

## All Appropriated Funds Budget Summary

– All Funds Requiring Annual Appropriation

Fund	Actual FY 2017	Budget FY 2018	Budget FY 2019	Change FY18 - 19	Percent Change
General Fund	\$158,383,444	\$165,402,725	\$171,855,810	\$6,453,085	3.90%
Solid Waste Enterprise	3,312,763	3,428,020	3,619,089	191,069	5.57%
Water Pollution Control Enterprise	4,264,172	4,601,261	4,744,584	143,323	3.11%
Water Supply Enterprise	6,240,599	6,789,486	6,353,929	(435,557)	-6.42%
Marina Enterprise	773,899	839,067	792,096	(46,971)	-5.60%
Sandy Neck Enterprise	867,802	1,018,462	1,240,989	222,527	21.85%
Golf Enterprise	3,382,914	3,554,772	3,679,238	124,466	3.50%
HYCC Enterprise	3,141,659	3,379,599	3,298,434	(81,165)	-2.40%
PEG Enterprise	629,489	811,627	871,059	59,432	7.32%
Airport Enterprise	5,840,008	6,508,537	6,134,859	(373,678)	-5.74%
<b>Total All Budgeted Funds</b>	<b>\$186,836,749</b>	<b>\$196,333,556</b>	<b>\$202,590,087</b>	<b>\$6,256,531</b>	<b>3.19%</b>
<b>All Funds Net Of Transfers</b>	<b>\$171,805,640</b>	<b>\$184,637,725</b>	<b>\$190,970,668</b>	<b>\$6,332,943</b>	<b>3.43%</b>
<b>All Funds Net of Transfers and Snow Removal Deficit</b>	<b>\$171,805,640</b>	<b>\$183,181,511</b>	<b>\$189,695,668</b>	<b>\$6,514,157</b>	<b>3.56%</b>
<b>General Fund Net of Transfers and Snow Removal Deficit</b>	<b>\$145,725,985</b>	<b>\$153,163,046</b>	<b>\$159,897,221</b>	<b>\$6,734,175</b>	<b>4.40%</b>
Full-time Equivalent Employees	1,294.00	1,308.85	1,320.10	11.25	

The total FY19 proposed operating budget for all appropriated funds for the Town of Barnstable is \$202,590,087. This is an increase over the FY18 budget of \$6,256,531 or 3.19%. 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 FY19 budget increase of \$6,332,943 or 3.43%. The budget increase includes a net increase of 11.25 new full-time equivalent (FTE) positions. This includes 3 new dispatcher positions in the Police Department as they will be conducting dispatch services for the Hyannis Fire District. The Hyannis Fire District will reimburse the Town for the fully burdened costs associated with these positions including salaries, employee benefits, training, and uniforms. The School Department budget includes 7.2 new FTE's; mainly in the special education program area.

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 these services pay a fee to support the operation. The fees charged by the Enterprise Fund operations are set at levels that should allow them cover all operational and capital costs unless a General Fund subsidy is provided.

The General Fund budget is increasing \$6.4 million in FY19 or 3.9%. This includes transfers and the prior year deficit for snow removal costs. Municipal operations are increasing \$1,436,061, all education expenditures are increasing \$3,183,481 and fixed costs are increasing \$1,933,419. Major factors contributing to the increase in the overall budget are contractual labor obligations, an increase of 11 full-time equivalents, increases in pension and healthcare costs, and an increase in debt service.

The decrease in the **Airport Enterprise Fund** budget is attributable to budget cuts necessary, as revenue has been declining. For the second year in a row, revenue is projected to decline and costs saving measures are being implemented to reduce the reliance on the operating reserves needed to balance the budget.

The increase in the **Water Pollution Control Enterprise Fund** budget is largely due to computer software upgrades to be purchased in FY19. This budget also includes an additional capital outlay cost to replace a building generator.

The **Water Enterprise Fund** budget is decreasing due to lower debt service costs in FY19 as well as a reduction in water purchased from outside sources.

The **Solid Waste Enterprise Fund** budget is increasing in FY19 due to the cost for disposal of recyclable materials, which previously did not cost anything.

The **Golf Course Enterprise Fund** budget is increasing due to an increase in debt service costs as well as contractual labor obligations and employee benefits.

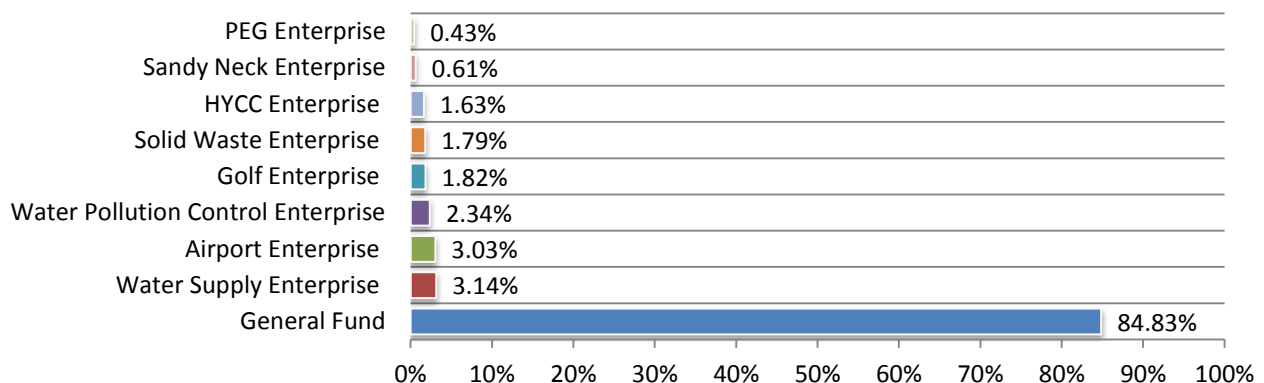
The **Marina Enterprise Fund** budget is decreasing because of a reduction in debt service costs as well as a reallocation of salary cost due to the reorganization.

The **Sandy Neck Enterprise Fund** is increasing due to capital outlay costs for facilities and grounds maintenance as well as reimbursement cost to the General Fund for sand replenishment in front of the lower parking lot performed in FY18.

The **HYCC Enterprise Fund** budget is decreasing due to reduced debt services costs and capital outlay needs at the facility.

The **PEG Enterprise Fund** is increasing due to contractual labor obligations, an increase in staffing allocations due to the reorganization and an increase in employee benefit costs..

Distribution of All Appropriated Funds



The General Fund comprises 85% of all spending for the funds requiring annual appropriation. The Water Supply is the largest Enterprise Fund and comprises 3.14% of all spending.

## Position Summary for All Appropriated Funds

DEPARTMENT	FY10 FTE's	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	Chg
Town Council	2.00	2.00	2.00	2.00	2.00	2.00	1.40	1.40	1.40	1.40	-
Town Manager	4.50	4.50	4.50	4.50	4.50	4.50	4.50	6.50	5.50	5.50	-
<b>Administrative Services</b>	60.40	60.30	60.30	60.30	60.50	60.60	60.60	58.30	57.55	56.55	(1.00)
Finance	36.75	36.75	36.75	36.75	36.75	37.85	37.85	35.50	35.75	34.75	(1.00)
Legal	4.65	4.55	4.55	4.55	4.75	4.75	4.75	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	11.00	10.00	10.00	10.00	9.00	9.00	-
<b>Marine &amp; Environmental Affairs</b>	14.35	14.35	13.80	13.85	14.65	15.90	15.85	16.65	17.20	17.00	(0.20)
Natural Resources	6.70	6.70	6.85	6.85	6.85	6.97	6.85	7.55	8.20	8.00	(0.20)
Harbormaster	3.50	3.50	2.80	2.80	3.60	3.73	3.60	3.70	3.60	3.85	0.25
Marina Enterprise Fund	1.45	1.45	1.45	1.45	1.45	1.45	1.65	1.65	1.65	1.30	(0.35)
Sandy Neck Enterprise Fund	2.70	2.70	2.70	2.75	2.75	3.75	3.75	3.75	3.75	3.85	0.10
<b>Community Services</b>	48.17	46.90	43.40	43.30	43.25	43.98	45.43	49.65	54.25	55.55	1.30
Recreation	7.35	7.35	8.30	7.70	7.70	7.40	7.40	8.40	7.60	7.60	-
Communications	-	-	-	-	-	-	-	-	3.45	3.35	(0.10)
Senior Services	18.35	15.85	6.35	6.35	6.30	6.33	6.53	9.75	9.70	10.65	0.95
Golf Enterprise Fund	10.20	10.20	15.85	15.75	15.75	15.75	17.00	17.00	17.00	17.10	0.10
HYCC Enterprise Fund	8.27	9.50	8.90	9.50	9.50	10.50	10.50	10.50	12.50	12.60	0.10
PEG Enterprise Fund	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.25	0.25
<b>Planning &amp; Development</b>	18.90	18.10	17.45	17.80	18.80	17.30	17.30	17.15	16.50	19.00	2.50
Administration	-	2.50	2.50	2.50	3.00	2.50	2.50	2.50	2.50	4.00	1.50
Comprehensive Planning	2.50	2.00	1.50	1.00	1.00	1.00	1.00	0.75	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	7.00	3.35	3.00	3.50	3.50	3.50	3.50	3.75	4.00	4.50	0.50
Economic Development	0.65	1.65	1.65	1.65	2.65	2.65	2.65	2.50	2.00	3.00	1.00
Parking Program	1.90	1.75	1.95	2.30	2.30	2.65	2.65	2.65	2.00	1.50	(0.50)
Conservation	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	-

**FISCAL YEAR 2019 BUDGET**

**FINANCIAL SUMMARIES**

DEPARTMENT	FY10 FTE's	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	Chg
Police	126.26	126.26	124.26	125.76	131.75	130.75	132.75	132.75	141.75	144.75	3.00
Administrative & Investigative Services	35.50	34.00	33.50	35.00	35.00	35.00	35.00	34.00	34.00	36.00	2.00
Field Services	90.76	92.26	90.76	90.76	96.75	95.75	97.75	98.75	107.75	108.75	1.00
<b>Public Works</b>	<b>115.50</b>	<b>115.50</b>	<b>115.75</b>	<b>116.35</b>	<b>116.33</b>	<b>116.33</b>	<b>118.33</b>	<b>121.25</b>	<b>120.75</b>	<b>119.95</b>	<b>(0.80)</b>
Administration & Tech Support	16.00	15.50	15.50	12.95	12.93	12.93	12.93	12.00	11.50	11.70	0.20
Highway	35.50	35.50	35.50	35.50	35.50	35.50	35.50	37.50	37.50	37.50	-
Structures & Grounds	33.80	33.80	33.80	34.10	34.10	34.10	35.10	36.50	36.50	35.50	(1.00)
Solid Waste Enterprise Fund	15.10	15.10	15.10	15.75	15.75	15.75	16.75	16.95	16.95	16.95	-
Water Pollution Control Enterprise Fund	14.10	14.10	14.10	15.15	15.15	15.15	15.15	15.35	15.35	15.35	-
Water Supply Enterprise Fund	1.00	1.50	1.75	2.90	2.90	2.90	2.90	2.95	2.95	2.95	-
<b>Inspectional Services</b>	<b>22.65</b>	<b>23.30</b>	<b>23.90</b>	<b>24.40</b>	<b>24.88</b>	<b>24.88</b>	<b>24.40</b>	<b>24.65</b>	<b>26.65</b>	<b>26.75</b>	<b>0.10</b>
Building Services	11.50	12.15	12.50	12.50	12.50	12.50	12.00	11.50	13.50	13.50	-
Health Services	11.15	11.15	11.40	11.90	12.38	12.38	12.40	13.15	13.15	13.25	0.10
<b>Licensing Department</b>	<b>4.60</b>	<b>2.20</b>	<b>2.55</b>	<b>2.90</b>	<b>2.90</b>	<b>2.45</b>	<b>2.45</b>	<b>2.30</b>	<b>2.60</b>	<b>1.75</b>	<b>(0.85)</b>
<b>Airport Enterprise Fund</b>	<b>24.60</b>	<b>24.60</b>	<b>24.60</b>	<b>25.30</b>	<b>25.50</b>	<b>25.50</b>	<b>25.00</b>	<b>23.00</b>	<b>23.00</b>	<b>23.00</b>	<b>-</b>
<b>SUBTOTAL GENERAL FUND</b>	<b>360.51</b>	<b>354.86</b>	<b>344.06</b>	<b>343.91</b>	<b>352.31</b>	<b>349.44</b>	<b>351.30</b>	<b>358.45</b>	<b>370.00</b>	<b>373.85</b>	<b>3.85</b>
<b>SUBTOTAL ENTERPRISE FUNDS</b>	<b>81.42</b>	<b>83.15</b>	<b>88.45</b>	<b>92.55</b>	<b>92.75</b>	<b>94.75</b>	<b>96.70</b>	<b>95.15</b>	<b>97.15</b>	<b>97.35</b>	<b>0.20</b>
<b>TOTAL MUNICIPAL OPERATIONS</b>	<b>441.93</b>	<b>438.01</b>	<b>432.51</b>	<b>436.46</b>	<b>445.06</b>	<b>444.19</b>	<b>448.00</b>	<b>453.60</b>	<b>467.15</b>	<b>471.20</b>	<b>4.05</b>
<b>Schools</b>	<b>811.58</b>	<b>812.58</b>	<b>813.03</b>	<b>815.53</b>	<b>809.23</b>	<b>830.35</b>	<b>834.15</b>	<b>840.40</b>	<b>841.70</b>	<b>848.90</b>	<b>7.20</b>
Administration (restated for school consolidation)	6.00	6.00	6.00	6.00	6.00	7.00	6.80	6.80	6.80	6.30	(0.50)
Instructional Services	686.20	686.20	686.03	638.90	634.60	654.72	680.90	686.45	687.75	695.45	7.70
Health Services	16.50	16.50	14.90	14.93	13.93	13.93	16.20	16.20	16.20	16.20	-
Transportation	21.00	21.00	21.00	24.00	24.00	24.00	20.50	20.50	20.50	20.50	-
Food Services	13.38	13.38	15.00	13.00	13.00	13.00	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	6.60	7.60	7.60	48.46	46.46	46.46	40.90	41.40	41.40	41.40	-
Maintenance of Plant	51.90	51.90	52.50	59.24	59.24	59.24	53.45	53.65	53.65	53.65	-
Network & Technology	7.00	7.00	7.00	8.00	9.00	9.00	11.40	11.40	11.40	11.40	-
<b>TOTAL ALL DEPARTMENTS</b>	<b>1,253.51</b>	<b>1,250.59</b>	<b>1,245.54</b>	<b>1,251.99</b>	<b>1,254.29</b>	<b>1,274.54</b>	<b>1,282.15</b>	<b>1,294.00</b>	<b>1,308.85</b>	<b>1,320.10</b>	<b>11.25</b>

Total full-time equivalents are increasing by 11.25 positions, 7.2 in the School operations, 4.05 for the Municipal operations.

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## Consolidated Resource/Appropriation Summary

	General Fund FY 2019 Budget	Marina Fund FY 2019 Budget	Sandy Neck Fund FY 2019 Budget	Golf Fund FY 2019 Budget	HYCC Fund FY 2019 Budget	PEG Fund FY 2018 Budget	Solid Waste Fund FY 2019 Budget
<b>RESOURCES:</b>							
Property Taxes	\$ 122,663,711	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	9,223,187	-	-	-	-	-	-
Intergovernmental	19,613,832	-	-	-	-	-	-
Fines & Penalties	1,500,000	-	-	-	-	-	-
Fees, Licenses, Permits	3,316,100	682,665	715,000	-	489,500	861,059	-
Charges for Services	2,247,582	12,000	244,249	3,329,570	556,102	-	2,998,500
Interest and Other	1,193,500	10,200	106,000	10,000	141,000	10,000	71,000
Interfund Transfers	9,425,547	87,231	-	190,012	2,111,832	-	-
Other Resources	-	-	-	59,754	-	-	-
Borrowing Authorizations	-	-	-	-	-	-	-
<b>TOTAL RESOURCES</b>	<b>\$ 169,183,459</b>	<b>\$ 792,096</b>	<b>\$ 1,065,249</b>	<b>\$ 3,589,336</b>	<b>\$ 3,298,434</b>	<b>\$ 871,059</b>	<b>\$ 3,069,500</b>
<b>OPERATING EXPENDITURES:</b>							
Town Council	\$ 275,682	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town Manager	671,810	-	-	-	-	-	-
Administrative Services	6,008,108	-	-	-	-	-	-
Planning & Development	1,967,993	-	-	-	-	-	-
Police	14,532,512	-	-	-	-	-	-
Licensing Department	155,716	-	-	-	-	-	-
Inspectional Services	2,076,999	-	-	-	-	-	-
Public Works	9,691,760	-	-	-	-	-	2,867,310
Marine & Environmental Affairs	1,121,341	358,185	991,183	-	-	-	-
Community Services	2,523,347	-	-	2,739,261	1,845,688	791,932	-
Education	78,721,768	-	-	-	-	-	-
Airport Operations	-	-	-	-	-	-	-
<b>Subtotal Operations</b>	<b>\$ 117,747,036</b>	<b>\$ 358,185</b>	<b>\$ 991,183</b>	<b>\$ 2,739,261</b>	<b>\$ 1,845,688</b>	<b>\$ 791,932</b>	<b>\$ 2,867,310</b>
<b>OTHER REQUIREMENTS:</b>							
Debt Service	\$ 9,996,301	\$ 366,539	\$ 94,981	\$ 499,986	\$ 1,135,300	\$ -	\$ 407,362
Employee Benefits	25,282,779	23,188	46,332	246,985	146,685	55,182	230,454
Property, Casualty & Liability Ins.	1,810,000	9,398	7,846	19,872	95,049	789	19,771
State, County & Local Assessments	2,630,105	-	-	-	-	-	-
Library & Tourism Grants	2,009,000	-	-	-	-	-	-
Other Fixed Costs	1,697,000	-	-	-	-	-	-
Reserve For Abatements & Exemptions	915,000	-	-	-	-	-	-
Capital Program	-	-	-	116,285	-	-	-
<b>Subtotal Other Requirements</b>	<b>\$ 44,340,185</b>	<b>\$ 399,125</b>	<b>\$ 149,159</b>	<b>\$ 883,128</b>	<b>\$ 1,377,034</b>	<b>\$ 55,971</b>	<b>\$ 657,587</b>
<b>Interfund Transfers</b>	<b>\$ 10,683,589</b>	<b>\$ 34,786</b>	<b>\$ 100,647</b>	<b>\$ 173,134</b>	<b>\$ 75,712</b>	<b>\$ 23,156</b>	<b>\$ 94,192</b>
<b>Grand Total Expenditures</b>	<b>\$ 172,770,810</b>	<b>\$ 792,096</b>	<b>\$ 1,240,989</b>	<b>\$ 3,795,523</b>	<b>\$ 3,298,434</b>	<b>\$ 871,059</b>	<b>\$ 3,619,089</b>
<b>Excess (Deficiency) Cash Basis</b>	<b>\$ (3,587,351)</b>	<b>\$ -</b>	<b>\$ (175,740)</b>	<b>\$ (206,187)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (549,589)</b>
<b>Adjustment to accrual basis</b>	<b>15,837,304</b>	<b>48,029</b>	<b>(101,848)</b>	<b>(849)</b>	<b>(6,890)</b>	<b>-</b>	<b>281,158</b>
<b>Beginning Fund Balance - accrual basis</b>	<b>25,119,613</b>	<b>4,037,453</b>	<b>133,373</b>	<b>7,777,703</b>	<b>9,283,605</b>	<b>2,141,850</b>	<b>1,138,664</b>
<b>Ending Fund Balance - accrual basis</b>	<b>\$ 37,369,566</b>	<b>\$ 4,085,482</b>	<b>\$ (144,215)</b>	<b>\$ 7,570,667</b>	<b>\$ 9,276,715</b>	<b>\$ 2,141,850</b>	<b>\$ 870,233</b>

# Consolidated Resource/Appropriation Summary

	Sewer Fund FY 2019 Budget	Water Supply Fund FY 2019 Budget	Airport Fund FY 2019 Budget	Capital Projects Fund	Total FY 2019 Budget	Total FY 2018 Budget	Change FY18 - 19	Percent Change
<b>RESOURCES:</b>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 122,663,711	\$ 118,531,665	\$ 4,132,046	3.49%
Other Taxes	-	-	-	-	9,223,187	9,094,243	128,944	1.42%
Intergovernmental	-	-	1,349,000	-	20,962,832	20,270,504	692,328	3.42%
Fines & Penalties	60,000	44,000	-	-	1,604,000	1,671,900	(67,900)	-4.06%
Fees, Licenses, Permits	10,000	29,500	673,251	-	6,777,075	6,467,687	309,388	4.78%
Charges for Services	4,479,584	5,466,000	4,807,281	-	24,140,868	23,833,838	307,030	1.29%
Interest and Other	195,000	202,500	354,064	-	2,293,264	2,290,832	2,432	0.11%
Interfund Transfers	-	-	-	5,611,031	17,425,653	16,904,368	521,285	3.08%
Other Resources	-	-	-	-	59,754	-	59,754	100.00%
Borrowing Authorizations	701,000	1,605,000	-	8,264,740	10,570,740	9,336,000	1,234,740	13.23%
<b>TOTAL RESOURCES</b>	<b>\$ 5,445,584</b>	<b>\$ 7,347,000</b>	<b>\$ 7,183,596</b>	<b>\$ 13,875,771</b>	<b>\$ 215,721,084</b>	<b>\$ 208,401,037</b>	<b>\$ 7,320,047</b>	<b>3.51%</b>
<b>OPERATING EXPENDITURES:</b>								
Town Council	\$ -	\$ -	\$ -	\$ -	\$ 275,682	\$ 267,685	\$ 7,997	2.99%
Town Manager	-	-	-	-	671,810	495,537	176,273	35.57%
Administrative Services	-	-	-	-	6,008,108	5,872,596	135,512	2.31%
Planning & Development	-	-	-	-	1,967,993	1,771,899	196,094	11.07%
Police	-	-	-	-	14,532,512	13,835,845	696,667	5.04%
Licensing Department	-	-	-	-	155,716	201,995	(46,279)	-22.91%
Inspectional Services	-	-	-	-	2,076,999	1,996,847	80,152	4.01%
Public Works	3,074,450	4,192,713	-	-	19,826,233	19,581,977	244,256	1.25%
Marine & Environmental Affairs	-	-	-	-	2,470,709	2,354,694	116,015	4.93%
Community Services	-	-	-	-	7,900,228	7,737,869	162,359	2.10%
Education	-	-	-	-	78,721,768	75,538,287	3,183,481	4.21%
Airport Operations	-	-	5,214,185	-	5,214,185	5,607,274	(393,089)	-7.01%
<b>Subtotal Operations</b>	<b>\$ 3,074,450</b>	<b>\$ 4,192,713</b>	<b>\$ 5,214,185</b>	<b>\$ -</b>	<b>\$ 139,821,943</b>	<b>\$ 135,262,505</b>	<b>\$ 4,559,438</b>	<b>3.37%</b>
<b>OTHER REQUIREMENTS:</b>								
Debt Service	\$ 1,159,163	\$ 1,983,873	\$ 185,957	\$ -	\$ 15,829,462	\$ 15,439,669	\$ 389,793	2.52%
Employee Benefits	273,269	75,829	366,179	-	26,746,882	25,404,198	1,342,684	5.29%
Property, Casualty & Liability Ins.	68,236	12,918	169,241	-	2,213,120	2,177,398	35,722	1.64%
State, County & Local Assessments	-	-	-	-	2,630,105	2,612,054	18,051	0.69%
Library & Tourism Grants	-	-	-	-	2,009,000	1,954,210	54,790	2.80%
Other Fixed Costs	-	-	-	-	1,697,000	177,000	1,520,000	858.76%
Reserve For Abatements & Exemptions	-	-	-	-	915,000	1,005,652	(90,652)	-9.01%
Capital Program	1,046,000	1,970,000	1,420,000	10,000,000	14,552,285	13,951,000	601,285	4.31%
<b>Subtotal Other Requirements</b>	<b>\$ 2,546,668</b>	<b>\$ 4,042,620</b>	<b>\$ 2,141,377</b>	<b>\$ 10,000,000</b>	<b>\$ 66,592,854</b>	<b>\$ 62,721,181</b>	<b>\$ 3,871,673</b>	<b>6.17%</b>
<b>Interfund Transfers</b>	<b>\$ 169,466</b>	<b>\$ 88,596</b>	<b>\$ 199,297</b>	<b>\$ -</b>	<b>\$ 11,642,575</b>	<b>\$ 11,695,831</b>	<b>\$ (53,256)</b>	<b>-0.46%</b>
<b>Grand Total Expenditures</b>	<b>\$ 5,790,584</b>	<b>\$ 8,323,929</b>	<b>\$ 7,554,859</b>	<b>\$ 10,000,000</b>	<b>\$ 218,057,372</b>	<b>\$ 209,679,517</b>	<b>\$ 8,377,855</b>	<b>4.00%</b>
<b>Excess (Deficiency) Cash Basis</b>	<b>\$ (345,000)</b>	<b>\$ (976,929)</b>	<b>\$ (371,263)</b>	<b>\$ 3,875,771</b>	<b>\$ (2,336,288)</b>	<b>\$ (1,278,480)</b>	<b>\$ (1,057,808)</b>	<b>82.74%</b>
<b>Adjustment to accrual basis</b>	<b>169,289</b>	<b>1,272,559</b>	<b>209,216</b>	<b>-</b>	<b>15,775,746</b>	<b>15,146,156</b>	<b>629,590</b>	
<b>Beginning Fund Balance - accrual basis</b>	<b>32,364,818</b>	<b>16,655,664</b>	<b>70,969,108</b>	<b>13,173,950</b>	<b>182,795,801</b>	<b>168,749,786</b>	<b>14,046,015</b>	
<b>Ending Fund Balance - accrual basis</b>	<b>\$ 32,189,107</b>	<b>\$ 16,951,294</b>	<b>\$ 70,807,061</b>	<b>\$ 17,049,721</b>	<b>\$ 196,235,259</b>	<b>\$ 182,617,462</b>	<b>\$ 13,617,797</b>	

In addition to the surplus used in the General Fund and Enterprise Funds a total of \$13,875,771 of bond proceeds within the capital project funds are expected to be expended.

## Change in Fund Balance – All Appropriated Funds

	Beginning Fund Balance	FY 2019		Ending Fund Balance	Excess/ (Deficiency)	Percentage Change
		Resources	Expenditures			
General Fund	\$16,197,155	\$168,268,459	\$171,855,810	\$12,609,804	(\$3,587,351)	-22.15%
Solid Waste Enterprise Fund	2,179,508	3,069,500	3,619,089	1,629,919	(549,589)	-25.22%
Water Pollution Control Enterprise Fund	8,797,951	5,445,584	5,790,584	8,452,951	(345,000)	-3.92%
Water Supply Enterprise Fund	1,249,454	7,347,000	8,323,929	272,525	(976,929)	-78.19%
Marina Enterprise Fund	809,462	792,096	792,096	809,462	-	0.00%
Sandy Neck Enterprise Fund	943,846	1,065,249	1,240,989	768,106	(175,740)	-18.62%
Golf Enterprise Fund	723,798	3,589,336	3,795,523	517,611	(206,187)	-28.49%
HYCC Enterprise Fund	496,529	3,298,434	3,298,434	496,529	-	0.00%
PEG Enterprise Fund	2,149,696	871,059	871,059	2,149,696	-	0.00%
Airport Enterprise Fund	2,386,672	7,183,596	7,554,859	2,015,409	(371,263)	-15.56%
<b>Totals</b>	<b>\$35,934,071</b>	<b>\$200,930,313</b>	<b>\$207,142,372</b>	<b>\$29,722,012</b>	<b>(\$6,212,059)</b>	<b>-17.29%</b>

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 \$3.6 million of General Fund surplus will be used to fund the FY19 operating budget. This will still leave a healthy surplus of \$12.6 million, which represents about 8% of General Fund expenditures. The surplus will be used to fund the FY18 snow removal deficit of \$1,275,000, \$889,000 for employee benefits, \$300,000 for unemployment insurance, \$250,000 for the Town Council reserve fund, \$72,666 for the Municipal Operations budget and \$800,686 for the School Department operating budget.

The **Airport Enterprise Fund** will use \$371,263 of its fund balance to pay for a portion of the FY19 capital program (\$71,000) and \$300,263 will be used to balance the operating budget.

The **Solid Waste Enterprise Fund** will use \$549,589 of its reserves to balance its FY19 operating budget. This will be used to cover the debt service on the landfill-capping loan and increased costs for the disposal of recycling materials.

The **Water Pollution Control Enterprise Fund** will use \$345,000 of reserves to finance the FY19 capital program. These are one-time expenses and the amount is immaterial in relation to the reserve balance.

The **Water Enterprise Fund** will use \$976,929 of reserves to balance its FY19 operating budget and capital program

The **Sandy Neck Enterprise Fund** will use \$175,740 of surplus for a sand nourishment program, and facilities and grounds improvements.

The **Golf Course Enterprise Fund** will use \$206,187 of reserves for both the operating and capital program.

**Marina, Hyannis Youth & Community Center, and Public Education Enterprise Funds** are proposing balanced budgets in FY19.



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 six 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
General Fund	\$ 17,272,393	\$ 10,602,665	\$ 13,370,039	\$ 13,949,203	\$ 13,131,098	\$ 16,197,155
Solid Waste Enterprise Fund	3,854,114	3,428,957	4,010,757	3,489,420	2,409,841	2,179,508
Water Pollution Enterprise Fund	6,997,924	12,070,153	14,838,692	7,611,524	8,661,669	8,797,951
Water Supply Enterprise Fund	1,944,267	2,347,933	1,827,720	3,336,150	3,257,325	1,249,454
Marinas Enterprise Fund	422,111	570,096	714,427	661,356	774,588	809,462
Sandy Neck Enterprise Fund	645,858	611,448	569,512	478,853	714,332	943,846
Golf Enterprise Fund	414,712	387,901	500,742	638,274	733,441	723,798
HYCC Enterprise Fund	141,734	222,277	313,535	318,809	502,380	496,529
PEG Enterprise Fund*	2,735,428	1,463,397	1,572,908	1,704,942	1,937,915	2,149,696
Airport Enterprise Fund	3,211,359	2,996,203	2,563,977	977,186	2,793,657	2,386,672
<b>Total</b>	<b>\$ 37,639,900</b>	<b>\$ 34,701,030</b>	<b>\$ 40,282,309</b>	<b>\$ 33,165,717</b>	<b>\$ 34,916,246</b>	<b>\$ 35,934,071</b>

Sewer Construction & Private Way Improvements	\$ 7,751,788	\$ 10,044,371	\$ 12,240,570	\$ 14,000,808
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\*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.

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 2017, the fund had a balance of \$14,000,808. 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 2017	Approved FY 2018	Projected FY 2018	Proposed FY 2019	Change FY18 - 19	Percent Change
Taxes	\$ 26,075,721	\$ 28,391,781	\$ 27,848,872	\$ 29,587,453	\$ 1,195,672	4.21%
Intergovernmental	574,941	300,156	303,353	304,288	4,132	1.38%
Fines, Forfeitures, Penalties	1,724,212	1,567,900	1,714,106	1,500,000	(67,900)	-4.33%
Fees, Licenses, Permits	3,246,604	3,000,000	3,489,511	3,091,100	91,100	3.04%
Charges for Services	2,201,219	2,100,000	2,050,694	2,247,582	147,582	7.03%
Interest and Other	1,019,713	646,000	970,197	703,500	57,500	8.90%
Special Revenue Funds	626,670	649,670	649,670	619,670	(30,000)	-4.62%
Enterprise Funds	900,179	933,700	933,700	899,009	(34,691)	-3.72%
Reserves	-	-	-	72,666	72,666	0.00%
<b>Total Sources</b>	<b>\$ 36,369,259</b>	<b>\$ 37,589,207</b>	<b>\$ 37,960,103</b>	<b>\$ 39,025,268</b>	<b>\$ 1,436,061</b>	<b>3.82%</b>

Municipal Department	Actual FY 2017	Approved FY 2018	Projected FY 2018	Proposed FY 2019	Change FY18 - 19	Percent Change
Police	\$ 13,354,483	\$ 13,835,845	\$ 13,799,326	\$ 14,532,512	\$ 696,667	5.04%
Public Works	9,956,612	9,437,141	10,142,104	9,691,760	254,619	2.70%
Administrative Services	5,719,360	5,872,596	5,806,332	6,008,108	135,512	2.31%
Marine & Environmental Affairs	978,543	1,139,996	1,101,452	1,121,341	(18,655)	-1.64%
Community Services	2,033,400	2,415,189	2,376,738	2,523,347	108,158	4.48%
Licensing Department	190,582	201,995	196,836	155,716	(46,279)	-22.91%
Inspectional Services	1,741,180	1,996,847	1,916,587	2,076,999	80,152	4.01%
Planning & Development	1,548,390	1,771,899	1,709,022	1,967,993	196,094	11.07%
Town Manager	589,639	650,014	647,000	671,810	21,796	3.35%
Town Council	257,070	267,685	264,706	275,682	7,997	2.99%
<b>Total Appropriated Expenditures</b>	<b>\$ 36,369,259</b>	<b>\$ 37,589,207</b>	<b>\$ 37,960,103</b>	<b>\$ 39,025,268</b>	<b>\$ 1,436,061</b>	<b>3.82%</b>

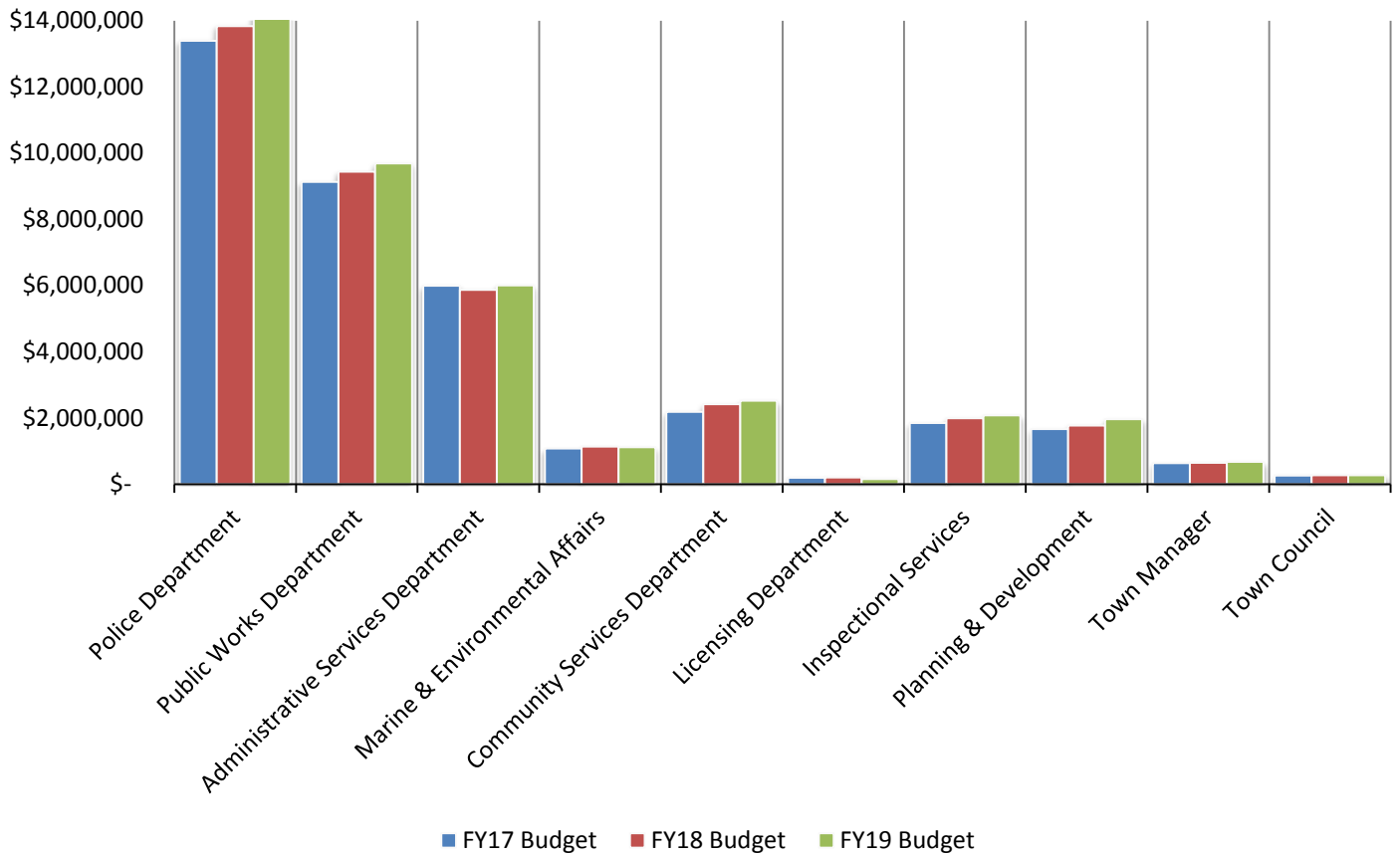
Employee Benefits Allocation:	
Life Insurance	\$ 2,136
Medicare	341,766
Health Insurance	1,651,921
County Retirement	4,864,451
<b>Total Employee Benefits (1)</b>	<b>\$ 6,860,274</b>
<b>Total Expenditures Including Benefits</b>	<b>\$ 43,229,533</b>

<b>Full-time Equivalent Employees</b>	<b>358.45</b>	<b>370.00</b>	<b>373.85</b>	<b>3.85</b>
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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 3 new positions performing dispatch services for the Hyannis Fire District. The Planning & Development Department budget is increasing 11% due to 2.5 new full-time positions being added. The Licensing Department budget is down 23% due to the elimination of the Regulatory Services Director position.

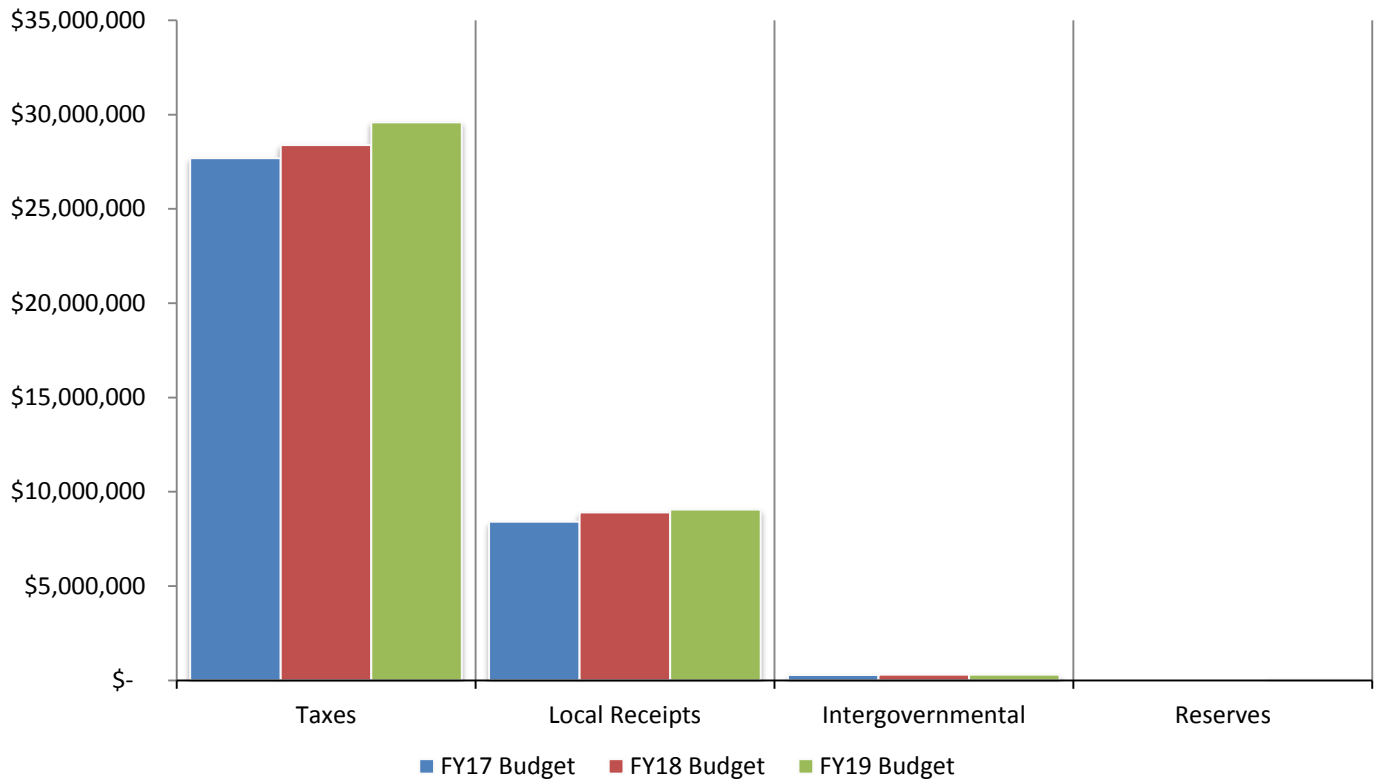
Property taxes will fund a majority of the increase in the budget. Transfers from special revenue funds and enterprise funds are declining and fine and penalty revenue is projected to decline. Charges for services include reimbursements from the Hyannis Fire District for the 3 new positions in the Police Department.

### 3 Year Expenditure Comparison By Department



The Police, Public Works, Community Services, Planning & Development, and Inspectional 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.

### 3 Year Comparison of Funding Sources For Municipal Operations



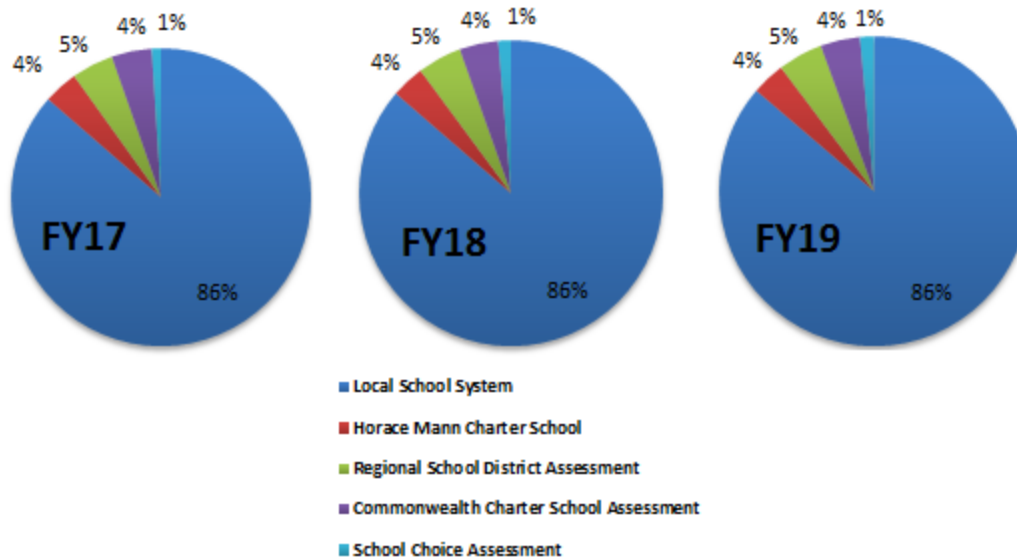
Taxes have been used to fund the increase in the municipal departments operating budgets for the past three years. This has increased from \$27.7 million to \$29.6 million. Local receipts have grown from \$8.4 million to \$9.1 million. Intergovernmental resources used to balance this area of the budget are immaterial and reserves have been avoided until FY19, which includes \$72,666 to balance the budget.

# Education Budget and Funding Source Summary

Source of Funding	Actual FY 2017	Approved FY 2018	Projected FY 2018	Proposed FY 2019	Change FY18 - 19	Percent Change
Taxes	\$ 59,032,182	\$ 61,903,011	\$ 61,860,005	\$ 64,132,404	\$ 2,229,393	3.60%
Intergovernmental	13,413,498	13,179,970	13,179,970	13,563,678	383,708	2.91%
Fees, Licenses, Permits	225,000	225,000	225,000	225,000	-	0.00%
Interest and Other	885	-	-	-	-	0.00%
School Savings Account	-	230,306	230,306	800,686	570,380	247.66%
<b>Total Sources</b>	<b>\$ 72,671,565</b>	<b>\$ 75,538,287</b>	<b>\$ 75,495,281</b>	<b>\$ 78,721,768</b>	<b>\$ 3,183,481</b>	<b>4.21%</b>

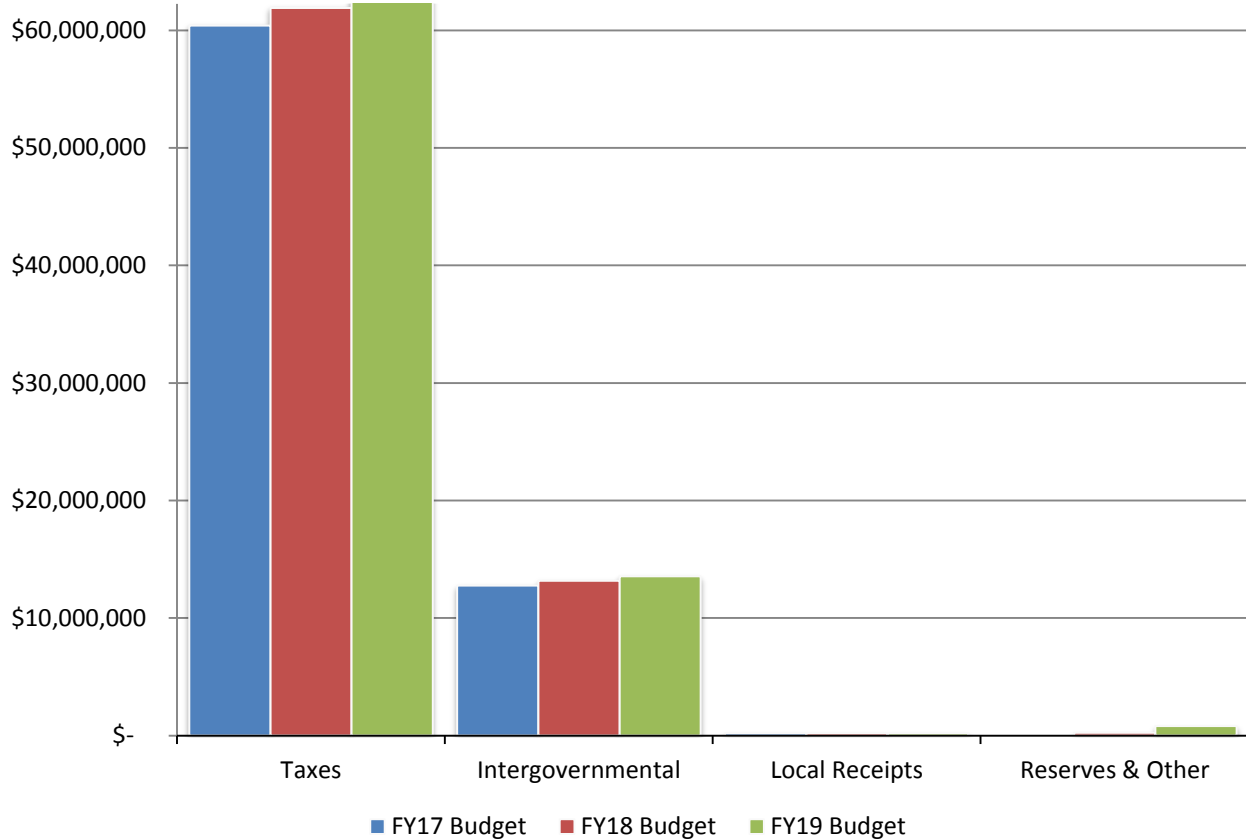
Expenditure Category	Actual FY 2017	Approved FY 2018	Projected FY 2018	Proposed FY 2019	Change FY18 - 19	Percent Change
Local School System	\$ 62,769,841	\$ 65,230,189	\$ 65,118,078	\$ 67,904,780	\$ 2,674,591	4.10%
Horace Mann Charter School	2,705,115	2,654,517	2,723,622	2,732,220	77,703	2.93%
Regional School District Assessment	3,302,096	3,535,665	3,535,665	3,682,234	146,569	4.15%
Commonwealth Charter School Assessment	3,150,194	3,095,125	3,095,125	3,246,468	151,343	4.89%
School Choice Assessment	744,319	1,022,791	1,022,791	1,156,066	133,275	13.03%
<b>Total Appropriation</b>	<b>\$ 72,671,565</b>	<b>\$ 75,538,287</b>	<b>\$ 75,495,281</b>	<b>\$ 78,721,768</b>	<b>\$ 3,183,481</b>	<b>4.21%</b>

Employee Benefits Allocation:		
Life Insurance	\$ 4,850	\$ 3,873
Medicare	672,168	711,811
Health Insurance	3,457,808	4,368,880
County Retirement	1,964,178	2,079,313
<b>Total Employee Benefits (1)</b>	<b>\$ 6,099,004</b>	<b>\$ 7,163,877</b>
<b>Total Expenditures Including Benefits</b>	<b>\$ 78,770,569</b>	<b>\$ 82,659,158</b>



The distribution of expenditures on education has not changed over the past three years. School Choice Assessments shows the largest anticipated growth by 13% from FY18 to FY19. Enrollment in the other systems has grown resulting in higher assessments. The local school system budget is increasing by 4.1% from FY18 to FY19 and includes 7.20 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. FY19 budget anticipates using \$800,686 of school reserves to balance budget.

# Fixed Costs and Funding Source Summary

Other Requirements Source of Funding	Actual FY 2017	Approved FY 2018	Projected FY 2018	Proposed FY 2019	Change FY18 - 19	Percent Change
Taxes	\$ 32,032,991	\$ 36,325,465	\$ 32,335,592	\$ 37,252,040	\$ 926,575	2.55%
Intergovernmental	5,600,932	5,752,778	5,752,778	5,745,866	(6,912)	-0.12%
Interest and Other	514,443	530,000	524,242	490,000	(40,000)	-7.55%
Special Revenue Funds	126,038	112,183	112,183	112,330	147	0.13%
Enterprise Funds	1,642,807	1,836,824	1,836,824	1,867,209	30,385	1.65%
Trust Funds	5,037,762	5,392,981	5,392,981	5,927,329	534,348	9.91%
Reserves	4,387,647	2,325,000	4,393,933	2,714,000	389,000	16.73%
<b>Total Sources</b>	<b>\$ 49,342,620</b>	<b>\$ 52,275,231</b>	<b>\$ 50,348,533</b>	<b>\$ 54,108,774</b>	<b>\$ 1,833,543</b>	<b>3.51%</b>

Expenditure Category						
Employee Benefits						
Retirement Assessments	\$ 8,398,711	\$ 9,003,460	\$ 9,003,459	\$ 9,309,000	\$ 305,540	3.39%
Health Insurance for Active Employees	6,423,385	7,754,715	7,573,385	8,603,709	848,994	10.95%
Retiree Health & Sick Benefits	4,051,381	4,558,479	4,500,000	4,625,070	66,591	1.46%
Workers' Compensation & Unemployment	1,361,380	1,600,000	1,474,989	1,600,000	-	0.00%
Medicare & Life Insurance	1,063,346	1,115,000	1,098,417	1,145,000	30,000	2.69%
<b>Total</b>	<b>\$ 21,298,203</b>	<b>\$ 24,031,654</b>	<b>\$ 23,650,250</b>	<b>\$ 25,282,779</b>	<b>\$ 1,251,125</b>	<b>5.21%</b>

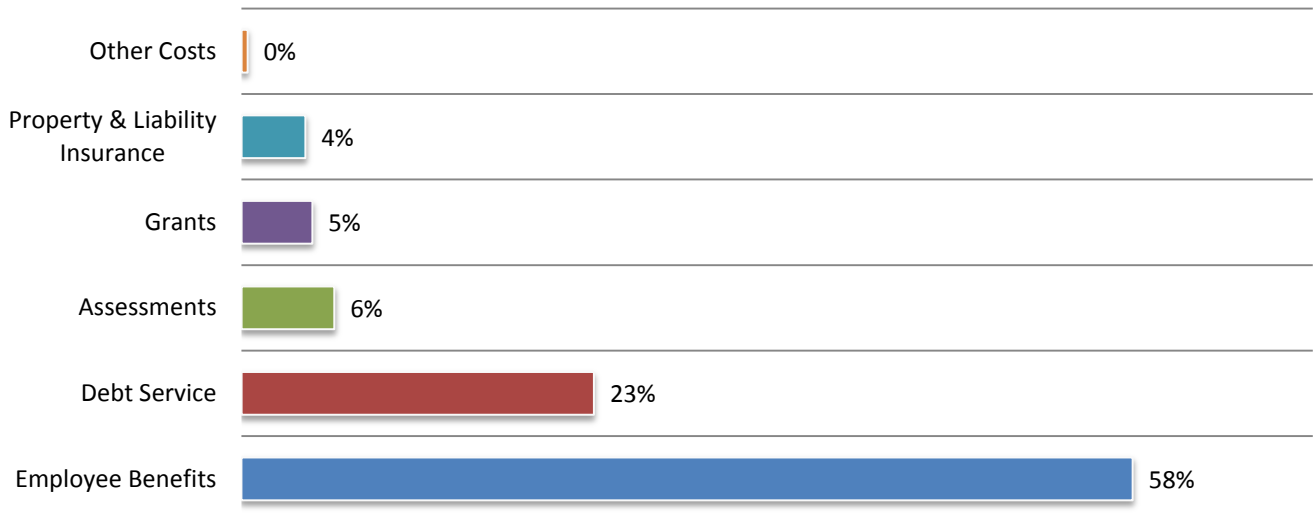
Debt Service, Grants, Assessments & Other						
Debt Service	\$ 9,173,132	\$ 9,500,634	\$ 9,500,634	\$ 9,996,301	\$ 495,667	5.22%
Library Grants	1,773,990	1,827,210	1,827,210	1,882,000	54,790	3.00%
Tourism Grant	174,209	127,000	125,000	127,000	-	0.00%
Property & Liability Insurance	1,619,749	1,760,000	1,750,000	1,810,000	50,000	2.84%
Interest on Tax Refunds	599	20,000	2,961	-	(20,000)	-100.00%
Celebrations	95,745	105,000	104,575	120,000	15,000	14.29%
Lombard Trust Rent	52,000	52,000	52,000	52,000	-	0.00%
Veterans' District Assessment & Benefit Payment	327,699	420,000	360,384	400,000	(20,000)	-4.76%
Old Kings Highway	9,750	10,250	10,250	10,500	250	2.44%
Greenhead Fly Control District	5,320	5,320	5,320	5,320	-	0.00%
County Tax & Cape Cod Commission Assessments	1,121,530	1,113,942	1,113,942	1,141,791	27,849	2.50%
Mosquito Control	362,868	377,897	377,897	393,997	16,100	4.26%
Air Pollution Control Districts	22,378	21,224	21,224	21,684	460	2.17%
RMV Non-renewal Surcharge	55,540	55,540	55,540	55,540	-	0.00%
Cape Cod Regional Transit Authority	551,118	564,896	564,896	579,019	14,123	2.50%
Special Education Assessment	41,331	42,985	42,985	22,254	(20,731)	-48.23%
Snow & Ice Removal Deficit	-	1,456,214	-	1,275,000	(181,214)	-12.44%
Town Council Reserve Fund	-	-	-	250,000	250,000	0.00%
<b>Total</b>	<b>\$ 15,386,958</b>	<b>\$ 17,460,112</b>	<b>\$ 15,914,818</b>	<b>\$ 18,142,406</b>	<b>\$ 682,294</b>	<b>3.91%</b>

<b>Subtotal Before Transfers</b>	<b>\$ 36,685,161</b>	<b>\$ 41,491,766</b>	<b>\$ 39,565,068</b>	<b>\$ 43,425,185</b>	<b>\$ 1,933,419</b>	<b>4.66%</b>
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Transfers						
Transfer to Capital Trust Fund	\$11,786,673	\$ 9,636,985	\$ 9,636,985	\$ 9,517,045	\$ (119,940)	-1.24%
Transfer to Capital Projects Funds	1,710	-	-	-	-	0.00%
Transfers to Enterprise Funds	869,076	1,146,480	1,146,480	1,166,544	20,064	1.75%
<b>Total</b>	<b>\$ 12,657,459</b>	<b>\$ 10,783,465</b>	<b>\$ 10,783,465</b>	<b>\$ 10,683,589</b>	<b>\$ (99,876)</b>	<b>-0.93%</b>

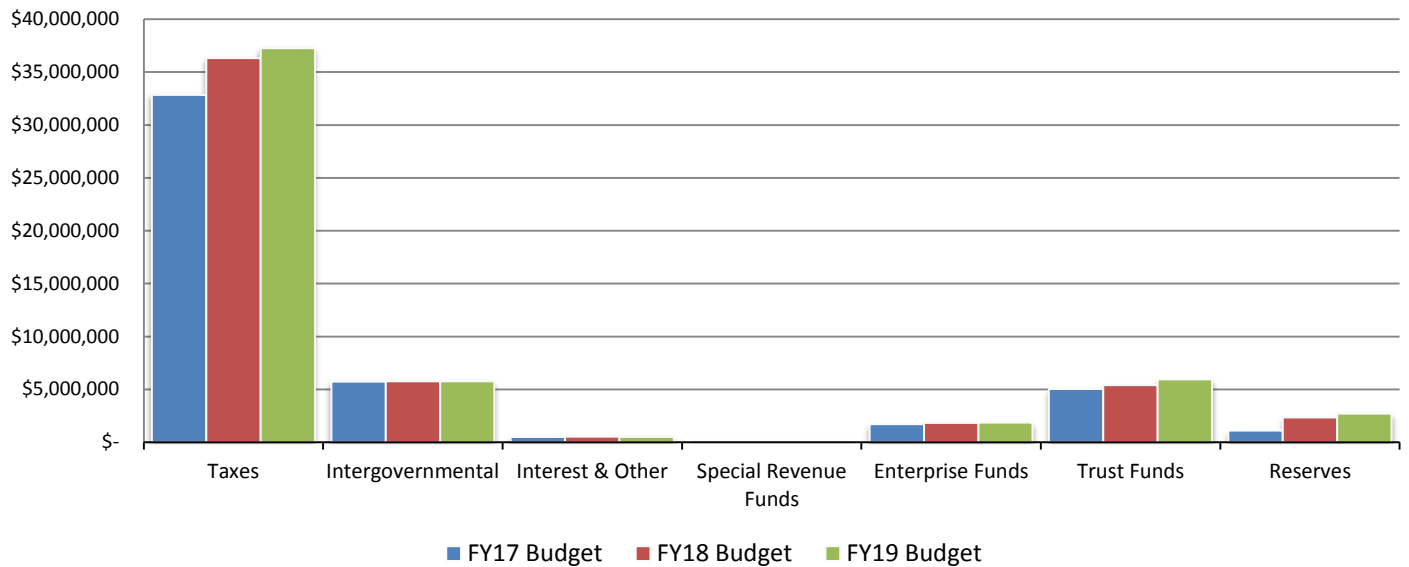
<b>Grand Total Other Requirements</b>	<b>\$ 49,342,620</b>	<b>\$ 52,275,231</b>	<b>\$ 50,348,533</b>	<b>\$ 54,108,774</b>	<b>\$ 1,833,543</b>	<b>3.51%</b>
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### Other Requirements Budget



Employee benefits and debt service comprise most of the spending in this category. Together they account for 81% 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 the three-year period. An increase in the transfer from the Capital Trust Fund to pay for the increase in debt service and additional reserves has been used to balance this budget. The remaining revenue sources have remained level.



# General Fund Budget Summary

Source of Funding	Actual FY 2017	Approved FY 2018	Projected FY 2018	Proposed FY 2019	Change FY18 - 19	Percent Change
Taxes	\$ 122,812,815	\$ 126,620,256	\$ 127,823,284	\$ 130,971,898	\$ 4,351,642	3.44%
Intergovernmental	19,589,371	19,232,904	19,236,101	19,613,832	380,928	1.98%
Fines & Penalties	1,724,212	1,567,900	1,714,106	1,500,000	(67,900)	-4.33%
Fees, Licenses, Permits	3,471,604	3,225,000	3,714,511	3,316,100	91,100	2.82%
Charges for Services	2,201,219	2,100,000	2,050,694	2,247,582	147,582	7.03%
Interest and Other	1,535,041	1,176,000	1,494,439	1,193,500	17,500	1.49%
Special Revenue Funds	752,708	761,853	761,853	732,000	(29,853)	-3.92%
Enterprise Funds	2,542,986	2,770,524	2,770,524	2,766,218	(4,306)	-0.16%
Trust Funds	5,037,762	5,392,981	5,392,981	5,927,329	534,348	9.91%
<b>Total Sources</b>	<b>\$ 159,667,718</b>	<b>\$ 162,847,418</b>	<b>\$ 164,958,493</b>	<b>\$ 168,268,459</b>	<b>\$ 5,421,041</b>	<b>3.33%</b>

Expenditure Category	Actual FY 2017	Approved FY 2018	Projected FY 2018	Proposed FY 2019	Change FY18 - 19	Percent Change
Municipal Operations	\$ 36,369,259	\$ 37,589,207	\$ 37,960,103	\$ 39,025,268	\$ 1,436,061	3.82%
All Education Operatons	72,671,565	75,538,287	75,495,281	78,721,768	3,183,481	4.21%
Fixed Costs Excluding Transfers	36,685,161	41,491,766	39,565,068	43,425,185	1,933,419	4.66%
Transfers	12,657,459	10,783,465	10,783,465	10,683,589	(99,876)	-0.93%
<b>Total Appropriation</b>	<b>\$ 158,383,444</b>	<b>\$ 165,402,725</b>	<b>\$ 163,803,917</b>	<b>\$ 171,855,810</b>	<b>\$ 6,453,085</b>	<b>3.90%</b>

<b>Excess (Deficiency)</b>	<b>\$ 1,284,274</b>	<b>\$ (2,555,307)</b>	<b>\$ 1,154,576</b>	<b>\$ (3,587,351)</b>	<b>\$ (1,032,044)</b>
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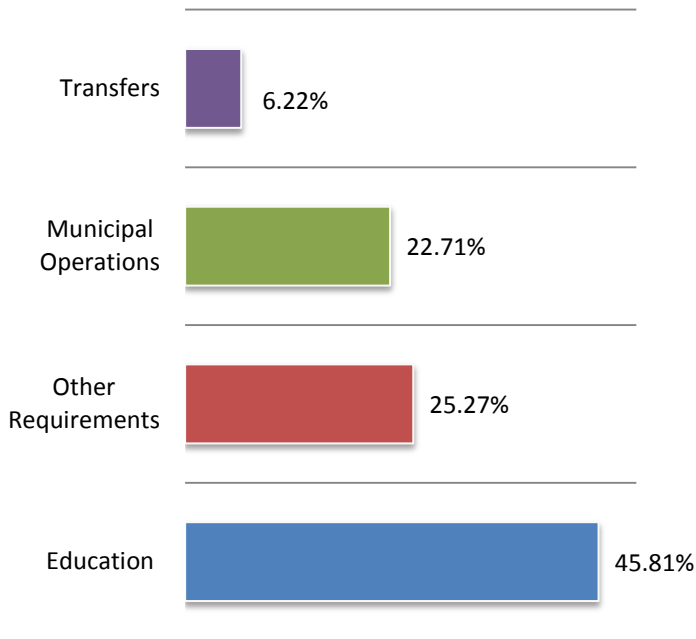
<b>Beginning Fund Balance</b>	<b>20,904,700</b>	<b>22,188,974</b>	<b>22,188,974</b>	<b>23,343,550</b>
<b>Ending Fund Balance (cash basis)</b>	<b>\$ 22,188,974</b>	<b>\$ 19,633,667</b>	<b>\$ 23,343,550</b>	<b>\$ 19,756,199</b>

<b>Full-time Equivalent Employees</b>	<b>1,198.85</b>	<b>1,211.70</b>	<b>1,222.75</b>	<b>11.05</b>
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The total General Fund budget for FY19 is increasing \$6.4 million over the FY18 amount, or 3.9%.

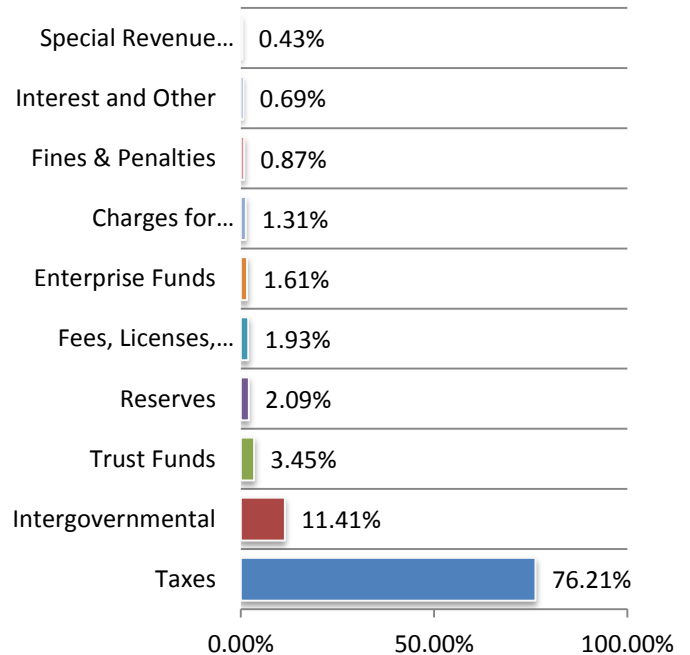
Total resources used to balance the budget are increasing \$5,421,041, which results in an increase of \$1,032,044 in reserves used to balance the budget. Intergovernmental aid is the second largest funding source and provides 11% of the total funding for the General Fund budget. All other sources, including reserves, comprise 13% of the total funding sources used to balance the budget.

Distribution of General Fund Expenditures By Major Area



Education is the largest cost area for the General Fund accounting for 46% of all expenditures. Other Requirements (fixed costs) are the second largest area at 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 76% of the funding for all of the General Fund operations. Intergovernmental revenue provides 11% of the funding.

School Operation Changes:

SCHOOL			
Category	Amount	FTE	Description
Steps / COLA	1,710,048		Cost of negotiated step and COLA changes.
Retirements	(293,841)		Salary savings anticipated from 13 known retirements. Average \$24,486
New Positions –Contract Language +1.4FTE	91,755	1.40	1.4 FTE Art, Music, PE/Health
Reductions -1.7 FTE	(110,970)	(1.70)	1.0 Grade Teacher, 0.2 Music, 0.5 Admin Asst
Program Changes +7.5 FTE	358,368	7.50	1.0 SEAD Coach 0.5 Sped Teacher, 6.0 Sped Asst
Text / Software / Curriculum	87,250		Math curriculum, science consumables , ELL Software.
Contractual Needs	207,304		BCHMCPS Tuition, Unanticipated Expense, Bus contract, Photocopier Lease
Program Changes	132,000		Curriculum and Assessment needs. Small bus replacement
Barnstable Intermediate School (BIS)	31,920		Math Textbook / Online Program
Barnstable High School (BHS )	7,800		Carpet Removal / Tile Replacement - 1,300 sq.ft.
Barnstable High School (BHS )	12,000		Replace 40 Football Helmets
Barnstable High School (BHS )	14,000		19 Laptops for AP & CP courses
Barnstable High School (BHS )	37,000		Mac Lab Replacement (Rm 2731)
Barnstable High School (BHS )	8,800		1 AP (Politics & European History) Offerings
Barnstable High School (BHS )	5,500		4 Spin Bikes to replace 5 broken ones
Technology	305,810		35 Chrome Carts (33 BHS \$259,410, Grade 3 \$46,400)
Technology	63,800		Refresh/Roll for Tech Labs
Transportation	5,000		Student Transportation – Car Seats
Transportation	3,750		Student Data Connector & Mapnet (Tripspark & Aspen X2)
Asst. Superintendent	40,000		Elementary Writing Program: Structure, Content, & Fluency
Student Services	35,000		3 Day Responsive Classroom course for Elem. Teachers
<b>Increase in Local School Budget</b>	<b>2,752,294</b>	<b>7.20</b>	

## Municipal Operation Changes:

MUNICIPAL			
Category	Amount	FTE	Description
Personnel - Contractual Salary Obligations	943,740		Costs associated with employee collective bargaining agreements, net of retirements and resignations.
Personnel - New civilian dispatchers for Police Department	12,261		Additional cost for 12 months (FY18 included 6 months funding); net of grant offset and overtime reduction.
Personnel - Finance Department staff reductions	(98,368)	(2.00)	Elimination of Property Lister and Office Manager positions in Assessing operations
Personnel - Finance Department new position	66,888	1.00	Cost of new Purchasing Agent position associated with the FY19 reorganization as 2 full-time employees from the Finance Department that assisted in procurement will be transferred to Asset Management.
Personnel - Planning & Development new positions	198,134	2.50	New Economic Development Coordinator, Assistant Director of Planning & Development and a Division Assistant position.
Personnel - former Department of Regulatory Services	(99,979)	(0.85)	Elimination of the Director of Regulatory Services
Personnel - Department of Public Works	(37,601)	(0.80)	Eliminate Section foreman position converted to a Technical Apprentice and partial funding for a Special Project Manager on embayment.
Personnel - Marine & Environmental Affairs Department	3,396	0.05	Net changes in personnel due to reorganization.
Personnel - Community Services Department	(18,914)	(0.10)	Net changes in personnel due to reorganization.
Personnel and operating expenses - Police Department	173,582	3.00	3 new civilian dispatchers to cover Hyannis Fire District.
Personnel - Police Department	39,840		Wages for Community Service Officers program to continue program previously funded from a gift.
Personnel - Police Department	(5,212)		Reduction in overtime.
Personnel - Licensing Department	(2,000)		Reduction in seasonal wages.
Personnel - Community Services Department	19,838	0.95	Additional staff to run evening enrichment programs at the senior center.
Personnel - Inspectional Services Department	14,668	0.10	Increase in seasonal hours for Coastal Resource Coord. during summer months and wages for seasonal water quality specialists.
Personnel & operating expenses - Multiple departments	22,256		Increase in overtime and registration fees for employee training.

## Municipal Operation Changes (Continued):

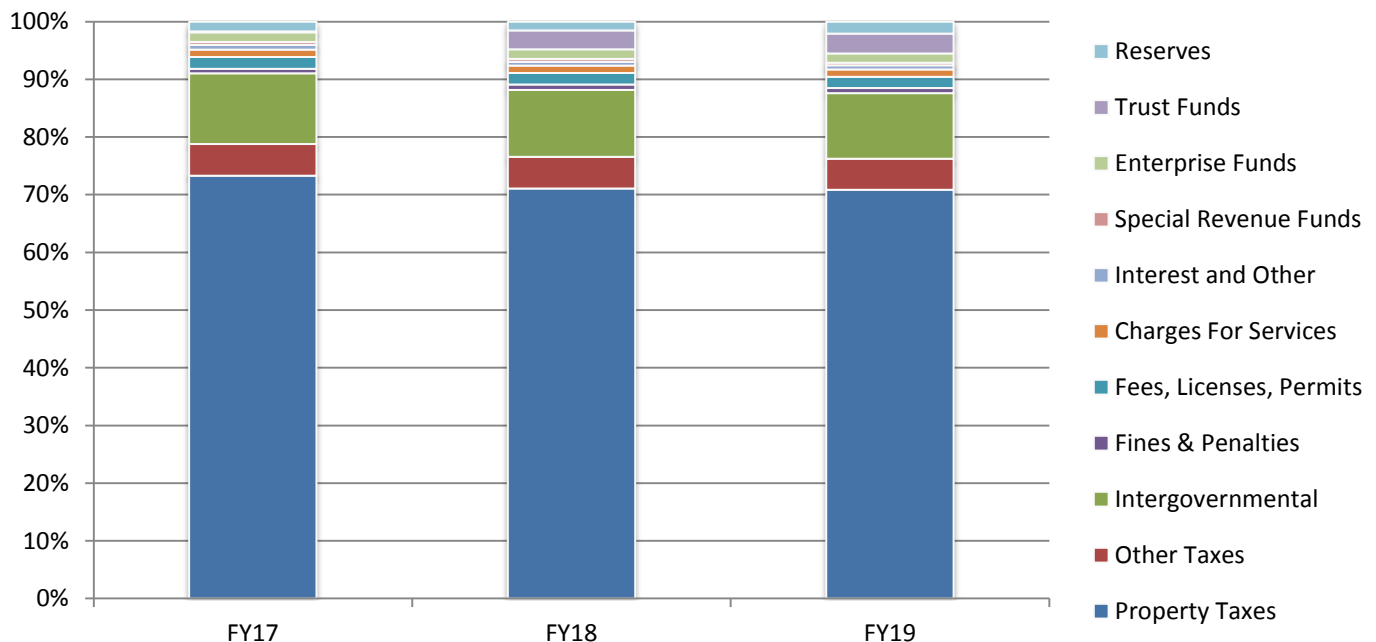
MUNICIPAL			
Category	Amount	FTE	Description
Operating Expenses - multiple departments	(81,856)		Reduction in expenses that won't be repeated in FY19.
Operating Expenses - Public Works	125,000		Increase the base budget to \$825,000 for Snow & Ice removal.
Operating Expenses - Administrative Services	28,000		Outside contract services in Assessing operations to offset reduction in staffing.
Operating Expenses - multiple departments	56,600		Price increase for gasoline and diesel fuel.
Operating Expenses - multiple departments	30,136		Software & hardware license increase.
Operating expenses - Police Department	69,252		Police academy costs for 5 new officers.
Operating Expenses - multiple departments	16,460		Uniforms
Operating expenses - Public Works	33,000		Increase in utility costs.
Operating Capital	(73,060)		Reduction in funds allocated to operating capital.
<b>Increase in Municipal Operations</b>	<b>1,436,061</b>	<b>3.85</b>	

## Fixed Cost Changes:

FIXED COSTS			
Category	Amount	FTE	Description
Employee benefits	1,251,125		Costs increases mainly due to retirement and health insurance.
Increase in debt service	495,667		Increase in annual debt service due to FY18 bond issue.
Increase in grant funding	54,790		FY19 budget includes a 3% increase in the library grant.
Property & casualty insurance	50,000		Increase costs associated with premiums.
Assessments & other fixed costs	13,051		Increase costs associated State, County & local assessments.
Snow & Ice Removal Deficit	(181,214)		decrease in snow removal costs.
Town Council Reserve Fund	250,000		Establish as reserve fund for extraordinary and unforeseen expenses.
<b>Increase in fixed costs</b>	<b>1,933,419</b>		

# General Fund Revenue Summary

	Actual FY 2017	Budget FY 2018	Budget FY 2019	Change FY18 - 19	Percent Change
<b>Property Taxes:</b>					
Tax Levy	\$ 114,243,675	\$ 118,531,665	\$ 122,663,711	\$ 4,132,046	3.49%
Reserved for Abatements and Exemptions	(819,966)	(1,005,652)	(915,000)	90,652	-9.01%
<b>Property Taxes Available for Operations</b>	<b>\$ 113,423,709</b>	<b>\$ 117,526,013</b>	<b>\$ 121,748,711</b>	<b>\$ 4,222,698</b>	<b>3.59%</b>
<b>Other Taxes:</b>					
Motor Vehicle Excise Tax	\$ 7,273,204	\$ 7,034,243	\$ 7,163,187	\$ 128,944	1.83%
Boat Excise Tax	132,590	130,000	130,000	-	0.00%
Motel/Hotel Excise Tax	1,951,070	1,900,000	1,900,000	-	0.00%
Payments in Lieu of Tax	32,242	30,000	30,000	-	0.00%
<b>Total Other Taxes</b>	<b>\$ 9,389,106</b>	<b>\$ 9,094,243</b>	<b>\$ 9,223,187</b>	<b>\$ 128,944</b>	<b>1.42%</b>
<b>Other Resources:</b>					
Intergovernmental	\$ 19,589,371	\$ 19,232,904	\$ 19,613,832	\$ 380,928	1.98%
Fines & Penalties	1,724,212	1,567,900	1,500,000	(67,900)	-4.33%
Fees, Licenses, Permits	3,471,604	3,225,000	3,316,100	91,100	2.82%
Charges For Services	2,201,219	2,100,000	2,247,582	147,582	7.03%
Interest and Other	1,535,041	1,176,000	1,193,500	17,500	1.49%
Special Revenue Funds	752,708	761,853	732,000	(29,853)	-3.92%
Enterprise Funds	2,542,986	2,770,524	2,766,218	(4,306)	-0.16%
Trust Funds	5,037,762	5,392,981	5,927,329	534,348	9.91%
Reserves	-	2,555,307	3,587,351	1,032,044	40.39%
<b>Total Other Resources</b>	<b>\$ 36,854,903</b>	<b>\$ 38,782,469</b>	<b>\$ 40,883,912</b>	<b>\$ 2,101,443</b>	<b>5.42%</b>
<b>Total General Fund Resources</b>	<b>\$ 159,667,718</b>	<b>\$ 165,402,725</b>	<b>\$ 171,855,810</b>	<b>\$ 6,453,085</b>	<b>3.90%</b>



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 FY18 to balance the operating or capital budgets. The formula used to calculate the projected tax levy for FY19 is as follows:

Base levy from FY18	\$116,900,171
Prop 2½ allowable increase	2,922,504 (2.5% of FY18 base)
Estimated new property tax growth	\$950,000
Cape Cod Commission environmental tax	\$590,770
Debt exclusions	\$1,300,266
Less reserve for abatements & exemptions	(\$915,000)
FY19 Tax Levy available for operations	\$121,748,711

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 so the tax is projected to grow by this percentage in FY19.

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.

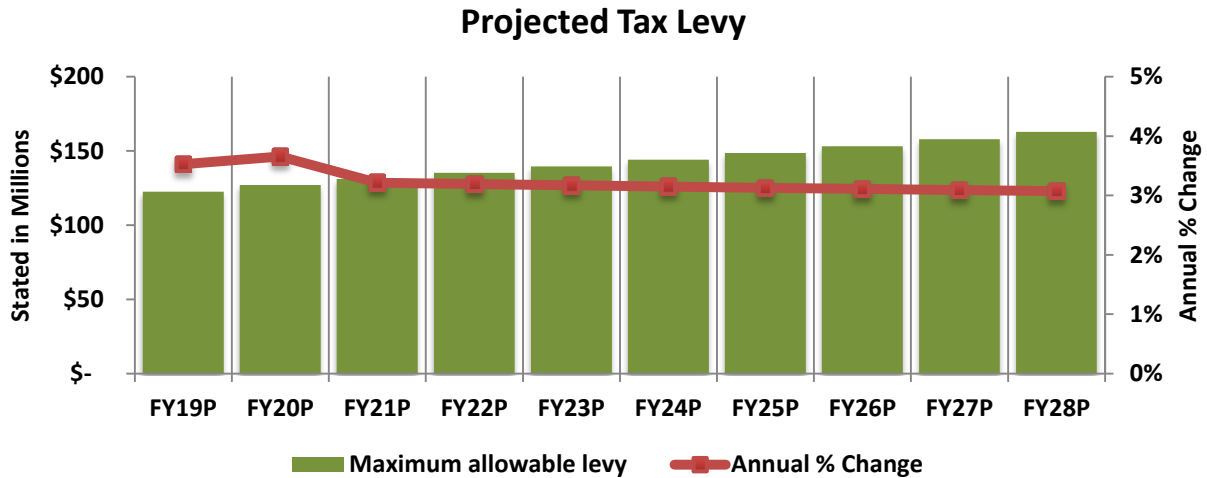
Every year a provision for abatements and property tax exemptions must be made as well. For FY19 a provision of \$915,000 is being set aside, reducing the available property taxes to fund operations by this amount.

	Projected Tax Levy - Stated in Millions									
	FY19P	FY20P	FY21P	FY22P	FY23P	FY24P	FY25P	FY26P	FY27P	FY28P
Base levy from prior year	\$116.90	\$120.77	\$124.74	\$128.81	\$132.98	\$137.26	\$141.64	\$146.13	\$150.73	\$155.45
Prop. 2½ increase	2.92	3.02	3.12	3.22	3.32	3.43	3.54	3.65	3.77	3.89
Estimated new growth	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
New base	120.77	124.74	128.81	132.98	137.26	141.64	146.13	150.73	155.45	160.29
<b>Voter Approved Add-ons:</b>										
CCC Environmental Tax	0.59	0.61	0.62	0.64	0.65	0.67	0.69	0.70	0.72	0.74
Debt exclusions*	1.30	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80
Maximum allowable levy	\$122.66	\$127.15	\$131.23	\$135.42	\$139.71	\$144.11	\$148.61	\$153.23	\$157.97	\$162.82

Percentage increase 3.66% 3.21% 3.19% 3.17% 3.15% 3.13% 3.11% 3.09% 3.07%  
 \* All approved debt exclusions are for school construction projects.

The projected tax levy for the next ten years is estimated to grow from \$122 million to \$162 million. This represents about a 3.1 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 will add another 0.6 percent. New property tax growth is expected to average about \$950,000 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 and voter approved debt exclusions expire in FY

2020. A recently approved debt exclusion override for the Cape Cod Regional Technical High School is expected to impact the town’s tax levy beginning in FY20 estimated to be \$1.8 million.



The projected increase in the tax level will average approximately 3.23 percent over the ten-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

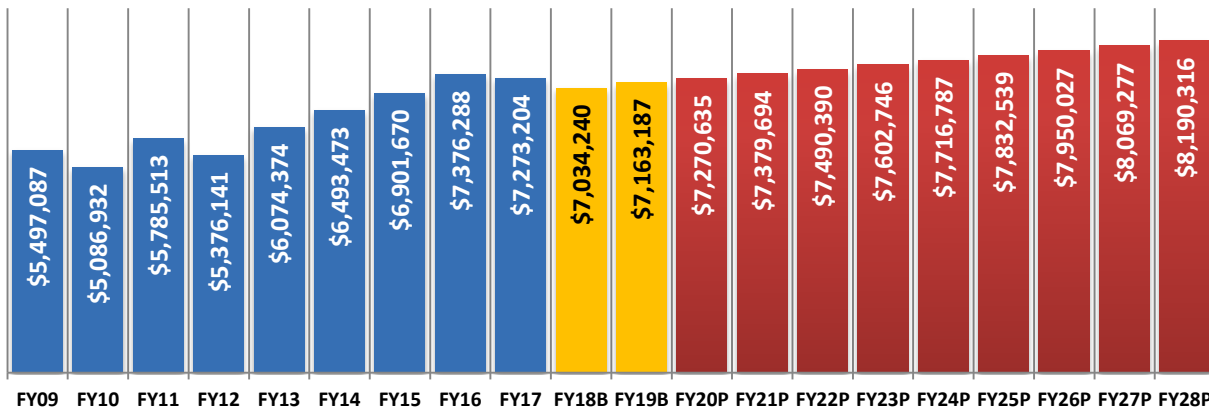
This category of revenue is difficult to project because of the many variables involved. These include the timing of the state in mailing commitments, the price changes in new vehicles, the volume of new vehicle purchases and leases, and changes in the economy. The Town receives a tax commitment from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

- 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
- FY 2018 - \$6,052,078 – 3.3% increase



The auto industry has recovered from the recessionary years. Locally, many dealerships have made significant investments in their properties signifying a recovery is in progress.

**Motor Vehicle Excise Tax - Actual and Projected**



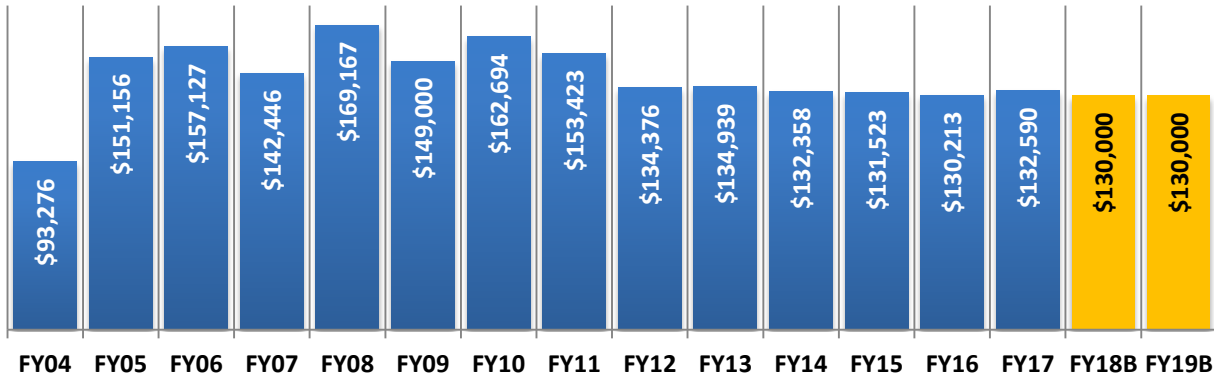
The blue bars represent the past nine years of actual revenue collections and yellow bars are FY 2018 and 2019 budgets. This area of revenue peaked in FY 2016 at \$7.3 million. FY 2009 and FY 2010 saw significant drops in revenue; close to \$1.5 million. The recovery began in FY 2013, which saw this area grow to over \$6 million after several years in decline. The FY 2019 budget is estimated at \$7.1 million. This category of revenue is projected to grow slightly over the next ten years, which is 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 in FY19 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

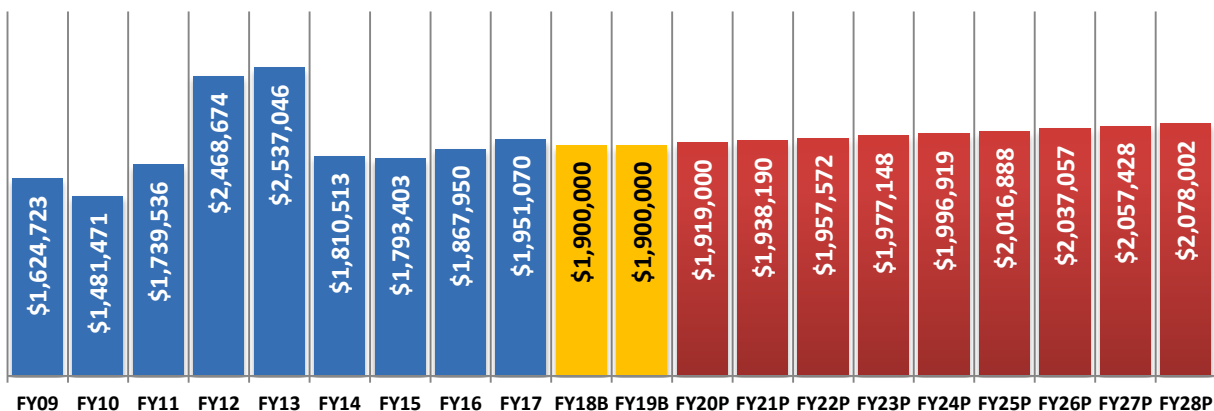


The blue bars represent the past fourteen years of actual revenue collections and yellow bars are FY 2018 and 2019 budgets. As illustrated by the chart above, actual collections have ranged between \$135,000 and \$170,000 over the past ten years. No growth is projected in this revenue category.

### 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 and Projected



The blue bars represent the past nine years of actual revenue collections and yellow bars are FY 2018 and 2019 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 actual over the past ten years as the additional 2% increase has been dedicated to a Sewer Construction and Private Way Maintenance Special Revenue Fund and has been removed from the FY 2014 to FY 2028 amounts. History has illustrated this category of revenue’s resiliency. FY

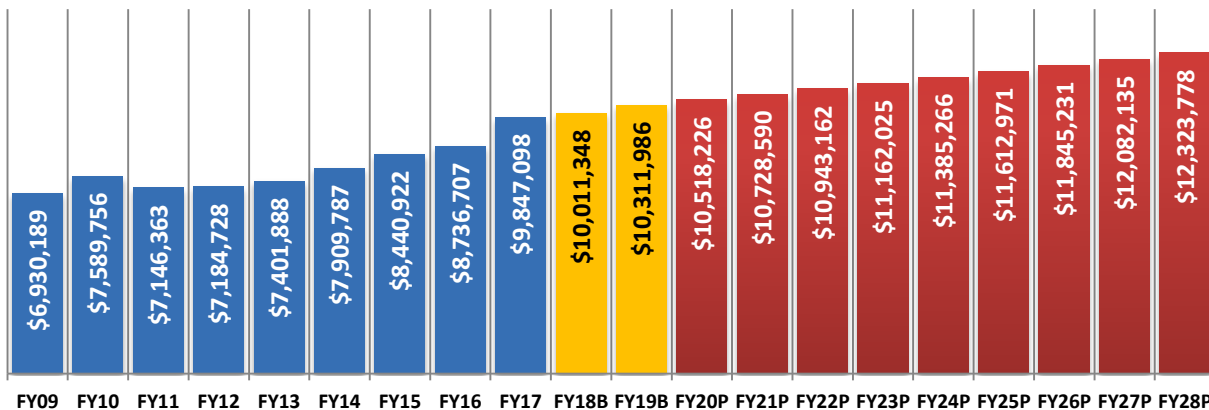
2010 was the only year the town realized a reduction in this category of revenue. There have been no significant changes due to the economy. Visitors continue to come to Cape Cod. They may be drawn from national, international and regional areas.

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 FY19 budget proposal is based on the Governor’s proposed budget for FY19, which was issued in January of 2018. 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. Late June or early July, after the Town has already approved its budget usually completes this process. 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.

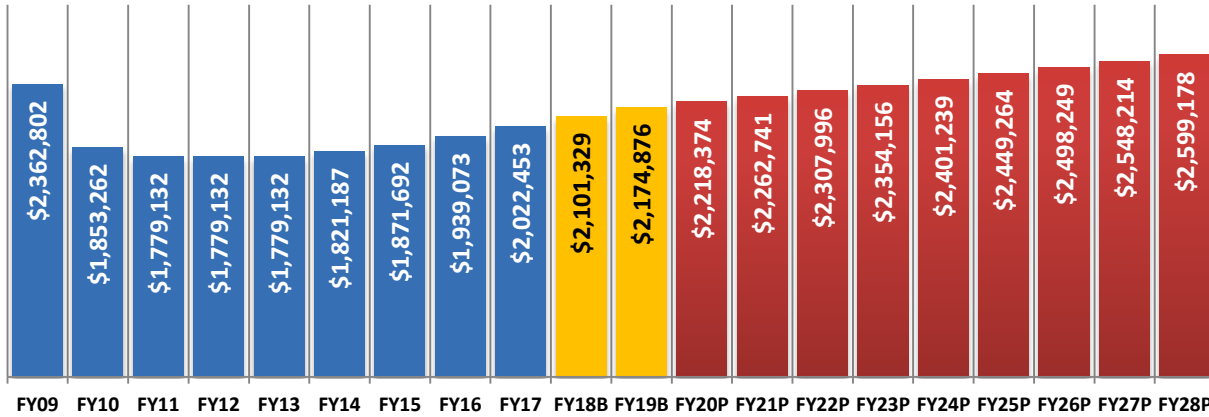
**Chapter 70 Aid for Education - Actual and Projected**



The blue bars represent the past nine years of actual revenue collections and yellow bars are FY 2018 and 2019 budgets. The town’s CH70 aid has increased nearly \$3 million over the past nine years going from \$6.9 million to \$9.9 million. Under the current formula, the town’s FY 2019 CH70 Aid would be approximately \$200,000 more if the State were in the financial position to fully fund its commitment. Projections for CH70 Aid include minimum increases for the next ten 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 and Projected**

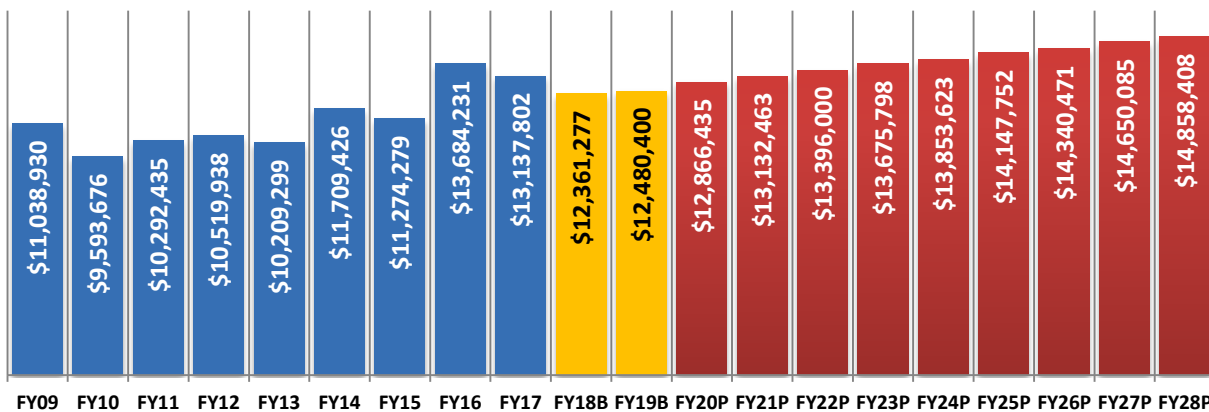


The blue bars represent the past nine years of actual revenue collections and yellow bars are FY 2018 and 2019 budgets. The town was experiencing a steady decline in this revenue category from FY 2010 to FY 2013. FY 2014 to FY 2017 saw slight increases and future projections include a 2 percent growth 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 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 FY19 amount as there are no significant changes proposed in fee rates and no significant changes projected in activity levels.

**Local Receipts- Actual and Projected**



The blue bars represent actual receipts collected for FY 2009 through FY 2017 as well as the yellow bars for FY 2018 and 2019 budgets. The projected amounts for FY 2020 through FY 2028 are not expected to be significantly different from where it has been over 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. \$250,000 will be used in FY19.

### General Fund Reserves

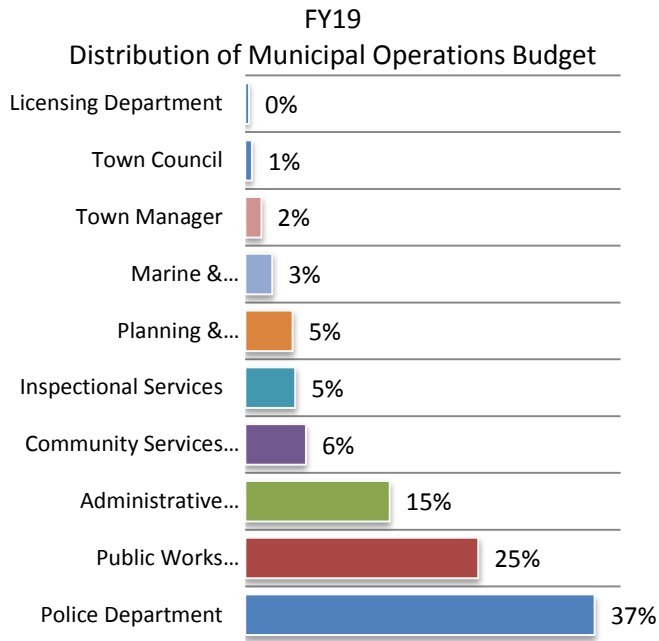
The Town will use \$3,587,351 in General Fund reserves to balance the FY19 operating budget. The Town has historically been able to generate more reserves than what it has used to balance the budget due to conservative revenue estimation and unexpended appropriations. In addition, most of the costs being 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, 2011 (FY12)	12,320,185	(687,330)	-	5,639,538	17,272,393
July 1, 2012 (FY13)	17,272,393	(3,579,836)	(7,000,000)	4,403,107	11,095,664
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
<b>Totals</b>		<b>\$ (17,256,285)</b>	<b>\$ (12,979,682)</b>	<b>\$ 34,112,937</b>	

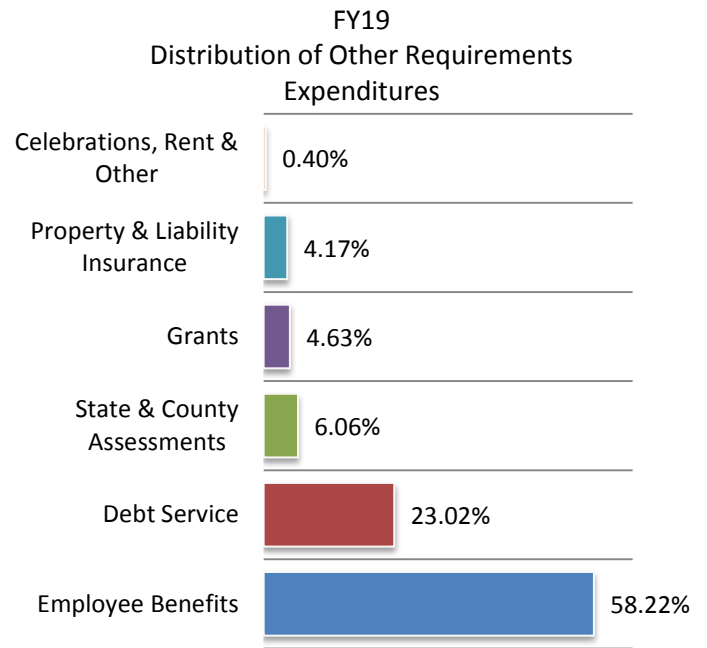
## General Fund Expenditure Summary

Municipal Operations:	Actual FY 2017	Approved FY 2018	Projected FY 2018	Proposed FY 2019	Change FY18 - 19	Percent Change
Police Department	\$ 13,354,483	\$ 13,835,845	\$ 13,799,326	\$ 14,532,512	\$ 696,667	5.04%
Public Works Department	9,956,612	9,437,141	10,142,104	9,691,760	254,619	2.70%
Administrative Services Department	5,719,360	5,872,596	5,806,332	6,008,108	135,512	2.31%
Marine & Environmental Affairs	978,543	1,139,996	1,101,452	1,121,341	(18,655)	-1.64%
Community Services Department	2,033,400	2,415,189	2,376,738	2,523,347	108,158	4.48%
Licensing Department	190,582	201,995	196,836	155,716	(46,279)	-22.91%
Inspectional Services	1,741,180	1,996,847	1,916,587	2,076,999	80,152	4.01%
Planning & Development	1,548,390	1,771,899	1,709,022	1,967,993	196,094	11.07%
Town Manager	589,639	650,014	647,000	671,810	21,796	3.35%
Town Council	257,070	267,685	264,706	275,682	7,997	2.99%
<b>Total Municipal Operations</b>	<b>\$ 36,369,259</b>	<b>\$ 37,589,207</b>	<b>\$ 37,960,103</b>	<b>\$ 39,025,268</b>	<b>\$ 1,436,061</b>	<b>3.82%</b>
<b>Education:</b>						
Local School System	\$ 65,474,956	\$ 67,884,706	\$ 67,841,700	\$ 70,637,000	\$ 2,752,294	4.05%
Regional School District	3,302,096	3,535,665	3,535,665	3,682,234	146,569	4.15%
Commonwealth Charter Schools	3,150,194	3,095,125	3,095,125	3,246,468	151,343	4.89%
School Choice	744,319	1,022,791	1,022,791	1,156,066	133,275	13.03%
<b>Total Education</b>	<b>\$ 72,671,565</b>	<b>\$ 75,538,287</b>	<b>\$ 75,495,281</b>	<b>\$ 78,721,768</b>	<b>\$ 3,183,481</b>	<b>4.21%</b>
<b>Fixed Costs:</b>						
Employee Benefits	\$ 21,298,203	\$ 24,031,654	\$ 23,650,250	\$ 25,282,779	\$ 1,251,125	5.21%
Debt Service	9,173,132	9,500,634	9,500,634	9,996,301	495,667	5.22%
State & County Assessments	2,497,534	2,612,054	2,552,438	2,630,105	18,051	0.69%
Grants	1,948,199	1,954,210	1,952,210	2,009,000	54,790	2.80%
Property & Liability Insurance	1,619,749	1,760,000	1,750,000	1,810,000	50,000	2.84%
Celebrations, Rent & Other	148,344	177,000	159,536	172,000	(5,000)	-2.82%
Reserve Funds & Prior Year Deficits	-	1,456,214	-	1,525,000	68,786	4.72%
<b>Total Other Requirements</b>	<b>\$ 36,685,161</b>	<b>\$ 41,491,766</b>	<b>\$ 39,565,068</b>	<b>\$ 43,425,185</b>	<b>\$ 1,933,419</b>	<b>4.66%</b>
<b>Total General Fund Before Transfers</b>	<b>\$ 145,725,985</b>	<b>\$ 154,619,260</b>	<b>\$ 153,020,452</b>	<b>\$ 161,172,221</b>	<b>\$ 6,552,961</b>	<b>4.24%</b>
Transfers to Other Funds	12,657,459	10,783,465	10,783,465	10,683,589	(99,876)	-0.93%
<b>Grand Total General Fund</b>	<b>\$ 158,383,444</b>	<b>\$ 165,402,725</b>	<b>\$ 163,803,917</b>	<b>\$ 171,855,810</b>	<b>\$ 6,453,085</b>	<b>3.90%</b>

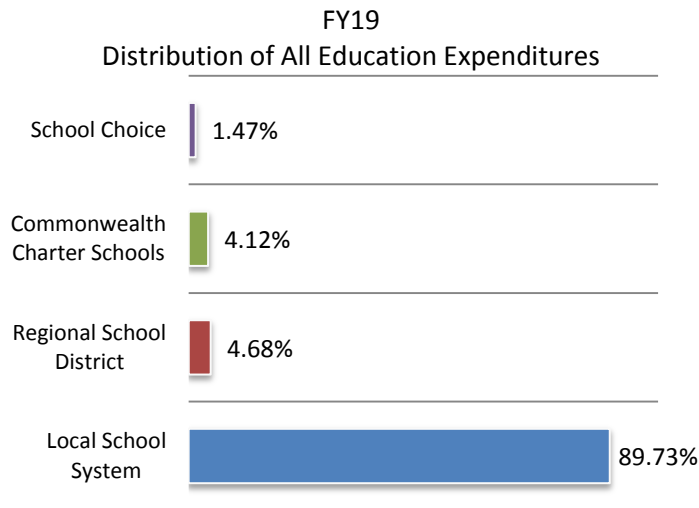
The municipal operations budget is increasing \$1,436,061 or 3.82%. Total spending on education is increasing \$3,183,481 or 4.21%. Local school operations are increasing \$2,752,294 while assessments from other districts are increasing \$431,187 collectively. Fixed costs are increasing 4.66% or \$1,933,419. Most of the increase is in the employee benefits area. Health insurance premiums are rising 6% and the county retirement assessment increased 3.39%. Transfers to other funds are decreasing by \$99,876.



The two largest municipal operations; Police and Public Works, comprise 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.



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



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.

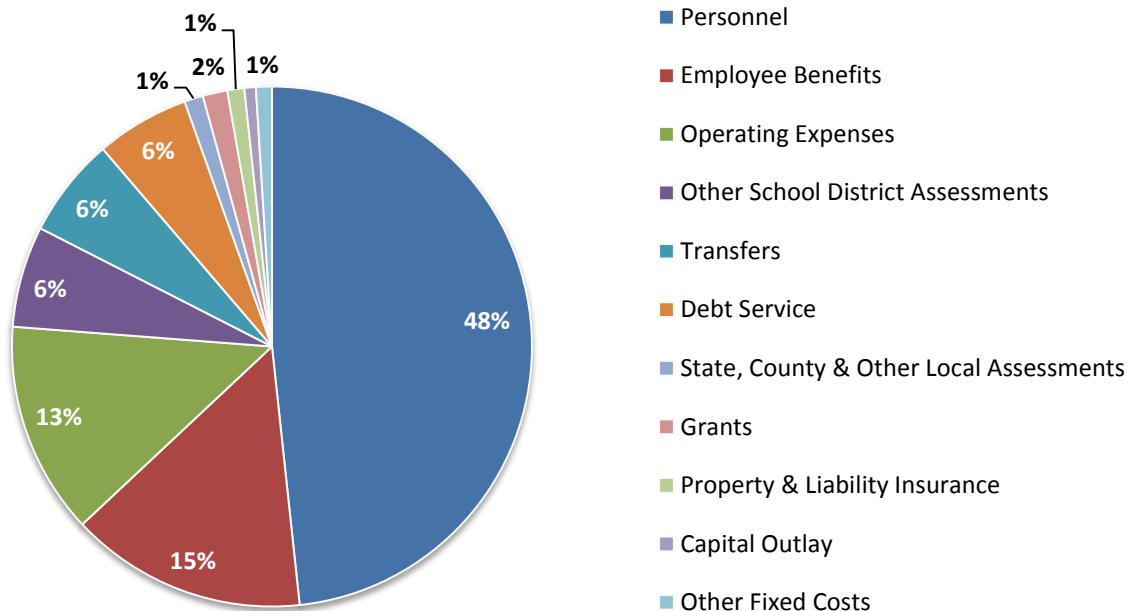
General Fund Budget by Major Expenditure Category

Expenditure Category	Actual FY 2017	Approved FY 2018	Projected FY 2018	Proposed FY 2019	Change FY18 - 19	Percent Change
Personnel	\$ 76,259,675	\$ 79,958,605	\$ 79,537,642	\$ 83,006,638	\$ 3,048,033	3.81%
Employee Benefits	21,298,203	24,031,654	23,650,250	25,282,779	1,251,125	5.21%
Operating Expenses	21,829,741	21,561,231	22,243,539	22,696,910	1,135,679	5.27%
Other School District Assessments	9,901,724	10,308,098	10,377,203	10,816,988	508,890	4.94%
Transfers	12,657,459	10,783,465	10,783,465	10,683,589	(99,876)	-0.93%
Debt Service	9,173,132	9,500,634	9,500,634	9,996,301	495,667	5.22%
State, County & Other Local Assessments	1,948,199	1,954,210	1,952,210	2,009,000	54,790	2.80%
Grants	2,497,534	2,612,054	2,552,438	2,630,105	18,051	0.69%
Property & Liability Insurance	1,619,749	1,760,000	1,750,000	1,810,000	50,000	2.84%
Capital Outlay	1,049,684	1,299,560	1,297,000	1,226,500	(73,060)	-5.62%
Other Fixed Costs	148,344	1,633,214	159,536	1,697,000	63,786	3.91%
<b>Total Expenditures</b>	<b>\$ 158,383,444</b>	<b>\$ 165,402,725</b>	<b>\$ 163,803,917</b>	<b>\$ 171,855,810</b>	<b>\$ 6,453,085</b>	<b>3.90%</b>

<b>Full-time Equivalent Employees</b>	<b>1,198.85</b>	<b>1,211.70</b>	<b>1,222.75</b>	<b>11.05</b>
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Personnel costs and the associated employee benefits account for \$4.2 million of the FY19 General Fund budget increase. This includes an increase of 11.05 full-time equivalents; 7.2 in the local school operations, and 3.85 in the municipal operations. Operating expenses are increasing \$1,135,679, which comprises 20% of the budget increase. Debt service and other school district assessments comprise 15% of the increase.

General Fund FY19 Budget By Major Expenditure Category



Salaries, wages and the associated benefits for all employees account for 63% of all General Fund expenditures. This is not unusual for local government as 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

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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

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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

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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

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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

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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

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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

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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 FY19, rates are increasing on average 6% across all plans.

## Pension Assessments

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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

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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 \$500,000 for FY19.

### Utilities and Fuel

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The FY19 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

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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.

### Clean Water

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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

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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 5 years to fund all of the projects submitted for FY19.

### Infrastructure Maintenance

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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

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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 FY18 and FY19 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.

### Special Education

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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

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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, also known as Free Cash, every year. 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 \$16.1 million in the savings account is distributed in accordance with the revenue sharing agreement as follows:

	Municipal Savings	School Savings	Town Council Reserve	Total
<b>Balance</b>	<b>\$ 3,371,341</b>	<b>\$ 6,848,249</b>	<b>\$ 5,977,565</b>	<b>\$ 16,197,155</b>
<b>Used for:</b>				
FY19 CIP		(4,000,000)		(4,000,000)
FY19 Operating Budget	(72,666)	(800,686)		(873,352)
FY19 Employee Benefits	(584,000)	(605,000)		(1,189,000)
Prior year snow removal deficit	(1,275,000)			(1,275,000)
FY19 Town Council reserve			(250,000)	(250,000)
<b>Balance remaining before closing FY18</b>	<b>\$ 1,439,675</b>	<b>\$ 1,442,563</b>	<b>\$ 5,727,565</b>	<b>\$ 8,609,803</b>

The FY19 budget reserves used are shown in the table above. Municipal operations will use a total of (\$1,931,666) in reserves. The school will use a total of (\$5,405,686) of reserves. The town will also transfer (\$250,000) of Town Council reserves into a separate account for unforeseen future budget request.

### 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.

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