

OTHER FUNDS NOT PART OF THE BUDGET PROCESS

Capital Projects Funds

The General Fund Capital Improvements Plan proposed for FY 2023 totals \$27,212,939. Funding for the General Fund capital will be provided from reserves within the Town's Capital Trust Fund, General Fund Reserves, and borrowing authorizations. The General Fund capital program is required by State law to be accounted for in a separate "Capital Projects Fund". The capital project accounting requirement allows for the segregation of capital related expenditures from operating expenses for a clearer presentation. The amount listed in the *Consolidated Resource/Appropriation Summary* includes not only the FY 2023 proposed capital plan for the General Fund but also the activity projected to occur from existing borrowing authorizations and appropriations approved in prior years for the General Fund capital program.

Special Revenue Funds

Purpose and Description

The Special Revenue Funds are used to account for revenue sources that are legally restricted for specific purposes. The funds received by the Town are under the control of the Town Manager as they pertain to the general government and the School Committee as they pertain to School Department. Most funds may be expended without further appropriation. Some require Town Council authorization to expend. There are several sub-categories of special revenue funds. These include the following:

Revolving Funds

These are used to account for receipts from specific activities that are used to cover the cost of operating specific activities. The municipal and school operations have several revolving type activities. The municipal activities require Town Council action, which approves a spending ceiling every year. The School Department revolving activities are under the School Committee's governance and do not require Town Council approval. The largest municipal revolving fund is the Recreation Revolving Fund, which generates approximately \$500,000 of program activity per year (per COVID). The largest school revolving fund is the School Lunch Revolving Fund. Other notable school revolving funds include School Choice Tuition. Tuition received from other communities who send their children to Barnstable Schools is credited to this account and the School Committee is allowed to expend the funds for school related purposes, particularly to offset the costs of educating the out-of-town students.

Receipts Reserved for Appropriation

Certain revenues collected by the town are restricted under state laws as to their use and require the Town Council's approval in order to expend. These must be kept separate from other receipts that are credited to the General Fund.

Receipts from the sale of Town-owned property can only be expended on purposes for which the Town can borrow funds. In other words, these receipts cannot be used to pay for operating costs. They can only be used for capital related expenditures.

Parking meter receipts are derived from the parking activities at Bismore Park. Special legislation enacted by the state upon petition from the town restricts these receipts for being used to maintain and improve the Bismore Park area. The expenditures include debt service on the visitor center in Bismore Park as well as the maintenance costs of the facility

and park area.

Wetland protection fees are assessed by the Conservation Commission in accordance with the Wetland Protection Act and are used to cover the cost of administering the act, which is part of the Conservation Division's operating budget.

Embarkation fees are derived from a \$0.50 fee added to every ferry passenger ticket. These receipts are used to mitigate the cost of having ferry operations in the harbor area, which are incurred by the Police and Public Works Departments. This is also used to pay the debt service on the welcoming center and pier reconstruction at the harbor. Revenue is shared with the Town of Yarmouth. Barnstable receives 75% of the embarkation fee revenue while Yarmouth receives 25%.

Mooring fees are credited to the Waterways Improvement Fund (WWIF) in accordance with state law. The WWIF can be used for administering the mooring program, maintaining, and improving the Town's waterways. Expenditures are currently used to offset the mooring operations and a portion of the Harbormaster operating budget within the General Fund.

Gifts

Similar to grants, gifts must be kept separate from General Fund operations and accounted for within the special revenue fund structure unless it is an enterprise fund gift, which can be combined within the enterprise fund accounting records. Authorization to expend gifts received by municipal operations is performed by the Town Council, and the School Committee authorizes the expenditure of School Department gifts.

The Town receives an entitlement allocation from the federal government every year as part of the Community Development Block Grant Program (CDBG). These allocations have been declining due to cuts at the federal level as well as the Town's population decline. The Town pays for approximately 1 FTE's out of this program for administering the program as well as conducting program activities.

Other Designated Revenue

This category includes certain receipts received by the Town that must be spent on specific designated purposes. These receipts must be kept separate from general fund resources. The largest receipt in this category includes Community Preservation Fund surtaxes.

The Community Preservation Fund is funded from a 3% surtax on real estate bills. In accordance with state laws, these receipts must be accounted for separately from other General Fund revenues. The revenue can be used to finance open space land acquisitions, recreation improvements, and historic preservation and community housing projects. Expenditure activity levels will be determined by the level of project requests brought forward to the Community Preservation Committee throughout the year. Revenue will track with the real estate tax levy change every year.

Grants

Federal, state and other grants must be accounted for separately from the General Fund and Enterprise Fund grants are included within the Enterprise Funds. Any department can accept grants but grants received by the municipal operations must be brought forward to the Town Council for their authorization to expend. Grants received by the School Department must receive School Committee approval. The greatest impact to the Town's grant activity is in the School Department, which receives several federal and state grants. Some are entitlement grants and many are competitive.

Trust and Agency Funds

The Town uses the trust funds to account for assets held in a trustee capacity. Normally, the principal assets remain intact, and income that is generated can be used in accordance with the terms and conditions of the will or gift.

The Town Treasurer, in conjunction with the Trust Fund Advisory Committee, work to formulate a plan that will provide the Town with the maximum amount of resources possible while simultaneously protecting the integrity of the principal investments. In accordance with the Town's Charter, the Town Manager is trustee of all trust funds except those administered by a court appointed trustee, and those under the School Committee.

All revenues from trust funds are generated primarily from investment income, and each year, expenditures from these funds are based on anticipated expendable income. As a matter of policy or for legal reasons, trust fund principal is not utilized for general expenditures with the exception of the Pension Reserve Fund. The trusts generated approximately \$1 million in investment income annually. Future earnings will depend upon interest rates and investment appreciation.

Expenditures are based on the current year needs and anticipated expendable income. Notable trust funds are the Other Post-Employment Benefits, Pension Reserve, Cobb Fund and Kirkman Fund.

Assets are being accumulated in a trust fund to address the Town's other post-employment benefits. The proposed FY 2022 budget includes a transfer of \$650,000 to the trust which has a current balance of approximately \$6 million. The Town's liability exceeds \$200 million. Once the pension liability is fully funded (projected to be in 2035) the town can significantly increase funding for this liability. For now, the plan is to increase the annual appropriation by \$50,000 per year.

The Pension Reserve Fund is used to offset tax support for the county retirement assessment. As of June 30, 2020, the fund had a market value of just over \$1.8 million. The Pension Reserve Fund will transfer \$220,000 in FY 2022 to the General Fund to offset the cost of funding the county retirement assessment.

The Cobb Trust Fund is managed by a Town Council appointed Trustee and had a market value of over \$11 million at the end of FY 2020. The Trustee sold some real estate in FY 2014, which should result in higher award levels in the future since the Trust has more invested cash now. The annual awards from this fund have ranged from \$150,000 to \$200,000 per year. All awards are for the benefit of Barnstable schoolchildren.

The Kirkman Fund, with a market value of about \$6.1 million as of June 30, 2020, will be used to provide beautification projects first at the Mosswood Cemetery and then all other town cemeteries. This fund is also used for the Cotuit Library and finally, all other public libraries. Proposals will be solicited from DPW's Structures & Grounds Division, and the seven village libraries for project funding. No operating expenses from the Department Public Works, which maintains the cemeteries, are paid for out of this fund. Approximately \$150,000 to \$300,000 has been awarded annually out of this fund for the past few years.

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