

**TOWN OF EASTHAM
BOARD OF SELECTMEN
BUDGET POLICY FISCAL YEAR 2018**

1.0 THE MANDATE:

In accordance with the Town of Eastham Home Rule Charter, hereby issues this policy statement to inform and direct the preparation of the FY17 Municipal and School Operating and Capital budgets. The Charter requirement in Section 6-1-4 states that:

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 general guidelines for the next town budget.

2.0 THE MAJOR CAPITAL & OTHER ONGOING EXPENDITURES:

The Annual Town Meeting in May 2015 approved the "Phase II" portion of the municipal water system. When completed it is expected that all the parcels in Eastham will have access to municipal water. This "Phase II" portion is budgeted at \$85 million to the taxpayers and be completed in FY 26/27. However, the town continues to move forward with other major capital expenditures and to focus on securing funding support for the water system and other capital projects.

Last year the Town became a Community Compact Program member. Our expectation was to secure funding, through this program, for a best practices implementation program to enhance our IT security and public information access through enhanced website services. While we were unsuccessful in that regard, we continue to fund portions of the initiative and write grants to provide additional funds.

Rock Harbor dredging, begun in the fall of 2014, is complete and permitting has begun for the dock expansion and realignment, as well as general improvements at Rock Harbor to create a non-boater user atmosphere including pathways that integrate with the town's recent purchase of a lot at the end of Dyer Prince abutting Rock Harbor. We will continue our efforts to get some portion of this work funded by grants.

In addition to the debt payments associated with the municipal water system, the library, and rock harbor dredging, the goal remains to limit debt payments in a single year to 10% or less of the gross budget.

Other Post Employment Benefits (OPED)

Under general acceptable accounting standards, municipalities are required to establish a trust fund for building cash reserves to fund retired employee health benefits. In May 2014, town meeting established the trust fund. Annually the town plans to add no less than \$50,000 to that fund.

Stabilization Fund

While towns may have more than one stabilization fund the town thus far only has one. An appropriation to this fund is anticipated to be included on the May 2017. As water system revenues are collected from users this year, the town may consider an enterprise fund, or an additional stabilization fund as a capital reserve. A stabilization fund is a cash fund that may be used for any items for which the town may borrow. To remove money from a stabilization fund a two-thirds vote of town meeting is required.

Major Road and Infrastructure Needs

The Town will be accepting an Asset Management Plan that is an evaluation of the condition of all roads in Eastham. This plan evaluates each public and private road and establishes a “grade” for each road surface. This plan will allow for a detailed fiscal plan for improvements that recognizes roads needing critical repairs. This information assists in developing annual funding amounts that will be included in the five (5) year capital plan.

School Expenses

The town will continue to address the bonded debt payments for the Elementary School budget process for Eastham Elementary. It is expected that Nauset Regional School District will bond outstanding debt for repairs to the high school. Cape Cod Tech is expected to bond major renovations or a new school in the fall of 2017. Eastham is 2.5% to 3% of the enrollment and will pay that share of the capital if approved and funded.

3.0 OPERATING BUDGETS

All Town Departments shall prepare a budget that maintains current staffing and departmental programs. Those budgets will form the basis of the overall budget to be prepared by the Town Administrator. The use of Zero Based Budgeting techniques will form the basis for the expansion of any department beyond the cost of maintenance and support contracts. Each department shall evaluate current fees and make suggestions for increases aimed at creating additional revenue to support service. In addition, new revenue sources should be proposed as part of the town budget process.

Eastham Elementary School is one more town department and will be required to prepare a budget that recognizes the revenue limitations of the town and their declining enrollment. Hence per pupil costs, and a comparison of such costs in other cape districts is requested. The Town’s support of the school should not be in isolation from other funding needs.

Nauset Regional School budget, capital, and operating combined assessment increase should be limited to 2.5% and be based on an increase in overall enrollment and costs. The Board is expecting to have a full discussion with the Superintendent to discuss details of the budget. Additionally, the Board hopes to talk to other district Boards of Selectmen to have a coordinated view of the district budget growth and detail spending. As was done last year, this year the Town will consider the Nauset Regional School District “capital budget” as part of the overall operating as the district has used the funds for ordinary equipment and supply needs and not as originally intended for capital needs including building and major equipment. Overall limits to growth apply to this separate line as part of the overall budget growth.

The school committee should be aware that the town and especially the finance committee, is considering placing the regional school budget into a separate article.

This budget policy’s primary focus is to provide guidance to the Town Administrator and all town department managers and school administration to develop a budget that recognizes the fiscal pressures on revenues and the obligations beyond the operating budgets. This policy supports the development of a balanced budget without additional revenues beyond the tax levy and local receipts, however, the primary goal will be to maintain existing programs and service levels and reduce staffing needs as appropriate.

The Board at a public meeting on ____ October 2016 adopts this budget policy.