

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 improvements program care is taken to ensure that the services provided and the capital investments made are necessary to maintain or improve the citizenry’s quality of life. Every funding decision made takes this into consideration.

Budget Schedule

September/October – The Ten-Year Forecast

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

September/November – Operating Budget

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

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

November – Capital Budget

The process of developing the capital budget begins in November when departments prepare an itemization of all capital improvements, including those of the School Department, proposed to be undertaken during the next five fiscal years with supporting data including cost estimates, methods of financing, recommended time schedules; and the estimated annual cost of the operating and maintaining the facilities included. The Town Manager's Office distributes the capital budget guidelines and worksheets to all departments. A committee of town and school officials reviews the requests and assigns a numerical ranking to each request using eleven (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

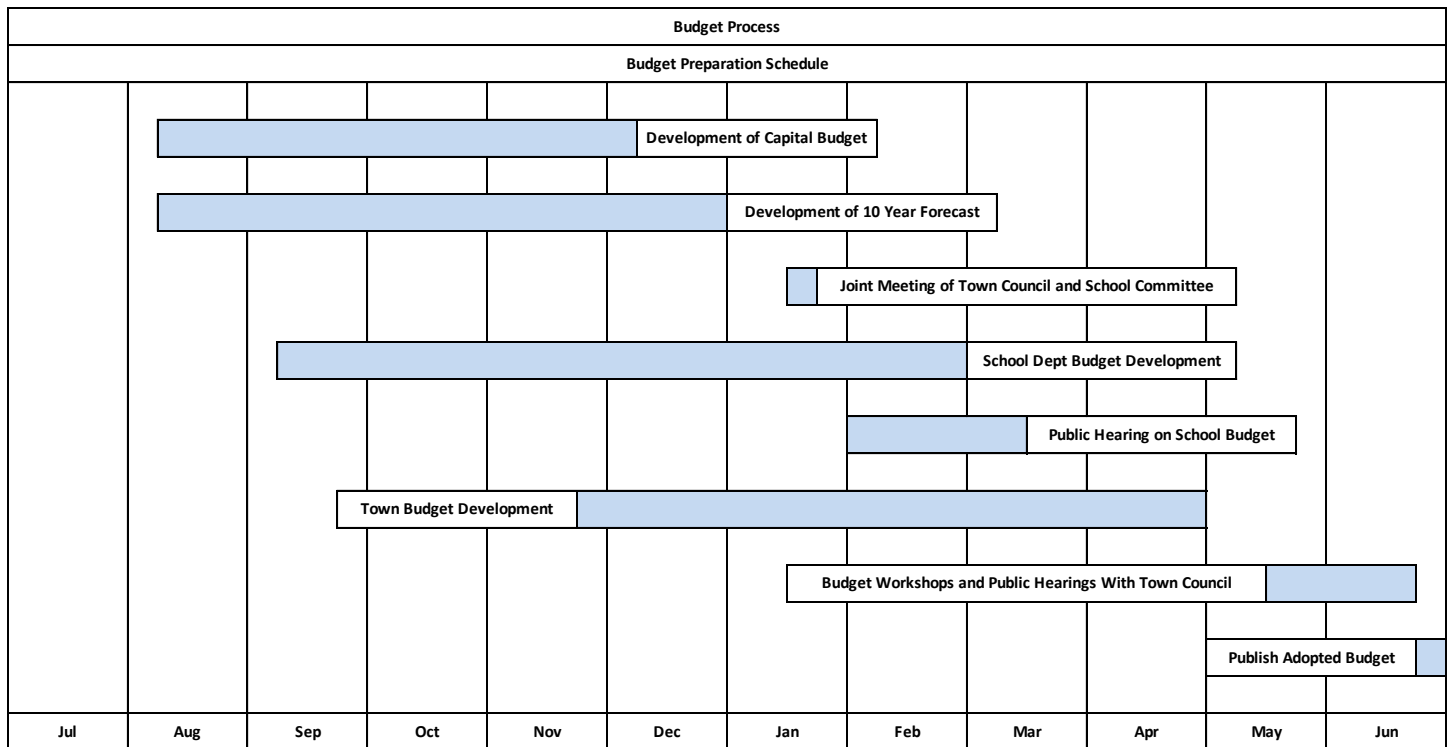
The School Committee approves the school's operating budget and submits it to the Town Manager.

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.



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 FY18 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	\$ 155,607,275	\$ 3,555,307	\$ -	\$ 260,000	\$ 761,853	\$ -	\$ -	\$ -	\$ 160,184,435	\$ 160,184,435
Solid Waste Enterprise Fund Operations	2,979,500	448,520	-	-	-	-	-	-	3,428,020	3,428,020
Water Pollution Enterprise Fund Operations	4,601,261	-	-	-	-	-	-	-	4,601,261	4,601,261
Water Enterprise Fund Operations	5,578,000	1,211,486	-	-	-	-	-	-	6,789,486	6,789,486
Marina Enterprise Fund Operations	721,700	28,536	-	58,831	30,000	-	-	-	839,067	839,067
Sandy Neck Enterprise Fund Operations	968,462	50,000	-	-	-	-	-	-	1,018,462	1,018,462
Golf Enterprise Fund Operations	3,314,680	64,875	175,217	-	-	-	-	-	3,554,772	3,554,772
HYCC Enterprise Fund Operations	1,183,000	55,000	971,263	1,170,336	-	-	-	-	3,379,599	3,379,599
PEG Enterprise Fund Operations	795,000	16,627	-	-	-	-	-	-	811,627	811,627
Airport Enterprise Fund Operations	6,508,537	-	-	-	-	-	-	-	6,508,537	6,508,537
Capital Program	-	881,500	-	4,215,000	726,000	632,363	2,025,500	9,336,000	17,816,363	17,816,363
Totals	\$ 182,257,415	\$ 6,311,851	\$ 1,146,480	\$ 5,704,167	\$ 1,517,853	\$ 632,363	\$ 2,025,500	\$ 9,336,000	\$ 208,931,629	\$ 208,931,629

The \$6,311,851 of reserves being used to balance the operating and capital budgets represents 3% of the overall budget. The \$3,555,307 used for the General Fund operations includes \$1.5 million for the FY17 snow and ice removal deficit, a one-time transfer of \$1 million to the Capital Trust Fund, \$825,000 for employee benefits and \$230,307 for the School Department operating budget. A significant amount of the Water Enterprise Fund’s reserves are used to balance the FY18 operating budget as this operation has experienced significant cost increases to remove contaminants from the water supply. Rates increases will be necessary over the next several years to reduce the amount of reserves needed to balance the operating budget.

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. Barnstable is considered a high effort community meaning that it falls into the group of communities that will not receive more than 17.5% of its foundation budget in the form of CH70 aid. The current state aid proposed for FY18 provides Barnstable with 17.23% of its foundation budget. As a result, future increases in this category of state aid will be of a similar percentage increase that occurs in the foundation budget.

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 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 may 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 and again for FY18 that may assist in mitigating the annual cost increases in premiums as the changes encourage the more effective use of health insurance. High deductible HSA plans were also implemented for FY18. 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. For FY18, rates are increasing on average 10.7% across all plans.

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 2037 as allowed by State law.

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 2016 by an estimated \$4.5 million and the town's balance sheet liability grew to \$48 million. In essence, to fully fund health insurance for active and retired employees, the Town would have to budget \$4.5 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 and is set at \$528,000 for FY18.

Utilities and Fuel

The FY18 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 5 megawatt solar array at the Barnstable Municipal Airport. Collectively,

these systems are expected to generate over to \$1 million in additional revenue annually. This new revenue source is 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 included improvements to two (2) private roads that are predominantly used by commuters. No funding from the special revenue fund has been proposed for FY18.

Clean Water

This challenge involves four major pieces: expanding and constructing sewer collection systems, upgrading and maintaining existing sewer collection systems, ensuring clean drinking water by removing any contaminants and addressing municipal separate storm sewer systems (MS4) regulations. Protecting the Town's water resources is one of the 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. The goal is to protect and restore 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.

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 FY18.

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 that 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 2007-08 school years. Cotuit, Marstons Mills and Osterville Elementary schools were closed after the 2008-09 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 and FY18 capital improvement programs include over \$600,000 for 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 \$78,000.

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 enormously 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 FY17, the rate is approximately 70%. Even with no changes in enrollment, a cut in the reimbursement rate can have a significant impact on a school district's budget.

Net School Spending Requirements

The Town is subject to one mandated spending requirement every year. The Commonwealth's school finance statute, Chapter 70 of the General Laws, establishes an annual "net school spending" requirement for each Massachusetts school district. Failure to comply with this requirement may result in non-approval of a municipality's tax rate, enforcement action by the Attorney General, or loss of state aid. The Town has consistently complied with the state mandated spending requirements. These are minimum spending requirements and each community determines its own level of spending so long as it meets these levels. The Town exceeded the minimum spending requirement in FY16 by nearly \$15 million and it is anticipated the FY17 and FY18 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 \$13.1 million in the savings account is distributed in accordance with the revenue sharing agreement as follows:

Municipal savings	\$1.9 million
School savings	\$4.3 million
Town Council reserve	\$6.8 million
Total	\$13.1 million

Bond Ratings

The Town continues to manage its financial affairs in a prudent manner. In FY17, 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 \$10.6 million in February 2017 resulted in a net interest cost of 2.74% 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.

<p>General Fund Requires annual appropriation by Town Council</p>	<p>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.</p>
<p>Special Revenue Funds These funds are not required to be part of the annual budget process</p>	<p>Revolving Funds - Fees charged for certain services which cover cost of service.</p> <p>Receipts Reserved for Appropriation - Fees requiring Town Council appropriation in order to be spent. These are used to balance the General Fund budget and include items such as Embarkation fees and Bismore parking receipts.</p> <p>Grants (non-enterprise fund)</p> <p>Gifts</p> <p>Other Designated Revenue</p>
<p>Capital Project Funds These funds are used to track the annual capital improvement program</p>	<p>Municipal Capital Projects</p> <p>School Capital Projects</p> <p>Enterprise Fund Capital Projects</p>
<p>Enterprise Funds Similar to the General Fund, these funds all require annual appropriation by the Town Council</p>	<p>Airport</p> <p>Golf</p> <p>Solid Waste</p> <p>Water Pollution Control</p> <p>Water Supply</p> <p>Marinas</p> <p>Sandy Neck Park</p> <p>Hyannis Youth & Community Center</p> <p>Public, Educational & Government Television Access</p>
<p>Trust & Agency Funds</p>	<p>Permanent Funds</p> <p>Fiduciary Funds</p>

Department and Financial Fund Relationship

Town Council	• General Fund
Town Manager	• General Fund
Administrative Services Department	• General Fund
Community Services Department	• General Fund • Golf Enterprise Fund • Marina Enterprise Fund • Sandy Neck Enterprise Fund • Hyannis Youth & Community Enterprise Fund • Public, Educational, Government Cable Enterprise Fund
Planning & Development	• General Fund
Police Department	• General Fund
Public Works Department	• General Fund • Solid Waste Enterprise Fund • Water Pollution Control Enterprise Fund • Water Supply Enterprise Fund
Regulatory Services Department	• General Fund
Building Services	• General Fund
School Department	• General Fund
Airport	• Airport Enterprise Fund

All Appropriated Funds Budget Summary

– All Funds Requiring Annual Appropriation

Fund	Actual FY 2016	Budget		FY17 - 18	
		FY 2017	FY 2018	\$ Change	% Change
General Fund	\$149,127,287	\$153,533,546	\$160,184,435	\$6,650,889	4.33%
Solid Waste Enterprise	3,056,168	3,403,815	3,428,020	24,205	0.71%
Water Pollution Control Enterprise	4,214,608	4,692,412	4,601,261	(91,151)	-1.94%
Water Supply Enterprise	4,383,836	6,705,312	6,789,486	84,174	1.26%
Marina Enterprise	820,049	797,403	839,067	41,664	5.22%
Sandy Neck Enterprise	864,859	937,998	1,018,462	80,464	8.58%
Golf Enterprise	3,250,637	3,451,182	3,554,772	103,590	3.00%
HYCC Enterprise	3,046,446	3,221,011	3,379,599	158,588	4.92%
PEG Enterprise	561,486	775,000	811,627	36,627	4.73%
Airport Enterprise	6,249,673	6,093,528	6,508,537	415,009	6.81%
Total All Budgeted Funds	\$175,575,050	\$183,611,207	\$191,115,266	\$7,504,059	4.09%
All Funds Net Of Transfers	\$166,308,998	\$178,300,042	\$184,552,416	\$6,252,374	3.51%
All Funds Net of Transfers and Snow Removal Deficit	\$163,707,211	\$176,799,993	\$183,052,416	\$6,252,423	3.54%
General Fund Net of Transfers and Snow Removal Deficit	\$138,336,746	\$147,622,243	\$153,033,951	\$5,411,708	3.67%
Full-time Equivalent Employees	1,282.45	1,294.40	1,308.95	14.55	

The total proposed FY18 operating budget for the Town of Barnstable's appropriated funds is \$191,115,266. This is an increase over the FY17 budget of \$7,504,059. In addition to the General Fund, this figure includes the Town's nine Enterprise Fund operations. These funds comprise the Town's annually appropriated funds.

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 FY18 budget increase of \$6,252,374 or 3.5%. The budget increase includes a net increase of 14.55 new full-time equivalent (FTE) positions. A majority of these (9) are for a civilian dispatch workforce in the Police Department. The School Department's FTE are increasing by 1.3 and the Municipal Operations by 13.25 FTE. Three (3) positions are being eliminated: one in the Town Manager's office, one in Public Works and one in Community Services.

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 \$6,650,889 in FY18. This includes transfers and snow removal costs. Removing those costs result in a General Fund budget increase of \$5,411,708 or 3.6%. Municipal operations are increasing

\$1,165,601, education expenditures are increasing \$2,044,219 and fixed costs are increasing \$3,441,069. Major factors contributing to the increase in the overall budget are contractual labor obligations, an increase of 10.25 full-time equivalents, the transfer of three existing positions into the General Fund from other funds, software licensing and hardware maintenance fees across departments, additional funds for materials and supplies in Public Works, an increase in the base budget for snow removal, increases in pension and healthcare costs, and an increase in debt service.

The increase in the Airport Enterprise Fund budget is mainly attributable to the projected increase in jet fuel costs. The airport’s largest source of revenue is from the sale of jet fuel. They are projected to sell over 700,000 gallons in FY18 and the cost per gallon is expected to rise.

The decrease in the Water Pollution Control Enterprise Fund budget is due to a decrease in debt service. Some of the fund’s bonds will mature in FY17.

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.

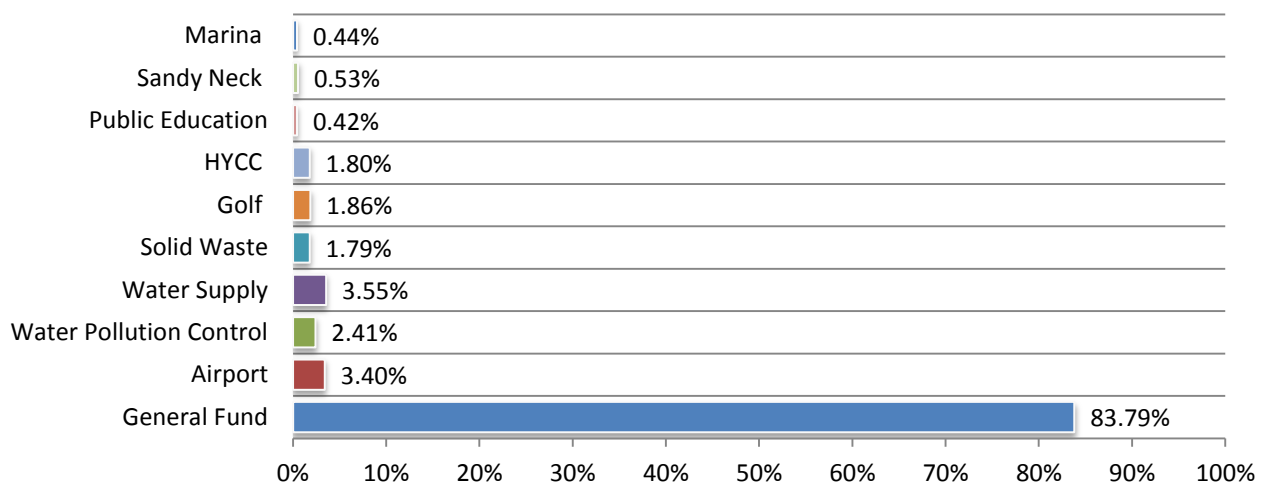
The Solid Waste, Golf Course and Marina Enterprise Fund budgets are increasing mainly due to contractual salary increases and increases in employee benefit costs.

The Sandy Neck Enterprise Fund is increasing due to contractual labor obligations, seasonal employee wage increases, additional funds for police details, and additional funding for facilities maintenance.

The HYCC Enterprise Fund is increasing mainly due to the addition of personnel, an increase in employee benefits, operating capital of \$80,000 and an increase in funds for facility maintenance.

The PEG Enterprise Fund is increasing due to \$125,000 be provided for operating capital. This is partially offset by decreases in other areas.

FY18 Distribution of All Appropriated Funds



The General Fund comprises 84% of all spending for the funds requiring annual appropriation. The Water Supply is the largest enterprise fund and comprises 3.55% of all spending.

Position Summary for All Appropriated Funds

DEPARTMENT	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	FY 18 FTE's	Chg
Town Council	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.40	1.46	1.46	-
Town Manager	5.00	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	3.50	(1.00)
Administrative Services	61.75	60.40	60.30	60.30	60.30	60.50	60.60	60.60	60.30	59.55	(0.75)
Finance	37.00	36.75	36.75	36.75	36.75	36.75	37.85	37.85	37.50	37.75	0.25
Legal	4.75	4.65	4.55	4.55	4.55	4.75	4.75	4.75	4.80	4.80	-
Human Resources	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	-
Information Technology	12.00	11.00	11.00	11.00	11.00	11.00	10.00	10.00	10.00	9.00	(1.00)
Community Services	56.79	60.53	58.66	57.20	57.15	57.90	59.88	61.58	69.30	70.80	1.50
Recreation	11.13	7.35	7.35	8.30	7.70	7.70	7.40	7.40	8.40	7.60	(0.80)
Administration, Community Relations & Public Info.	-	-	-	-	-	-	-	-	-	2.50	2.50
Senior Services	19.00	18.35	15.85	6.35	6.35	6.30	6.33	6.53	9.75	9.70	(0.05)
Marine & Environmental Affairs	8.21	8.21	7.61	9.65	9.65	10.45	10.70	10.75	11.25	12.10	0.85
Golf Enterprise Fund	10.30	10.20	10.20	15.85	15.75	15.75	15.75	17.00	17.00	17.00	-
Marina Enterprise Fund	1.40	1.45	1.45	1.45	1.45	1.45	1.45	1.65	1.65	1.65	-
Sandy Neck Enterprise Fund	2.75	2.70	2.70	2.70	2.75	2.75	3.75	3.75	3.75	3.75	-
HYCC Enterprise Fund	-	8.27	9.50	8.90	9.50	9.50	10.50	10.50	13.50	12.50	(1.00)
PEG Enterprise Fund	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	-
Planning & Development	14.15	13.00	12.35	11.50	11.50	12.50	10.65	10.65	10.50	10.50	-
Administration	-	-	2.50	2.50	2.50	3.00	2.50	2.50	2.50	2.50	-
Regulatory Review	7.00	7.00	3.35	3.00	3.50	3.50	3.50	3.50	4.00	4.00	-
Comprehensive Planning	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	1.65	1.65	1.65	2.65	2.65	2.65	2.50	2.50	-
Community Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
Property Management	1.00	0.85	0.85	0.85	0.85	0.35	-	-	-	-	-
Traffic & Parking Management	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-	-
Police	137.48	126.26	126.26	124.26	125.76	131.75	130.75	132.75	132.75	141.75	9.00
Administrative & Investigative Services	37.58	35.50	34.00	33.50	35.00	35.00	35.00	35.00	34.00	34.00	-
Field Services	99.90	90.76	92.26	90.76	90.76	96.75	95.75	97.75	98.75	107.75	9.00

FISCAL YEAR 2018 BUDGET

BUDGET OVERVIEW

DEPARTMENT	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	FY 18 FTE's	Chg
Public Works	120.50	115.50	115.50	115.75	116.35	116.33	116.33	118.33	121.25	120.75	(0.50)
Administration & Tech Support	16.00	16.00	15.50	15.50	12.95	12.93	12.93	12.93	12.00	11.50	(0.50)
Highway	39.50	35.50	35.50	35.50	35.50	35.50	35.50	35.50	37.50	37.50	-
Structures & Grounds	34.80	33.80	33.80	33.80	34.10	34.10	34.10	35.10	36.50	36.50	-
Solid Waste Enterprise Fund	15.10	15.10	15.10	15.10	15.75	15.75	15.75	16.75	16.95	16.95	-
Water Pollution Control Enterprise Fund	14.10	14.10	14.10	14.10	15.15	15.15	15.15	15.15	15.35	15.35	-
Water Supply Enterprise Fund	1.00	1.00	1.50	1.75	2.90	2.90	2.90	2.90	2.95	2.95	-
Building Services	12.50	11.50	12.15	12.50	12.50	12.50	12.50	12.00	12.00	14.00	2.00
Regulatory Services	22.15	21.65	19.10	19.90	21.10	21.58	21.48	21.50	22.00	22.00	-
Conservation	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	-
Consumer Affairs	6.50	6.50	3.95	4.50	5.20	5.20	5.10	5.10	5.10	5.10	-
Health	11.65	11.15	11.15	11.40	11.90	12.38	12.38	12.40	12.90	12.90	-
Airport Enterprise Fund	26.40	26.40	25.00	24.60	25.30	25.50	25.50	25.00	23.00	23.00	-
SUBTOTAL GENERAL FUND	383.67	358.52	352.27	344.06	343.91	352.31	349.44	351.60	358.85	370.10	11.25
SUBTOTAL ENTERPRISE FUNDS	75.05	83.22	83.55	88.45	92.55	92.75	94.75	96.70	95.15	97.15	2.00
TOTAL MUNICIPAL OPERATIONS	458.72	441.74	435.82	432.51	436.46	445.06	444.19	448.30	454.00	467.25	13.25
Schools	891.38	811.58	812.58	813.03	815.53	809.23	830.35	834.15	840.40	841.70	1.30
Administration (restated for school consolidation)	6.00	6.00	6.00	6.00	6.00	6.00	7.00	6.80	6.80	6.80	-
Instructional Services	751.00	686.20	686.20	686.03	638.90	634.60	654.72	680.90	686.45	687.75	1.30
Health Services	16.50	16.50	16.50	14.90	14.93	13.93	13.93	16.20	16.20	16.20	-
Transportation	23.00	21.00	21.00	21.00	24.00	24.00	24.00	20.50	20.50	20.50	-
Food Services	14.38	13.38	13.38	15.00	13.00	13.00	13.00	1.00	1.00	1.00	-
Athletics	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	-
Other Student Services	6.00	6.60	7.60	7.60	48.46	46.46	46.46	40.90	41.40	41.40	-
Maintenance of Plant	63.50	51.90	51.90	52.50	59.24	59.24	59.24	53.45	53.65	53.65	-
Network & Technology	8.00	7.00	7.00	7.00	8.00	9.00	9.00	11.40	11.40	11.40	-
TOTAL ALL DEPARTMENTS	1,350.10	1,253.32	1,248.40	1,245.54	1,251.99	1,254.29	1,274.54	1,282.45	1,294.40	1,308.95	14.55

Total full-time equivalents are increasing by 14.55 positions, 1.30 in the School operations, 11.25 for the Municipal operations, and an increase of 2 in the Enterprise operations.

Change in Fund Balance – All Appropriated Funds

	Beginning Fund Balance	FY 2018		Ending Fund Balance	Dollar Change	Percentage Change
		Resources	Expenditures			
General Fund	\$24,187,184	\$156,629,128	\$160,184,435	\$20,631,877	(\$3,555,307)	-14.70%
Solid Waste Enterprise Fund	1,927,490	2,979,500	3,428,020	1,478,970	(448,520)	-23.27%
Water Pollution Control Enterprise Fund	33,772,470	4,601,261	4,983,261	33,390,470	(382,000)	-1.13%
Water Enterprise Fund	14,959,122	7,502,000	8,958,486	13,502,636	(1,456,486)	-9.74%
Marina Enterprise Fund	4,055,259	810,531	839,067	4,026,723	(28,536)	-0.70%
Sandy Neck Enterprise Fund	115,246	968,462	1,018,462	65,246	(50,000)	-43.39%
Golf Enterprise Fund	7,877,715	3,814,897	3,879,772	7,812,840	(64,875)	-0.82%
HYCC Enterprise Fund	9,278,196	3,324,599	3,379,599	9,223,196	(55,000)	-0.59%
PEG Enterprise Fund	1,990,425	795,000	811,627	1,973,798	(16,627)	-0.84%
Airport Enterprise Fund	72,085,121	7,091,354	7,583,537	71,592,938	(492,183)	-0.68%
Totals	\$170,248,228	\$188,516,732	\$195,066,266	\$163,698,694	(\$6,549,534)	-3.85%

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. A total of \$3.55 million of general fund surplus will be used to fund the FY18 operating budget. This will still leave a healthy fund balance of over \$20 million which represents over 12% of General Fund expenditures. The surplus will be used to fund the FY17 snow removal deficit of \$1,500,000, \$825,000 for employee benefits, a \$1 million transfer to the Capital Trust Fund and \$230,307 for the School Department operating budget.

The Airport Enterprise Fund will use \$492,183 of its fund balance, or reserves, to pay for a portion of the FY18 capital program and \$367,183 will be used to balance the FY18 operating budget.

The Solid Waste Enterprise Fund will use \$448,520 of its reserves to balance its FY18 operating budget. This will be used to cover the debt service on the landfill capping loan and to keep the residential transfer station stickers at \$240 for FY18.

The Water Pollution Control Enterprise Fund will use \$382,000 of reserves to finance the FY18 capital program. These are one-time expenses and the amount is immaterial in relation to the reserve balance.

The Water Enterprise Fund will use \$1,456,486 of reserves to balance its FY18 operating budget and capital program. \$1.2 million is for the operating budget which has a 9% rate increase built into the budget.

The Sandy Neck Enterprise Fund will use \$50,000 of surplus for a sand nourishment program and the Marina Enterprise Fund will use \$28,536 of surplus to offset their FY18 debt service payments.

The Golf Course Enterprise Fund will use \$64,875 of surplus to offset a biennial lime program, workers compensation expenses that are not projected to reoccur and a portion of the debt service as they received a large bond premium in FY16 which is included in the fund balance.

Finally, the HYCC will use \$55,000 of surplus to purchase a used Zamboni in FY18.

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.

	July 1, 2011	July 1, 2012	July 1, 2013	July 1, 2014	July 1, 2015	July 1, 2016
General Fund	\$ 12,320,186	\$ 17,272,393	\$ 10,602,665	\$ 13,370,039	\$ 13,949,203	\$ 13,131,098
Solid Waste Enterprise Fund	3,460,970	3,854,114	3,428,957	4,010,757	3,489,420	2,409,841
Water Pollution Enterprise Fund	2,749,077	6,997,924	12,070,153	14,838,692	7,611,524	11,129,822
Water Supply Enterprise Fund	312,442	1,944,267	2,347,933	1,827,720	3,336,150	3,257,325
Marinas Enterprise Fund	327,309	422,111	570,096	714,427	661,356	1,795,001
Sandy Neck Enterprise Fund	500,177	645,858	611,448	569,512	478,853	714,332
Golf Enterprise Fund	70,879	414,712	387,901	500,742	638,274	1,023,207
HYCC Enterprise Fund	130,526	141,734	222,277	313,535	318,809	502,380
PEG Enterprise Fund	2,775,464	2,735,428	1,463,397	1,572,908	1,704,942	1,937,915
Airport Enterprise Fund	6,520,729	3,211,359	2,996,203	2,563,977	977,186	2,793,657
Total	\$ 29,167,759	\$ 37,639,900	\$ 34,701,030	\$ 40,282,309	\$ 33,165,717	\$ 38,694,578
Sewer Construction & Private Way Improvements				\$ 7,751,788	\$ 10,044,371	\$ 12,240,570

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 2016 the fund had a balance of \$12,240,570. It is projected to grow to over \$14 million at the end of fiscal year 2017. 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 2018 BUDGET	MARINA FUND FY 2018 BUDGET	SANDY NECK FUND FY 2018 BUDGET	GOLF FUND FY 2018 BUDGET	HYCC FUND FY 2018 BUDGET	PEG FUND FY 2018 BUDGET	SOLID WASTE FUND FY 2018 BUDGET
RESOURCES:							
Property Taxes	\$ 118,484,798	-	-	-	-	-	-
Other Taxes	8,984,000	-	-	-	-	-	-
Intergovernmental	18,852,905	-	-	-	-	-	-
Fines & Penalties	1,175,000	-	-	-	-	-	-
Fees, Licenses, Permits	3,128,900	\$ 686,500	\$ 634,846	-	\$ 368,500	\$ 795,000	-
Charges for Services	1,925,000	12,000	238,616	\$ 3,304,680	675,500	-	\$ 2,908,500
Interest and Other	1,201,148	23,200	95,000	10,000	139,000	-	71,000
Interfund Transfers	3,792,377	88,831	-	175,217	2,141,599	-	-
Borrowing Authorizations	-	-	-	325,000	-	-	-
TOTAL RESOURCES	\$ 157,544,128	\$ 810,531	\$ 968,462	\$ 3,814,897	\$ 3,324,599	\$ 795,000	\$ 2,979,500
OPERATING EXPENDITURES:							
Town Council	267,685	-	-	-	-	-	-
Town Manager	495,537	-	-	-	-	-	-
Administrative Services	5,997,073	-	-	-	-	-	-
Planning & Development	899,336	-	-	-	-	-	-
Police	13,835,845	-	-	-	-	-	-
Regulatory Services	2,039,538	-	-	-	-	-	-
Building Services	1,031,867	-	-	-	-	-	-
Public Works	10,937,141	-	-	-	-	-	2,697,244
Community Services	3,555,185	389,290	825,408	2,701,927	704,836	743,981	-
Education	75,442,391	-	-	-	-	-	-
Airport Operations	-	-	-	-	-	-	-
Subtotal Operations	\$ 114,501,598	\$ 389,290	\$ 825,408	\$ 2,701,927	\$ 704,836	\$ 743,981	\$ 2,697,244
OTHER REQUIREMENTS:							
Debt Service	9,500,634	378,234	92,181	431,153	1,170,336	-	393,368
Employee Benefits	24,031,654	26,363	51,835	221,310	132,255	66,988	215,967
Property, Casualty & Liability Ins.	1,760,000	9,466	8,112	20,696	99,326	658	19,899
State, County & Local Assessments	2,608,855	-	-	-	-	-	-
Library & Tourism Grants	1,954,210	-	-	-	-	-	-
Other Fixed Costs	177,000	-	-	-	-	-	-
Reserve For Abatements & Exemptions	915,000	-	-	-	-	-	-
Capital Program	-	-	-	325,000	-	-	-
Subtotal Other Requirements	\$ 40,947,353	\$ 414,063	\$ 152,128	\$ 998,159	\$ 1,401,917	\$ 67,646	\$ 629,234
Interfund Transfers	\$ 5,650,484	\$ 35,714	\$ 40,926	\$ 178,086	\$ 102,510	\$ -	\$ 101,542
Grand Total Expenditures	\$ 161,099,435	\$ 839,067	\$ 1,018,462	\$ 3,878,172	\$ 2,209,263	\$ 811,627	\$ 3,428,020
Excess (Deficiency) Cash Basis	\$ (3,555,307)	\$ (28,536)	\$ (50,000)	\$ (63,275)	\$ 1,115,336	\$ (16,627)	\$ (448,520)
Adjustment to accrual basis	-	-	-	-	-	-	-
Beginning Fund Balance	24,187,184	4,055,259	115,246	7,877,715	9,278,196	2,165,613	1,927,490
Ending Fund Balance	\$ 20,631,877	\$ 4,026,723	\$ 65,246	\$ 7,814,440	\$ 10,393,532	\$ 2,148,986	\$ 1,478,970

Consolidated Resource/Appropriation Summary

	SEWER FUND FY 2018 BUDGET	WATER SUPPLY FUND FY 2018 BUDGET	AIRPORT FUND FY 2018 BUDGET	CAPITAL PROJECTS FUND	TOTAL FY 2018 BUDGET	TOTAL FY 2017 BUDGET	CHANGE FY17 - 18
RESOURCES:							
Property Taxes	-	-	-	-	\$ 118,484,798	\$ 114,243,675	\$ 4,241,123
Other Taxes	-	-	-	-	8,984,000	8,433,683	550,317
Intergovernmental	-	-	\$ 1,037,600	-	19,890,505	25,019,668	(5,129,163)
Fines & Penalties	\$ 60,000	\$ 44,000	-	-	1,279,000	1,350,000	(71,000)
Fees, Licenses, Permits	10,000	29,500	663,341	-	6,316,587	6,271,596	44,991
Charges for Services	4,396,261	5,297,000	4,956,281	-	23,713,838	23,395,883	317,955
Interest and Other	135,000	207,500	434,132	-	2,315,980	2,316,173	(193)
Interfund Transfers	-	-	-	5,573,363	11,771,387	11,879,892	(108,505)
Borrowing Authorizations	-	1,924,000	-	7,087,000	9,336,000	15,890,650	(6,554,650)
TOTAL RESOURCES	\$ 4,601,261	\$ 7,502,000	\$ 7,091,354	\$ 12,660,363	\$ 202,092,095	\$ 208,801,220	\$ (6,709,125)
OPERATING EXPENDITURES:							
Town Council	-	-	-	-	267,685	263,842	3,843
Town Manager	-	-	-	-	495,537	633,153	(137,616)
Administrative Services	-	-	-	-	5,997,073	5,990,289	6,784
Planning & Development	-	-	-	-	899,336	904,137	(4,801)
Police	-	-	-	-	13,835,845	13,407,890	427,955
Regulatory Services	-	-	-	-	2,037,938	1,903,408	134,530
Building Services	-	-	-	-	1,033,467	901,642	131,825
Public Works	2,962,710	4,509,882	-	-	21,106,977	21,828,298	(721,321)
Community Services	-	-	-	-	8,920,627	9,949,535	(1,028,908)
Education	-	-	-	-	75,442,391	73,398,172	2,044,219
Airport Operations	-	-	5,607,274	-	5,607,274	5,783,287	(176,013)
Subtotal Operations	\$ 2,962,710	\$ 4,509,882	\$ 5,607,274	\$ -	\$ 135,644,150	\$ 134,963,653	\$ 680,497
OTHER REQUIREMENTS:							
Debt Service	1,149,395	2,129,024	170,344	-	15,414,669	14,677,983	736,686
Employee Benefits	246,025	69,333	342,468	-	25,404,198	22,362,912	3,041,286
Property, Casualty & Liability Ins.	70,828	13,190	175,223	-	2,177,398	1,620,000	557,398
State, County & Local Assessments	-	-	-	-	2,608,855	2,602,504	6,351
Library & Tourism Grants	-	-	-	-	1,954,210	1,900,990	53,220
Other Fixed Costs	-	-	-	-	177,000	172,000	5,000
Reserve For Abatements & Exemptions	-	-	-	-	915,000	1,700,000	(785,000)
Capital Program	382,000	2,169,000	1,075,000	10,000,000	13,951,000	34,881,954	(20,930,954)
Subtotal Other Requirements	\$ 1,848,248	\$ 4,380,547	\$ 1,763,035	\$ 10,000,000	\$ 62,602,330	\$ 79,918,343	\$ (17,316,013)
Interfund Transfers	\$ 172,303	\$ 68,057	\$ 213,228	\$ -	\$ 6,562,850	\$ 5,311,165	\$ 1,251,685
Grand Total Expenditures	\$ 4,983,261	\$ 8,958,486	\$ 7,583,537	\$ 10,000,000	\$ 204,809,330	\$ 220,193,161	\$ (15,383,831)
Excess (Deficiency) Cash Basis	\$ (382,000)	\$ (1,456,486)	\$ (492,183)	\$ 2,660,363	\$ (2,717,235)	\$ (11,391,941)	\$ 8,674,706
Adjustment to accrual basis	-	-	-	-	-	-	-
Beginning Fund Balance	33,772,470	14,959,122	72,085,121	11,539,397	181,787,625	168,749,786	13,037,839
Ending Fund Balance	\$ 33,390,470	\$ 13,502,636	\$ 71,592,938	\$ 14,199,760	\$ 179,070,390	\$ 157,357,845	\$ 21,712,545

In addition to the surplus used in the General Fund and Enterprise Funds a total of \$10,000,000 of bond proceeds within the capital project funds are expected to be expended.

General Fund Budget Summary

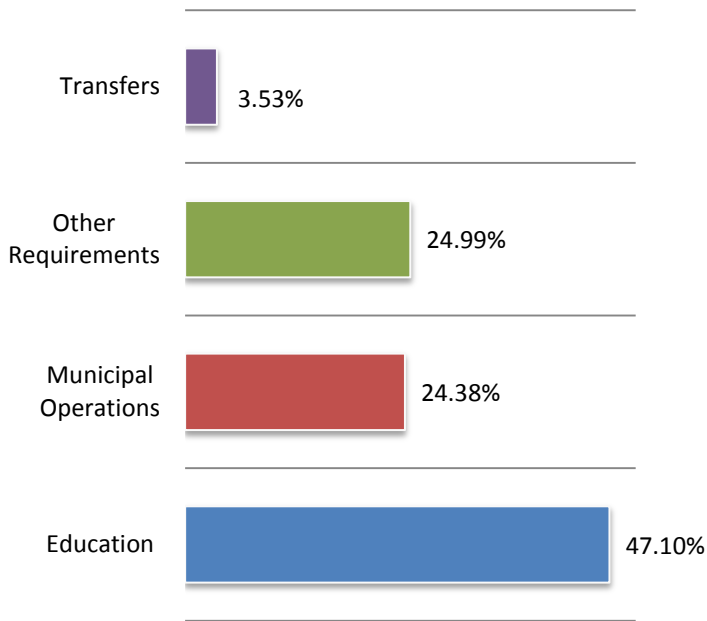
Source of Funding	Actual FY 2016	Approved FY 2017	Projected FY 2017	Proposed FY 2018	Change FY17 - 18	Percent Change
Taxes	\$ 118,218,347	\$ 120,977,358	123,000,000	\$ 126,553,798	\$ 5,576,440	4.61%
Intergovernmental	18,019,274	18,782,718	18,793,852	18,852,905	70,187	0.37%
Fines & Penalties	1,293,794	1,250,000	1,583,421	1,175,000	(75,000)	-6.00%
Fees, Licenses, Permits	3,556,570	3,144,100	3,393,960	3,128,900	(15,200)	-0.48%
Charges for Services	2,067,131	1,910,000	2,186,804	1,925,000	15,000	0.79%
Interest and Other	2,697,616	1,298,500	1,505,109	1,201,148	(97,352)	-7.50%
Special Revenue Funds	670,053	738,853	738,853	761,853	23,000	3.11%
Enterprise Funds	2,579,351	2,560,007	2,560,007	2,770,524	210,517	8.22%
Trust Funds	280,000	270,000	270,000	260,000	(10,000)	-3.70%
Total Sources	\$ 149,382,136	\$ 150,931,536	\$ 154,032,006	\$ 156,629,128	\$ 5,697,592	3.77%
Expenditure Category						
Municipal Operations	\$ 35,428,638	\$ 37,893,606	\$ 35,558,064	\$ 39,059,207	\$ 1,165,601	3.08%
All Education Operatons	70,017,347	73,398,172	73,298,172	75,442,391	2,044,219	2.79%
Fixed Costs Excluding Transfers	35,492,548	37,830,514	37,482,036	40,032,353	2,201,839	5.82%
Transfers	8,188,754	4,411,254	4,411,254	5,650,484	1,239,230	28.09%
Total Appropriation	\$ 149,127,287	\$ 153,533,546	\$ 150,749,526	\$ 160,184,435	\$ 6,650,889	4.33%
Excess (Deficiency)	\$ 254,849	\$ (2,602,010)	\$ 3,282,481	\$ (3,555,307)	\$ (953,297)	0.00%
Beginning Fund Balance	20,649,855	\$ 20,904,704	\$ 20,904,704	\$ 24,187,184		
Ending Fund Balance (cash basis)	\$ 20,904,704	\$ 18,302,694	\$ 24,187,184	\$ 20,631,877		

Full-time Equivalent Employees	1,185.75	1,199.25	1,211.80	12.55
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The total General Fund budget for FY18 is increasing \$6,650,889 over the FY17 amount, or 4.3%. New positions equaling 12.55 full-time equivalents are included in the budget. The Municipal Operations budget is increasing \$1,165,601; school operations are increasing \$2,044,219; fixed costs are increasing \$2,201,839 and transfers are increasing \$1,239,230.

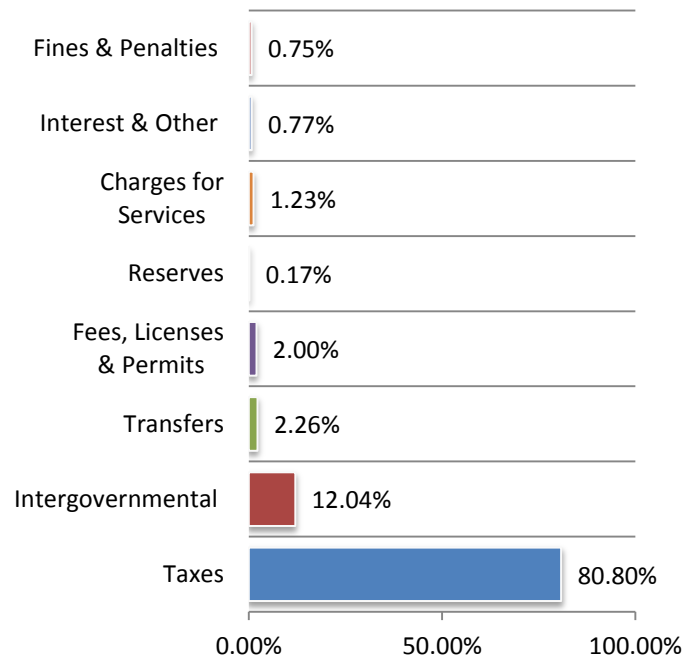
Total resources used to balance the budget are increasing \$5,697,592, which results in an increase of \$953,297 in reserves used to balance the budget. This is due to a \$1 million transfer to the Capital Trust Fund included in the FY18 budget. Taxes account for 98% of the increase in resources used to balance the FY18 budget as the net growth in all other funding sources total \$121,152. 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 47% of all expenditures. Other Requirements (fixed costs) are the second largest area totaling \$40 million or 25%. 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 and local hotel/motel rooms tax. These funding sources provide 81% 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 7%.

School Operations Changes:

SCHOOL			
Category	Amount	FTE	Description
Contractual Salary Obligations	1,357,120		Costs associated with employee collective bargaining agreements, retirements and resignations.
K-3 Grade Teachers	(120,088)	(2.00)	Staffing reductions due to changing enrollment.
School Counselor (0.5 FTE)	30,022	0.50	Elementary Counselor to support the social and emotional needs of students.
ESL Interventionist	35,802	1.00	Supports the learning needs of English Language Learners at Barnstable High School.
Grant Positions to General Fund	175,130	1.91	Existing grant funded positions moved to the General Fund due to reduced anticipated grant funding.
NECC Program to BHS	247,026	3.00	Expansion of the partnership with the New England Center for Children to provide Autism programming to Barnstable High School.
School Savings Account	(230,306)		One-time expenditures off set by the districts savings account.
Bus Contract	340,000		Contract rate increase for student transportation.
Increase in Local School Budget	1,834,706	4.41	

Municipal Operations Changes:

MUNICIPAL			
Category	Amount	FTE	Description
Town Manager staff reduction	(72,032)	(1.00)	Elimination of Administrative Assistant to Town Manager position.
Public Works staff reduction	(32,905)	(0.50)	Elimination of Energy Coordinator position.
Community Services Department staff reduction	(25,518)	(0.50)	Elimination of part-time Administrative Assistant.
Net reduction in overtime and seasonal wage budgets across all departments	(11,140)		Remaining fiscal year budget impact of a \$1 dollar increase in seasonal wages effective 1/1/17 net of reduction in overtime and seasonal wages across all departments.
Town Manager operating expenses	(26,832)		Reduction in funding for Town Manager operating expenses.
Administrative Services Department	(34,000)		Elimination of funding for consultant to evaluate alternatives for a new phone system included in FY17 budget; not repeated for FY18.
Police Department operating expenses	(15,300)		Elimination of one-time funding for boat repairs.
Police Department operating expenses	(75,275)		Reduction in training funds for one-time training conducted in FY17.
Police Department operating expenses	(12,100)		Reduction in funding for a car vac and dress uniforms not repeated in FY18.
Community Services operating expenses	(1,000)		Reduction in funding for educational outreach program.
Conservation operating expenses	(10,000)		Transfer shooting range land management funds to Public Works.
Contractual Salary Obligations net of savings in staff turnover	452,011		Costs associated with employee collective bargaining agreements and salary savings from lower salaries on new hires.
Town Clerk staff and operating expenses	19,000	0.25	Funds provided for software and staff to track requests for public information in accordance with the new public records law.
Civilian dispatch staff for Police Department	137,667	9.00	6 months of funding to civilianize the dispatch center in the Police Department beginning 1/1/18.
Building Services staff salaries	118,044	2.00	Consolidation of Building Revolving Fund with General Fund operation. Increase in staff is offset by increase in permit revenue.
Community Services Department salaries	55,120	1.00	Addition of a Aquaculture Specialist.
Community Services Department salaries	81,668	1.00	Transfer of Marketing Manager position from HYCC Enterprise Fund to General Fund.
Police Department salaries	11,880		Additional overtime funds for police officer training.
Police Department salaries	19,140		Additional funding for police matrons; increasing then number of shifts from 13 to 16 per week.

Municipal Operations Changes Continued:

Conservation overtime	4,000		Additional funding provided for trail and parking lot maintenance and illegal dumping cleanup.
Community Services Department salaries	9,780		Additional overtime and operating expenses for Assistant Harbormaster training.
Administrative Services operating expenses	28,000		Outside contract services for property valuation work for assessing operations.
Administrative Services operating expenses	35,198		Increase costs for software and hardware licensing and maintenance.
Administrative Services operating expenses	10,559		Increase in funds for town-wide cell phone service.
Police Department operating expenses	9,846		Patrol rifles and safety equipment.
Increase in gasoline & diesel across departments	24,700		Increase in cost based on new contract for FY18.
Building Services operating expenses	12,000		Funds provided for PayPal costs on ePermitting system and cleanup funds for neglected property.
Regulatory Service operating expenses	15,652		Additional Funding for Bismore Park programs.
Public Works operating expenses	182,330		Additional funding for land management, software licenses, safety training, roadway maintenance.
Snow Removal	125,000		Increase in base budget for snow removal.
Operating capital funding across departments	130,108		Increase in funding for recurring operating capital.
Increase in Municipal Operations	1,165,601	11.25	

Fixed Costs Changes:

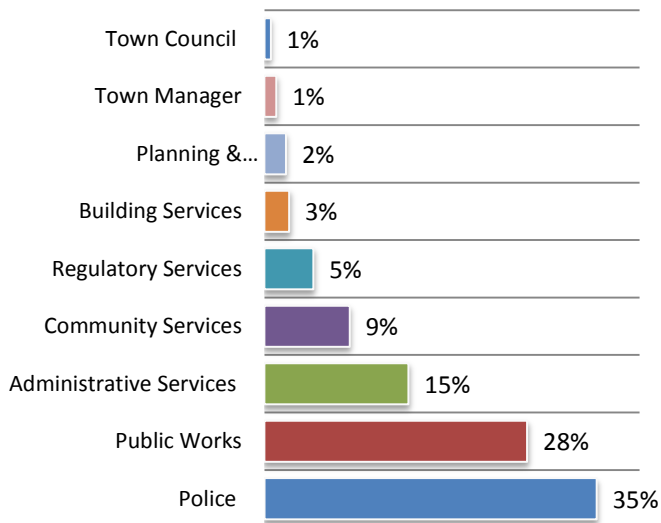
FIXED COSTS			
Category	Amount	FTE	Description
Employee benefits	1,668,742		Costs increases mainly due to retirement and health insurance.
Increase in debt service	328,526		Increase in annual debt service due to FY17 bond issue.
Increase in grant funding	53,220		Increase in grants for libraries.
Property & casualty insurance	140,000		Increase costs associated with premiums.
Assessments & other fixed costs	11,351		Increase costs associated State, County & local assessments.
Increase in fixed costs	2,201,839		

General Fund Expenditure Summary

Municipal Operations:	Actual FY 2016	Approved FY 2017	Projected FY 2017	Proposed FY 2018	CHANGE FY17 - 18	
					\$	%
Police Department	\$ 13,119,283	\$ 13,407,890	\$ 13,551,351	\$ 13,835,845	\$ 427,955	3.19%
Public Works Department	9,834,852	10,627,159	9,518,379	10,937,141	309,982	2.92%
Administrative Services Department	5,586,389	5,990,289	5,534,236	5,997,073	6,784	0.11%
Community Services Department	2,763,937	3,262,086	2,892,079	3,555,185	293,099	8.99%
Regulatory Services Department	1,711,297	1,903,408	1,779,821	2,037,938	134,530	7.07%
Building Services	798,910	901,642	788,220	1,033,467	131,825	14.62%
Planning & Development	830,260	904,137	858,246	899,336	(4,801)	-0.53%
Town Manager	550,017	633,153	409,587	495,537	(137,616)	-21.74%
Town Council	233,693	263,842	226,145	267,685	3,843	1.46%
Total Municipal Operations	\$ 35,428,638	\$ 37,893,606	\$ 35,558,064	\$ 39,059,207	\$ 1,165,601	3.08%
Education:						
Local School System	63,128,410	66,050,000	65,950,000	67,884,706	1,834,706	2.78%
Regional School District	3,192,748	3,302,096	3,302,096	3,535,665	233,569	7.07%
Commonwealth Charter Schools	2,791,296	3,111,749	3,111,749	3,048,128	(63,621)	-2.04%
School Choice	904,893	934,327	934,327	973,892	39,565	4.23%
Total Education	\$ 70,017,347	\$ 73,398,172	\$ 73,298,172	\$ 75,442,391	\$ 2,044,219	2.79%
Fixed Costs:						
Employee Benefits	20,920,299	22,362,912	22,050,000	24,031,654	1,668,742	7.46%
Debt Service	8,564,409	9,172,108	9,152,000	9,500,634	328,526	3.58%
State & County Assessments	2,418,471	2,602,504	2,576,046	2,608,855	6,351	0.24%
Grants	1,872,179	1,900,990	1,900,990	1,954,210	53,220	2.80%
Property & Liability Insurance	1,573,817	1,620,000	1,650,000	1,760,000	140,000	8.64%
Celebrations, Rent & Other	143,373	172,000	153,000	177,000	5,000	2.91%
Total Other Requirements	\$ 35,492,548	\$ 37,830,514	\$ 37,482,036	\$ 40,032,353	\$ 2,201,839	5.82%
Total General Fund Before Transfers	\$ 140,938,533	\$ 149,122,292	\$ 146,338,272	\$ 154,533,951	\$ 5,411,659	3.63%
Transfers to Other Funds	8,188,754	4,411,254	4,411,254	5,650,484	1,239,230	28.09%
Grand Total General Fund	\$ 149,127,287	\$ 153,533,546	\$ 150,749,526	\$ 160,184,435	\$ 6,650,889	4.33%

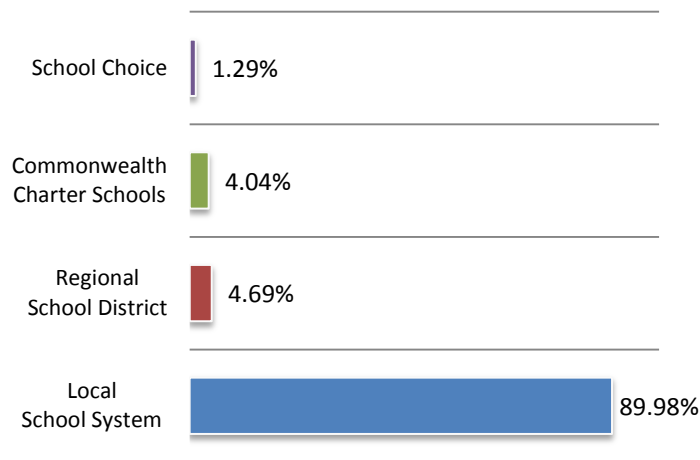
The municipal operations budget is increasing \$1,165,601 or 3.1%. Total spending on education is increasing \$2,044,219 or 2.8%. Local school operations are increasing \$1,834,706 while assessments from other districts are increasing \$209,513 collectively. The area with the largest increase in the General Fund budget is fixed costs which are increasing 5.8% or \$2,201,839. Most of the increase is in the employee benefits area. Health insurance premiums are rising 10.7% and the county retirement assessment increased 7%. Transfers to other funds are increasing by almost \$1.2 million. An additional \$1 million is being transferred to the Capital Trust Fund in FY18.

Distribution of Municipal Operations Budget



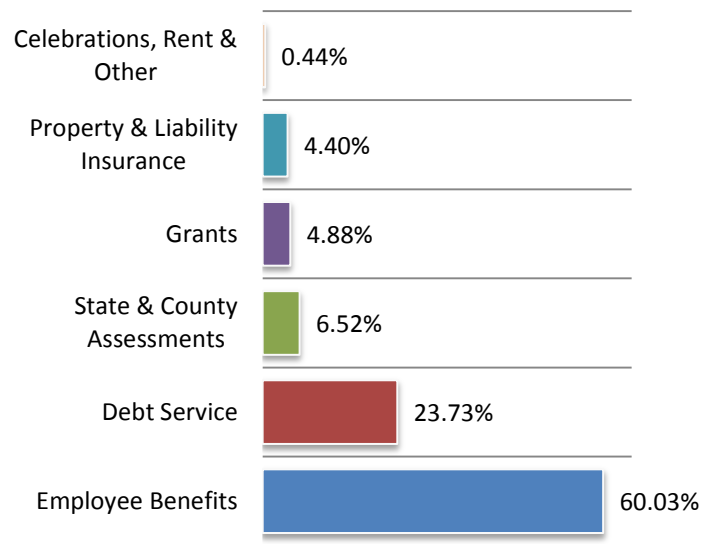
The two largest municipal operations; Police and Public Works, comprise 63% of all municipal spending. Administrative Services is the next largest area representing 15% and includes the Finance (including the two elected offices of Town Clerk and Town Collector), Legal, Human Resources and Information Technology divisions.

Distribution of All Education Expenditures



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

Distribution of Other Requirements Expenditures



A majority of these expenditures are for debt service and employee benefits. They comprise 84% of all expenditures in this category.

Municipal Budget and Funding Source Summary

Source of Funding	Actual FY 2016	Approved FY 2017	Projected FY 2017	Proposed FY 2018	Change FY17 - 18	Percent Change
Taxes	\$ 22,578,250	\$ 27,700,212	\$ 24,286,890	\$ 29,095,781	\$ 1,395,569	5.04%
Intergovernmental	337,919	287,096	298,230	300,156	13,060	4.55%
Fines, Forfeitures, Penalties	1,293,794	1,250,000	1,583,421	1,175,000	(75,000)	-6.00%
Fees, Licenses, Permits	3,191,570	2,919,100	3,168,960	2,903,900	(15,200)	-0.52%
Charges for Services	2,067,131	1,910,000	2,186,804	1,925,000	15,000	0.79%
Interest and Other	1,896,873	800,300	1,006,909	576,000	(224,300)	-28.03%
Special Revenue Funds	554,016	626,670	626,670	649,670	23,000	3.67%
Enterprise Funds	907,298	900,179	900,179	933,700	33,521	3.72%
Reserves	2,601,787	1,500,049	1,500,000	1,500,000	(49)	0.00%
Total Sources	\$ 35,428,638	\$ 37,893,606	\$ 35,558,064	\$ 39,059,207	\$ 1,165,601	3.08%

Municipal Department	Actual FY 2016	Approved FY 2017	Projected FY 2017	Proposed FY 2018	Change FY17 - 18	Percent Change
Police	\$ 13,119,283	\$ 13,407,890	\$ 13,551,351	\$ 13,835,845	\$ 427,955	3.19%
Public Works	9,834,852	10,627,159	9,518,379	10,937,141	309,982	2.92%
Administrative Services	5,586,389	5,990,289	5,534,236	5,997,073	6,784	0.11%
Community Services	2,763,937	3,262,086	2,892,079	3,555,185	293,099	8.99%
Regulatory Services	1,711,297	1,903,408	1,779,821	2,037,938	134,530	7.07%
Building & Zoning	798,910	901,642	788,220	1,033,467	131,825	14.62%
Planning & Development	830,260	904,137	858,246	899,336	(4,801)	-0.53%
Town Manager	550,017	633,153	409,587	495,537	(137,616)	-21.74%
Town Council	233,693	263,842	226,145	267,685	3,843	1.46%
Total Appropriated Expenditures	\$ 35,428,638	\$ 37,893,606	\$ 35,558,064	\$ 39,059,207	\$ 1,165,601	3.08%

Employee Benefits Allocation:	
Life Insurance	\$ 2,126
Medicare	328,894
Health Insurance	1,607,835
County Retirement	4,615,730
Total Employee Benefits (1)	\$ 6,554,585

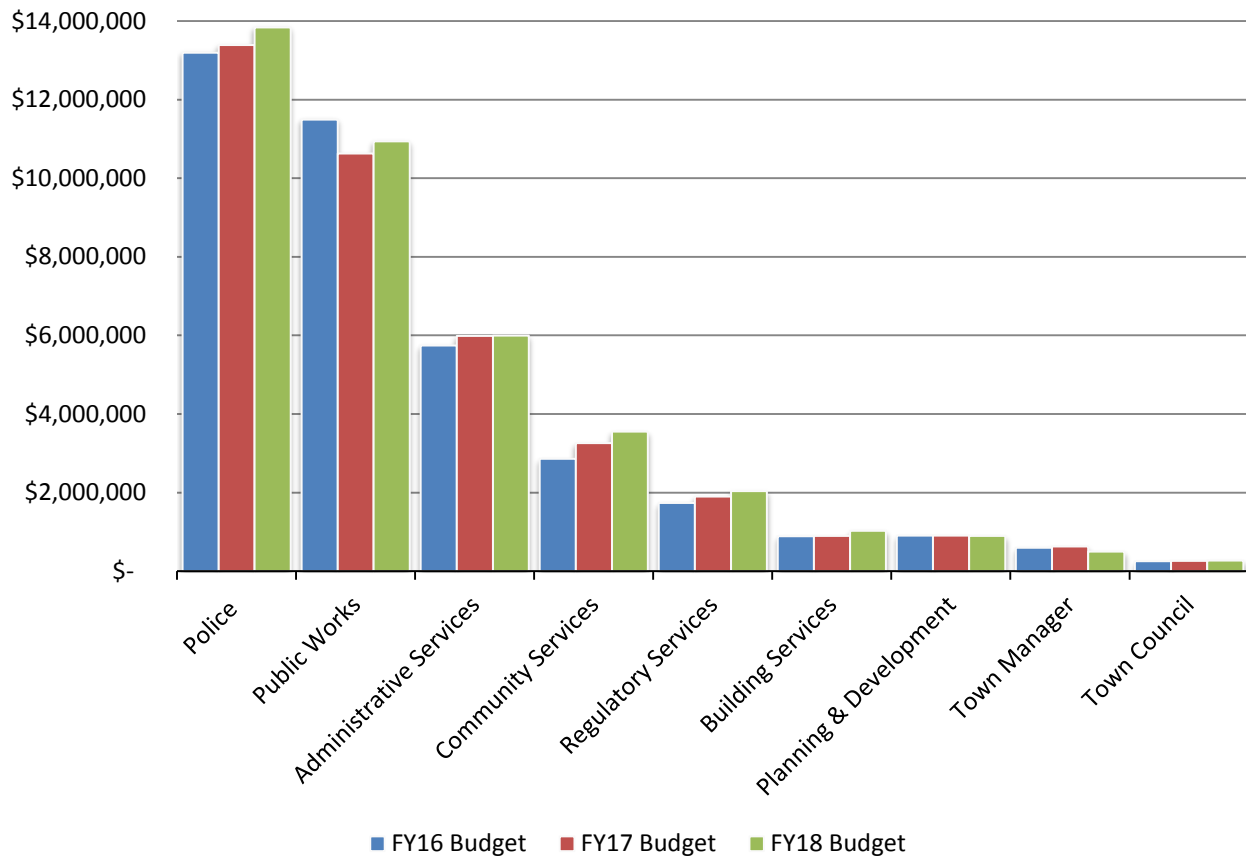
\$ 2,365
349,398
1,708,253
4,894,999
\$ 6,955,015

Total Expenditures Including Benefits	\$ 41,983,223	\$ 42,513,078
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Full-time Equivalent Employees	351.60	358.85	370.10	11.25
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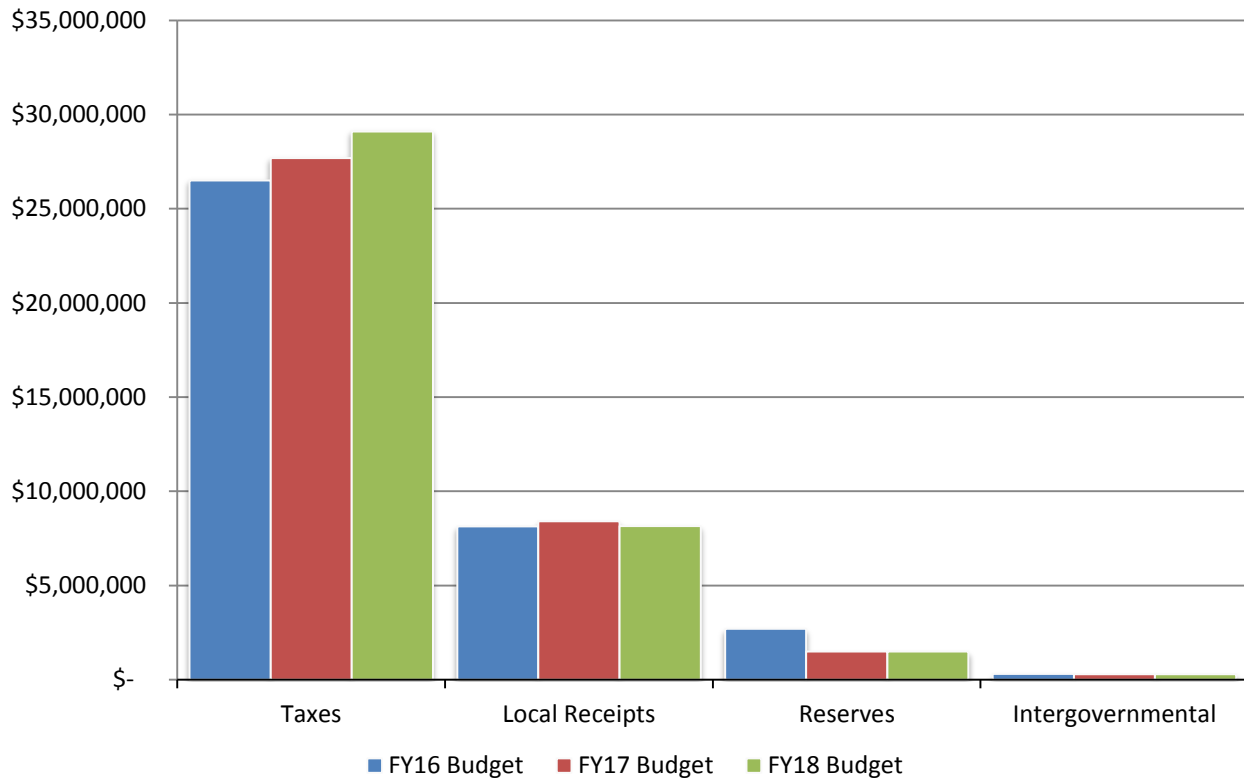
The largest budget increase in terms of dollars within the municipal operations is in the Police Department. This is due to nine (9) new civilian dispatch positions being added. The largest increase in terms of percentages is in the Building Services Department. This is due to the merging of the Building Revolving Fund activity with that of the General Fund activity for FY18. The Public Works budget is increasing \$309,982 and includes an additional \$125,000 for snow removal. Community Services is increasing \$293,099 which includes the addition of three (3) positions; two (2) transferred from other departments and one (1) new Aquaculture Specialist. Regulatory Services is increasing \$136,130 mainly due to \$87,000 of capital outlay provided for water quality for the first time. The Town Manager budget will decrease \$137,616 due to the elimination of one fulltime position and the reduction in operating expenses. There are no significant changes to the other municipal operations departments. The increase in the budget will be provided from taxes.

3 Year Expenditure Comparison By Department



The Police, Community Services, Administrative Services, Regulatory Services and Building Services Departments have all experienced growth over the past three years. Most of this increase is due to contractual labor obligations and new positions added to the budgets. Planning and Development and the Town Council budgets have not grown. The Town Manager and Public Works budgets have declined over the past three (3) years. The decline in the Public works budget is due to smaller snow removal costs incurred in FY17 and FY18 than what was incurred in FY16. FY16 included a record \$3.2 million in expenditures.

3 Year Comparison of Funding Sources For Municipal Operations



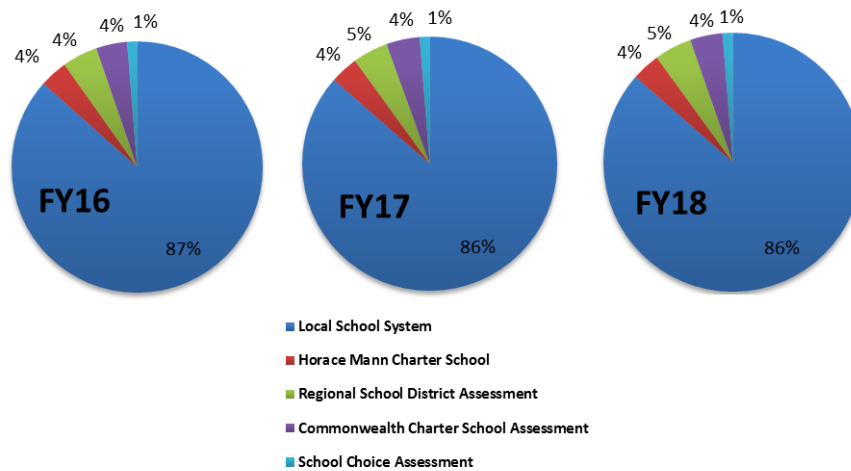
Taxes have been used to fund the increase in the municipal department operating budgets for the past three (3) years. This has increased from \$26.5 million to \$29.1 million. Reserves have been used to cover any snow removal costs in excess of budgeted amounts as well as some employee benefit costs. Conservative budget estimates for local receipts in FY17 and FY18 has 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

Source of Funding	Actual FY 2016	Approved FY 2017	Projected FY 2017	Proposed FY 2018	Change FY17 - 18	Percent Change
Taxes	\$ 57,601,755	\$ 60,401,475	\$ 60,301,475	\$ 62,136,865	\$ 1,735,390	2.87%
Intergovernmental	12,049,639	12,771,697	12,771,697	12,850,220	78,523	0.61%
Fees, Licenses, Permits	365,000	225,000	225,000	225,000	-	0.00%
Interest and Other	953	-	-	-	-	0.00%
School Savings Account	-	-	-	230,306	230,306	0.00%
Total Sources	\$ 70,017,347	\$ 73,398,172	\$ 73,298,172	\$ 75,442,391	\$ 2,044,219	2.79%

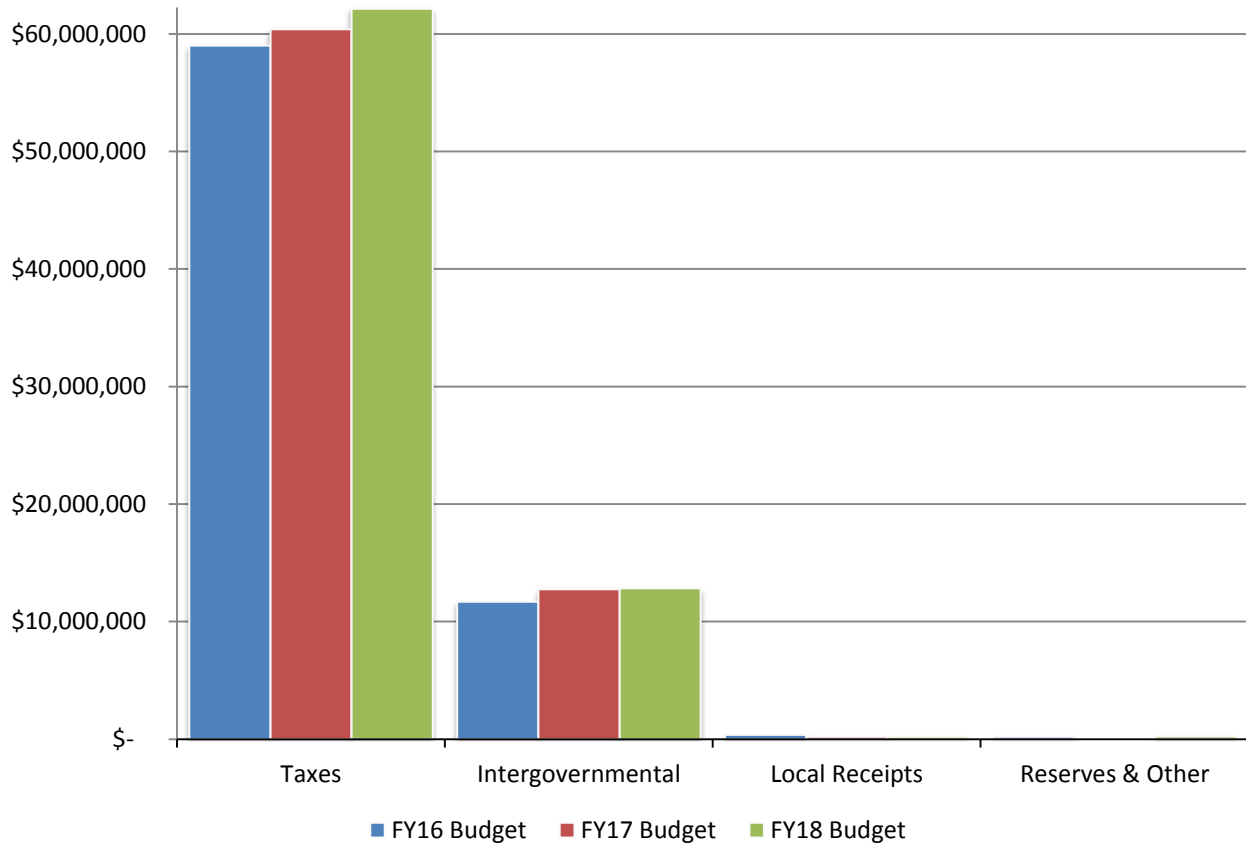
Expenditure Category	Actual FY 2016	Approved FY 2017	Projected FY 2017	Proposed FY 2018	Change FY17 - 18	Percent Change
Local School System	\$ 60,618,893	\$ 63,439,759	\$ 63,322,151	\$ 65,230,189	\$ 1,790,430	2.82%
Horace Mann Charter School	2,509,517	2,610,241	2,627,849	2,654,517	44,276	1.70%
Regional School District Assessment	3,192,748	3,302,096	3,302,096	3,535,665	233,569	7.07%
Commonwealth Charter School Assessment	2,791,296	3,111,749	3,111,749	3,048,128	(63,621)	-2.04%
School Choice Assessment	904,893	934,327	934,327	973,892	39,565	4.23%
Total Appropriation	\$ 70,017,347	\$ 73,398,172	\$ 73,298,172	\$ 75,442,391	\$ 2,044,219	2.79%

Employee Benefits Allocation:			
Life Insurance	\$ 5,098	\$ 5,488	
Medicare	699,971	713,970	
Health Insurance	3,405,588	3,780,203	
County Retirement	1,979,167	1,964,178	
Total Employee Benefits (1)	\$ 6,089,824	\$ 6,463,839	
Total Expenditures Including Benefits	\$ 76,107,171	\$ 79,762,011	



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). Regional School District Assessment shows the largest anticipated growth by 7% from FY17 to FY18. Enrollment in the other systems has grown resulting in higher assessments. The local school system budget is increasing by 2.8% from FY17 to FY18 and includes 1.30 new full-time equivalents.

3 Year Comparison of Funding Sources For Education



A majority of the funding for education has been provided from taxes for this three year period. Intergovernmental revenue is unchanged, as the State’s Chapter 70 funding formula for education benefits for Barnstable has leveled off. Minimal General Fund reserves have been used to balance this area of the budget. FY18 budget anticipates using \$230,306 of school reserves to balance budget.

Fixed Costs Expenditures and Funding Source

Other Requirements	Actual	Approved	Projected	Proposed	Change	Percent
Source of Funding	FY 2016	FY 2017	FY 2017	FY 2018	FY17 - 18	Change
Taxes	\$ 30,096,706	\$ 32,892,632	\$ 32,544,154	\$ 35,321,153	\$ 2,428,521	7.38%
Intergovernmental	5,631,716	5,723,925	5,723,925	5,702,529	(21,396)	-0.37%
Interest and Other	799,790	498,200	498,200	625,148	126,948	25.48%
Special Revenue Funds	116,037	112,183	112,183	112,183	-	0.00%
Enterprise Funds	1,672,053	1,659,828	1,659,828	1,836,824	176,996	10.66%
Trust Funds	280,000	270,000	270,000	260,000	(10,000)	-3.70%
Reserves	5,085,000	1,085,000	1,085,000	1,825,000	740,000	68.20%
Total Sources	\$ 43,681,302	\$ 42,241,768	\$ 41,893,290	\$ 45,682,837	\$ 3,441,069	8.15%

Expenditure Category	Actual	Approved	Projected	Proposed	Change	Percent
Employee Benefits						
Retirement Assessments	\$ 8,035,227	\$ 8,406,711	\$ 8,400,000	\$ 9,003,460	\$ 596,749	7.10%
Health Insurance for Active Employees	6,056,420	7,226,550	7,050,000	7,754,715	528,165	7.31%
Retiree Health & Sick Benefits	4,191,330	4,123,071	4,050,000	4,558,479	435,408	10.56%
Workers' Compensation & Unemployment	1,602,444	1,535,000	1,500,000	1,600,000	65,000	4.23%
Medicare & Life Insurance	1,034,878	1,071,580	1,050,000	1,115,000	43,420	4.05%
Total	\$ 20,920,299	\$ 22,362,912	\$ 22,050,000	\$ 24,031,654	\$ 1,668,742	7.46%

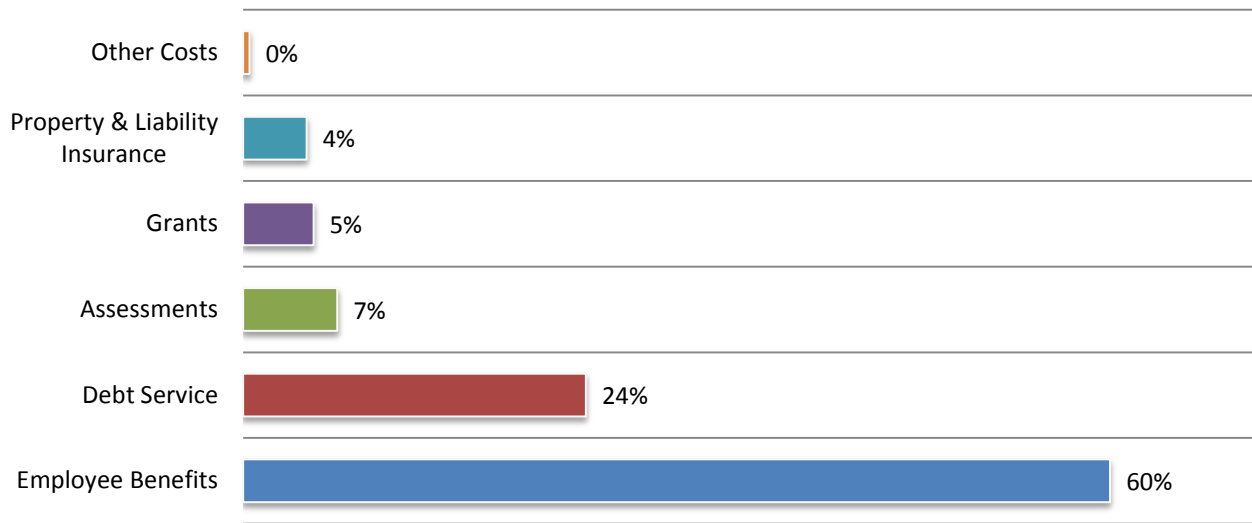
Debt Service, Grants, Assessments & Other	Actual	Approved	Projected	Proposed	Change	Percent
Debt Service	\$ 8,564,409	\$ 9,172,108	\$ 9,152,000	\$ 9,500,634	\$ 328,526	3.58%
Library Grants	1,714,000	1,773,990	1,773,990	1,827,210	53,220	3.00%
Tourism Grant	158,179	127,000	127,000	127,000	-	0.00%
Property & Liability Insurance	1,573,817	1,620,000	1,650,000	1,760,000	140,000	8.64%
Interest on Tax Refunds	19	20,000	1,000	20,000	-	0.00%
Celebrations	91,354	100,000	100,000	105,000	5,000	5.00%
Lombard Trust Rent	52,000	52,000	52,000	52,000	-	0.00%
Veterans' District Assessment & Benefit Payments	342,071	421,458	395,000	420,000	(1,458)	-0.35%
Old Kings Highway	9,750	9,500	9,500	10,250	750	7.89%
Greenhead Fly Control District	5,320	5,320	5,320	5,320	-	0.00%
County Tax & Cape Cod Commission Assessments	1,094,173	1,121,529	1,121,529	1,113,942	(7,587)	-0.68%
Mosquito Control	352,254	372,123	372,123	376,199	4,076	1.10%
Air Pollution Control Districts	21,832	22,378	22,378	21,224	(1,154)	-5.16%
RMV Non-renewal Surcharge	72,380	72,380	72,380	55,540	(16,840)	-23.27%
Cape Cod Regional Transit Authority	509,433	551,118	551,118	564,896	13,778	2.50%
Special Education Assessment	11,258	26,698	26,698	41,484	14,786	55.38%
Total	\$ 14,572,249	\$ 15,467,602	\$ 15,432,036	\$ 16,000,699	\$ 533,097	3.45%

Subtotal Before Transfers	\$ 35,492,548	\$ 37,830,514	\$ 37,482,036	\$ 40,032,353	\$ 2,201,839	5.82%
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Transfers	Actual	Approved	Projected	Proposed	Change	Percent
Transfer to Capital Trust Fund	\$ 7,435,335	\$ 3,540,468	\$ 3,540,468	\$ 4,504,004	\$ 963,536	27.21%
Transfer to Special Revenue Funds	34,999	-	-	-	-	0.00%
Transfer to Capital Projects Funds	-	1,710	1,710	-	(1,710)	-100.00%
Transfers to Enterprise Funds	718,420	869,076	869,076	1,146,480	277,404	31.92%
Total	\$ 8,188,754	\$ 4,411,254	\$ 4,411,254	\$ 5,650,484	\$ 1,239,230	28.09%

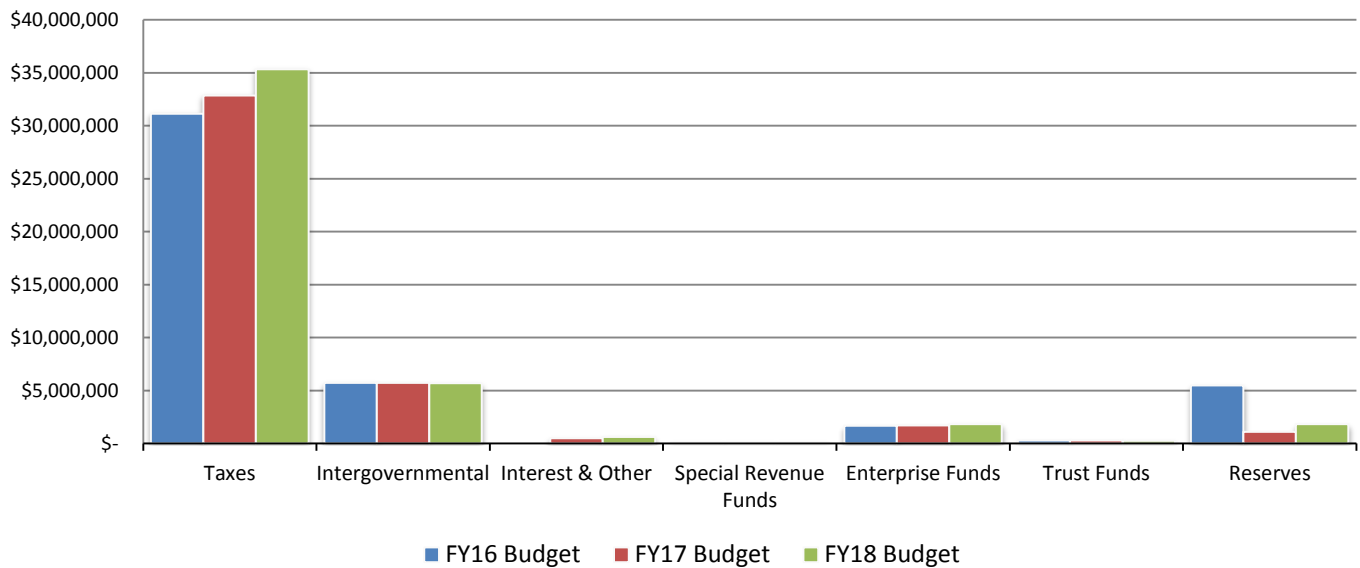
Grand Total Other Requirements	\$ 43,681,302	\$ 42,241,768	\$ 41,893,290	\$ 45,682,837	\$ 3,441,069	8.15%
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FY18 Other Requirements Budget



Employee benefits and debt service comprise most of the spending in this category. Together they account for 84% of all spending in the fixed costs category.

3 Year Comparison of Funding Sources for Fixed Costs



Taxes have provided the additional funding for this category over this three year period. Other revenue sources have remained level. The significant reduction from reserves was due to a one-time transfer of \$4 million to the Capital Trust Fund included in the FY16 budget.

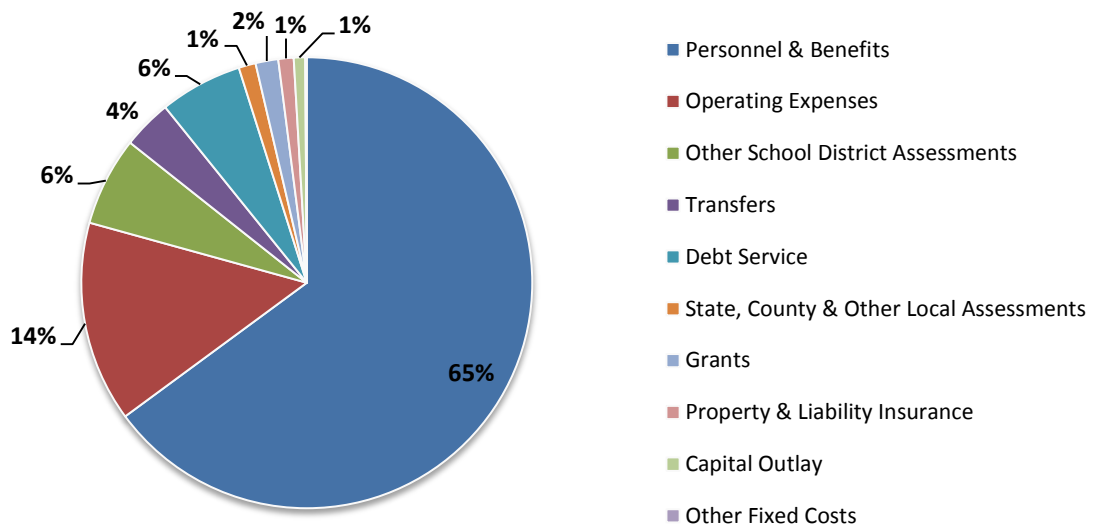
General Fund Budget by Major Expenditure Category

Expenditure Category	Actual FY 2016	Approved FY 2017	Projected FY 2017	Proposed FY 2018	Change FY17 - 18	Percent Change
Personnel	\$ 73,576,589	\$ 77,796,692	\$ 76,635,884	\$ 79,937,405	\$ 2,140,713	2.75%
Employee Benefits	20,920,299	22,362,912	22,050,000	24,031,654	1,668,742	7.46%
Operating Expenses	21,259,438	22,361,373	21,253,955	23,052,431	691,058	3.09%
Other School District Assessments	9,398,454	9,958,413	9,976,021	10,212,202	253,789	2.55%
Transfers	8,188,754	4,411,254	4,411,254	5,650,484	1,239,230	28.09%
Debt Service	8,564,409	9,172,108	9,152,000	9,500,634	328,526	3.58%
State, County & Other Local Assessments	1,872,179	1,900,990	1,900,990	1,954,210	53,220	2.80%
Grants	2,418,471	2,602,504	2,576,046	2,608,855	6,351	0.24%
Property & Liability Insurance	1,573,817	1,620,000	1,650,000	1,760,000	140,000	8.64%
Capital Outlay	1,211,504	1,175,300	990,376	1,299,560	124,260	10.57%
Other Fixed Costs	143,373	172,000	153,000	177,000	5,000	2.91%
Total Expenditures	\$ 149,127,287	\$ 153,533,546	\$ 150,749,526	\$ 160,184,435	\$ 6,650,889	4.33%

Full-time Equivalent Employees	1,185.75	1,199.25	1,211.80	12.55
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Personnel costs and the associated employee benefits account for \$3.8 million of the FY18 General Fund budget increase. This includes an increase of 12.55 full-time equivalents; 1.3 in the local school operations and 11.25 in the municipal operations. Operating expenses are increasing \$691,058 and includes \$125,000 for snow removal; \$182,000 for Public Works and \$409,000 for the local school operations. Transfers are increasing \$1.2 million which includes an additional \$1 million for the Capital Trust Fund

General Fund FY18 Budget By Major Expenditure Category



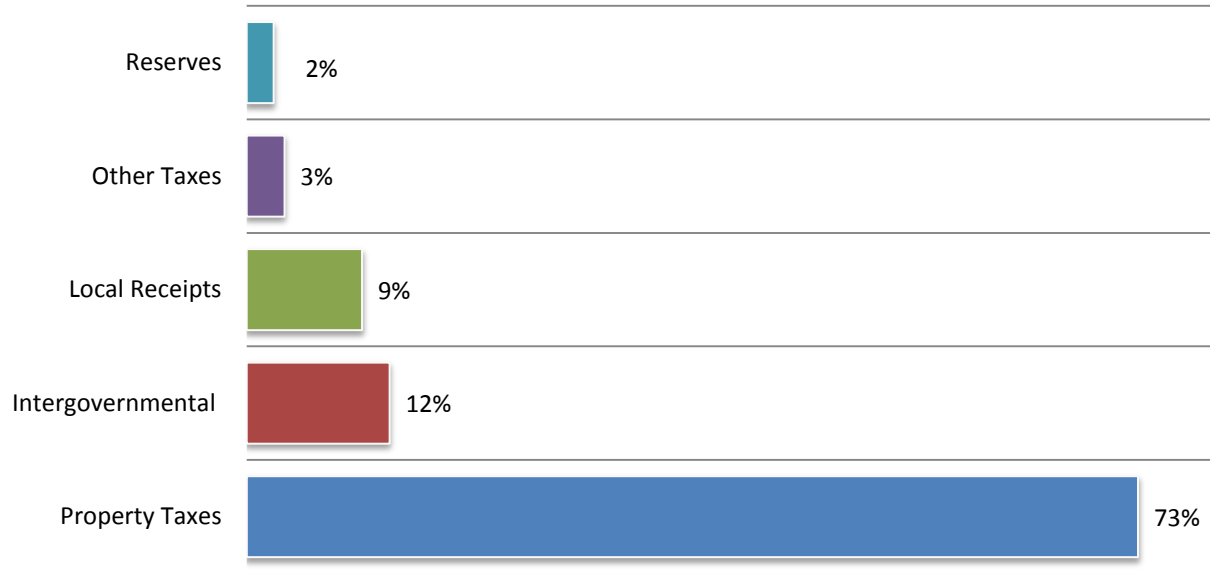
Salaries, wages and the associated benefits for all employees account for 65% of all General Fund expenditures. This is not unusual for local government as it functions as a service provider.

General Fund Revenue Summary

	Actual FY 2016	Budget FY 2017	Budget FY 2018	Change FY17 - 18	Percent Change
Property Taxes:					
Tax Levy	\$ 110,547,068	114,243,675	118,484,798	\$ 4,241,123	3.71%
Reserved for Abatements and Exemptions	(1,734,037)	(1,700,000)	(915,000)	785,000	-46.18%
Property Taxes Available for Operations	\$ 108,813,031	\$ 112,543,675	\$ 117,569,798	\$ 5,026,123	4.47%
Other Taxes:					
Motor Vehicle Excise Tax	7,376,288	6,485,683	7,000,000	514,317	7.93%
Boat Excise Tax	130,213	130,000	125,000	(5,000)	-3.85%
Motel/Hotel Excise Tax	1,867,950	1,790,000	1,830,000	40,000	2.23%
Payments in Lieu of Tax	30,865	28,000	29,000	1,000	3.57%
Total Other Taxes	\$ 9,405,316	\$ 8,433,683	\$ 8,984,000	\$ 550,317	6.53%
Other Resources:					
Intergovernmental	18,019,274	18,782,718	18,852,905	70,187	0.37%
Fines & Penalties	1,293,794	1,250,000	1,175,000	(75,000)	-6.00%
Fees, Licenses, Permits	3,556,570	3,144,100	3,128,900	(15,200)	-0.48%
Charges For Services	2,067,131	1,910,000	1,925,000	15,000	0.79%
Interest and Other	2,697,616	1,298,500	1,201,148	(97,352)	-7.50%
Special Revenue Funds	670,053	738,853	761,853	23,000	3.11%
Enterprise Funds	2,579,351	2,560,007	2,770,524	210,517	8.22%
Trust Funds	280,000	270,000	260,000	(10,000)	-3.70%
Reserves	-	2,602,010	3,555,307	953,297	36.64%
Total Other Resources	\$ 31,163,789	\$ 32,556,188	\$ 33,630,637	\$ 1,074,449	3.30%
Total General Fund Resources	\$ 149,382,136	\$ 153,533,546	\$ 160,184,435	\$ 6,650,889	4.33%

General Fund resources used to balance the FY18 operating budget are \$6.6 million more than the FY17 amount. Of this amount \$5 million is provided from property taxes as the tax levy will increase by 2.5% plus an estimated amount of \$950,000 for new property growth. This results in an expected increase of 3.7% in the tax levy. Additionally, the amount of the tax levy set aside for abatements and exemptions is being reduced by \$785,000 resulting in more funds being available for the operating budget. Motor vehicle excise taxes continue to show healthy growth and are projected to increase \$514,000. The net of all other funding sources are essentially level with the FY17 amount. The amount of reserves used to balance the budget will grow by \$953,297 as more reserves are being directed to the Capital Trust Fund to augment the capital program.

Composition of FY18 General Fund Revenue



Property taxes comprise 73% of all General Fund resources and intergovernmental resources make up 12%. Local receipts provide 9% of the funding sources and other taxes provide 3% 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 FY17 snow and ice deficit.

FY18 General Fund Revenue Estimates

Property Taxes

Property taxes are projected to grow consistent with the provisions of Proposition 2½ and the Town Council’s budget policy. No property tax overrides are proposed for FY18 to balance the operating or capital budgets. The formula used to calculate the projected tax levy for FY18 is as follows:

Base levy from FY17	\$112,771,807
Prop 2½ allowable increase	2,819,295 (2.5% of FY17 base)
Estimated new property tax growth	\$950,000
Cape Cod Commission environmental tax	\$594,793
Debt exclusions	\$1,348,903
Less reserve for abatements & exemptions	<u>(\$915,000)</u>
FY18 Tax Levy available for operations	\$117,569,798

Estimated new property tax growth is derived principally from new building construction. The Town Assessor works closely with the Building Services Department 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 FY18.

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 FY18 a provision of \$915,000 is being set aside; reducing the available property taxes to fund operations by this amount.

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 every other 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 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
 FY 2017 - \$5,860,158 – 2.9 % 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 FY18 the Town is projecting a 7.9% 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 FY18 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 FY18 budget proposal is based on the Governor’s proposed budget for FY18 which was issued in January of 2017. 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 has already approved its budget. As this is a political process, the Town has historically used the Governor’s proposal to develop its budget and make 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 essentially be level with the FY17 amount as there are no significant changes proposed in fee rates and no significant changes projected in activity levels.

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. \$260,000 will be used in FY18. This is \$10,000 less than what was used for FY17.

General Fund Reserves

The Town will use \$3,555,307 in General Fund reserves to balance the FY18 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 \$3.5 million in FY17, which will offset what will be used in FY18 to balance the budget. Also, most of the costs being paid for with surplus are not recurring operating costs. Following is a ten-year history of General Fund reserves used and generated.

Certification Date:	Beginning Balance	Used For:		Generated	Ending Balance
		Operations	Capital		
July 1, 2007 (FY08)	\$13,441,565	(\$3,577,630)	(\$2,235,000)	9,692,548	\$17,321,483
July 1, 2008 (FY09)	\$17,321,483	(\$6,390,369)	(\$4,500,000)	1,501,616	\$7,932,730
July 1, 2009 (FY10)	\$7,932,730	(\$1,930,000)	\$0	2,408,587	\$8,411,317
July 1, 2010 (FY11)	\$8,411,317	(\$1,080,758)	\$0	3,416,013	\$10,746,572
July 1, 2011 (FY12)	\$10,746,572	(\$1,195,000)	(\$2,000,000)	4,768,613	\$12,320,185
July 1, 2012 (FY13)	\$12,320,185	(\$687,330)	\$0	5,639,538	\$17,272,393
July 1, 2013 (FY14)	\$17,272,393	(\$3,579,836)	(\$7,000,000)	4,403,107	\$11,095,664
July 1, 2014 (FY15)	\$11,095,664	(\$3,585,000)	(\$591,993)	\$6,451,368	\$13,370,039
July 1, 2015 (FY16)	\$13,370,039	(\$4,104,926)	(\$1,037,689)	\$5,721,779	\$13,949,203
July 1, 2016 (FY17)	\$13,949,203	(\$2,726,877)	(\$4,000,000)	\$5,908,772	\$13,131,098
Totals		(28,857,726)	(21,364,682)	49,911,941	

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 improvements 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 improvements plan with or without amendment, provided that each amendment must be voted separately and that any increase in the capital improvements 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 influence 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 to 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 Supportive 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 independent public accounting firm will perform an annual audit 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, 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 that can be automated and/or centralized 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; and excess General Fund revenue over budget estimates 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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