000	-	-	-	-	-	-	-	-	-
CTF HYCC 1 (I) \$1,000,000 Refunded	02/17/15	02/15/27	474,900	18,546	66,446	64,390	62,230	60,310	58,390	56,470	53,550	51,670	49,790
CTF HYCC 2 (I) \$8,000,000 Refunded	02/15/07	02/15/17	4,000,000	416,000	-	-	-	-	-	-	-	-	-
CTF HYCC 2 (I) \$8,000,000 Refunded	02/17/15	02/15/27	3,794,400	148,190	535,190	515,775	495,450	480,170	463,890	447,650	430,450	413,330	396,290
CTF HYCC 3 (I) \$1,600,000 Refunded	02/15/07	02/15/17	800,000	83,200	-	-	-	-	-	-	-	-	-
CTF HYCC 3 (I) \$1,600,000 Refunded	02/17/15	02/15/27	759,000	29,645	107,645	103,135	98,670	95,630	92,590	89,550	86,510	82,470	79,470
CTF HYCC 4	06/26/08	06/15/28	6,765,000	508,895	496,220	480,165	466,645	453,125	439,605	425,663	410,298	395,975	381,653
TOTAL ENTERPRISE FUND DEBT SERVICE				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	949,028
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				6,092,761	5,759,241	5,444,057	5,079,749	4,599,019	4,095,162	3,857,459	3,304,240	2,658,403	2,534,433

Sewer Construction and Private Way Maintenance and Improvements Fund

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.

Dedicated revenue sources for this fund include 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 Stewarts Creek project were assessed to property abutters in the amount of 50% of the project costs. The betterments collected are credited to this fund.

The Fiscal Year 2017 Capital Program includes one project to be financed from this fund – the Private Road Repairs. A total of \$666,710 in project funding is recommended to be financed from this fund. Following is a 5 year projection for the fund's activity.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Beginning Fund Balance	\$ 10,044,539	\$ 11,335,915	\$ 13,315,051	\$ 15,320,057	\$ 17,351,244
<u>Resources:</u>					
Meals Tax	1,370,000	1,376,850	1,383,734	1,390,653	1,397,606
Room Tax	900,000	904,500	909,023	913,568	918,136
Betterments	90,000	85,000	80,000	75,000	70,000
Investment income	100,445	113,359	133,151	153,201	173,512
<u>Commitments:</u>					
Debt service	(502,359)	(500,573)	(500,902)	(501,235)	(501,578)
Private Road Improvements	(666,710)	-	-	-	-
Excess Resources	1,291,376	1,979,136	2,005,006	2,031,187	2,057,676
Ending Fund Balance	\$ 11,335,915	\$ 13,315,051	\$ 15,320,057	\$ 17,351,244	\$ 19,408,920

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 FY16 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 is 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, 2015, the Town of Barnstable had \$101.8 million of outstanding long-term debt. New debt issued in FY15 was \$23.6 million and existing debt retired was \$33.3 million, representing a \$9.7 million net decrease in the outstanding long-term debt level from June 30, 2014. These debt figures include all debt incurred on behalf of the governmental funds and enterprise funds.

Projected Debt Payments by Project and Fund

The following four tables set forth the projected General Obligation Debt (G.O.D.) payments by issue 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 Massachusetts Clean Water Trust (MCWT) loans for sewer construction, water system improvements and landfill capping loans.

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

Projects	Maturities Through	Original Loan Amount	Coupon Rate (%)	Outstanding at June 30, 2014	Issued	Redeemed	Outstanding at June 30, 2015
MCWT Title V Bond of 1997.....	2021	\$ 200,000	0.00	\$ 72,603	\$ -	\$ (10,400)	\$ 62,203
MCWT Title V Bond of 2002.....	2023	200,000	0.00	90,212	-	(9,972)	80,240
Municipal Purpose Bonds of 2005.....	2015	6,280,000	3.25 - 5.00	3,445,000	-	(3,445,000)	-
MCWT Title V Bonds of 2006.....	2026	400,000	0.00	240,000	-	(20,000)	220,000
MCWT Title V Bond of 2007.....	2027	200,000	0.00	130,000	-	(10,000)	120,000
Municipal Purpose Bonds of 2007.....	2027	44,066,188	3.38 - 4.75	24,210,000	-	(6,730,000)	17,480,000
MCWT Bond of 2008 (CW-04-31).....	2021	389,216	2.00	222,094	-	(29,856)	192,238
Municipal Purpose Bonds of 2008.....	2028	5,928,700	3.75 - 4.50	3,212,000	-	(373,000)	2,839,000
MCWT Bond of 2009.....	2021	887,454	2.00	629,745	-	(340,301)	289,444
Municipal Purpose Bonds of 2010.....	2030	3,873,270	2.00 - 5.00	2,750,000	-	(200,000)	2,550,000
Municipal Purpose Bonds of 2011.....	2031	15,751,000	2.00 - 4.00	11,290,349	-	(1,746,552)	9,543,797
Municipal Purpose Refunding of 2012.....	2023	10,037,900	2.00 - 4.00	8,079,500	-	(1,200,000)	6,879,500
Municipal Purpose Bonds of 2014.....	2024	6,248,000	2.00 - 3.00	6,248,000	-	(793,000)	5,455,000
Municipal Purpose Refunding of 2015.....	2027	5,265,500	2.00 - 4.50	-	5,265,500	-	5,265,500
Municipal Purpose Bonds of 2015.....	2035	3,930,000	2.00 - 4.50	-	3,930,000	-	3,930,000
Total Bonds Payable.....				60,619,503	9,195,500	(14,908,081)	54,906,922
Add: unamortized premium.....				187,337	728,615	(44,303)	871,649
Total Bonds Payable, net.....				\$ 60,806,840	\$ 9,924,115	\$ (14,952,384)	\$ 55,778,571

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

Year	Principal	Interest	Total
2016.....	\$ 8,980,249	\$ 2,164,830	\$ 11,145,079
2017.....	8,627,730	1,849,462	10,477,192
2018.....	8,535,737	1,446,313	9,982,050
2019.....	8,529,982	1,079,172	9,609,154
2020.....	4,926,660	712,148	5,638,808
2021.....	3,764,171	531,702	4,295,873
2022.....	3,296,756	394,626	3,691,382
2023.....	2,677,256	270,033	2,947,289
2024.....	1,567,483	186,840	1,754,323
2025.....	1,029,483	139,291	1,168,774
2026.....	737,483	99,341	836,824
2027.....	500,483	74,010	574,493
2028.....	394,483	56,972	451,455
2029.....	359,483	43,840	403,323
2030.....	344,483	31,730	376,213
2031.....	165,000	19,506	184,506
2032.....	125,000	14,100	139,100
2033.....	115,000	10,350	125,350
2034.....	115,000	6,900	121,900
2035.....	115,000	3,450	118,450
Total.....	\$ <u>54,906,922</u>	\$ <u>9,134,616</u>	\$ <u>64,041,538</u>

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 2015, approximately \$3,509,000 of such assistance was received. Approximately \$12,935,000 will be received in future years. Of this amount, \$891,000 represents reimbursement of future long-term interest costs and \$12,044,000 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, 2014	Issued	Redeemed	Outstanding at June 30, 2015
Golf Course.....	2025	\$ 6,601,500	5.00	\$ 2,900,000	\$ 2,151,500	\$ (2,350,000)	\$ 2,701,500
Add: unamortized premium.....				-	314,768	-	314,768
Total Golf Course Bonds Payable, net.....				2,900,000	2,466,268	(2,350,000)	3,016,268
Wastewater.....	2032	27,735,259	0.00 - 4.75	17,924,235	-	(1,830,596)	16,093,639
Water.....	2033	21,453,325	2.00 - 5.00	12,135,005	6,244,800	(7,046,917)	11,332,888
Add: unamortized premium.....				-	810,683	-	810,683
Total Water Bonds Payable, net.....				12,135,005	7,055,483	(7,046,917)	12,143,571
Solid Waste Transfer Station.....	2027	8,145,600	0.00 - 4.50	2,749,800	284,900	(758,700)	2,276,000
Sandy Neck.....	2031	1,265,000	4.00	1,115,000	-	(50,000)	1,065,000
Marinas.....	2030	1,814,000	3.00 - 5.00	1,673,651	-	(143,448)	1,530,203
Hyannis Youth and Community Center.....	2028	22,393,300	3.375 - 5.00	11,617,000	5,028,300	(6,168,000)	10,477,300
Add: unamortized premium.....				-	720,384	-	720,384
Total Hyannis Youth and Community Center Bonds Payable, net.....				11,617,000	5,748,684	(6,168,000)	11,197,684
Airport.....	2031	730,000	2.00 - 4.12	650,000	-	(30,000)	620,000
Total Bonds Payable, net.....				50,764,691	15,555,335	(18,377,661)	47,942,365
Less: unamortized premium.....				-	(1,845,835)	-	(1,845,835)
Total Bonds Payable.....				\$ 50,764,691	\$ 13,709,500	\$ (18,377,661)	\$ 46,096,530

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

Year	Principal	Interest	Total
2016.....	\$ 3,915,077	\$ 2,029,778	\$ 5,944,855
2017.....	3,976,087	1,884,916	5,861,003
2018.....	3,670,454	1,232,770	4,903,224
2019.....	3,740,815	1,013,400	4,754,215
2020.....	3,357,395	885,300	4,242,695
2021.....	3,207,292	777,368	3,984,660
2022.....	3,231,731	674,392	3,906,123
2023.....	3,293,111	569,231	3,862,342
2024.....	3,210,016	464,925	3,674,941
2025.....	3,110,815	369,481	3,480,296
2026.....	2,886,085	273,213	3,159,298
2027.....	2,926,837	197,729	3,124,566
2028.....	1,767,078	121,344	1,888,422
2029.....	988,595	80,514	1,069,109
2030.....	967,958	57,316	1,025,274
2031.....	923,355	33,810	957,165
2032.....	437,378	15,951	453,329
2033.....	446,451	6,931	453,382
2034.....	20,000	1,200	21,200
2035.....	20,000	600	20,600
Total.....	\$ 46,096,530	\$ 10,690,167	\$ 56,786,697

The Town is scheduled to be subsidized by the MCWT on a periodic basis for principal in the amount of \$1,177,346 and interest costs for \$489,892 for a portion of the enterprise fund. The principal subsidies are guaranteed.

The Town issued \$18,235,000 in General Obligation Refunding Bonds on February 17, 2015 for an advance debt refunding of \$19,385,000 in outstanding General Obligation Bonds originally issued in 2005 and 2007. The \$19,385,000 of General Obligation Bonds was refunded by placing the proceeds of the refunding bonds plus a net bond premium for a total of \$20,689,045 in an irrevocable trust to refund the outstanding debt when they are callable on February 15, 2025. As a result, the refunded bonds are considered defeased. The reacquisition price exceeded the net carrying amount of the old debt by \$2,454,045. This refunding was undertaken to reduce total debt service payments by \$1,706,141 and resulted in an economic gain of \$1,524,819.

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, 2015, the Town had the following authorized and unissued debt:

Purpose	Amount
Sewer projects	\$ 10,088,246
Water projects	4,056,480
Dredging projects	280,000
Road projects	660,000
Airport projects	20,618,125
Improvements for Bismore Park	582,000
Facilities improvements	1,608,000
School improvements	11,286,000
Fuel farm	810,000
Bulkhead	728,000
Sidewalks	400,000
Fish run reconstruction	500
Total	\$ 51,117,351

General Obligation Debt – Credit Ratings

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 (Barnstable County Government, Cape Cod Regional Transit Authority and Cape Cod Regional Technical High School), future capital needs, the local economy as well as the Town's financial position, administrative capabilities, and level of planning. These factors, as well as many others, influence the Town's bond rating - an evaluation of the Town's ability to repay debt as determined by the rating agencies. 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 February 2016, the Town Treasurer conducted a \$16.648 million bond sale which required a rating to be assigned to it prior to the sale. In their most recent bond rating analysis dated February 12, 2016 Standard & Poor's (S&P) affirmed the 'AAA' rating on the Town's outstanding debt with a stable outlook. S&P cited the following reasons for their rating and stable outlook:

- Strong economy, with projected per capita effective buying income at 116% of the national level and market value per capita of \$292,246;
- Very strong management, with "strong" financial policies and practices under our Financial Management Assessment methodology;
- Strong budgetary performance, with an operating surplus in the general fund but an operating deficit at the total governmental fund level in fiscal 2015;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2015 of 29% of operating expenditures;
- Very strong liquidity, with total government available cash at 44.7% of total governmental fund expenditures and 6.6x governmental debt service, and access to external liquidity we consider strong;
- Strong debt and contingent liability position, with debt service carrying charges at 6.8% of expenditures and net direct debt that is 43.5% of total governmental fund revenue, as well as low overall net debt at less than 3% of market value and rapid amortization, with 82.1% of debt scheduled to be retired in 10 years, but a large pension and other postemployment benefit (OPEB) obligation and the lack of a plan to sufficiently address the obligation; and
- Strong institutional framework score

The descriptor used by S&P for this rating is "Prime Investment Grade". Less than 30 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.

Generally, bond ratings do not change suddenly but respond more to long-range trends. The stable outlook reflects S&P's view of the town's very strong budgetary flexibility and liquidity, further supported by a strong economy. As such, they do not expect to change the rating in the next two years. 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 legal limitations that govern the issuance of municipal debt. Under Massachusetts statutes, the debt limit of the Town of Barnstable is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The Town can authorize debt up to this amount without State approval. The current debt limitation for the Town of Barnstable is close to \$674 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 categories of general obligation debt that are exempt from, and do not count against the debt limit such as certain school bonds, water bonds, solid waste disposal facility bonds, and water pollution abatement revenue bonds.

Town's Equalized Valuation (EQV)	<u>\$13,476,184,100</u>
Debt Limit – 5% of EQV	\$673,809,205
Less:	
Outstanding Debt Applicable to Limit	\$65,723,674
Authorized and Unissued Debt	<u>\$51,117,361</u>
Legal Debt Margin	<u>\$556,968,180</u>

General Obligation Debt – Affordability

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

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

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Applicable Percentage</u>	<u>Share of Overlapping Debt</u>
Barnstable County	\$ 25,907,367	17.40%	\$ 4,507,882
Barnstable Fire District	2,069,783	100.00%	2,069,783
Centerville-Osterville-Marstons Mills Fire Dist.	3,815,693	100.00%	3,815,693
Cotuit Fire District	2,161,000	100.00%	<u>2,161,000</u>
Subtotal overlapping debt			12,554,358
Town direct debt			<u>55,778,571</u>
Total direct and overlapping debt			<u>\$ 68,332,929</u>

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

Town of Barnstable Debt Ratios

<u>Current Status</u>	<u>Criteria</u>
0.717%	Direct Debt - General fund debt as a % of the town’s FY15 equalized property valuation as calculated by the state. Formula – Overall general fund debt ÷ Equalized valuation Standard & Poor’s rates this as low (favorable)
6.23%	Municipal Debt Burden – Current Year Definition - Town’s general fund debt service ÷ Total general fund expenditures Standard & Poor’s rates this as moderate
\$1,241	Net Direct Debt Per Capita Definition – Governmental fund net debt ÷ Town population Standard & Poor’s rates this as low (favorable)
\$ 298,343	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 debt-to- assessed value ratio for the Town of Barnstable is 0.76%.

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

The Town's debt coverage ratio is 10.18%.

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 debt-to-income per capita ratio is 5.9%.

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 Improvement Program projects, as contained within the Town’s five-year capital improvement plan.

1. The Capital Trust Fund will be funded through a general operation set aside of at least \$1.9 million annually. The estimated commitment for FY 2017 is approximately \$8.3 million. This is expected to be repeated for the next 5 years.
2. The Capital Trust Fund shall not be utilized for any purpose other than that stated herein.
3. The criteria for reviewing capital project eligibility for Capital Trust Fund borrowing include the following:
 - a. The capital project shall have a financing term of 20 years or less,
 - b. The capital project shall have a minimum project cost of \$250,000,
 - c. The capital project is approved by the Town Council for funding through an appropriation and loan order submitted by the Town Manager.
4. The Capital Trust Fund will have a debt service restriction on the fund, such that debt service estimates from authorized loan orders shall not exceed, at any one time, more than 80% of the amount in the fund as of the close of the fiscal year prior to the next debt service authorization, unless recommended by the Town Manager.
5. The Capital Trust Fund shall otherwise function in accordance with related financial policies of the Town.

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 Improvements Plan proposed for FY17 totals \$15,598,449. Funding for the general fund capital will be provided from reserves within the Town's Capital Trust Fund, remaining balances from previously approved and completed projects, the Community Preservation 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 60 AND 61 includes not only the FY17 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 \$475,000 of program activity per year.

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

Other Funds Not Part of the Budget Process

credited to this account and the School Committee is allowed to expend the 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 FY16 and FY17 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 administering the mooring program and 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.

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, historic 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 \$775,000 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 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Estimated License Revenue	\$ 775,000	\$ 782,750	\$ 790,578	\$ 798,483	\$ 806,468
Position	Total	Total	Total	Total	Total
Video Coordinator	58,424	60,810	63,294	65,880	68,571
Video Coordinator	27,452	28,553	29,699	30,891	32,131
Video Coordinator	49,334	51,369	53,489	55,696	57,995
Senior Videographer	72,351	75,295	78,359	81,548	84,868
Videographer	60,764	63,247	65,832	68,523	71,325
Shift Differential	1,825	1,898	1,974	2,053	2,135
Overtime	36,500	35,000	35,000	35,000	35,000
Personnel	306,649	316,172	327,646	339,591	352,025
Full-time Equivalent Employees	4.00	4.00	4.00	4.00	4.00
Operating Expenses					
Internet access charge	40,000	41,000	42,025	43,076	44,153
Legal expenses	5,000	5,000	5,000	5,000	5,000
Equipment replacement	55,000	56,000	57,000	58,000	59,000
Equipment rental	10,000	10,000	10,000	10,000	10,000
INET maintenance	30,000	30,000	30,000	30,000	30,000
Pole rental fee	7,000	7,700	8,470	9,317	10,249
Supplies	5,000	5,000	5,000	5,000	5,000
Surety bond for INET construction	300	300	300	300	300
License and permits	1,500	1,500	1,500	1,500	1,500
Training	2,000	2,000	2,000	2,000	2,000
C3TV funding	60,000	61,200	62,424	63,672	64,946
Total operating expenses	215,800	219,700	223,719	227,865	232,147
Other Expenses					
School Dept. funding - Channel 22	215,000	220,000	225,000	230,000	230,000
Total other expenses	215,000	220,000	225,000	230,000	230,000
Grand total expenses	737,449	755,872	776,365	797,456	814,172
Net license revenue after expenses	37,551	26,878	14,212	1,027	(7,704)
Beginning fund balance	1,825,000	1,862,551	1,889,429	1,903,641	1,904,668
Ending fund balance	\$ 1,862,551	\$ 1,889,429	\$ 1,903,641	\$ 1,904,668	\$ 1,896,964

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, 2015, the fund had a market value of almost \$2.6 million. The Pension Reserve Fund will transfer \$270,000 in FY1 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 \$9 million at the end of FY15. 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, 2015, 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 \$150,000 to \$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 FY16; and excess General Fund revenue over budget estimates for FY16 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 FY16; and excess General Fund revenue over budget estimates for FY16 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.

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