

All Appropriated Funds Budget Summary

– All Funds Requiring Annual Appropriation

Fund	Actual FY 2018	Budget FY 2019	Budget FY 2020	Change FY19 - 20	Percent Change
General Fund	\$162,797,465	\$172,264,895	\$177,419,317	\$5,154,422	2.99%
Solid Waste Enterprise	3,270,726	3,619,089	3,419,883	(199,206)	-5.50%
Water Supply Enterprise	6,352,116	6,353,929	6,955,015	601,086	9.46%
Water Pollution Control Enterprise	4,820,611	4,744,584	4,816,380	71,796	1.51%
Marina Enterprise	809,604	792,096	832,780	40,684	5.14%
Sandy Neck Enterprise	989,402	1,240,989	1,147,959	(93,030)	-7.50%
PEG Enterprise	608,590	871,059	877,860	6,801	0.78%
HYCC Enterprise	3,277,356	3,298,434	3,400,131	101,697	3.08%
Golf Enterprise	3,383,564	3,679,238	3,876,414	197,176	5.36%
Airport Enterprise	6,897,120	6,134,859	8,041,243	1,906,384	31.07%
Total All Budgeted Funds	\$193,206,554	\$202,999,172	\$210,786,982	\$7,787,810	3.84%
All Funds Net Of Transfers	\$180,781,629	\$191,259,753	\$198,366,137	\$7,106,384	3.72%

Full-time Equivalent Employees	1,309.55	1,320.20	1,324.95	4.75
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The Town of Barnstable's total FY20 proposed operating budget for all appropriated funds is \$210,786,982. This is an increase over the FY19 budget of \$7,787,810 or 3.8%. In addition to the General Fund, this figure includes the Town's nine Enterprise Fund operations. Both General Fund and Enterprise 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 FY20 budget increase of \$7,106,384 or 3.7%. The budget increase includes a net increase of 4.75 new full-time equivalent (FTE) positions.

The General Fund accounts for revenues and expenditures necessary to provide general government 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 fund receives all property tax revenue except for property tax surcharges for the Community Preservation Act. User fees primarily support the Enterprise Funds. Residents that access Enterprise Fund services pay a fee to support that operation. The fees charged by the Enterprise Fund operations are set at levels that should allow them to cover all operational and capital costs unless a General Fund subsidy is provided.

The **General Fund** budget is increasing \$5.1 million in FY20 or 3%. This includes transfers and the prior year deficit for snow removal costs. Municipal operations are increasing \$1,878,640, all education expenditures are increasing \$4,542,500, and fixed costs are decreasing \$1,266,718. Major factors contributing to the increase in the overall budget are contractual labor obligations, an increase of 3.30 full-time equivalents, an increase in pension assessment, and an increase in regional school district assessment for the Vocational Technical High School construction project.

The **Solid Waste Enterprise Fund** budget is decreasing in FY20 mainly due to a decrease in debt service costs from the landfill capping bond issue expiring.

The **Water Enterprise Fund** budget is increasing in FY20 mainly due to increased costs in debt service and the operating contract with Suez.

The **Water Pollution Control Enterprise Fund** budget is increasing in FY20 mainly due to a one-time capital outlay costs to purchase a new lab van.

The **Marina Enterprise Fund** budget is increasing in FY20 mainly due to a one-time capital outlay cost for a new vehicle purchase and minimum wage impact.

The **Sandy Neck Enterprise Fund** budget is decreasing in FY20 mainly due to one-time capital outlay costs not being repeated as well as reimbursement to the General Fund in FY19 for sand nourishment not being repeated. These reductions have mitigated cost increases.

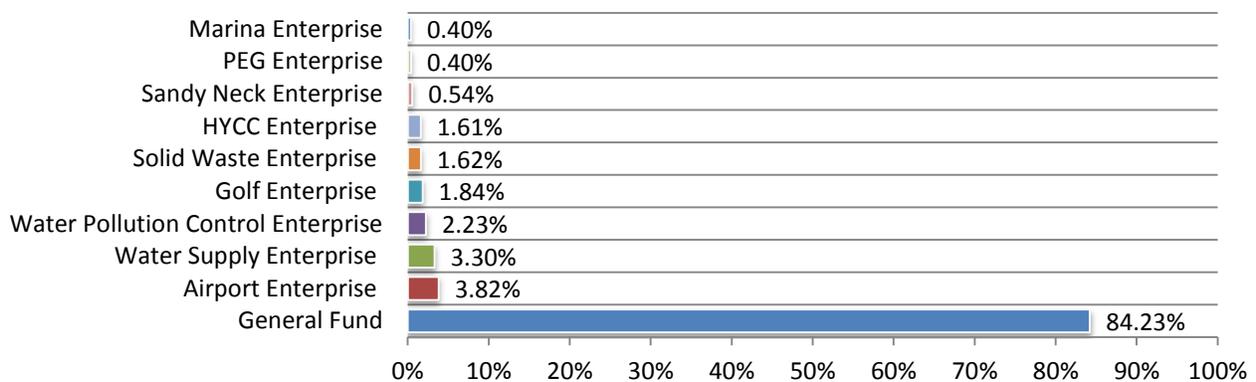
The **PEG Enterprise Fund** is increasing in FY20 mainly due to funds to support a temporary position, but this is being mitigated by a reduction in one-time capital outlay cost for broadcast equipment.

The **HYCC Enterprise Fund** budget is increasing in FY20. This operating budget is increasing mostly because requests for a one full-time Facility Supervisor, after school program funding, and mandatory minimum wage impact.

The **Golf Course Enterprise Fund** budget is increasing in FY20. The fund will reimburse the General Fund for a one-time charge provided by a supplemental appropriation in FY19 to repair the HVAC system at Hyannis Golf Course. Other notable cost includes the mandatory minimum wage impact, as this is a seasonal operation.

The **Airport Enterprise Fund** budget is increasing in FY20. Increases in jet fuel purchases for resale, on-call services, police security are contributing factors. There is also a provision for depreciation, which has the largest contribution to the increase.

Distribution of All Appropriated Funds



The General Fund comprises 84% of all spending for the funds requiring annual appropriation. The Airport is the largest Enterprise Fund and comprises 3.82% of all spending.

Position Summary for All Appropriated Funds

DEPARTMENT	FY11 FTE's	FY12 FTE's	FY13 FTE's	FY14 FTE's	FY15 FTE's	FY16 FTE's	FY17 FTE's	FY18 FTE's	FY19 FTE's	FY20 FTE's	Chg
Town Council	2.00	2.00	2.00	2.00	2.00	1.40	1.40	1.40	1.40	1.40	-
Town Manager	4.50	4.50	4.50	4.50	4.50	4.50	6.50	5.50	5.50	5.50	-
Administrative Services	60.30	60.30	60.30	60.50	60.60	60.60	58.30	57.55	56.55	56.30	(0.25)
Finance	36.75	36.75	36.75	36.75	37.85	37.85	35.50	35.75	34.75	34.50	(0.25)
Legal	4.55	4.55	4.55	4.75	4.75	4.75	4.80	4.80	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	11.00	11.00	11.00	11.00	10.00	10.00	10.00	9.00	9.00	9.00	-
Marine & Environmental Affairs	14.35	13.80	13.85	14.65	15.90	15.85	16.65	17.30	17.00	17.00	-
Natural Resources	6.70	6.85	6.85	6.85	6.97	6.85	7.55	8.20	8.00	8.00	-
Harbormaster	3.50	2.80	2.80	3.60	3.73	3.60	3.70	3.60	3.85	3.85	-
Marina Enterprise Fund	1.45	1.45	1.45	1.45	1.45	1.65	1.65	1.65	1.30	1.30	-
Sandy Neck Enterprise Fund	2.70	2.70	2.75	2.75	3.75	3.75	3.75	3.85	3.85	3.85	-
Community Services	46.90	43.40	43.30	43.25	43.98	45.43	49.65	54.60	55.60	56.60	1.00
Recreation	7.35	8.30	7.70	7.70	7.40	7.40	8.40	7.60	7.60	7.25	(0.35)
Communications	-	-	-	-	-	-	-	3.45	3.35	3.25	(0.10)
Senior Services	15.85	6.35	6.35	6.30	6.33	6.53	9.75	9.70	10.70	10.70	-
Golf Enterprise Fund	10.20	15.85	15.75	15.75	15.75	17.00	17.00	17.10	17.10	17.10	-
HYCC Enterprise Fund	9.50	8.90	9.50	9.50	10.50	10.50	10.50	12.50	12.60	13.95	1.35
PEG Enterprise Fund	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.25	4.25	4.35	0.10
Planning & Development	18.10	17.45	17.80	18.80	17.30	17.30	17.15	16.50	19.00	19.00	-
Administration	2.50	2.50	2.50	3.00	2.50	2.50	2.50	2.50	4.00	4.00	-
Comprehensive Planning	2.00	1.50	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	-
Community Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
Regulatory Review	3.35	3.00	3.50	3.50	3.50	3.50	3.75	4.00	4.50	4.50	-
Economic Development	1.65	1.65	1.65	2.65	2.65	2.65	2.50	2.00	3.00	3.00	-
Parking Program	1.75	1.95	2.30	2.30	2.65	2.65	2.65	2.00	1.50	1.50	-
Conservation	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	-

FISCAL YEAR 2020 BUDGET

FINANCIAL SUMMARIES

DEPARTMENT	FY11 FTE's	FY12 FTE's	FY13 FTE's	FY14 FTE's	FY15 FTE's	FY16 FTE's	FY17 FTE's	FY18 FTE's	FY19 FTE's	FY20 FTE's	Chg
Police	126.26	124.30	125.80	131.80	130.80	132.80	132.75	141.80	144.80	145.80	1.00
Administrative & Investigative Services	34.00	33.50	35.00	35.00	35.00	35.00	34.00	34.00	36.00	36.00	-
Field Services	92.26	90.80	90.80	96.80	95.80	97.80	98.80	107.80	108.80	109.80	1.00
Public Works	115.50	115.75	116.35	116.33	116.33	118.33	121.25	120.95	119.95	122.95	3.00
Administration & Tech Support	15.50	15.50	12.95	12.93	12.93	12.93	12.00	11.50	11.50	11.50	-
Highway	35.50	35.50	35.50	35.50	35.50	35.50	37.50	37.70	37.70	37.70	-
Structures & Grounds	33.80	33.80	34.10	34.10	34.10	35.10	36.50	36.50	35.50	38.50	3.00
Solid Waste Enterprise Fund	15.10	15.10	15.75	15.75	15.75	16.75	16.95	16.95	16.95	16.95	-
Water Pollution Control Enterprise Fund	14.10	14.10	15.15	15.15	15.15	15.15	15.35	15.35	15.35	15.35	-
Water Supply Enterprise Fund	1.50	1.75	2.90	2.90	2.90	2.90	2.95	2.95	2.95	2.95	-
Inspectional Services	23.30	23.90	24.40	24.88	24.88	24.40	24.65	26.65	26.75	26.75	-
Building Services	12.15	12.50	12.50	12.50	12.50	12.00	11.50	13.50	13.50	13.50	-
Health Services	11.15	11.40	11.90	12.38	12.38	12.40	13.15	13.15	13.25	13.25	-
Licensing Department	2.20	2.55	2.90	2.90	2.45	2.45	2.30	2.60	1.75	1.75	-
Airport Enterprise Fund	24.60	24.60	25.30	25.50	25.50	25.00	23.00	23.00	23.00	23.00	-
SUBTOTAL GENERAL FUND	354.86	344.10	343.95	352.36	349.49	351.35	358.45	370.25	373.95	377.25	3.30
SUBTOTAL ENTERPRISE FUNDS	83.15	88.45	92.55	92.75	94.75	96.70	95.15	97.60	97.35	98.80	1.45
TOTAL MUNICIPAL OPERATIONS	438.01	432.55	436.50	445.11	444.24	448.05	453.60	467.85	471.30	476.05	4.75
Schools	812.58	813.03	815.53	809.23	830.35	834.15	840.40	841.70	848.90	848.90	-
Administration (restated for school consolidation)	6.00	6.00	6.00	6.00	7.00	6.80	6.80	6.80	6.30	5.80	(0.50)
Instructional Services	686.20	686.03	638.90	634.60	654.72	680.90	686.45	687.75	695.45	693.95	(1.50)
Health Services	16.50	14.90	14.93	13.93	13.93	16.20	16.20	16.20	16.20	16.20	-
Transportation	21.00	21.00	24.00	24.00	24.00	20.50	20.50	20.50	20.50	20.50	-
Food Services	13.38	15.00	13.00	13.00	13.00	1.00	1.00	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	7.60	7.60	48.46	46.46	46.46	40.90	41.40	41.40	41.40	43.40	2.00
Maintenance of Plant	51.90	52.50	59.24	59.24	59.24	53.45	53.65	53.65	53.65	53.65	-
Network & Technology	7.00	7.00	8.00	9.00	9.00	11.40	11.40	11.40	11.40	11.40	-
TOTAL ALL DEPARTMENTS	1,250.59	1,245.58	1,252.03	1,254.34	1,274.59	1,282.20	1,294.00	1,309.55	1,320.20	1,324.95	4.75

Total full-time equivalents are increasing by 4.75 positions, 1.45 in the Enterprise Funds, and 3.30 for the General Fund.

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Consolidated Resource/Appropriation Summary

	General Fund FY 2020 Budget	Solid Waste Fund FY 2020 Budget	Sewer Fund FY 2020 Budget	Water Supply Fund FY 2020 Budget	Marina Fund FY 2020 Budget	Sandy Neck Fund FY 2020 Budget	Airport Fund FY 2020 Budget
RESOURCES:							
Property Taxes	\$ 128,255,506	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	9,679,456	-	-	-	-	-	-
Intergovernmental	18,688,792	-	-	-	-	-	2,460,250
Fines & Penalties	1,605,000	-	30,000	41,522	-	-	-
Fees, Licenses, Permits	3,431,600	-	3,000	99,832	682,000	746,500	1,710,018
Charges for Services	2,164,000	3,058,500	4,621,380	5,840,540	13,500	252,055	5,940,222
Interest and Other	1,742,500	71,000	162,000	583,121	12,200	110,000	391,003
Interfund Transfers	10,409,563	-	-	-	85,631	-	-
Borrowing Authorizations	-	-	6,684,000	1,050,000	-	-	1,000,000
TOTAL RESOURCES	\$ 175,976,417	\$ 3,129,500	\$ 11,500,380	\$ 7,615,015	\$ 793,331	\$ 1,108,555	\$ 11,501,493
OPERATING EXPENDITURES:							
Town Council	\$ 268,987	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town Manager	709,451	-	-	-	-	-	-
Administrative Services	6,322,843	-	-	-	-	-	-
Planning & Development	2,130,304	-	-	-	-	-	-
Police	15,342,667	-	-	-	-	-	-
Licensing Department	165,398	-	-	-	-	-	-
Inspectional Services	2,140,557	-	-	-	-	-	-
Public Works	10,189,353	2,958,895	3,167,444	4,369,731	-	-	-
Marine & Environmental Affairs	1,238,947	-	-	-	409,434	947,442	-
Community Services	2,569,427	-	-	-	-	-	-
Education	83,482,640	-	-	-	-	-	-
Airport Operations	-	-	-	-	-	-	7,040,847
Subtotal Operations	\$ 124,560,574	\$ 2,958,895	\$ 3,167,444	\$ 4,369,731	\$ 409,434	\$ 947,442	\$ 7,040,847
OTHER REQUIREMENTS:							
Debt Service	\$ 7,152,492	\$ 65,305	\$ 1,145,487	\$ 2,396,974	\$ 355,504	\$ 92,581	\$ 229,858
Employee Benefits	26,714,165	275,490	279,498	81,636	24,566	56,791	391,210
Property, Casualty & Liability Ins.	1,860,000	23,154	51,826	18,594	8,784	7,562	165,309
State, County & Local Assessments	2,620,267	-	-	-	-	-	-
Library & Tourism Grants	2,115,460	-	-	-	-	-	-
Other Fixed Costs	922,000	-	-	-	-	-	-
Reserve For Abatements & Exemptions	1,000,000	-	-	-	-	-	-
Capital Program	-	240,000	7,284,000	1,545,000	-	60,000	3,860,000
Subtotal Other Requirements	\$ 42,384,384	\$ 603,949	\$ 8,760,811	\$ 4,042,204	\$ 388,854	\$ 216,934	\$ 4,646,377
Interfund Transfers	\$ 11,474,359	\$ 97,039	\$ 172,125	\$ 88,080	\$ 34,492	\$ 43,583	\$ 214,019
Grand Total Expenditures	\$ 178,419,317	\$ 3,659,883	\$ 12,100,380	\$ 8,500,015	\$ 832,780	\$ 1,207,959	\$ 11,901,243
Excess (Deficiency) Cash Basis	\$ (2,442,900)	\$ (530,383)	\$ (600,000)	\$ (885,000)	\$ (39,449)	\$ (99,404)	\$ (399,750)
Beginning Fund Balance - accrual basis	21,276,030	(1,606,452)	28,731,336	16,932,613	3,692,202	(1,228,001)	71,617,711
Ending Fund Balance - accrual basis	\$ 18,833,131	\$ (2,136,835)	\$ 28,131,336	\$ 16,047,613	\$ 3,652,753	\$ (1,327,405)	\$ 71,217,961

Consolidated Resource/Appropriation Summary

	Golf Fund FY 2020 Budget	HYCC Fund FY 2020 Budget	PEG Fund FY 2020 Budget	Capital Projects Fund	Total FY 2020 Budget	Total FY 2019 Budget	Change FY19 - 20	Percent Change
RESOURCES:								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 128,255,506	\$ 122,755,924	\$ 5,499,582	4.48%
Other Taxes	-	-	-	-	9,679,456	9,188,259	491,197	5.35%
Intergovernmental	-	-	-	-	21,149,042	20,673,658	475,384	2.30%
Fines & Penalties	-	-	-	-	1,676,522	1,604,000	72,522	4.52%
Fees, Licenses, Permits	-	425,000	813,000	-	7,910,950	6,807,075	1,103,875	16.22%
Charges for Services	3,478,200	566,102	-	-	25,934,499	24,140,868	1,793,631	7.43%
Interest and Other	15,000	137,000	25,000	-	3,248,824	2,533,264	715,560	28.25%
Interfund Transfers	265,199	2,139,189	-	8,664,000	21,563,582	17,387,838	4,175,744	24.02%
Borrowing Authorizations	414,000	-	-	12,303,000	21,451,000	10,570,740	10,880,260	102.93%
TOTAL RESOURCES	\$ 4,172,399	\$ 3,267,291	\$ 838,000	\$ 20,967,000	\$ 240,869,381	\$ 215,661,626	\$ 25,207,755	11.69%
OPERATING EXPENDITURES:								
Town Council	\$ -	\$ -	\$ -	\$ -	\$ 268,987	\$ 275,682	\$ (6,695)	-2.43%
Town Manager	-	-	-	-	709,451	671,810	37,641	5.60%
Administrative Services	-	-	-	-	6,322,843	6,008,108	314,735	5.24%
Planning & Development	-	-	-	-	2,130,304	1,967,993	162,311	8.25%
Police	-	-	-	-	15,342,667	14,706,538	636,129	4.33%
Licensing Department	-	-	-	-	165,398	155,716	9,682	6.22%
Inspectional Services	-	-	-	-	2,140,557	2,076,999	63,558	3.06%
Public Works	-	-	-	-	20,685,423	19,826,233	859,190	4.33%
Marine & Environmental Affairs	-	-	-	-	2,595,823	2,470,709	125,114	5.06%
Community Services	2,854,867	1,978,510	793,615	-	8,196,419	7,900,228	296,191	3.75%
Education	-	-	-	-	83,482,640	78,940,140	4,542,500	5.75%
Airport Operations	-	-	-	-	7,040,847	5,214,185	1,826,662	35.03%
Subtotal Operations	\$ 2,854,867	\$ 1,978,510	\$ 793,615	\$ -	\$ 149,081,359	\$ 140,214,341	\$ 8,867,018	6.32%
OTHER REQUIREMENTS:								
Debt Service	\$ 493,348	\$ 1,089,550	\$ -	\$ -	\$ 13,021,099	\$ 15,829,462	\$ (2,808,363)	-17.74%
Employee Benefits	289,029	160,214	61,049	-	28,333,648	26,746,883	1,586,765	5.93%
Property, Casualty & Liability Ins.	20,108	93,771	1,849	-	2,250,957	2,213,120	37,837	1.71%
State, County & Local Assessments	-	-	-	-	2,620,267	2,630,071	(9,804)	-0.37%
Library & Tourism Grants	-	-	-	-	2,115,460	2,009,000	106,460	5.30%
Other Fixed Costs	-	-	-	-	922,000	1,593,720	(671,720)	-42.15%
Reserve For Abatements & Exemptions	-	-	-	-	1,000,000	1,169,281	(169,281)	-14.48%
Capital Program	446,000	-	-	20,967,000	34,402,000	18,428,056	15,973,944	86.68%
Subtotal Other Requirements	\$ 1,248,485	\$ 1,343,535	\$ 62,898	\$ 20,967,000	\$ 84,665,431	\$ 70,619,593	\$ 14,045,838	19.89%
Interfund Transfers	\$ 219,062	\$ 78,086	\$ 21,347	\$ -	\$ 12,442,192	\$ 11,762,575	\$ 679,617	5.78%
Grand Total Expenditures	\$ 4,322,414	\$ 3,400,131	\$ 877,860	\$ 20,967,000	\$ 246,188,982	\$ 222,596,509	\$ 23,592,473	10.60%
Excess (Deficiency) Cash Basis	\$ (150,015)	\$ (132,840)	\$ (39,860)	\$ -	\$ (5,319,601)	\$ (6,934,883)	\$ 1,615,282	-23.29%
Beginning Fund Balance - accrual basis	4,498,139	7,363,826	3,310,902		154,588,305	152,708,098	1,880,207	
Ending Fund Balance - accrual basis	\$ 4,348,123	\$ 7,230,986	\$ 3,271,042		\$ 149,268,704	\$ 145,773,215	\$ 3,495,489	

The total increase in the consolidated operations budgets including other requirements is \$6,938,912. The total increase in the capital program budget is \$15,973,944. To cover the increases in the operating and capital budgets, borrowing authorizations are increasing \$10.9 million, property taxes \$5.9 million, transfers from reserves of \$4.2 million and other resources increasing \$4.2 million.

Change in Fund Balance – All Appropriated Funds

	Beginning Fund Balance	FY 2020		Ending Fund Balance	Excess/ (Deficiency)	Percentage Change
		Resources	Expenditures			
General Fund	\$12,643,236	\$174,976,417	\$177,419,317	\$10,200,336	(\$2,442,900)	-19.32%
Solid Waste Enterprise Fund	1,881,943	3,129,500	3,659,883	1,351,560	(530,383)	-28.18%
Water Pollution Control Enterprise Fund	9,230,479	11,500,380	12,100,380	8,630,479	(600,000)	-6.50%
Water Supply Enterprise Fund	2,157,029	7,615,015	8,500,015	1,272,029	(885,000)	-41.03%
Marina Enterprise Fund	851,171	793,331	832,780	811,722	(39,449)	-4.63%
Sandy Neck Enterprise Fund	895,176	1,108,555	1,207,959	795,772	(99,404)	-11.10%
Golf Enterprise Fund	684,755	4,172,399	4,322,414	534,740	(150,015)	-21.91%
HYCC Enterprise Fund	634,810	3,267,291	3,400,131	501,970	(132,840)	-20.93%
PEG Enterprise Fund	2,328,719	838,000	877,860	2,288,859	(39,860)	-1.71%
Airport Enterprise Fund	3,525,181	11,501,493	11,901,243	3,125,431	(399,750)	-11.34%
Totals	\$34,832,499	\$218,902,381	\$224,221,982	\$29,512,898	(\$5,319,601)	-15.27%

Fund balance in the table above represents the “free cash” portion of fund balance available for appropriation as certified by the MA Department of Revenue, Division of Local Services. A total of \$2.4 million of General Fund reserves will be used to fund the FY20 operating budget. This will leave a reserve of \$10.2 million, which represents about 6% of General Fund expenditures. The reserve will be used to fund the FY19 snow removal deficit of \$500,000, \$310,000 for employee benefits, \$300,000 for unemployment insurance, \$250,000 for the Town Council reserve fund, \$482,900 for the Municipal Operations budget and \$600,000 for the School Department operating budget.

The **Solid Waste Enterprise Fund** will use \$530,383 of its reserves to balance its FY20 operating and capital budgets. The FY20 operating budget will use \$290,383 for fee mitigation to keep the transfer station sticker price level with FY19’s rate and \$240,000 will be used to purchase various compact units, trailers, and vehicles. The cost for the disposal of recycling material is provided for from reserves. Either the town will have to begin charging users who drop off recycled material or this will have to become a General Fund subsidy in the near future, if revenue generated from recycled material does not materialize. The remaining reserve balance represents 40% of the FY20 operating budget; or 10% below the target balance of 50%.

The **Water Pollution Control Enterprise Fund** will use \$600,000 of reserves for the FY20 capital budgets for an effluent flow meter evaluation, design, and construction. The remaining reserve balance is 180% of the FY20 operating budget.

The **Water Enterprise Fund** will use \$885,000 of reserves to balance its FY20 operating and capital budgets. \$390,000 will be used to balance the operating budget and \$495,000 is used for the capital program for various valve, pumps, and station repairs and replacements. The remaining balance of \$1,272,029 represents 18% of the FY20 operating budget. Rate increases in the neighborhood of 8% to 10% are expected in the future to provide the necessary resources to run this operation and restore the reserve balance to 25% of the annual operating budget.

Marina Enterprise Funds will use \$39,449 of reserves to balance the operating budget, which includes \$30,000 for a new vehicle purchase. The remaining balance in the reserve represents approximately 100% of the operating budget.

The **Sandy Neck Enterprise Fund** will use \$99,404 of reserves to balance the fiscal year 2020 operating and capital budgets. It will use \$60,000 for the design of the gatehouse and ORV trail relocation and \$39,000 for capital outlay included in the operating budget. The remaining balance in the reserves represents 69% of the annual operating budget.

The **Golf Course Enterprise Fund** will use \$150,015 of reserves to balance the fiscal year 2020 operating budget. The golf course will reimburse the General Fund a one-time charge of \$45,000 for a supplemental appropriation during fiscal year 2019 to repair a HVAC system at the Hyannis Golf Course and \$105,000 for operating expenses. The remaining balance in the reserves represents 14% of the annual operating budget; well below a target level of 50%. Fee increases are projected in the future in order to restore the reserves and to cover on-going operational costs.

The **Hyannis Youth & Community Center Enterprise Fund** will use \$132,840 of reserves to balance the fiscal year 2020 operating budget. The remaining balance in the reserves represents 15% of the annual operating budget. General Fund subsidies will continue to be provided for this enterprise operation in the future, as its revenue structure does not allow it to be self-supporting.

The **Public, Guidance, Government Access Channel Enterprise Fund** will use \$39,860 of reserves to balance the fiscal year 2020 operating budget. The remaining reserve balance represents 260% of the annual operating budget.

The **Airport Enterprise Fund** will use \$399,750 of reserves for the FY20 capital budgets. The remaining reserve balance represents 39% of the annual operating budget. The target level is 50% and a new ground lease entered into will allow the airport to add to the reserve beginning in FY20.

The State's Division of Local Services certifies the amount of surplus a community has at the beginning of each fiscal year. These certified amounts can be used to balance operating and capital budgets, if a community chooses to do so. A seven-year summary of the certified amounts for the General Fund and each Enterprise Fund is illustrated below.

	July 1, 2012	July 1, 2013	July 1, 2014	July 1, 2015	July 1, 2016	July 1, 2017	July 1, 2018
General Fund	\$ 17,272,393	\$ 11,095,664	\$ 13,370,039	\$ 13,949,203	\$ 13,131,098	\$ 16,197,155	\$ 12,643,236
Solid Waste Enterprise Fund	3,854,114	3,428,957	4,010,757	3,489,420	2,409,841	2,179,508	1,881,943
Water Pollution Enterprise Fund	6,997,924	12,070,153	14,838,692	7,611,524	8,661,669	8,797,951	9,230,479
Water Supply Enterprise Fund	1,944,267	2,347,933	1,827,720	3,336,150	3,257,325	1,249,454	2,157,029
Marinas Enterprise Fund	422,111	570,096	714,427	661,356	774,588	809,462	851,171
Sandy Neck Enterprise Fund	645,858	611,448	569,512	478,853	714,332	943,846	895,176
Golf Enterprise Fund	414,712	387,901	500,742	638,274	733,441	723,798	684,755
HYCC Enterprise Fund	141,734	222,277	313,535	318,809	502,380	496,529	634,810
PEG Enterprise Fund*	2,735,428	1,463,397	1,572,908	1,704,942	1,937,915	2,149,696	2,328,719
Airport Enterprise Fund	3,211,359	2,996,203	2,563,977	977,186	2,793,657	2,386,672	3,525,181
Total	\$ 37,639,900	\$ 35,194,029	\$ 40,282,309	\$ 33,165,717	\$ 34,916,246	\$ 35,934,071	\$ 34,832,499
Comp. Water Management & Private Way Improvements Fund	\$ 7,751,788	\$ 10,044,371	\$ 12,240,570	\$ 14,000,808	\$ 15,394,673		

*FY18 was the first year of operations for the PEG enterprise fund so it did not have its surplus certified on July 1, 2017. This represents the fund balance brought forward from the special revenue fund where it was previously accounted for.

As illustrated in the table above, total reserves for the General Fund and Enterprise Funds have ranged from \$33 to \$40 million. The town has generated nearly as much reserves as it has used over this period of time. In addition to the General Fund and Enterprise Funds, the Town has a reserve for Comprehensive Water Management & Private Way Improvements Fund. At the close of fiscal year 2018, this fund had a balance of \$15,394,673. This special revenue fund is not part of the annual budget process. It is funded from a local meals tax and rooms tax.

Municipal Budget and Funding Source Summary

Source of Funding	Actual FY 2018	Approved FY 2019	Projected FY 2019	Proposed FY 2020	Change FY19 - 20	Percent Change
Taxes	\$ 25,733,538	\$ 29,686,078	\$ 27,323,001	\$ 30,372,129	\$ 686,051	2.31%
Intergovernmental	329,672	304,288	503,308	323,505	19,217	6.32%
Fines, Forfeitures, Penalties	1,686,196	1,500,000	1,729,375	1,605,000	105,000	7.00%
Fees, Licenses, Permits	3,668,961	3,121,100	3,466,347	3,206,600	85,500	2.74%
Charges for Services	2,115,316	1,977,582	2,165,302	2,164,000	186,418	9.43%
Interest and Other	1,108,047	943,500	1,431,682	1,222,500	279,000	29.57%
Special Revenue Funds	619,670	619,670	619,670	778,470	158,800	25.63%
Enterprise Funds	933,700	899,009	899,009	922,831	23,822	2.65%
Reserves	1,456,214	148,067	500,000	482,900	334,833	226.14%
Total Sources	\$ 37,651,314	\$ 39,199,294	\$ 38,637,694	\$ 41,077,934	\$ 1,878,640	4.79%

Municipal Department	Actual FY 2018	Approved FY 2019	Projected FY 2019	Proposed FY 2020	Change FY19 - 20	Percent Change
Police	\$ 13,693,228	\$ 14,706,538	\$ 14,677,026	\$ 15,342,667	\$ 636,129	4.33%
Public Works	10,022,756	9,691,760	9,574,657	10,189,353	497,593	5.13%
Administrative Services	5,718,846	6,008,108	5,871,012	6,322,843	314,735	5.24%
Marine & Environmental Affairs	1,064,663	1,121,341	1,106,025	1,238,947	117,606	10.49%
Community Services	2,414,316	2,523,347	2,477,475	2,569,427	46,080	1.83%
Licensing Department	194,059	155,716	161,135	165,398	9,682	6.22%
Inspectional Services	1,934,819	2,076,999	1,974,400	2,140,557	63,558	3.06%
Planning & Development	1,695,205	1,967,993	1,851,090	2,130,304	162,311	8.25%
Town Manager	654,960	671,810	670,374	709,451	37,641	5.60%
Town Council	258,462	275,682	274,500	268,987	(6,695)	-2.43%
Total Appropriated Expenditures	\$ 37,651,314	\$ 39,199,294	\$ 38,637,694	\$ 41,077,934	\$ 1,878,640	4.79%

Employee Benefits Allocation:	
Life Insurance	\$ 2,336
Medicare	373,518
Health Insurance	1,877,285
County Retirement	5,967,929
Total Employee Benefits (1)	\$ 8,221,067
Total Expenditures Including Benefits	\$ 45,872,381

\$ 2,331
393,977
1,776,359
6,243,566
\$ 8,416,233
\$ 47,053,927

Full-time Equivalent Employees	370.25	373.95	377.25	3.30
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The largest budget increase in terms of dollars within the municipal operations is in the Police Department followed by Public Works. This is mostly due to their large workforces that are subject to contractual obligations. Marine & Environmental Affairs has the largest percentage increase because of several requests put forth such as, mandatory minimum wage increases, increased seasonal enforcement hours, and one-time capital outlay costs for software, new vehicle purchases, and security cameras.

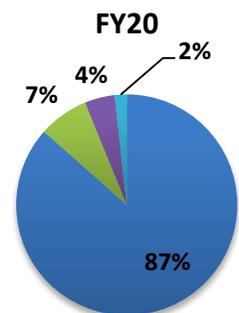
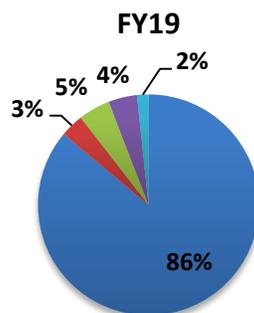
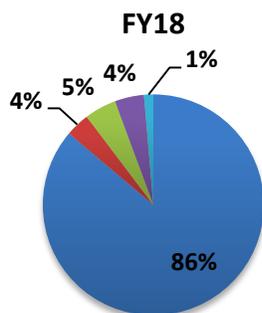
Property taxes used to fund these operations will increase \$686,051. Taxes provide 74% of the funding for this area of the General Fund budget. \$482,900 of reserves will be used to pay for \$162,500 of one-time costs included in the Administrative Services Department; \$9,600 in the Planning & Development Department; \$26,000 in the Marine & Environmental Affairs Department and \$285,000 in the Police Department.

Education Budget and Funding Source Summary

Source of Funding	Actual FY 2018	Approved FY 2019	Projected FY 2019	Proposed FY 2020	Change FY19 - 20	Percent Change
Taxes	\$ 61,828,909	\$ 64,093,821	\$ 63,705,102	\$ 67,615,317	\$ 3,521,496	5.49%
Intergovernmental	13,170,812	13,820,633	13,559,580	15,042,323	1,221,690	8.84%
Fees, Licenses, Permits	225,000	225,000	225,000	225,000	-	0.00%
Interest and Other	174,057	-	21,322	-	-	0.00%
School Savings Account	230,306	800,686	800,686	600,000	(200,686)	-25.06%
Total Sources	\$ 75,629,084	\$ 78,940,140	\$ 78,311,690	\$ 83,482,640	\$ 4,542,500	5.75%

Expenditure Category	Actual FY 2018	Approved FY 2019	Projected FY 2019	Proposed FY 2020	Change FY19 - 20	Percent Change
Local School System	\$ 65,179,424	\$ 67,966,138	\$ 67,556,060	\$ 72,234,000	\$ 4,267,862	6.28%
Horace Mann Charter School	2,654,517	2,670,862	2,670,862	-	(2,670,862)	-100.00%
Regional School District Assessment	3,535,665	3,682,234	3,682,234	6,119,570	2,437,336	66.19%
Commonwealth Charter School Assessment	3,236,687	3,288,841	3,246,468	3,664,363	375,522	11.42%
School Choice Assessment	1,022,791	1,332,065	1,156,066	1,464,707	132,642	9.96%
Total Appropriation	\$ 75,629,084	\$ 78,940,140	\$ 78,311,690	\$ 83,482,640	\$ 4,542,500	5.75%

Employee Benefits Allocation:			
Life Insurance	\$ 4,861		\$ 5,027
Medicare	704,845		773,465
Health Insurance	3,525,121		3,606,857
County Retirement	2,004,162		2,339,956
Total Employee Benefits (1)	\$ 6,238,989		\$ 6,725,304
Total Expenditures Including Benefits	\$ 81,868,073		\$ 85,036,994



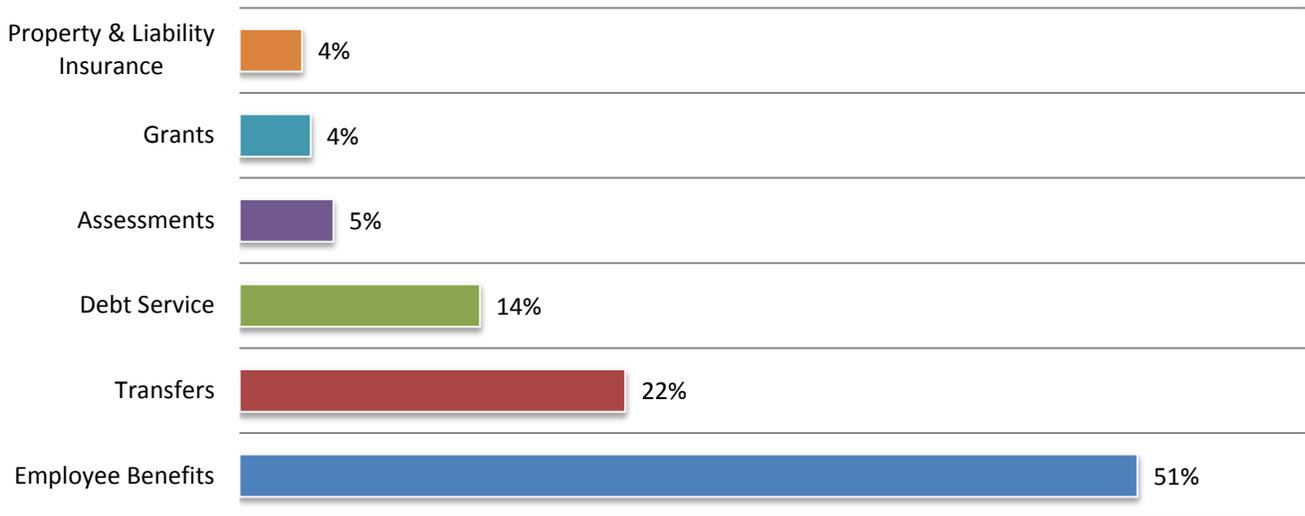
- Local School System
- Horace Mann Charter School
- Regional School District Assessment
- Commonwealth Charter School Assessment
- School Choice Assessment

The regional school assessment has grown from 5% of all expenditures on education to 7% due to the technical high school's construction project. The Horace Mann Charter School will be combined with the local school system in FY 2020 as the charter for the school was not renewed. 13% of all General Fund expenditures on education (\$11,248,640) are for Barnstable students attending schools outside of the local school district. This is an increase of 44% from the FY18 actual amount expended. Total growth in the local school system expenditures has grown 6% over the same time period. Tax support will increase \$3.5 million in FY20 to fund these expenditures. Taxes support 81% of the budget. Chapter 70 state aid will increase over \$1 million to support the increase in the operating budget. Reserves of \$600,000 will be used in FY20 to balance the budget.

Other Requirements and Funding Source Summary

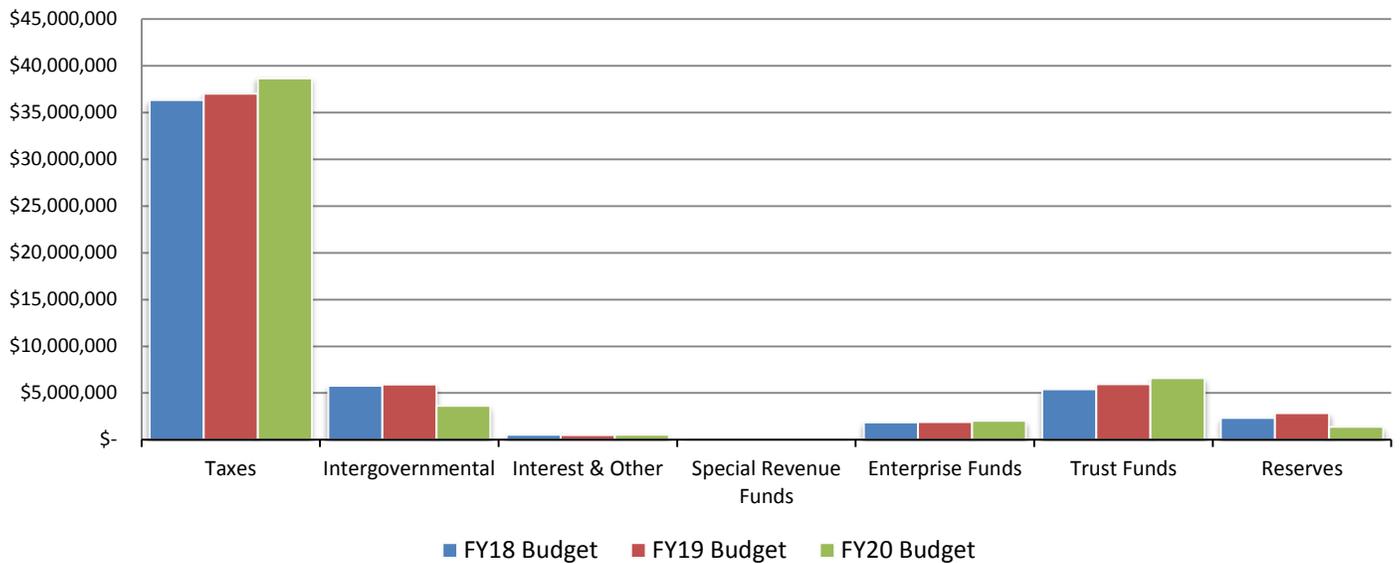
Other Requirements Source of Funding	Actual FY 2018	Approved FY 2019	Projected FY 2019	Proposed FY 2020	Change FY19 - 20	Percent Change
Taxes	\$ 39,950,941	\$ 36,995,002	\$ 34,604,539	\$ 38,641,737	\$ 1,646,735	4.45%
Intergovernmental	5,708,546	5,899,738	5,899,737	3,628,744	(2,270,994)	-38.49%
Interest and Other	827,618	490,000	601,664	520,000	30,000	6.12%
Special Revenue Funds	142,183	112,183	112,330	112,330	147	0.13%
Enterprise Funds	1,836,824	1,867,209	1,867,209	2,010,440	143,231	7.67%
Trust Funds	260,000	5,927,329	5,927,329	6,585,492	658,163	11.10%
Reserves	790,954	2,834,000	2,834,000	1,360,000	(1,474,000)	-52.01%
Total Sources	\$ 49,517,067	\$ 54,125,461	\$ 51,846,808	\$ 52,858,743	\$ (1,266,718)	-2.34%
Expenditure Category						
Employee Benefits						
Retirement Assessments	\$ 9,003,459	\$ 9,309,000	\$ 9,309,000	\$ 10,364,345	\$ 1,055,345	11.34%
OPEB Contribution	450,000	500,000	500,000	550,000	50,000	10.00%
Health Insurance for Active Employees	6,723,421	8,603,710	8,200,000	8,362,536	(241,174)	-2.80%
Retiree Health & Sick Benefits	4,628,678	4,125,070	4,100,000	4,646,884	521,814	12.65%
Workers' Compensation & Unemployment	1,495,995	1,600,000	1,191,912	1,600,000	-	0.00%
Medicare & Life Insurance	1,118,152	1,145,000	1,163,836	1,190,400	45,400	3.97%
Total	\$ 23,419,705	\$ 25,282,780	\$ 24,464,748	\$ 26,714,165	\$ 1,431,385	5.66%
Debt Service, Grants, Assessments & Other						
Debt Service	\$ 9,563,419	\$ 9,996,301	\$ 9,996,301	\$ 7,152,492	\$ (2,843,809)	-28.45%
Library Grants	1,827,210	1,882,000	1,882,000	1,938,460	56,460	3.00%
Tourism Grant	117,815	127,000	127,000	177,000	50,000	39.37%
Property & Liability Insurance	1,717,342	1,810,000	1,795,657	1,860,000	50,000	2.76%
Interest on Tax Refunds	8,382	-	-	-	-	0.00%
Celebrations	104,422	120,000	120,000	120,000	-	0.00%
Lombard Trust Rent	52,000	52,000	52,000	52,000	-	0.00%
Veterans' District Assessment & Benefit Payments	297,344	400,000	375,443	400,000	-	0.00%
Old Kings Highway	9,950	10,500	10,500	9,950	(550)	-5.24%
Greenhead Fly Control District	5,320	5,320	5,320	5,820	500	9.40%
County Tax & Cape Cod Commission Assessments	1,113,942	1,141,792	1,141,791	1,092,976	(48,816)	-4.28%
Mosquito Control	377,897	393,962	393,962	423,497	29,535	7.50%
Air Pollution Control Districts	21,224	21,684	21,684	21,758	74	0.34%
RMV Non-renewal Surcharge	55,540	55,540	55,540	56,929	1,389	2.50%
Cape Cod Regional Transit Authority	564,896	579,019	579,019	593,494	14,475	2.50%
Special Education Assessment	-	22,254	22,254	15,843	(6,411)	-28.81%
Snow & Ice Removal Deficit	-	1,171,720	-	500,000	(671,720)	-57.33%
Town Council Reserve Fund	-	250,000	-	250,000	-	0.00%
Total	\$ 15,836,703	\$ 18,039,092	\$ 16,578,471	\$ 14,670,219	\$ (3,368,873)	-18.68%
Subtotal Before Transfers	\$ 39,256,408	\$ 43,321,872	\$ 41,043,219	\$ 41,384,384	\$ (1,937,488)	-4.47%
Transfers						
Transfer to Capital Trust Fund	\$ 8,504,004	\$ 9,517,045	\$ 9,517,045	\$ 10,191,521	\$ 674,476	7.09%
Transfer to Capital Projects Funds	610,175	120,000	120,000	-	(120,000)	-100.00%
Transfers to Enterprise Funds	1,146,480	1,166,544	1,166,544	1,282,838	116,294	9.97%
Total	\$ 10,260,659	\$ 10,803,589	\$ 10,803,589	\$ 11,474,359	\$ 670,770	6.21%
Grand Total Other Requirements	\$ 49,517,067	\$ 54,125,461	\$ 51,846,808	\$ 52,858,743	\$ (1,266,718)	-2.34%

Other Requirements Budget



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

3 Year Comparison of Funding Sources for Fixed Costs



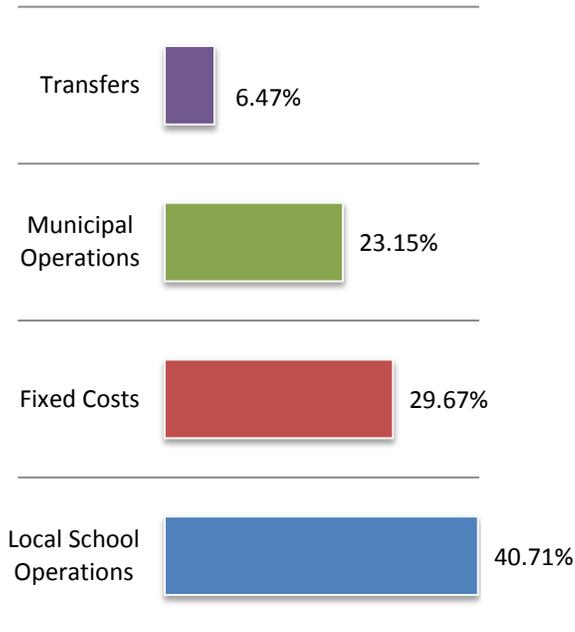
Taxes have provided most of the additional funding needed for the growth in spending in this area of the budget. The drop in intergovernmental aid from FY19 to FY20 is the result of Massachusetts School Building Authority (MSBA) reimbursements used to pay debt service on school buildings has expired along with the debt payments. Transfers from Trust Funds have increased correspondingly with debt payments on new capital projects funded with borrowings. Funding from reserves for this area of the budget will decline significantly in FY20 as the Town’s other General Fund sources have improved.

General Fund Budget Summary

Source of Funding	Actual FY 2018	Approved FY 2019	Projected FY 2019	Proposed FY 2020	Change FY19 - 20	Percent Change
Taxes	\$ 127,513,389	\$ 130,774,902	\$ 131,550,225	\$ 136,934,962	\$ 6,160,060	4.71%
Intergovernmental	19,209,030	20,024,659	19,962,625	18,688,792	(1,335,867)	-6.67%
Fines & Penalties	1,686,196	1,500,000	1,729,375	1,605,000	105,000	7.00%
Fees, Licenses, Permits	3,893,961	3,346,100	3,691,347	3,431,600	85,500	2.56%
Charges for Services	2,115,316	1,977,582	2,165,302	2,164,000	186,418	9.43%
Interest and Other	2,109,723	1,433,500	2,054,668	1,742,500	309,000	21.56%
Special Revenue Funds	761,853	731,853	732,000	890,800	158,947	21.72%
Enterprise Funds	2,770,524	2,766,218	2,766,218	2,933,271	167,053	6.04%
Trust Funds	260,000	5,927,329	5,927,329	6,585,492	658,163	11.10%
Total Sources	\$ 160,319,991	\$ 168,482,143	\$ 170,579,089	\$ 174,976,417	\$ 6,494,274	3.85%
Expenditure Category						
Municipal Operations	\$ 37,651,314	\$ 39,199,294	\$ 38,637,694	\$ 41,077,934	\$ 1,878,640	4.79%
Local School Operatons	67,833,941	70,637,000	70,226,922	72,234,000	1,597,000	2.26%
Fixed Costs Excluding Transfers	47,051,551	51,625,012	49,346,359	52,633,024	1,008,012	1.95%
Transfers	10,260,659	10,803,589	10,803,589	11,474,359	670,770	6.21%
Total Appropriation	\$ 162,797,465	\$ 172,264,895	\$ 169,014,564	\$ 177,419,317	\$ 5,154,422	2.99%
Excess (Deficiency)	\$ (2,477,474)	\$ (3,782,752)	\$ 1,564,525	\$ (2,442,900)	\$ 1,339,852	
Beginning Fund Balance	22,188,979	19,711,505	19,711,505	21,276,030		
Ending Fund Balance (cash basis)	\$ 19,711,505	\$ 15,928,753	\$ 21,276,030	\$ 18,833,131		
Full-time Equivalent Employees	1,211.95	1,222.85		1,226.15	3.30	

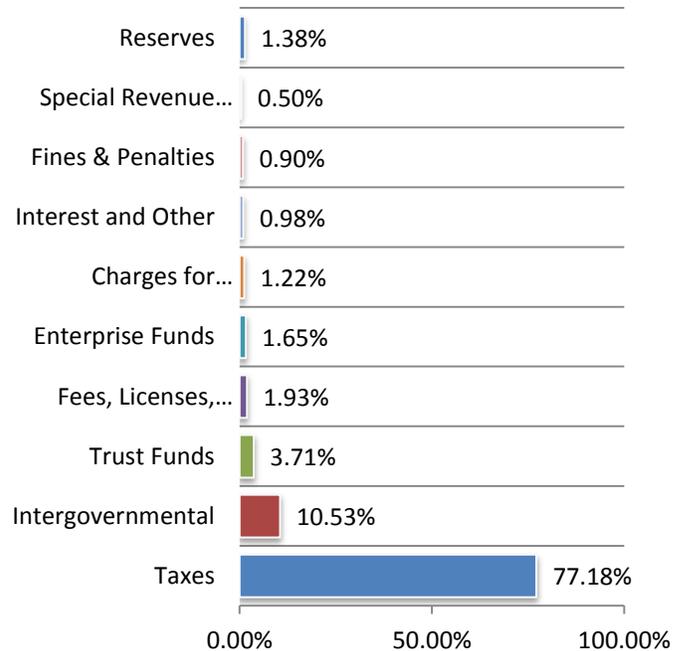
The total General Fund budget for FY20 is increasing \$5.2 million over the FY19 budget or 3%. Total resources used to balance the budget are increasing \$6.5 million, which results in a decrease of \$1.3 million in reserves used to balance the budget. Taxes provide 77% of the funding for the General Fund budget. This includes property taxes, motor vehicle excise and rooms excise tax. Most of the revenue growth in FY20 is in property taxes as a debt exclusion for the Cape Cod Regional Technical High School was added to the tax levy in FY20 for the first time. Intergovernmental aid is the second largest funding source and provides 11% of the total funding for the General Fund budget. This category of revenue is \$1.3 million less in FY20 as state funding for local school construction projects is expiring. All other sources, including reserves, comprise 12% of the total funding sources used to balance the budget.

Distribution of General Fund Expenditures By Major Area



The local school system is the largest cost area for the General Fund accounting for 41% of all expenditures. Other Requirements (fixed costs) are the second largest area at 30%. 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 78% of the funding for all of the General Fund operations. Intergovernmental revenue provides 11% of the funding. Reserves provide less than 2%.

School Operation Changes:

SCHOOL			
Category	Amount	FTE	Description
Personnel - Contractual Salary Obligations	\$1,622,269		Costs associated with employee collective bargaining agreements, net of retirements and resignations.
Personnel - Adjustment for Enrollment and Schedule Changes Various Sites	(\$242,539)	(4.40)	Reductions in personnel to resize for changes in enrollment and adjustments to more efficient elementary schedules.
Personnel - New Assistant Principal Hyannis West Elementary	\$105,000	1.00	Leadership support to increase capacity to implement and maintain instructional and SEL supports to students and staff.
Personnel & Operating - Community Engagement and Registration Center	\$125,545	2.00	Creation of the Community Engagement and Registration Center for engaging families in school registration, outreach, education, and advocacy.
Personnel - Multi-age Teacher Barnstable United	\$68,495	1.00	Provide and support Tier 3 behavior intervention for students. Expansion of proven successful interventions to upper grades aligning our programming.
Personnel - Project Based Learning Coach Barnstable Community Innovation School	\$35,167	0.40	Creation of new Project Based Learning Coach to support new Barnstable Community Innovation School.
Operating Expense - Various Technology Infrastructure Assessment and Professional Development License Fees	\$22,316		Range of annual license fee increases for staff/student software monitoring. Additional fees for reading assessments. Responsive Classroom training.
Operating Expense - Elementary Writing Program	\$40,000		Traits Writing program was introduced to grades K, 1, 4, and 5 FY19. Expanding implement include grades 2&3 in FY20 school year.
Operating Expense - Consultation Services	\$100,000		Consultant review of Special Education Interventions, Social, Emotional, & Behavioral Supports and High School Implementation of Scheduling
Operating Expense- Early College Experience Tuition	\$100,000		This program addresses motivated student needs who want to enroll in college courses prior to High School graduation; Graduate students with a H.S. Diploma and an Associate's degree.
Operating Expense - FY19 One-time Purchases	(\$831,936)		Adjustment due to non-reoccurring expenditures from FY19. Purchases of operating capital items including reading program, technology and professional development that won't be repeated in FY20.
Operating Expense - Transportation Dept. Utilities	(\$3,317)		Removal of the Transportations Office. Transportation operations to be housed within existing district building.
Operating Expense - Capital Technology	\$400,000		Full implementation of a districtwide instructional technology five -year lease and purchase refresh plan.

Operating Expense - Transportation Operations	\$56,000		Increases to large bus transportation contract and department supplies.
Increase in Local School Budget	\$1,597,000	-	

Municipal Operation Changes:

MUNICIPAL			
Category	Amount	FTE	Description
Personnel – Contractual Salary Obligations	\$729,270	(0.70)	Costs associated with employee collective bargaining agreements and contracts, net of savings from employee turnover, salary reallocation, and reduced hours.
Personnel – State Minimum Wage	\$95,600		Impact on seasonal wages due to increase in the state’s minimum wage requirement.
Personnel – Town Attorney Retirement	\$78,500		One-time funding for hiring Town Attorney’s replacement before retirement date to allow for smooth transition.
Personnel – Early Voting	\$12,000		Costs of Poll Workers and overtime for new early voting requirements.
Personnel – Bismore Park Safety Improvements	\$50,200		Increase in seasonal staff hours associated with new traffic management controls set in place.
Personnel – One New Patrol Officer	\$59,616	1.00	Additional Patrol Officer – Commitment to School Resource Officer Program.
Personnel – Police Department Overtime	\$126,146		Increase in overtime to fund additional training and School Resource Officer Program.
Personnel – DPW Field Crew	\$136,137	3.00	New field crew in to maintain parks and fields.
Personnel – Marine & Environmental Affairs	\$18,000		Seasonal wage increase to fund an additional Waterway’s Enforcement Officer.
Personnel – Police Department	(\$200,000)		Anticipated 911 State grant to offset salary costs for dispatcher positions.
Operating Expenses – Police Department	(\$115,452)		Reduction to operating expenses for Police Academy costs not included in the FY20 proposed budget.
Operating Expenses – Police Department	\$46,624		Increase in training materials and supplies.
Operating Expenses – Town Manager	\$25,000		Increase in funding for professional services.
Operating Expenses – Administrative Services and Public Works Departments	\$73,900		Cost increase associated with software licenses and maintenance.
Operating Expenses – Bismore Park Safety Improvements	\$52,100		Police outside details and supplies associated with enhanced level of service.
Operating Expenses – Police Department	\$91,000		Technology improvements for the department.
Operating Expenses – Public Works	\$125,000		Increase the base budget to \$950,000 for snow & ice removal.

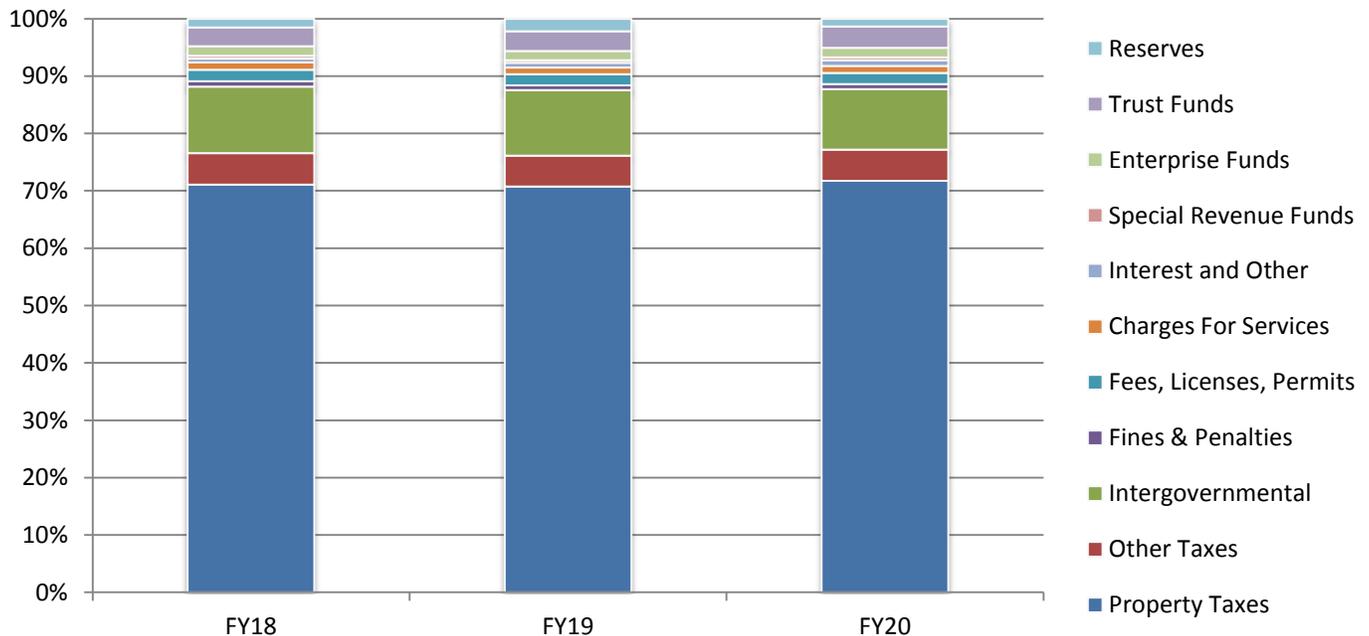
Operating Expenses – Public Works	\$104,800		Increase in funding for park & field maintenance supplies; safety equipment; vehicle maintenance, tools and equipment and supplies.
Operating Expenses – Recreation	\$3,500		CPR training equipment.
Operating Expenses – Inspectional Services	\$10,000		Funds to cover credit card processing fees and tablet replacements.
Operating Capital	\$356,700		Increase in funds for vehicle replacements, voting tabulators, radios, Tasers and safety cameras.
Increase in Municipal Operations	\$1,878,640	3.30	

Fixed Cost Changes:

FIXED COSTS			
Category	Amount	FTE	Description
Employee Benefits	\$1,431,385		Costs increase in county retirement assessment and health insurance.
Debt Service	(\$2,843,809)		Decrease due to expiring debt service on school construction bonds.
Grants	\$106,460		Increase in grants to the seven village libraries and a tourism grant.
Property & Casualty Insurance	\$50,000		Increase in premium costs.
School Assessments	\$2,945,500		Increase in assessments from regional school, commonwealth charter schools and school choice programs.
Snow & Ice Removal Deficit	(\$671,720)		Reduction in the deficit spending for snow and ice removal.
State & County Assessments	(\$9,804)		Reduction in other state and county assessments.
Increase in fixed costs	\$1,008,012		

General Fund Revenue Summary

	Actual FY 2018	Budget FY 2019	Budget FY 2020	Change FY19 - 20	Percent Change
Property Taxes:					
Tax Levy	\$ 118,542,029	\$ 122,755,924	\$ 128,255,506	\$ 5,499,582	4.48%
Reserved for Abatements and Exemptions	(1,299,422)	(1,169,281)	(1,000,000)	169,281	-14.48%
Property Taxes Available for Operations	\$ 117,242,607	\$ 121,586,643	\$ 127,255,506	\$ 5,668,863	4.66%
Other Taxes:					
Motor Vehicle Excise Tax	\$ 8,124,653	\$ 7,128,259	\$ 7,517,456	\$ 389,197	5.46%
Boat Excise Tax	130,867	130,000	130,000	-	0.00%
Motel/Hotel Excise Tax	1,982,758	1,900,000	2,000,000	100,000	5.26%
Payments in Lieu of Tax	32,503	30,000	32,000	2,000	6.67%
Total Other Taxes	\$ 10,270,782	\$ 9,188,259	\$ 9,679,456	\$ 491,197	5.35%
Other Resources:					
Intergovernmental	\$ 19,209,030	\$ 20,024,659	\$ 18,688,792	\$ (1,335,867)	-6.67%
Fines & Penalties	1,686,196	1,500,000	1,605,000	105,000	7.00%
Fees, Licenses, Permits	3,893,961	3,346,100	3,431,600	85,500	2.56%
Charges For Services	2,115,316	1,977,582	2,164,000	186,418	9.43%
Interest and Other	2,109,723	1,433,500	1,742,500	309,000	21.56%
Special Revenue Funds	761,853	731,853	890,800	158,947	21.72%
Enterprise Funds	2,770,524	2,766,218	2,933,271	167,053	6.04%
Trust Funds	260,000	5,927,329	6,585,492	658,163	11.10%
Reserves	2,477,474	3,782,753	2,442,900	(1,339,854)	-35.42%
Total Other Resources	\$ 35,284,077	\$ 41,489,994	\$ 40,484,355	\$ (1,005,639)	-2.42%
Total General Fund Resources	\$ 162,797,465	\$ 172,264,896	\$ 177,419,317	\$ 5,154,421	2.99%



General Fund Revenue Forecast Assumptions

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 FY20 to balance the operating or capital budgets. The formula used to calculate the projected tax levy for FY20 is as follows:

FY19 Base Levy	\$121,259,225
Prop 2½ allowable increase (2.5% of base)	3,0031,481
Estimated new property tax growth	1,000,000
Cape Cod Commission environmental tax	605,540
Debt exclusions	2,359,260
Less reserve for abatements & exemptions	(1,000,000)
FY20 Tax Levy available for operations	\$127,255,506

Estimated new property tax growth is derived principally from new building construction. The Town Assessor works closely with the Inspectional Services Department and reviews building activity to arrive at the 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. All Cape Cod communities pay this voter approved additional tax. The CCC assessments can only be increased by 2.5% every year.

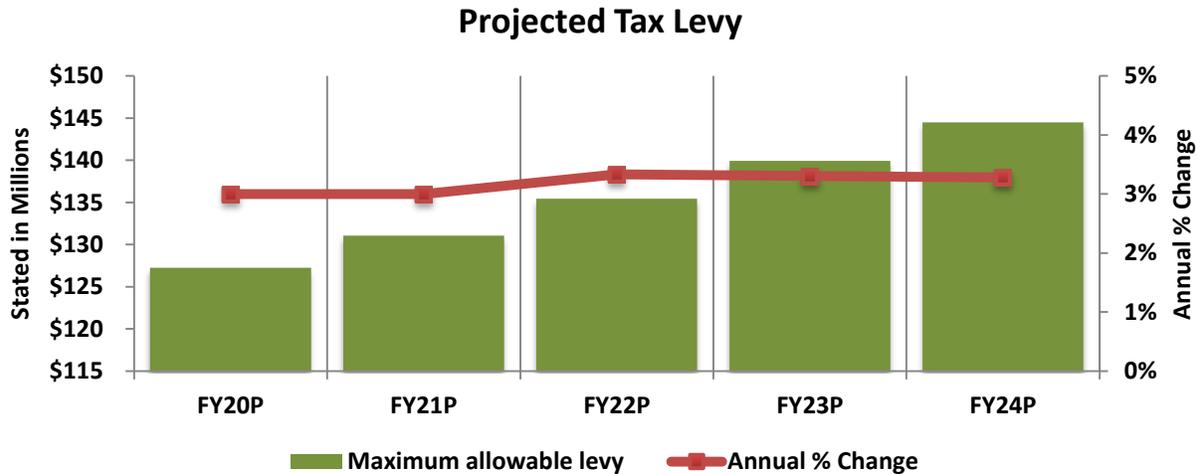
Debt exclusions are also voter approved initiatives that are added to the levy above the Proposition 2½ increase. These are equal to the debt service payments and they expire once the debt service expires.

Every year a provision for abatements and property tax exemptions must be made as well. For FY20 a provision of \$1,000,000 is being set aside, reducing the available property taxes to fund operations by this amount.

	Projected Tax Levy - Stated in Millions				
	2020B	2021P	2022P	2023P	2024P
Base levy from prior year	\$121.26	\$125.29	\$129.57	\$133.96	\$138.46
Prop. 2½ increase	3.03	3.13	3.24	3.35	3.46
Estimated new growth	1.00	1.15	1.15	1.15	1.15
Less reserve for abatements & exemptions	(1.00)	(1.00)	(1.00)	(1.00)	(1.00)
New base	124.29	128.57	132.96	137.46	142.07
<u>Voter Approved Add-ons:</u>					
CCC Environmental Tax	0.61	0.62	0.64	0.65	0.67
Debt exclusions*	2.36	1.88	1.84	1.80	1.76
Maximum allowable levy	\$127.26	\$131.07	\$135.44	\$139.91	\$144.50
Percent Change From Previous Year		2.99%	3.33%	3.30%	3.28%

* All approved debt exclusions are for school construction projects.

The projected tax levy for the next five years is estimated to grow from \$127 million to \$144 million. This represents about a 3.2 percent increase per year. It is expected that the Town will have to increase the base levy by 2.5 percent every year and a factor for new building growth. New property tax growth is expected to average about \$1,150,000 per year, approximately, what it has averaged over the past ten years. The Cape Cod Commission assessment is projected to increase 2.5 percent per year. A recently approved debt exclusion override for the Cape Cod Regional Technical High School is expected to affect the town’s tax levy beginning in FY20.



The projected increase in the tax level will average approximately 3.2 percent over the five-year period.

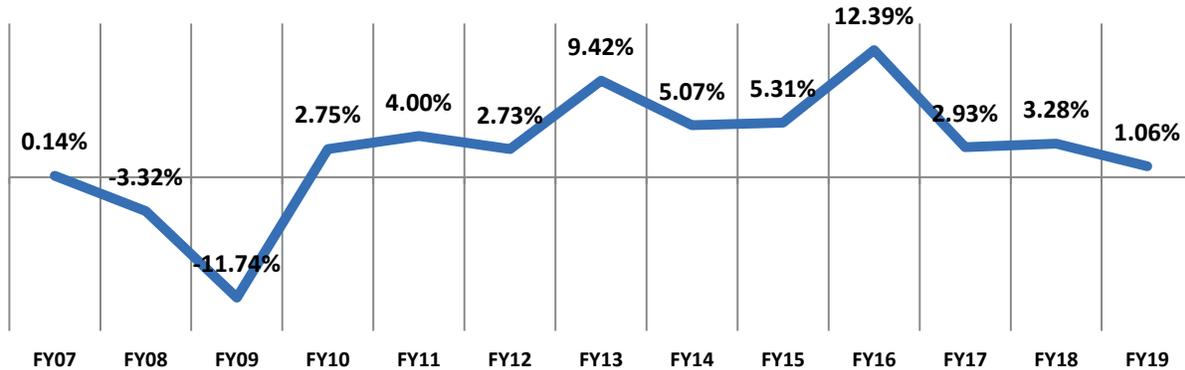
Motor Vehicle Excise Tax

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

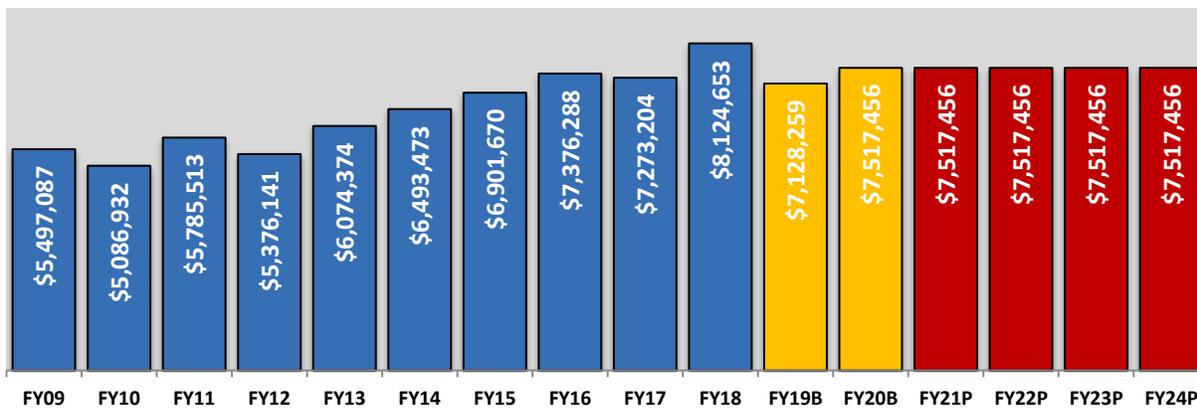
This category of revenue is difficult to project because of the many variables involved. These include the timing of the state in mailing commitments, the price changes in new vehicles, the volume of new vehicle purchases and leases, and changes in the economy. The Town receives a tax commitment from 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:

Motor Vehicle Excise Tax - January Commitment Annual % Change



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.

Motor Vehicle Excise Tax - Actual vs Projected



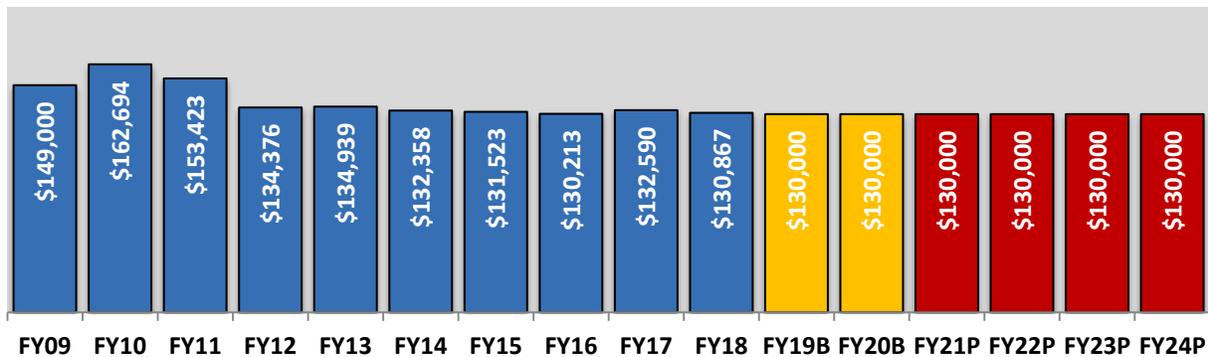
The blue bars represent the past ten years of actual revenue collections, and yellow bars are FY 2019 and FY 2020 budgets. The town takes a conservative approach when budgeting for this source of revenue, which explains the budget figure being much lower than actuals. As per the National Automobile Dealers Association, new vehicle sales nationwide set a record at 17.6 million units sold in 2016, but predict future sales to decline. This area of revenue has reached its highest amount in FY 2018 at \$8 million. FY 2009 and FY 2010 saw significant drops in revenue. The recovery began in FY 2013, which saw this area grow to over \$8 million after several years in decline. The FY 2020 budget was conservatively projected at \$7.5 million. This category of revenue is projected to level off on average over the next five years represented by the red bars.

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 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

History of Boat Excise Tax Revenue - Actual and Budgeted

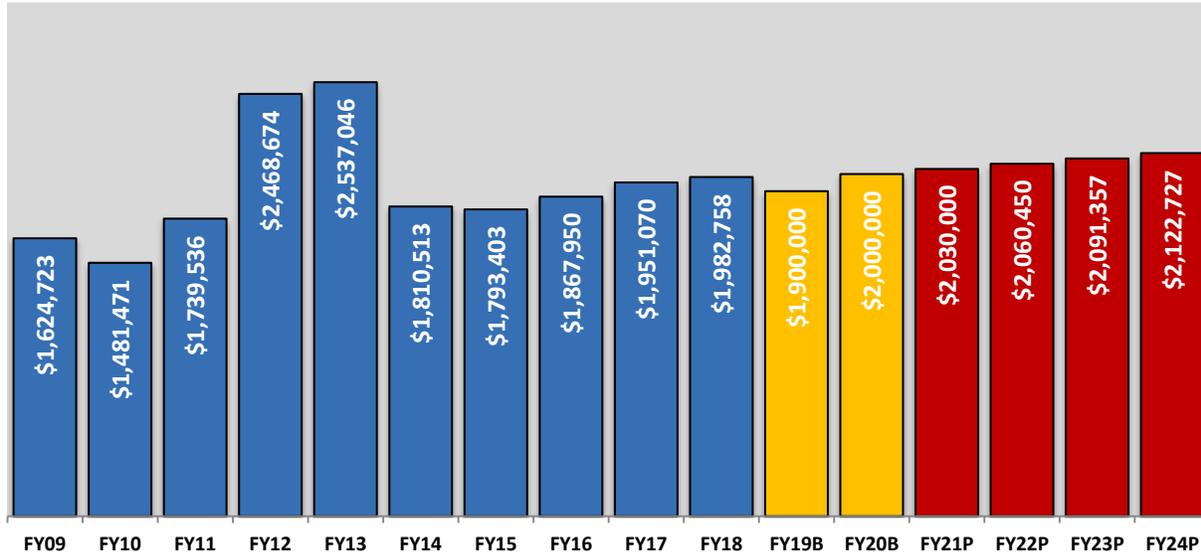


The blue bars represent the past ten years of actual revenue collections, yellow bars are FY 2019 and FY 2020 budgets, the red bars represent projected revenue. As illustrated by the chart above, actual collections have ranged between \$135,000 and \$160,000 over the past ten years.

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.

Rooms Excise Tax - Actual vs Projected



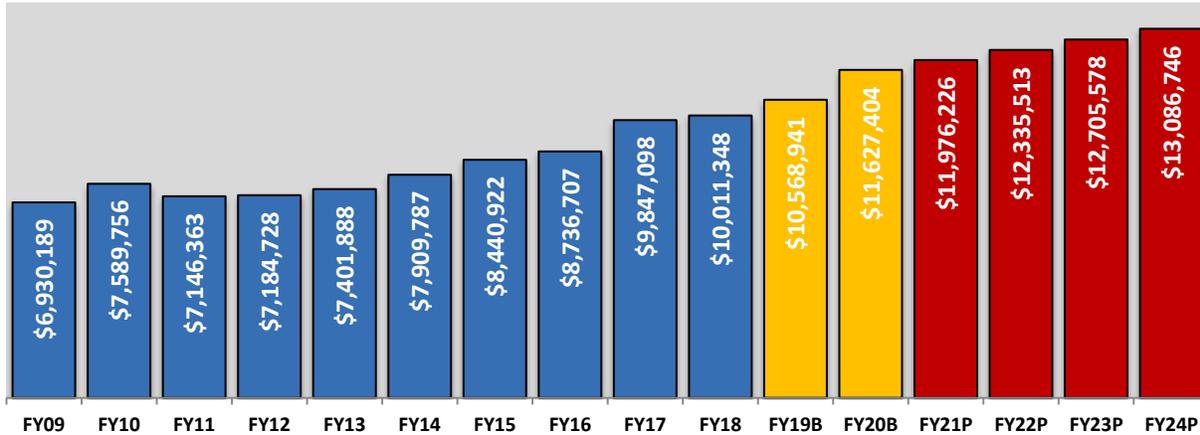
The blue bars represent the past ten years of actual revenue collections, yellow bars are FY 2019 and FY 2020 budgets. The spikes in FY 2012 and FY 2013 are due to a 2% rate increase, which was subsequently dedicated to a new special revenue fund. The projected revenue in later years is very similar to the actuals over the past ten years as the additional 2% increase has been dedicated to a Comprehensive Water Management and Private Way Improvement Special Revenue Fund and has been removed from the FY 2014 to FY 2024 amounts. History has illustrated this category of revenue’s resiliency. FY 2010 was the only year the town realized a reduction in this category of revenue. There have been no significant changes due to the economy. Visitors continue to come to Cape Cod. They may be drawn from national, international, and regional areas.

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 FY20 budget proposal is based on the Governor’s proposed budget for FY20. 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 during 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.

The Department of Elementary and Secondary Education (ESE) administers the Chapter 70 formula. Before receiving any education aid, all districts are required to submit End-of-Year Pupil and Financial Reports to the Department. The data contained in these reports are used to demonstrate compliance with net school spending requirements. Net school spending is the sum of the required local contribution plus state aid. In many cases, this amount exceeds the foundation budget.

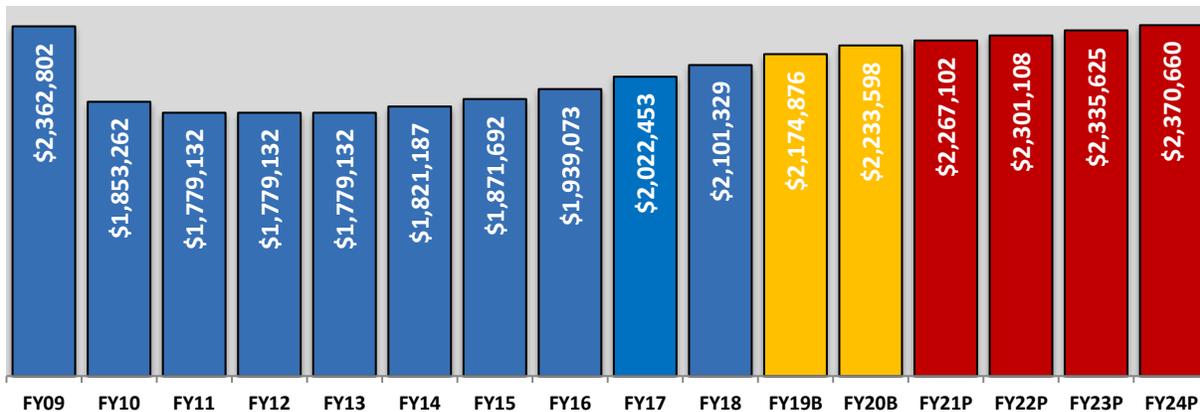
Chapter 70 Aid for Education - Actual vs Projected



The blue bars represent the past ten years of actual revenue collections, yellow bars are FY 2019 and FY 2020 budgets. The town’s CH70 aid has increased nearly \$3 million over the past ten years going from \$6.9 million to \$10 million. Projections for CH70 Aid include minimal increases for the next five years.

Unrestricted General Government Aid category is to provide general-purpose financial assistance to municipalities on an equalizing basis. This is formerly known as “Lottery Aid”. The formula is equalizing, with municipalities with lower property values receiving proportionately more aid than those with greater property values.

Unrestricted Aid - Actual vs Projected

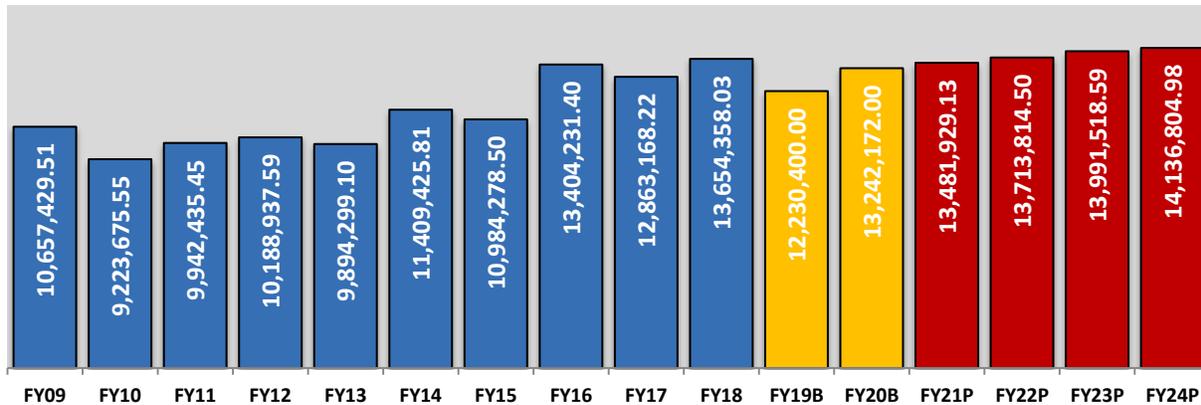


The blue bars represent the past ten years of actual revenue collections, yellow bars are FY 2019 and FY 2020 budgets. The town was experiencing a steady decline in this revenue category from FY 2010 to FY 2013. FY 2014 to FY 2017 saw slight increases, and future projections include a 1.5% growth in this revenue category indicated by the red bars. Excess lottery distributions have been received in the past but are not included in this forecast. Additionally, casino gambling has been approved and it is projected that lottery sales will be negatively impacted. However, they could be offset by a new revenue sharing formula from casino gambling taxes imposed by the State.

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 category 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 be higher in FY20 based on recent approved fee rate increases with beach stickers and mooring fees.

Local Receipts- Actual and Projected



The blue bars represent actual receipts collected for FY 2009 through FY 2018 as well as the yellow bars for FY 2019 and FY 2020 budgets. The projected amounts for FY 2021 through FY 2024 are expected to be steady compared to the past few years.

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.

General Fund Reserves

The Town will use \$2,442,900 in General Fund reserves to balance the FY20 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. In addition, most of the costs being paid for with surplus are not recurring operating costs. Following is a six-year history of General Fund reserves used and generated.

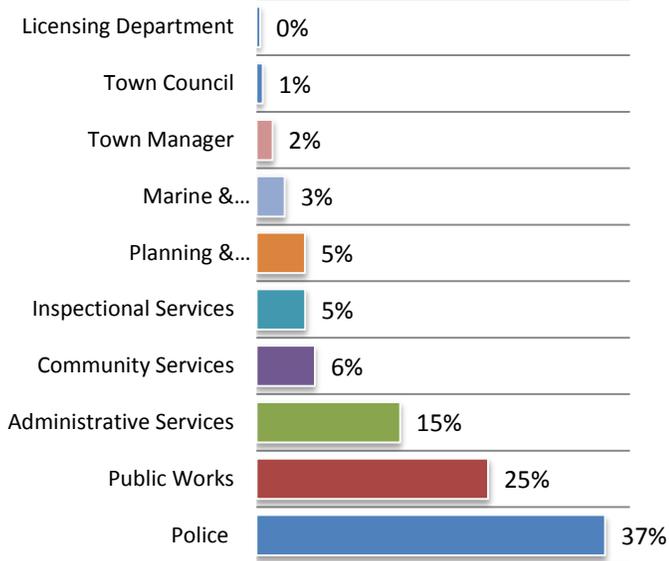
Certification Date:	Beginning Balance	Used For:		Generated	Ending Balance
		Operations	Capital		
July 1, 2013 (FY14)	11,095,664	(3,585,000)	(591,993)	6,451,368	13,370,039
July 1, 2014 (FY15)	13,370,039	(4,104,926)	(1,037,689)	5,721,779	13,949,203
July 1, 2015 (FY16)	13,949,203	(2,726,877)	(4,000,000)	5,908,772	13,131,098
July 1, 2016 (FY17)	13,131,098	(2,572,316)	(350,000)	5,988,373	16,197,155
July 1, 2017 (FY18)	16,197,155	(3,587,352)	(4,260,175)	4,293,608	12,643,236
July 1, 2018 (FY19)	12,643,236	(2,442,900)	(264,000)	3,000,000	12,936,337

General Fund Expenditure Summary

Municipal Operations:	Actual FY 2018	Approved FY 2019	Projected FY 2019	Proposed FY 2020	Change FY19 - 20	Percent Change
Police Department	\$ 13,693,228	\$ 14,706,538	\$ 14,677,026	\$ 15,342,667	\$ 636,129	4.33%
Public Works Department	10,022,756	9,691,760	9,574,657	10,189,353	497,593	5.13%
Administrative Services Department	5,718,846	6,008,108	5,871,012	6,322,843	314,735	5.24%
Marine & Environmental Affairs	1,064,663	1,121,341	1,106,025	1,238,947	117,606	10.49%
Community Services Department	2,414,316	2,523,347	2,477,475	2,569,427	46,080	1.83%
Licensing Department	194,059	155,716	161,135	165,398	9,682	6.22%
Inspectional Services	1,934,819	2,076,999	1,974,400	2,140,557	63,558	3.06%
Planning & Development	1,695,205	1,967,993	1,851,090	2,130,304	162,311	8.25%
Town Manager	654,960	671,810	670,374	709,451	37,641	5.60%
Town Council	258,462	275,682	274,500	268,987	(6,695)	-2.43%
Total Municipal Operations	\$ 37,651,314	\$ 39,199,294	\$ 38,637,694	\$ 41,077,934	\$ 1,878,640	4.79%
Education:						
Local School System	\$ 67,833,941	\$ 70,637,000	\$ 70,226,922	\$ 72,234,000	\$ 1,597,000	2.26%
Regional School District	3,535,665	3,682,234	3,682,234	6,119,570	2,437,336	66.19%
Commonwealth Charter Schools	3,236,687	3,288,841	3,246,468	3,664,363	375,522	11.42%
School Choice	1,022,791	1,332,065	1,156,066	1,464,707	132,642	9.96%
Total Education	\$ 75,629,084	\$ 78,940,140	\$ 78,311,690	\$ 83,482,640	\$ 4,542,500	5.75%
Other Requirements Costs:						
Employee Benefits	\$ 23,419,705	\$ 25,282,780	\$ 24,464,748	\$ 26,714,165	\$ 1,431,385	5.66%
Debt Service	9,563,419	9,996,301	9,996,301	7,152,492	(2,843,809)	-28.45%
State & County Assessments	2,446,113	2,630,071	2,605,513	2,620,267	(9,804)	-0.37%
Grants	1,945,025	2,009,000	2,009,000	2,115,460	106,460	5.30%
Property & Liability Insurance	1,717,342	1,810,000	1,795,657	1,860,000	50,000	2.76%
Celebrations, Rent & Other	164,804	172,000	172,000	172,000	-	0.00%
Snow & Ice Removal Deficit	-	1,171,720	-	500,000	(671,720)	-57.33%
Reserve Funds	-	250,000	-	250,000	-	0.00%
Total Other Requirements	\$ 39,256,408	\$ 43,321,872	\$ 41,043,219	\$ 41,384,384	\$ (1,937,488)	-4.47%
Total General Fund Before Transfers	\$ 152,536,806	\$ 161,461,306	\$ 157,992,603	\$ 165,944,958	\$ 4,483,652	2.78%
Transfers to Other Funds	10,260,659	10,803,589	10,803,589	11,474,359	670,770	6.21%
Grand Total General Fund	\$ 162,797,465	\$ 172,264,895	\$ 168,796,192	\$ 177,419,317	\$ 5,154,422	2.99%

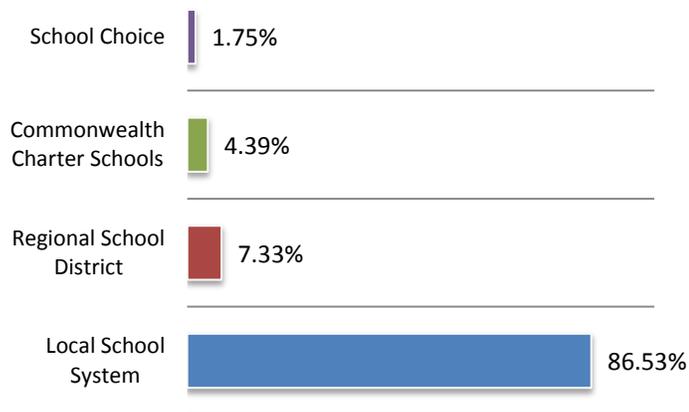
The municipal operations budget is increasing \$1,878,640 or 4.79%. Total spending on education is increasing \$4,542,500 or 5.75%. Local school operations are increasing \$1,597,000 while assessments from other districts are increasing \$2,945,500 collectively. Other costs are decreasing \$1,937,488 or 4.5%. Most of the decrease is in debt service and snow & ice removal deficits. County retirement assessment increased 11.34%. Transfers to other funds are increasing by \$670,770.

Distribution of Municipal Operations Budget



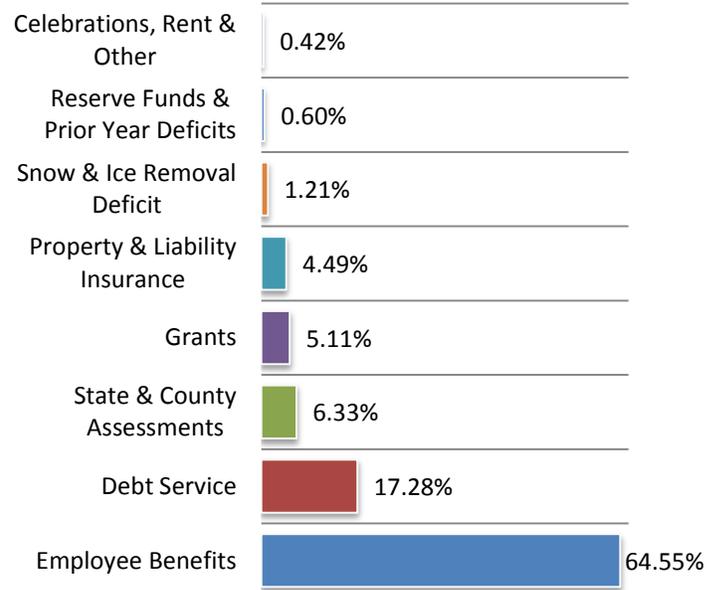
The two largest municipal operations are Police and Public Works, comprising 62% of all municipal spending. Administrative Services is the next largest area representing 15% and includes the Finance (including the two elected offices of Town Clerk and Town Collector), Legal, Human Resources and Information 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



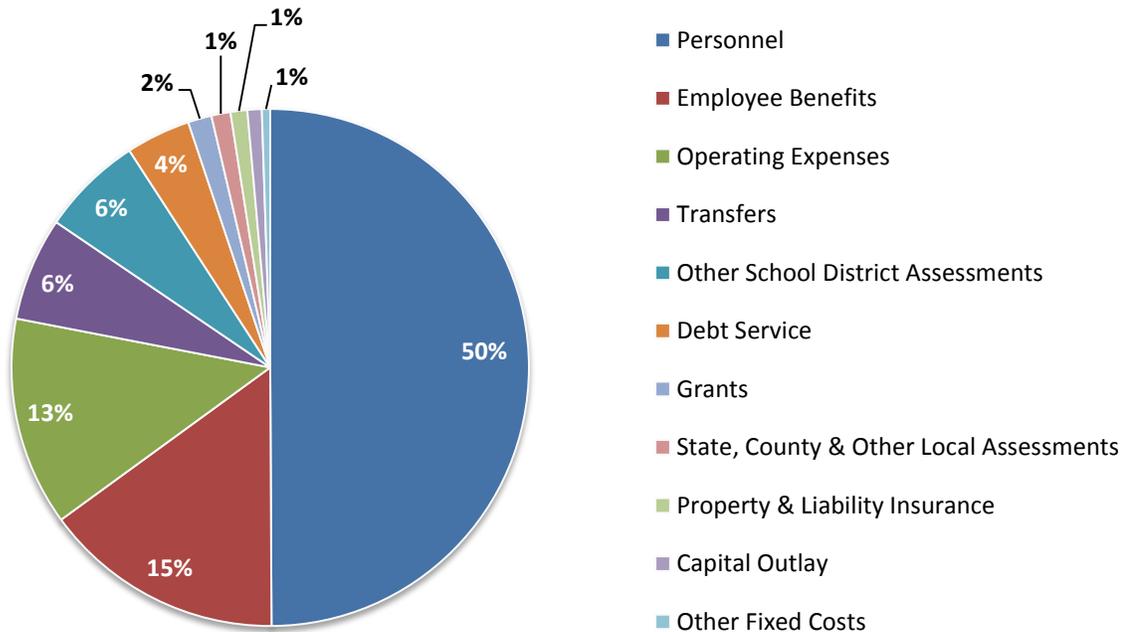
A majority of these expenditures are for debt service and employee benefits. They comprise 81% of all expenditures in this category.

General Fund Budget by Major Expenditure Category

Expenditure Category	Actual FY 2018	Approved FY 2019	Projected FY 2019	Proposed FY 2020	Change FY19 - 20	Percent Change
Personnel	\$ 79,109,928	\$ 83,145,186	\$ 82,449,062	\$ 88,566,386	\$ 5,421,200	6.52%
Employee Benefits	23,419,705	25,282,780	24,464,748	26,714,165	1,431,385	5.66%
Operating Expenses	22,434,797	22,793,746	22,518,274	23,162,348	368,602	1.62%
Other School District Assessments	10,449,660	10,974,002	10,755,630	11,248,640	274,638	2.50%
Transfers	10,260,659	10,803,589	10,803,589	11,474,359	670,770	6.21%
Debt Service	9,563,419	9,996,301	9,996,301	7,152,492	(2,843,809)	-28.45%
State, County & Other Local Assessments	1,945,025	2,009,000	2,009,000	2,115,460	106,460	5.30%
Grants	2,446,113	2,630,071	2,605,513	2,620,267	(9,804)	-0.37%
Property & Liability Insurance	1,717,342	1,810,000	1,795,657	1,860,000	50,000	2.76%
Capital Outlay	1,286,012	1,226,500	1,226,418	1,583,200	356,700	29.08%
Other Fixed Costs	164,804	1,593,720	172,000	922,000	(671,720)	-42.15%
Total Expenditures	\$ 162,797,465	\$ 172,264,895	\$ 168,796,192	\$ 177,419,317	\$ 5,154,422	2.99%

Personnel costs and the associated employee benefits account for \$6.9 million of the FY20 General Fund budget increase collectively. This includes a net increase of 3.30 in the municipal operations. Operating expenses are increasing \$368,602. Debt service is decreasing \$2,843,809 mainly due to the MSBA school construction projects expiring, and snow & ice removal deficit is decreasing \$671,720.

General Fund FY20 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 because it functions as a service provider.

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, as the local economy has remained robust. However, 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 FY19 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 will receive its final reimbursement in FY19 from the Massachusetts School Building Authority (MSBA) for existing debt service on school construction projects. Based on this, 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.

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 is 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 50% 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 \$550,000 for FY20.

Utilities and Fuel

The 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. Commuters and not just property abutters predominantly use these roads. 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.

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 countywide 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 immediately provide.

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. Previous 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 have averaged \$500,000 annually for the School Department's 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. Additional requests in FY20 budget for technology improvements include animal tracking database, new voting machines, and Police Department IT equipment replacements and/or upgrades.

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. For FY17, the rate is approximately 74.5% reimbursement for eligible costs. 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 FY17 by nearly \$15 million and it is anticipated the FY18 and FY19 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 Massachusetts Department of Revenue certifies the General Fund reserve every year, also known as Free Cash. 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 \$12.6 million in the savings account is distributed in accordance with the revenue sharing agreement as follows:

	Municipal Savings	School Savings	Town Council Reserve	Total
Balance	\$ 2,402,168	\$ 3,603,252	\$ 6,637,816	\$ 12,643,236
Used for:				
FY20 Operating Budget	(482,900)	(600,000)	-	(1,082,900)
FY20 Employee Benefits	(460,000)	(150,000)	-	(610,000)
Prior year snow removal deficit	(500,000)	-	-	(500,000)
FY20 Town Council reserve	-	-	(250,000)	(250,000)
Balance remaining before closing FY19	\$ 959,268	\$ 2,853,252	\$ 6,387,816	\$ 10,200,336

The FY20 budget reserves used are shown in the table above. Municipal operations will use a total of \$1,442,900 in reserves. The school will use a total of \$750,000 of reserves. The town will also transfer \$250,000 of Town Council reserves into a separate account for extraordinary and unforeseen events.

Bond Ratings

The town continues to manage its financial affairs in a prudent manner. In FY18, Standard and Poor’s reaffirmed the town’s bond rating at AAA. This excellent bond rating has been in effect since 2007 and should continue to allow the town to receive favorable borrowing rates on future debt issues, saving thousands of dollars in interest costs on bond issues.

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 \$9.875 million in February 2018 resulted in a net interest cost of 2.73% over the life of the bond. The town could seize this opportunity, coupled with its excellent bond rating, and implement an aggressive capital improvements program that could save thousands in borrowing costs, but it would require a revenue source to repay the bonds such as an increase in taxes or the redirection of existing resources from operations to debt service.