



TOWN OF EASTHAM

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TOWN OF EASTHAM BOARD OF SELECTMEN FY 15 BUDGET POLICY

1.0 The Board of Selectmen in accordance with the Eastham Home Rule Charter,

"Annually, prior to the first day of November, the Board of Selectmen, after consulting with the Town Administrator, shall issue a policy statement that shall establish the general guidelines for the next town budget." (Section 6-1-4)

hereby issues the following statement to provide guidance to the community, Town Administrator, departmental managers and the school district for the preparation of the FY 15 budgets. This FY 15 Budget Policy provides a framework for preparation of the FY 15 Operating and Capital Budgets. While the Operating Budget includes both regional and local school operating budgets, the Capital Article is limited to Municipal and Elementary School needs.

2.0 General FY 15 Budget Guidelines:

As we, the Board of Selectmen consider the Fiscal Year 2015 Budget, our concern for the tax impact of spending on our community remains high. The Town is faced with several new and continuing fiscal issues that will impact the tax rate. In FY 15, the Town is expected to share the cost of dredging Rock Harbor with the Town of Orleans, with Eastham's share currently estimated at \$550,000. Funding for Rock Harbor dredging may be through a Proposition 2½ exclusion which would impact the tax rate, An additional \$200,000 will be needed to cover the costs of continued monitoring of private wells that may be affected by the Landfill. The Operating Budget will also be affected by any salary increases resulting from negotiations with employee unions, including School negotiations over which the town has no control. Despite these factors, we will strive for a

budget which does not require an over-ride. As a general guideline, we request that no additional staff be included. However reorganization of staff, programs, and services will be considered if such activities provide enhanced services and/or efficiency.

3.0 Available Funds Under the Levy Limit (2 1/2)

The primary funding source for Eastham is the real and personal property tax levy. The tax levy for FY 15 is projected to be \$19,819,391. In addition to the tax levy, the town budgets "Local Receipts" and "Receipts Reserved". It is projected that \$3,100,000 will be collected from local receipts and assigned to FY 15 spending. Local Receipts include Hotel / Motel Taxes, MV Excise Taxes, Transfer Station fees and Building, Health, and other fees paid to the departments of the town. Receipts Reserved include, but are not limited to, ambulance receipts, septic betterment receipts and conservation fees. Ambulance receipts are expected to contribute \$200,000 to support to the Fire Department/Ambulance budget. Beginning in FY 14, state aid and charges through the Cherry Sheet resulted in the town making a payment to the state. This trend in "negative state aid" is expected to continue. On the positive side, in FY 15 the town will receive state "circuit breaker" funds in excess of \$100,000 to reimburse the town for special education costs incurred in FY 14.

4.0 Allocation

In FY 15, the town will need to fund Capital and Operating costs for Municipal and School Budgets and anticipated transfers to certain reserve accounts. With respect to the Operating Budget, the Board directs that, if possible, any growth be contained within the limits of Proposition 2 ½.

1. Municipal Budget and School Budgets

For the Municipal and School Budgets, all union contracts are under negotiation for FY 15. Insurance and other fixed costs will increase, but every effort should be made to absorb these increases within the allocation. Elementary School increases should be limited to 2.5%. Nauset Regional School increases should also be limited to 2.5%. This increase is exclusive of any Regional School debt exclusion amounts. The Nauset Regional School assessment is a function of the town's

percentage share of school enrollment and may result in more than a simple 2.5% increase. In FY 14, Eastham's school assessment rose dramatically, resulting in a \$400,000 increase. Eastham is unable to sustain such an increase in FY 15 without an operating over-ride. Regardless, the Board policy is to support both municipal and school budgets that are within the guidelines of a 2.5% increase.

2. Capital Acquisitions for FY 14

With respect to Capital Acquisitions for FY 15, the Town Administrator is directed to use approximately \$500,000 - \$700,000 in free cash to support Capital Acquisitions. Other funding sources may be used to support Capital Acquisitions as appropriate. The Capital Acquisition article includes Capital items for the municipal departments and the Elementary School department. It does not include Capital needs for the Regional School District which are included in a separate article.

3. Transfers/Reserve Accounts

Additionally, the Town Administrator in developing the FY 15 expenditures, will begin a set-aside of funds in accordance with the GASB 45, Post Retirement (Health) Benefits requirements. The Town may not be able to afford a FY 15 contribution to the Stabilization Fund. The Stabilization Fund now stands at \$152,000 and is available for use with Town Meeting approval. It is an appropriate source to partially fund the \$200,000 cost for water testing of private wells near the Landfill if necessary.