

**SELECTMEN'S MEETING AGENDA\***

**Griffin Room, Town Hall**  
*Executive Session 5:30 P.M.*  
*Regular Meeting 6:30 P.M.*  
*Monday, February 8, 2016*

- I. **CALL TO ORDER**
- II. **EXECUTIVE SESSION** – Pursuant to M.G.L. c. 30A, §21(2), to conduct strategy session in preparation for negotiations with non-union personnel – Town Administrator’s Contract; and Pursuant to M.G.L. Ch. 30A, §21(6), to consider the purchase, exchange, lease or value of real property if an open meeting may have a detrimental effect on the negotiating position of the Board and the Chair so declares – Sutphin Property
- III. **PLEDGE OF ALLEGIANCE**
- IV. **WEEKLY BRIEFING**
- V. **PUBLIC COMMENT/ANNOUNCEMENTS**
- VI. **CONSENT AGENDA**
  - A. Vote to waive the policy deadline and approve the nomination of David R. Scannell to the Harwich Hall of Fame
  - B. Approve and sign the Presidential Primary Warrant
- VII. **PUBLIC HEARINGS/PRESENTATIONS** (*Not earlier than 6:30 P.M.*)
  - A. Public Hearing – Application for a Seasonal, Common Victualler, All Alcoholic Beverages License for Hot Stove, Inc. d/b/a Hot Stove at Cranberry Valley
  - B. Public Hearing – Application for a Seasonal, Common Victualler, All Alcoholic Beverages License for Ember Pizza, Inc. d/b/a Ember
  - C. Presentation of the FY 17 Budget and Budget Message to the Selectmen and Finance Committee by the Town Administrator
- VIII. **OLD BUSINESS**
  - A. Non-Binding Ballot Question for the Harwich Middle School Building – *discussion and possible vote*
- IX. **NEW BUSINESS**
  - A. Request by Housing Committee to remove member because of lack of attendance – *discussion and possible vote*
  - B. Refer proposed Zoning Cod Amendments to the Planning Board for Public Hearing – *discussion and possible vote*
- X. **TOWN ADMINISTRATOR’S REPORT**
  - A. Enterprise Fund and Solar Revenue
  - B. MRSD Charter School and School Choice Summary
- XI. **SELECTMEN’S REPORT**
- XII. **ADJOURNMENT**

*\*Per the Attorney General’s Office: The Board of Selectmen may hold an open session for topics not reasonably anticipated by the Chair 48 hours in advance of the meeting following “New Business.” If you are deaf or hard of hearing or a person with a disability who requires an accommodation contact the Selectmen’s Office at 508-430-7513.*

Authorized Posting Officer:

Posted by: \_\_\_\_\_  
Town Clerk

\_\_\_\_\_  
Sandra Robinson, Admin. Secretary

Date: February 4, 2016 \_\_\_\_\_

Town of Harwich  
Hall of Fame  
Nomination Form

1. Name of Nominee: David R. Scannell
2. Last Known Address: 731 Main St. Harwich, MA
3. Date of Birth: 8/5/49
4. Date of Death (if applicable): 11/29/15
5. Occupation: Town Assessor
6. Positions Held in Town Government and/or Civic Associations and Dates
- Town Assessor from \_\_\_\_\_ to 11/15
- \_\_\_\_\_ from \_\_\_\_\_ to \_\_\_\_\_

7. Description of Service/Contributions to the Life of the Town of Harwich  
(Attach Separate Sheet if Necessary)

Served as Assessor for 34 years. During  
that time he assisted hundreds of  
taxpayers and residents who could  
not meet their tax obligations through  
a variety of exemptions and programs.  
His caring for the community and its  
residents was paramount in all he did!

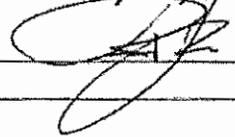
Submitted By: Richard Wuytack

Name: \_\_\_\_\_

Address: 55 Nell Rd. Harwich Port

Phone Number: 508-774-0964

Date of Submission: 12/15/15

Signature of Proponent: 

**Town of Harwich  
Board of Selectmen  
Policy for Selecting Inductees to the Harwich Hall of Fame**

Article 48 of the 2003 Annual Town Meeting authorized the Board of Selectmen to create a "Hall of Fame" to honor past residents and influential people who have contributed to the Town and have made it the special place we call home. To implement and fulfill the intent of the Hall of Fame the following process shall be followed.

**1. Eligibility**

Any individual who has made a significant contribution to the history of the Town of Harwich shall be eligible for nomination.

**2. Nominations**

Anyone seeking to nominate an individual for induction into the Harwich Hall of Fame shall complete the appropriate nomination form in its entirety and submit the nomination form together with an appropriate photo or image of the nominee to the Office of the Selectmen prior to November 1.

**3. Review of Nominations and Acceptance**

The Board of Selectmen, through its Interview Committee, shall evaluate the nominations and if necessary interview the proponent of each nominee to obtain additional information which may be useful in the selection process. After evaluation of the nominations the Committee shall bring to the full board a maximum of four recommendations for induction into the Hall of Fame annually. The Board of Selectmen will act on the nominations and the names of those receiving an affirmative vote for inclusion in the Harwich Hall of Fame shall be presented at the next annual town meeting.

**4. Harwich Hall of Fame**

The Harwich Hall of Fame shall consist of a designated hallway(s) within the Community Center upon which photos and brief descriptions or plaques of inductees shall be hung in honor of the inductees and to memorialize the individuals who have contributed to the history of Harwich. Whenever possible the size and type of frame and the organization of the photos and text shall be similar.

Adopted by the Harwich Board of Selectmen  
at a Public Meeting on July 28, 2003

COMMONWEALTH OF MASSACHUSETTS  
WILLIAM FRANCIS GALVIN  
SECRETARY OF THE COMMONWEALTH  
PRESIDENTIAL PRIMARY WARRANT  
MARCH 1, 2016

COPY

Barnstable, ss

To either of constables of the Town of Harwich

GREETING:

In the name of the Commonwealth, you are hereby required to notify and warn the inhabitants of said Town who are qualified to vote in Primaries to vote at the Community Center, 100 Oak Street, Harwich, Massachusetts on

TUESDAY, THE FIRST DAY OF MARCH, 2016, FROM  
7:00 A.M. to 8:00 P.M. for the following purpose:

To cast their votes in the Presidential Primary for the candidates of political parties for the following offices:

PRESIDENTIAL PREFERENCE.....FOR THIS COMMONWEALTH  
STATE COMMITTEE MAN.....CAPE & ISLANDS DISTRICT  
STATE COMMITTEE WOMAN.....CAPE & ISLANDS DISTRICT  
TOWN COMMITTEE.....TOWN OF HARWICH

Hereof fail not and make return of this warrant with your doings thereon at the time and place of said voting.

Given under our hands this 8<sup>th</sup> day of February, 2016

\_\_\_\_\_  
Peter S. Hughes, Chair

\_\_\_\_\_  
Angelo S. LaMantia

\_\_\_\_\_  
Linda A. Cebula, Vice Chair

\_\_\_\_\_  
Michael D. MacAskill

\_\_\_\_\_  
Jannell M. Brown, Clerk

SELECTMEN OF HARWICH

A true copy

Attest: \_\_\_\_\_

Anita N. Doucette, MMC/CMMC  
Town Clerk

DATE: February 8, 2016

By virtue of this Warrant I have this day notified and waned the inhabitants of the Town of Harwich, qualified to vote in elections and town affairs, to meet in the Community Center, 100 Oak Street in said Town on Tuesday, the 1st of March, 2016 at the time and place for the purpose herein named by posting up attested copies thereon in the four (4) Post Office buildings and in the Community Center in the Town of Harwich, which covers all four precincts, at least fourteen (14) days before the time of said meeting as within directed, and causing an attested copy thereof to be published in the Cape Cod Chronicle published in Barnstable County and having its circulation in the Town of Harwich.

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Constable

NOTICE OF PUBLIC HEARING  
TOWN OF HARWICH  
BOARD OF SELECTMEN  
APPLICATION FOR LIQUOR LICENSE

Notice is hereby given under Chapter 138 of the General Laws as amended that application has been made to this Board for a Seasonal, Common Victualler, All Alcoholic Beverages License for Hot Stove, Inc. d/b/a Hot Stove at Cranberry Valley, Ronald Leidner, Manager, on the following described premises located at 183 Oak Street, Harwich. Dining Room: 1,363 square feet with five entrances/exits, Kitchen: 554 square feet with three entrances/exits, Outside Deck: 1,377 square feet with four entrances (from Dining Room), Basement: 448 square feet with one entrance/exit.

The Board of Selectmen will hold a hearing upon the application on Monday, February 8, 2016 no earlier than 6:30 p.m. in the Donn B. Griffin Room at Town Hall, 732 Main Street, Harwich, at which time all interested parties will be heard.

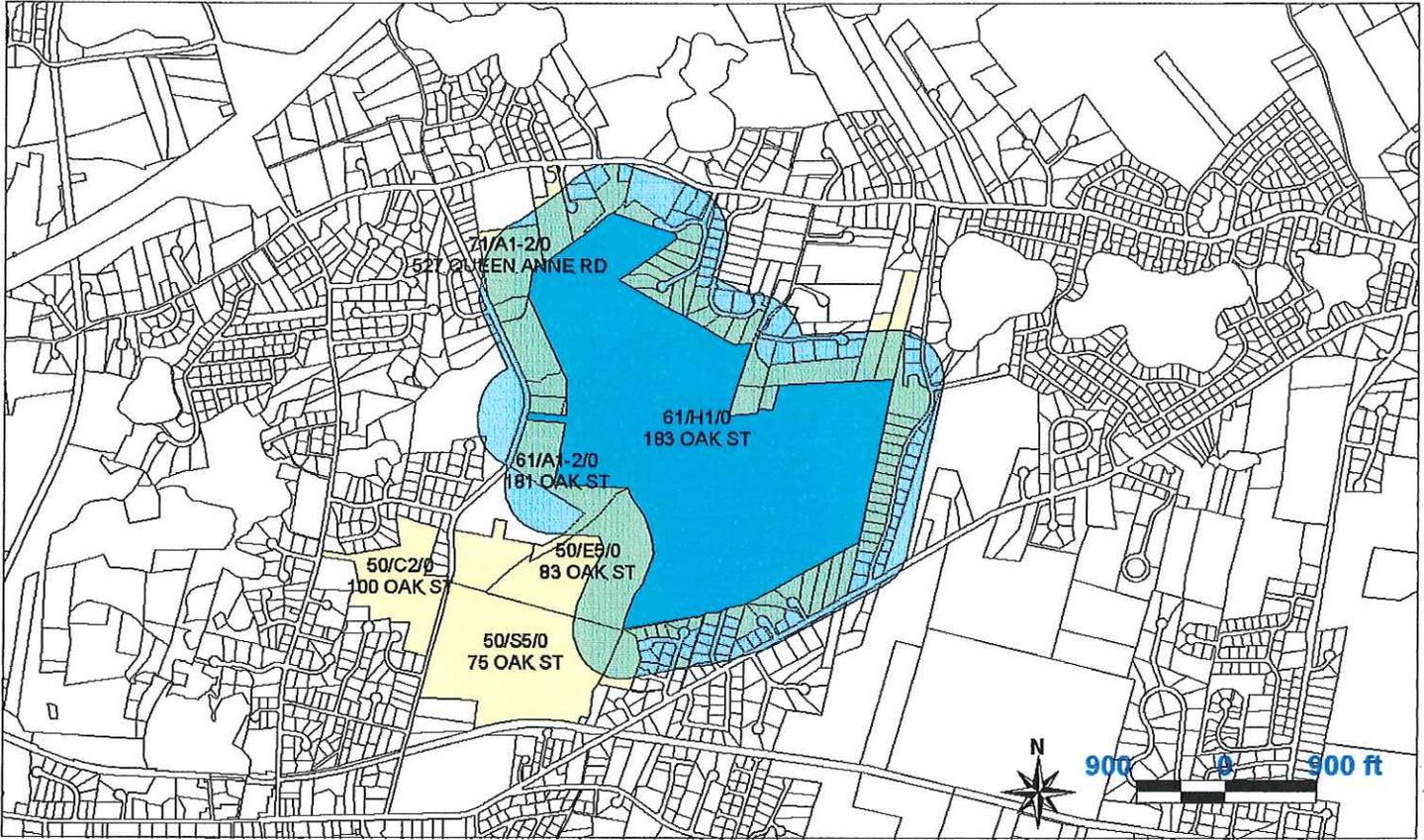
Board of Selectmen  
Local Licensing Authority

Cape Cod Times  
January 25, 2016

Cape Cod Chronicle  
January 28, 2016

TOWN OF HARWICH, MA  
 BOARD OF ASSESSORS  
 732 Main Street, Harwich, MA 02645

Abutters List Within 500 feet of Parcel 61/H1/0



| Key   | Parcel ID      | Owner  | Location          | Mailing Street                    | Mailing City | ST | ZipCd/Country |
|-------|----------------|--|-------------------|-----------------------------------|--------------|----|---------------|
| 20253 | 50-C2-0-E      | HARWICH TOWN OF - SELECTMEN<br>COMMUNITY CENTER          | 100 OAK ST        | 732 MAIN ST                       | HARWICH      | MA | 02645         |
| 24189 | 50-E4-0-E      | HARWICH TOWN OF - SCHOOL                                 | 0 OAK ST          | 732 MAIN ST                       | HARWICH      | MA | 02645         |
| 5779  | 71-A1-2-0-E    | HARWICH TOWN OF - CONSERVATION<br>LAND BANK              | 527 QUEEN ANNE RD | 732 MAIN ST                       | HARWICH      | MA | 02645         |
| 10749 | 71-A1-4-0-E    | HARWICH TOWN OF - GOLF                                   | 0 OAK ST          | 732 MAIN ST                       | HARWICH      | MA | 02645         |
| 10721 | 50-S5-0-E      | MONOMY REGIONAL SCHOOL DISTRICT                          | 75 OAK ST         | 425 CROWELL RD                    | CHATHAM      | MA | 02633         |
| 10748 | 71-A1-3-0-E    | HARWICH TOWN OF - GOLF                                   | 0 OAK ST          | 732 MAIN ST                       | HARWICH      | MA | 02645         |
| 9524  | 61-B1-B-0-E    | HARWICH TOWN OF - SELECTMEN                              | 0 OAK ST          | 732 MAIN ST                       | HARWICH      | MA | 02645         |
| 9523  | 61-B1-A-0-E    | HARWICH TOWN OF - SELECTMEN                              | 0 OAK ST          | 732 MAIN ST                       | HARWICH      | MA | 02645         |
| 20753 | 71-B1-2-0-R    | JONES RICHARD B JR &<br>JONES JOAN M                     | 4 JILFREY WAY     | 4 JILFREY WAY                     | HARWICH      | MA | 02645         |
| 10731 | 61-H2-0-E      | HARWICH TOWN OF - GOLF                                   | 0 OAK ST          | 732 MAIN ST                       | HARWICH      | MA | 02645         |
| 20393 | 71-B2-3-0-R    | BHC LTD<br>C/O FIDELITY NAT'L TITLE INS                  | 6 DUARTE DR       | 601 RIVERSIDE AVE<br>ATTN CORPREO | JACKSONVILLE | FL | 32204         |
| 10719 | 50-E5-0-E      | HARWICH TOWN OF - PARK AND REC<br>WHITEHOUSE FIELD       | 83 OAK ST         | 732 MAIN ST                       | HARWICH      | MA | 02645         |
| 22540 | 61-A1-2-0-E    | HARWICH TOWN OF - GOLF                                   | 181 OAK ST        | 732 MAIN ST                       | HARWICH      | MA | 02645         |
| 5782  | 71-E1-2-0-R    | DAVENPORT PALMER ET AL TRUSTEE<br>DAVENPORT REALTY TRUST | 575 QUEEN ANNE RD | 20 NORTH MAIN ST                  | S YARMOUTH   | MA | 02664         |
| 16075 | 51-P1-2-19-0-R | HARWICH GREENS CORP<br>HARWICH GREENS TRUST              | 0 TRACY LN        | 27 CHEROKEE RD                    | HARWICH      | MA | 02645         |

| Key   | Parcel ID      | Owner   | Location          | Mailing Street               | Mailing City | ST | ZipCd/Country |
|-------|----------------|---|-------------------|------------------------------|--------------|----|---------------|
| 23235 | 71-H1-2-0-R    | EVANS RONALD L  | 5 CLIFFS WAY      | 5 CLIFFS WAY                 | HARWICH      | MA | 02645         |
| 16066 | 51-P1-2-10-0-R | ROGERS PATRICIA L TR<br>THE PATRICIA L ROGERS REVOCABL  | 9 HOPE LN         | 9 HOPE LN                    | HARWICH      | MA | 02645         |
| 23242 | 71-H1-8-0-R    | THE DUNES ROAD FAMILY LLC                               | 27 DALUZE DR      | 2589 ESCADA DR               | NAPLES       | FL | 34109         |
| 23243 | 71-H1-9-0-R    | LACY PAUL A TRS ET AL<br>LACY MARIE B TRS               | 26 DALUZE DR      | 8430 ABBINGTON CIR UNIT C-35 | NAPLES       | FL | 34108         |
| 16085 | 51-P1-2-9-0-R  | BLISS DAVID R ET AL TRUSTEES<br>DACAR REALTY TRUST      | 7 HOPE LN         | 7 HOPE LN                    | HARWICH      | MA | 02645         |
| 23240 | 71-H1-6-0-R    | MCALLISTER TODD A &<br>MCALLISTER TAMARA M              | 19 DALUZE DR      | 117 DEPOT RD                 | HARWICH      | MA | 02645         |
| 23241 | 71-H1-7-0-R    | THE DUNES ROAD FAMILY LLC                               | 23 DALUZE DR      | 2589 ESCADA DR               | NAPLES       | FL | 34109         |
| 16064 | 51-P1-2-8-0-R  | FOLLETT RONALD A TRS ET AL<br>FOLLETT ANNE F TRS        | 5 HOPE LN         | 5 HOPE LN                    | HARWICH      | MA | 02645         |
| 16063 | 51-P1-2-7-0-R  | AUSSERLECHNER KARL &<br>AUSSERLECHNER LISA              | 12 ABIGAIL AV     | 12 ABIGAIL AV                | HARWICH      | MA | 02645         |
| 23244 | 71-H1-10-0-R   | OUR JOHN D TRS &<br>OUR BARBARA O TRS                   | 22 DALUZE DR      | 652 ROUTE 28                 | HARWICH PORT | MA | 02646         |
| 16082 | 51-P1-2-6-0-R  | LORDAN DENNIS F &<br>LORDAN SUZANNE M                   | 14 ABIGAIL AV     | 14 ABIGAIL AV                | HARWICH      | MA | 02645         |
| 23238 | 71-H1-4-0-R    | GOLL DONNA C  | 11 DALUZE DR      | 11 DALUZE DR                 | HARWICH      | MA | 02645         |
| 23239 | 71-H1-5-0-R    | GOLL DONNA G  | 15 DALUZE DR      | 11 DALUZE DR                 | HARWICH      | MA | 02645         |
| 23245 | 71-H1-11-0-R   | OUR JOHN D TRS &<br>OUR BARBARA O TRS                   | 18 DALUZE DR      | 652 ROUTE 28                 | HARWICH PORT | MA | 02646         |
| 23236 | 71-H1-3-0-R    | OLEARY DANIEL W ET AL<br>BLANCHARD CARLA W LIFE ESTATE  | 7 DALUZE DR       | 7 DALUZE DR                  | HARWICH      | MA | 02645         |
| 16061 | 51-R1-5-0-R    | QUINN EDWARD M &<br>QUINN BARBARA A                     | 13 ABIGAIL AV     | 13 ABIGAIL AV                | HARWICH      | MA | 02645         |
| 16058 | 51-R1-6-0-R    | HARWICH GREENS CORP                                     | 0 ABIGAIL AV      | 27 CHEROKEE RD               | HARWICH      | MA | 02645         |
| 19442 | 71-K3-1-0-R    | MELLETT PAUL &<br>MELLETT LAURA                         | 47 HILLCREST DR   | 47 HILLCREST DR              | HARWICH      | MA | 02645         |
| 19443 | 71-K3-2-0-R    | WIDEGREN BRIAN D &<br>WIDEGREN KAREN                    | 51 HILLCREST DR   | 51 HILLCREST DR              | HARWICH      | MA | 02645         |
| 10730 | 61-H1-0-E      | HARWICH TOWN OF - GOLF                                  | 183 OAK ST        | 732 MAIN ST                  | HARWICH      | MA | 02645         |
| 4887  | 51-R3-15-0-R   | ROGERS JEANMARIE TRS<br>THE JEANMARIE ROGERS TRUST      | 18 RUSSELL DR     | 1158 S BRISTOL DR            | LITITZ       | PA | 17543         |
| 19444 | 71-K3-3-0-R    | JOHNSON STEPHEN P &<br>JOHNSON JENNIFER P               | 55 HILLCREST DR   | 55 HILLCREST DR              | HARWICH      | MA | 02645         |
| 19445 | 71-K3-4-0-R    | 59 HILLCREST DRIVE REALTY LLC                           | 59 HILLCREST DR   | 4 PICKWICK RD                | MARBLEHEAD   | MA | 01945         |
| 4886  | 51-R3-14-0-R   | REDMOND KEVIN J &<br>REDMOND JOSEPHINE L                | 23 RUSSELL DR     | 23 RUSSELL DR                | HARWICH      | MA | 02645         |
| 23633 | 61-M6-2-0-R    | OUR CHRISTOPHER W &<br>OUR JANET                        | 56 OBED BROOKS RD | 56 OBED BROOKS RD            | HARWICH      | MA | 02645         |
| 16262 | 51-S5-6-0-R    | MONTIERO ERIC R &<br>MONTIERO ELIZABETH J               | 2 TANGLEWOOD CIR  | 2 TANGLEWOOD CIR             | HARWICH      | MA | 02645         |
| 19446 | 71-K3-5-0-R    | BEDNAREK SHARON M                                       | 63 HILLCREST DR   | 123 TIMBER LN                | HOLDEN       | MA | 01520         |
| 23634 | 61-M6-1-0-R    | SANTUCCI NICHOLAS J &<br>SANTUCCI KATHERINE M           | 46 OBED BROOKS RD | 46 OBED BROOKS RD            | HARWICH      | MA | 02645         |
| 5421  | 61-K1-0-R      | BATES PAUL A &<br>BATES ANDREE M                        | 55 OBED BROOKS RD | 55 OBED BROOKS RD            | HARWICH      | MA | 02645         |
| 16263 | 51-S5-7-0-R    | DORAN JOSEPH E &<br>DORAN AGNES M                       | 4 TANGLEWOOD CIR  | 4 TANGLEWOOD CIR             | HARWICH      | MA | 02645         |
| 24540 | 51-S7-1-0-R    | CLAFFEY CHRISTINE TRS<br>KUSHNER BERNADETTE TRS         | 1 ASHLEYS WAY     | 23 JENNIFERS WAY             | ROCKY HILL   | CT | 06489         |
| 5425  | 62-C6-0-R      | PAINE THOMAS K TR<br>THOMAS K PAINE TRUST               | 0 OBED BROOKS RD  | 29 MANDY LN                  | SANTA FE     | NM | 87505-9500    |
| 24541 | 51-S7-2-0-R    | CLAFFEY CHRISTINE P TRS ET ALS<br>CLAFFEY WILLIAM P TRS | 2 ASHLEYS WAY     | 23 JENNIFER'S WAY            | ROCKY HILL   | CT | 06067         |
| 24542 | 51-S7-3-0-R    | FULLER CAROL ET AL<br>MEAD CAROL A                      | 3 ASHLEYS WAY     | PO BOX 1578                  | E ORLEANS    | MA | 02643         |
| 16469 | 51-S8-1-0-R    | CUSHING MATTHEW TR &<br>CUSHING MARY G TR               | 950 ORLEANS RD    | 950 ORLEANS RD               | HARWICH      | MA | 02645         |
| 16470 | 51-S8-2-0-R    | SHINKWIN MARY ET AL<br>WUSTENEY EILEEN F                | 954 ORLEANS RD    | 20 MILLER AVE                | BRAINTREE    | MA | 02184         |
| 9532  | 62-P4-0-R      | WALSH KEVIN C &<br>WALSH KRISTINE E                     | 15 JOHN JOSEPH RD | 15 JOHN JOSEPH RD            | HARWICH      | MA | 02645         |
| 5461  | 62-P5-0-R      | TOOMEY MICHAEL J &<br>TOOMEY IRENE V                    | 19 JOHN JOSEPH RD | 19 JOHN JOSEPH RD            | HARWICH      | MA | 02645         |
| 9652  | 72-T11-0-R     | TAYLOR CHARLES A EST OF<br>C/O PRISCILLA MARTIN         | 0 JOHN JOSEPH RD  | 23 HOYT RD                   | HARWICH PORT | MA | 02646         |
| 5462  | 62-P6-0-R      | COLLINS TIMOTHY J &<br>COLINS PATRICIA A                | 23 JOHN JOSEPH RD | 447 CUSHING ST               | HINGHAM      | MA | 02043         |
| 5464  | 62-P7-0-R      | HOPPER JOHN H &<br>HOPPER BETSY A                       | 27 JOHN JOSEPH RD | 27 JOHN JOSEPH RD            | HARWICH      | MA | 02645         |

| Key   | Parcel ID  | Owner  | Location          | Mailing Street                  | Mailing City | ST | ZipCd/Country |
|-------|------------|--|-------------------|---------------------------------|--------------|----|---------------|
| 5466  | 62-P8-0-R  | DOHERTY DAVID P &<br>DOHERTY ALICE W                     | 31 JOHN JOSEPH RD | 31 JOHN JOSEPH RD               | E HARWICH    | MA | 02645         |
| 5467  | 62-P9-0-R  | DAIGLE SUSAN   | 35 JOHN JOSEPH RD | 70 KING PHILIP ED               | SIMSBURY     | CT | 06070         |
| 5468  | 62-P10-0-R | HUBBARD DALE A TRS &<br>HUBBARD JOAN C TRS               | 39 JOHN JOSEPH RD | 39 JOHN JOSEPH RD               | HARWICH      | MA | 02645         |
| 9533  | 62-P11-0-R | HEATH CHARLES D &<br>HEATH JUDITH M                      | 43 JOHN JOSEPH RD | 43 JOHN JOSEPH RD               | HARWICH      | MA | 02645         |
| 5470  | 62-P12-0-R | PLEINES ROBERT T &<br>PLEINES SUSAN A                    | 47 JOHN JOSEPH RD | 47 JOHN JOSEPH RD               | HARWICH      | MA | 02645         |
| 5471  | 62-P13-0-R | LOTHROP ROBERT M   | 51 JOHN JOSEPH RD | PO BOX 762                      | ORLEANS      | MA | 02653         |
| 5472  | 62-P14-0-R | HOLDEN KATHERINE M                                       | 55 JOHN JOSEPH RD | 55 JOHN JOSEPH RD               | HARWICH      | MA | 02645         |
| 5475  | 62-P15-0-R | BROOKHART LARRY R &<br>BROOKHART ELLEN                   | 59 JOHN JOSEPH RD | PO BOX 367                      | HARWICH      | MA | 02645         |
| 5480  | 62-P17-0-R | AUDIBERT HELEN J   | 67 JOHN JOSEPH RD | 67 JOHN JOSEPH RD<br>PO BOX 516 | HARWICH      | MA | 02645         |
| 5479  | 62-P16-0-R | MARTIN CHARLES S &<br>MARTIN DOLORES L                   | 63 JOHN JOSEPH RD | 10 MAPLEWOOD AVE                | MAPLEWOOD    | NJ | 07040         |
| 9651  | 72-T9-0-R  | PINA JOHN E  | 0 JOHN JOSEPH RD  | 1 J' PTH                        | HARWICH      | MA | 02645         |
| 10732 | 62-P18-0-E | HARWICH TOWN OF - CONSERVATON<br>AND RECREATION PURPOSES | 0 JOHN JOSEPH RD  | 732 MAIN ST                     | HARWICH      | MA | 02645         |



The Commonwealth of Massachusetts  
 Alcoholic Beverages Control Commission  
 239 Causeway Street  
 Boston, MA 02114  
[www.mass.gov/abcc](http://www.mass.gov/abcc)

Print Form

**RETAIL ALCOHOLIC BEVERAGES LICENSE APPLICATION  
 MONETARY TRANSMITTAL FORM**

APPLICATION SHOULD BE COMPLETED ON-LINE, PRINTED, SIGNED, AND SUBMITTED TO THE LOCAL LICENSING AUTHORITY.

ECRT CODE: RETA

CHECK PAYABLE TO ABCC OR COMMONWEALTH OF MA: \$200.00

(CHECK MUST DENOTE THE NAME OF THE LICENSEE CORPORATION, LLC, PARTNERSHIP, OR INDIVIDUAL)

CHECK NUMBER

IF USED EPAY, CONFIRMATION NUMBER

A.B.C.C. LICENSE NUMBER (IF AN EXISTING LICENSEE, CAN BE OBTAINED FROM THE CITY)

LICENSEE NAME

ADDRESS

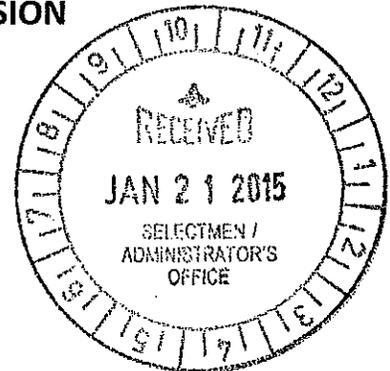
CITY/TOWN  STATE  ZIP CODE

**TRANSACTION TYPE (Please check all relevant transactions):**

- |  |   |   |   |
|--|---|---|---|
| <input type="checkbox"/> Alteration of Licensed Premises | <input type="checkbox"/> Cordials/Liqueurs Permit       | <input type="checkbox"/> New Officer/Director | <input type="checkbox"/> Transfer of License        |
| <input type="checkbox"/> Change Corporate Name           | <input type="checkbox"/> Issuance of Stock              | <input type="checkbox"/> New Stockholder      | <input type="checkbox"/> Transfer of Stock          |
| <input type="checkbox"/> Change of License Type          | <input type="checkbox"/> Management/Operating Agreement | <input type="checkbox"/> Pledge of Stock      | <input type="checkbox"/> Wine & Malt to All Alcohol |
| <input type="checkbox"/> Change of Location              | <input type="checkbox"/> More than (3) §15              | <input type="checkbox"/> Pledge of License    | <input type="checkbox"/> 6-Day to 7-Day License     |
| <input type="checkbox"/> Change of Manager               | <input checked="" type="checkbox"/> New License         | <input type="checkbox"/> Seasonal to Annual   |   |
| <input type="checkbox"/> Other <input type="text"/>      |   |   |   |

THE LOCAL LICENSING AUTHORITY MUST MAIL THIS TRANSMITTAL FORM ALONG WITH THE CHECK, COMPLETED APPLICATION, AND SUPPORTING DOCUMENTS TO:

**ALCOHOLIC BEVERAGES CONTROL COMMISSION  
 P. O. BOX 3396  
 BOSTON, MA 02241-3396**



APPLICATION FOR RETAIL ALCOHOLIC BEVERAGE LICENSE

City/Town Harwich

1. LICENSEE INFORMATION:

A. Legal Name/Entity of Applicant:(Corporation, LLC or Individual) Hot Stove, Inc.

B. Business Name (if different) : Hot Stove at Cranberry Valley C. Manager of Record: Ronald Leidner

D. ABCC License Number (for existing licenses only) : NA

E. Address of Licensed Premises: 183 Oak Street City/Town: Harwich State: MA Zip: 02645

F. Business Phone: (508) 432-0771 G. Cell Phone: [REDACTED]

H. Email: mgt@hotstovesaloon.com I. Website: www.hotstovesaloon.com

J. Mailing address (If different from E.): 27 Gorham Road City/Town: Harwich Port State: MA Zip: 02646

2. TRANSACTION:

- Checked: New License, Transfer of License, (6) Day to (7)-Day License, Wine & Malt to All Alcohol. Others: New Officer/Director, Transfer of Stock, Issuance of Stock, Pledge of Stock, New Stockholder, Management/Operating Agreement, Pledge of License.

The following transactions must be processed as new licenses:

- Checked: (6) Day to (7)-Day License, Wine & Malt to All Alcohol. Others: Seasonal to Annual.

IMPORTANT ATTACHMENTS (1): The applicant must attach a vote of the entity authorizing all requested transactions, including the appointment of a Manager of Record or principal representative.

3. TYPE OF LICENSE:

- Checked: \$12 Restaurant. Others: \$12 Hotel, \$12 Club, \$12 Veterans Club, \$12 Continuing Care Retirement Community, \$12 General On-Premises, \$12 Tavern (No Sundays), \$15 Package Store.

4. LICENSE CATEGORY:

- Checked: All Alcoholic Beverages. Others: Wines & Malt Beverages, Wines, Malt, Wine & Malt Beverages with Cordials/Liqueurs Permit.

5. LICENSE CLASS:

- Checked: Seasonal. Others: Annual.

**6. CONTACT PERSON CONCERNING THIS APPLICATION (ATTORNEY IF APPLICABLE)**

NAME: Ronald Leidner  
ADDRESS: 27 Gorham Road  
CITY/TOWN: Harwich Port STATE: MA ZIP CODE: 02646  
CONTACT PHONE NUMBER: [REDACTED] FAX NUMBER: (508) 432-9922  
EMAIL: mgt@hotstovesaloon.com

**7. DESCRIPTION OF PREMISES:**

Please provide a complete description of the premises. Please note that this must be identical to the description on the Form 43. **Your description MUST include: number of floors, number of rooms on each floor, any outdoor areas to be included in licensed area, and total square footage.** i.e.: "Three story building, first floor to be licensed, 3 rooms, 1 entrance 2 exits (3200 sq ft); outdoor patio (1200 sq ft); Basement for storage (1200 sq ft). Total sq ft = 5600."

Dining Room: 1363 square feet with five entrances/exits  
Kitchen: 554 square feet with three entrances/exits  
Outside Deck: 1377 square feet with four entrances (from Dining Room)  
Basement: 448 square feet with one entrance/exit

Total Square Footage: 3742 Number of Entrances: 13 Number of Exits: 13  
Occupancy Number: Seating Capacity: 96 (55 Dining Room, 41 on deck)

**IMPORTANT ATTACHMENTS (2):** The applicant must attach a floor plan with dimensions and square footage for each floor & room.

**8. OCCUPANCY OF PREMISES:**

By what right does the applicant have possession and/or legal occupancy of the premises? Final Assignment of Lease

**IMPORTANT ATTACHMENTS (3):** The applicant must submit a copy of the final lease or documents evidencing a legal right to occupy the premises. Other:

Landlord is a(n): Please Select Other: Municipality

Name: Town of Harwich Phone: (508) 430-7513 Ext. 2

Address: 732 Main Street City/Town: Harwich State: MA Zip: 02645

Initial Lease Term: Beginning Date 04/01/2016 Ending Date 03/30/2016

Renewal Term: Two one-year options Options/Extensions at: 13,000/15,000 Years Each

Rent: \$10,000.00 Per Year Rent: \$833.33 Per Month

Do the terms of the lease or other arrangement require payments to the Landlord based on a percentage of the alcohol sales?  
Yes  No

If Yes, Landlord Entity must be listed in Question # 10 of this application.

If the principals of the applicant corporation or LLC have created a separate corporation or LLC to hold the real estate, the applicant must still provide a lease between the two entities.

**9. LICENSE STRUCTURE:**

The Applicant is a(n):

Corporation

Other :

If the applicant is a Corporation or LLC, complete the following:

Date of Incorporation/Organization:

December 10, 2004

State of Incorporation/Organization: MA

Is the Corporation publicly traded? Yes  No

**10. INTERESTS IN THIS LICENSE:**

List all individuals involved in the entity (e.g. corporate stockholders, directors, officers and LLC members and managers) and any person or entity with a direct or indirect, beneficial or financial interest in this license.

**IMPORTANT ATTACHMENTS (4):**

A. All individuals or entities listed below are required to complete a Personal Information Form.

B. All shareholders, LLC members or other individuals with any ownership in this license must complete a CORI Release Form (unless they are a landlord entity)

| Name            | All Titles and Positions | Specific % Owned | Other Beneficial Interest |
|-----------------|--------------------------|------------------|---------------------------|
| Ronald Leidner  | President/Manager        | 100              |                           |
| Gabriel Leidner | Director                 |                  |                           |

\*If additional space is needed, please use last page.

**11. EXISTING INTEREST IN OTHER LICENSES:**

Does any individual listed in §10 have any direct or indirect, beneficial or financial interest in any other license to sell alcoholic beverages? Yes  No  **If yes, list said interest below:**

| Name            | License Type   | Licensee Name & Address                                |
|-----------------|----------------|--|
| Gabriel Leidner | §12 Restaurant | Hot Stove Saloon, 551 Route 28, Harwich Port, MA 02646 |
|                 | Please Select  |  |

\*If additional space is needed, please use last page.

**12. PREVIOUSLY HELD INTERESTS IN OTHER LICENSES:**

Has any individual listed in §10 who has a direct or indirect beneficial interest in this license ever held a direct or indirect, beneficial or financial interest in a license to sell alcoholic beverages, which is not presently held? Yes  No  **If yes, list said interest below:**

| Name           | Licensee Name & Address                         | Date      | Reason Terminated |
|----------------|---|-----------|-------------------|
| Ronald Leidner | Brax Landing, 705 Route 28, Harwich Port, 02646 | 1993-2003 | Transferred       |
|                |   |           | Please Select     |
|                |   |           | Please Select     |

**13. DISCLOSURE OF LICENSE DISCIPLINARY ACTION:**

Have any of the disclosed licenses to sell alcoholic beverages listed in §11 and/or §12 ever been suspended, revoked or cancelled?

Yes  No  **If yes, list said interest below:**

| Date | License | Reason of Suspension, Revocation or Cancellation |
|------|---------|--|
|      |         |  |
|      |         |  |
|      |         |  |

**14. CITIZENSHIP AND RESIDENCY REQUIREMENTS FOR A (§15) PACKAGE STORE LICENSE ONLY :****A.) For Individual(s):**

1. Are you a U.S. Citizen? Yes  No
2. Are you a Massachusetts Residents? Yes  No

**B.) For Corporation(s) and LLC(s) :**

1. Are all Directors/LLC Managers U.S. Citizens? Yes  No
2. Are a majority of Directors/LLC Managers Massachusetts Residents? Yes  No
3. Is the License Manager a U.S. Citizen? Yes  No

**C.) For Individual(s), Shareholder(s), Member(s), Director(s) and Officer(s):**

- 1.. Are all Individual(s), Shareholders, Members, Directors, LLC Managers and Officers involved at least twenty-one (21) years old? Yes  No

**15. CITIZENSHIP AND RESIDENCY REQUIREMENTS FOR (§12) RESTAURANT, HOTEL, CLUB, GENERAL ON PREMISE, TAVERN, VETERANS CLUB LICENSE ONLY:****A.) For Individual(s):**

1. Are you a U.S. Citizen? Yes  No

**B.) For Corporation(s) and LLC(s) :**

1. Are a majority of Directors/LLC Managers **NOT** U.S. Citizen(s)? Yes  No
2. Is the License Manager or Principal Representative a U.S. Citizen? Yes  No

**C.) For Individual(s), Shareholder(s), Member(s), Director(s) and Officer(s):**

- 1.. Are all Individual(s), Shareholders, Members, Directors, LLC Managers and Officers involved at least twenty-one (21) years old? Yes  No

**16. COSTS ASSOCIATED WITH LICENSE TRANSACTION:**

|  |             |
|--|-------------|
| A. Purchase Price for Real Property:   | \$10,000.00 |
| B. Purchase Price for Business Assets: | \$0.00      |
| C. Costs of Renovations/Construction:  | \$6,000.00  |
| D. Initial Start-Up Costs:             | \$6,000.00  |
| E. Purchase Price for Inventory:       | \$4,000.00  |
| F. Other: (Specify)                    |             |
| <b>G: TOTAL COST</b>                   | \$26,000.00 |
| <b>H. TOTAL CASH</b>                   | \$26,000.00 |
| <b>I. TOTAL AMOUNT FINANCED</b>        | \$0.00      |

**IMPORTANT ATTACHMENTS (5):** Any individual, LLC, corporate entity, etc. providing funds of \$50,000 or greater towards this transaction, must provide proof of the source of said funds. Proof may consist of three consecutive months of bank statements with a minimum balance of the amount described, a letter from your financial institution stating there are sufficient funds to cover the amount described, loan documentation, or other documentation.

The amounts listed in subsections (H) and (I) must total the amount reflected in (G).

**17. PROVIDE A DETAILED EXPLANATION OF THE FORM(S) AND SOURCE(S) OF FUNDING FOR THE COSTS IDENTIFIED ABOVE (INCLUDE LOANS, MORTGAGES, LINES OF CREDIT, NOTES, PERSONAL FUNDS, GIFTS):**

All funding for costs associated with the license transaction is provided by Hot Stove, Inc. (d/b/a/ Hot Stove Saloon) cash assets.

\*If additional space is needed, please use last page.

**18. LIST EACH LENDER AND LOAN AMOUNT(S) FROM WHICH "TOTAL AMOUNT FINANCED" NOTED IN SUB-SECTIONS 16(I) WILL DERIVE:**

A.

| Name | Dollar Amount | Type of Financing |
|------|---------------|-------------------|
|      |               |                   |
|      |               |                   |
|      |               |                   |

\*If additional space is needed, please use last page.

B. Does any individual or entity listed in §17 or §18 as a source of financing have a direct or indirect, beneficial or financial interest in this license or any other license(s) granted under Chapter 138? Yes  No

If yes, please describe:

NA

**19. PLEDGE: (i.e. COLLATERAL FOR A LOAN)**

A.) Is the applicant seeking approval to pledge the license?  Yes  No

1. If yes, to whom:

2. Amount of Loan:  3. Interest Rate:  4. Length of Note:

5. Terms of Loan :

B.) If a corporation, is the applicant seeking approval to pledge any of the corporate stock?  Yes  No

1. If yes, to whom:

2. Number of Shares:

C.) Is the applicant pledging the inventory?  Yes  No

If yes, to whom:

**IMPORTANT ATTACHMENTS (6):** If you are applying for a pledge, submit the pledge agreement, the promissory note and a vote of the Corporation/LLC approving the pledge.

**20. CONSTRUCTION OF PREMISES:**

Are the premises being remodeled, redecorated or constructed in any way? If YES, please provide a description of the work being performed on the premises:  Yes  No

Dining room will be painted and re-carpeted by landlord.  
A 17' long kitchen counter will be installed by Hot Stove, Inc..

21. ANTICIPATED OPENING DATE:

**IF ALL OF THE INFORMATION AND  
ATTACHMENTS ARE NOT COMPLETE  
THE APPLICATION WILL BE  
RETURNED**

Additional Space

Please note which question you are using this space for.

A large, empty rectangular box with a thin black border, occupying most of the page below the text. It is intended for students to provide additional space for their answers, with a note to specify which question they are using it for.

**APPLICANT'S STATEMENT**

I, Ronald Leidner the:  sole proprietor;  partner;  corporate principal;  LLC/LLP member  
Authorized Signatory

of Hot Stove, Inc., hereby submit this application for new, annual, alcoholic beverage license  
Name of the Entity/Corporation Transaction(s) you are applying for

(hereinafter the "Application"), to the local licensing authority (the "LLA") and the Alcoholic Beverages Control Commission (the "ABCC" and together with the LLA collectively the "Licensing Authorities") for approval.

I do hereby declare under the pains and penalties of perjury that I have personal knowledge of the information submitted in the Application, and as such affirm that all statement and representations therein are true to the best of my knowledge and belief. I further submit the following to be true and accurate:

- (1) I understand that each representation in this Application is material to the Licensing Authorities' decision on the Application and that the Licensing Authorities will rely on each and every answer in the Application and accompanying documents in reaching its decision;
- (2) I state that the location and description of the proposed licensed premises does not violate any requirement of the ABCC or other state law or local ordinances;
- (3) I understand that while the Application is pending, I must notify the Licensing Authorities of any change in the information submitted therein. I understand that failure to give such notice to the Licensing Authorities may result in disapproval of the Application;
- (4) I understand that upon approval of the Application, I must notify the Licensing Authorities of any change in the Application information as approved by the Licensing Authorities. I understand that failure to give such notice to the Licensing Authorities may result in sanctions including revocation of any license for which this Application is submitted;
- (5) I understand that the licensee will be bound by the statements and representations made in the Application, including, but not limited to the identity of persons with an ownership or financial interest in the license;
- (6) I understand that all statements and representations made become conditions of the license;
- (7) I understand that any physical alterations to or changes to the size of, the area used for the sale, delivery, storage, or consumption of alcoholic beverages, must be reported to the Licensing Authorities and may require the prior approval of the Licensing Authorities;
- (8) I understand that the licensee's failure to operate the licensed premises in accordance with the statements and representations made in the Application may result in sanctions, including the revocation of any license for which the Application was submitted; and
- (9) I understand that any false statement or misrepresentation will constitute cause for disapproval of the Application or sanctions including revocation of any license for which this Application is submitted.

Signature: Ronald Leidner

Date: JANUARY 20, 2010

Title: PRESIDENT



**Commonwealth of Massachusetts  
Alcoholic Beverages Control Commission  
239 Causeway Street, First Floor  
Boston, MA 02114**

**STEVEN GROSSMAN  
TREASURER AND RECEIVER GENERAL**

**CORI REQUEST FORM**

**KIM S. GAINSBORO, ESQ.  
CHAIRMAN**

The Alcoholic Beverages Control Commission has been certified by the Criminal History Systems Board to access conviction and pending Criminal Offender Record Information. For the purpose of approving each shareholder, owner, licensee or applicant for an alcoholic beverages license, I understand that a criminal record check will be conducted on me, pursuant to the above. The information below is correct to the best of my knowledge.

**ABCC LICENSE INFORMATION**

|   |                      |                |                      |            |                      |
|---|----------------------|----------------|----------------------|------------|----------------------|
| ABCC NUMBER:<br><small>(IF EXISTING LICENSEE)</small> | <input type="text"/> | LICENSEE NAME: | <input type="text"/> | CITY/TOWN: | <input type="text"/> |
|---|----------------------|----------------|----------------------|------------|----------------------|

**APPLICANT INFORMATION**

|                                       |   |                     |   |                                     |  |
|---------------------------------------|---|---------------------|---|-------------------------------------|--|
| LAST NAME:                            | <input type="text" value="Leidner"/>            | FIRST NAME:         | <input type="text" value="Ronald"/>               | MIDDLE NAME:                        | <input type="text" value="Stanley"/>       |
| MAIDEN NAME OR ALIAS (IF APPLICABLE): | <input type="text" value="NA"/>                 | PLACE OF BIRTH:     | <input type="text" value="Paterson, New Jersey"/> |                                     |  |
| DATE OF BIRTH:                        | <input type="text" value="REDACTED"/>           | SSN:                | <input type="text" value="REDACTED"/>             | ID THEFT INDEX PIN (IF APPLICABLE): | <input type="text" value="NA"/>            |
| MOTHER'S MAIDEN NAME:                 | <input type="text" value="REDACTED"/>           | DRIVER'S LICENSE #: | <input type="text" value="REDACTED"/>             | STATE LIC. ISSUED:                  | <input type="text" value="Massachusetts"/> |
| GENDER:                               | <input type="text" value="MALE"/>               | HEIGHT:             | <input type="text" value="REDACTED"/>             | WEIGHT:                             | <input type="text" value="REDACTED"/>      |
| EYE COLOR:                            | <input type="text" value="REDACTED"/>           |                     |   |                                     |  |
| CURRENT ADDRESS:                      | <input type="text" value="27 Gorham Road"/>     |                     |   |                                     |  |
| CITY/TOWN:                            | <input type="text" value="Harwich Port"/>       | STATE:              | <input type="text" value="MA"/>                   | ZIP:                                | <input type="text" value="02646"/>         |
| FORMER ADDRESS:                       | <input type="text" value="39 Deb's Hill Road"/> |                     |   |                                     |  |
| CITY/TOWN:                            | <input type="text" value="Yarmouthport"/>       | STATE:              | <input type="text" value="MA"/>                   | ZIP:                                | <input type="text" value="02675"/>         |

**PRINT AND SIGN**

|               |   |                               |   |
|---------------|---|-------------------------------|---|
| PRINTED NAME: | <input type="text" value="Ronald Leidner"/> | APPLICANT/EMPLOYEE SIGNATURE: | <input type="text" value="Ronald Leidner"/> |
|---------------|---|-------------------------------|---|

**NOTARY INFORMATION**

On this  before me, the undersigned notary public, personally appeared

(name of document signer), proved to me through satisfactory evidence of identification, which were

to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose.

NOTARY

**DIVISION USE ONLY**

|  |                      |
|--|----------------------|
| REQUESTED BY:  | <input type="text"/> |
| <small>SIGNATURE OF CORI-AUTHORIZED EMPLOYEE</small> |                      |

The DCJ Identify Theft Index PIN Number is to be completed by those applicants that have been issued an Identity Theft PIN Number by the DCJ. Certified agencies are required to provide all applicants the opportunity to include this information to ensure the accuracy of the CORI request process. ALL CORI request forms that include this field are required to be submitted to the DCJ via mail or by fax to (617) 660-4614.



The Commonwealth of Massachusetts  
 Alcoholic Beverages Control Commission  
 239 Causeway Street  
 Boston, MA 02114  
 www.mass.gov/abcc

**MANAGER APPLICATION**

All proposed managers are required to complete a Personal Information Form, and attach a copy of the corporate vote authorizing this action and appointing a manager.

**1. LICENSEE INFORMATION:**

Legal Name of Licensee:  Business Name (dba):

Address:

City/Town:  State:  Zip Code:

ABCC License Number:  (If existing licensee) Phone Number of Premise:

**2. MANAGER INFORMATION:**

A. Name:  B. Cell Phone Number:

C. List the number of hours per week you will spend on the licensed premises:

**3. CITIZENSHIP INFORMATION:**

A. Are you a U.S. Citizen: Yes  No  B. Date of Naturalization:  C. Court of Naturalization:

(Submit proof of citizenship and/or naturalization such as US Passport, Voter's Certificate, Birth Certificate or Naturalization Papers)

**4. BACKGROUND INFORMATION:**

A. Do you now, or have you ever, held any direct or indirect, beneficial or financial interest in a license to sell alcoholic beverages? Yes  No   
 If yes, please describe:

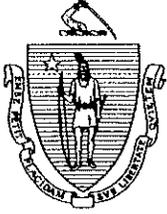
B. Have you ever been the Manager of Record of a license to sell alcoholic beverages that has been suspended, revoked or cancelled? Yes  No   
 If yes, please describe:

C. Have you ever been the Manager of Record of a license that was issued by this Commission? Yes  No   
 If yes, please describe:

D. List your employment for the past ten years (Dates, Position, Employer, Address and Telephone):

I hereby swear under the pains and penalties of perjury that the information I have provided in this application is true and accurate:

Signature  Date



The Commonwealth of Massachusetts  
 Alcoholic Beverages Control Commission  
 239 Causeway Street  
 Boston, MA 02114  
 www.mass.gov/abcc

**PERSONAL INFORMATION FORM**

Each individual listed in Section 10 of this application must complete this form.

**1. LICENSEE INFORMATION:**

|                            |                 |  |                               |                |
|----------------------------|-----------------|--|-------------------------------|----------------|
| A. Legal Name of Licensee  | Hot Stove, Inc. | B. Business Name (dba)                           | Hot Stove at Cranberry valley |                |
| C. Address                 | 183 Oak Street  | D. ABCC License Number<br>(If existing licensee) | NA                            |                |
| E. City/Town               | Harwich         | State  | MA                            | Zip Code 02645 |
| F. Phone Number of Premise | (508) 430-5234  | G. EIN of License                                | 20-2021293                    |                |

**2. PERSONAL INFORMATION:**

|                           |   |                      |            |                |
|---------------------------|---|----------------------|------------|----------------|
| A. Individual Name        | Ronald Leidner                                    | B. Home Phone Number | [REDACTED] |                |
| C. Address                | 27 Gorham Road                                    |                      |            |                |
| D. City/Town              | Harwich Port                                      | State                | MA         | Zip Code 02646 |
| E. Social Security Number | [REDACTED]  | F. Date of Birth     | [REDACTED] |                |
| G. Place of Employment    | Hot Stove Saloon 551 Rt. 28 Harwich Port MA 02646 |                      |            |                |

**3. BACKGROUND INFORMATION:**

Have you ever been convicted of a state, federal or military crime? Yes  No

If yes, as part of the application process, the individual must attach an affidavit as to any and all convictions. The affidavit must include the city and state where the charges occurred as well as the disposition of the convictions.

**4. FINANCIAL INTEREST:**

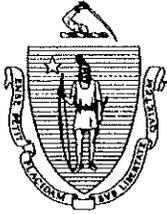
Provide a detailed description of your direct or indirect, beneficial or financial interest in this license (i.e. percentage ownership).

As President and only stockholder of Hot Stove, Inc. my direct financial interest is 100%.

*\*If additional space is needed, please use the last page*

I hereby swear under the pains and penalties of perjury that the information I have provided in this application is true and accurate:

|           |                |                                     |                  |
|-----------|----------------|-------------------------------------|------------------|
| Signature | Ronald Leidner | Date                                | JANUARY 20, 2016 |
| Title     | President      | (If Corporation/LLC Representative) |                  |



The Commonwealth of Massachusetts  
 Alcoholic Beverages Control Commission  
 239 Causeway Street  
 Boston, MA 02114  
[www.mass.gov/abcc](http://www.mass.gov/abcc)

**PERSONAL INFORMATION FORM**

Each individual listed in Section 10 of this application must complete this form.

**1. LICENSEE INFORMATION:**

|                            |                 |  |                               |                |
|----------------------------|-----------------|--|-------------------------------|----------------|
| A. Legal Name of Licensee  | Hot Stove, Inc. | B. Business Name (dba)                           | Hot Stove at Cranberry valley |                |
| C. Address                 | 183 Oak Street  | D. ABCC License Number<br>(If existing licensee) | NA                            |                |
| E. City/Town               | Harwich         | State  | MA                            | Zip Code 02645 |
| F. Phone Number of Premise | (508) 430-5234  | G. EIN of License                                | 20-2021293                    |                |

**2. PERSONAL INFORMATION:**

|                           |   |                      |            |                |
|---------------------------|---|----------------------|------------|----------------|
| A. Individual Name        | Gabriel Leidner                                   | B. Home Phone Number | [REDACTED] |                |
| C. Address                | 206 Setucket Road                                 |                      |            |                |
| D. City/Town              | South Dennis                                      | State                | MA         | Zip Code 02660 |
| E. Social Security Number | [REDACTED]  | F. Date of Birth     | [REDACTED] |                |
| G. Place of Employment    | Hot Stove Saloon 551 Rt. 28 Harwich Port MA 02646 |                      |            |                |

**3. BACKGROUND INFORMATION:**

Have you ever been convicted of a state, federal or military crime? Yes  No

If yes, as part of the application process, the individual must attach an affidavit as to any and all convictions. The affidavit must include the city and state where the charges occurred as well as the disposition of the convictions.

**4. FINANCIAL INTEREST:**

Provide a detailed description of your direct or indirect, beneficial or financial interest in this license (i.e. percentage ownership).

Though I have no percentage of ownership in Hot Stove, Inc. as a Director of that corporation I do have indirect beneficial and financial interest in this license.

\*If additional space is needed, please use the last page

I hereby swear under the pains and penalties of perjury that the information I have provided in this application is true and accurate:

|           |          |                                     |                  |
|-----------|----------|-------------------------------------|------------------|
| Signature |          | Date                                | JANUARY 20, 2016 |
| Title     | Director | (If Corporation/LLC Representative) |                  |

CORPORATE VOTE OF *Hot Stove, Inc.*

At meeting of directors of Hot Stove, Inc., held on January 15, 2016 at the corporate office, it was voted to authorize Ronald S. Leidner, President, to apply for an alcoholic beverages license from the Town of Harwich, to make all necessary transactions and to appoint himself, Ronald S. Leidner as manager.

ATTEST: Gabriel Leidner, Director



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# HARWICH Police

DEPARTMENT

183 Sisson Road, Harwich, MA 02645

Tel 508-430-7541 Fax 508-432-2530



DAVID J. GUILLEMETTE  
Chief of Police

THOMAS A. GAGNON  
Deputy Chief

## Memorandum

TO: Board of Selectmen

Christopher Clark  
Town Administrator

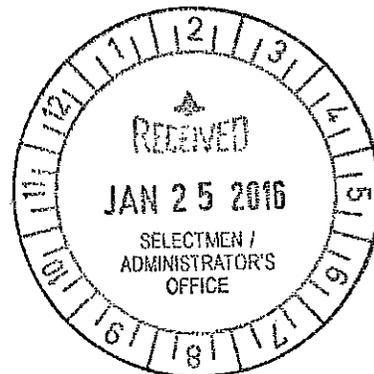
FROM: David J. Guillemette  
Chief of Police

DATE: January 22, 2016

SUBJECT: Application for an Annual All Alcoholic Beverages by Hot Stove, Inc.  
d/b/a Hot Stove at Cranberry Valley, Ronald Leidner, Manager

The Police Department has no objections regarding the Application for an Annual All Alcoholic Beverages by Hot Stove at Cranberry Valley. A background investigation of the proposed individual indicates no liquor code violations or disqualifying history of negative contacts.

If you have any questions or need further clarification, please feel free to contact me at your earliest convenience.



NOTICE OF PUBLIC HEARING  
TOWN OF HARWICH  
BOARD OF SELECTMEN  
APPLICATION FOR LIQUOR LICENSE

Notice is hereby given under Chapter 138 of the General Laws as amended that application has been made to this Board for a Seasonal, Common Victualler, All Alcoholic Beverages License for Ember Pizza Inc. d/b/a Ember, Justin R. Brackett, Manager, on the following described premises located at 600 Route 28, Harwich Port, MA 02646. A 1 ½ story framed building with one dining room, one foyer, counter service, waiting area with minimal seating, outside dining area, one kitchen, three lavatories, basement liquor storage; exit/entrance on all three sides of building.

The Board of Selectmen will hold a hearing upon the application on Monday, February 8, 2016 no earlier than 6:30 p.m. in the Donn B. Griffin Room at Town Hall, 732 Main Street, Harwich, at which time all interested parties will be heard.

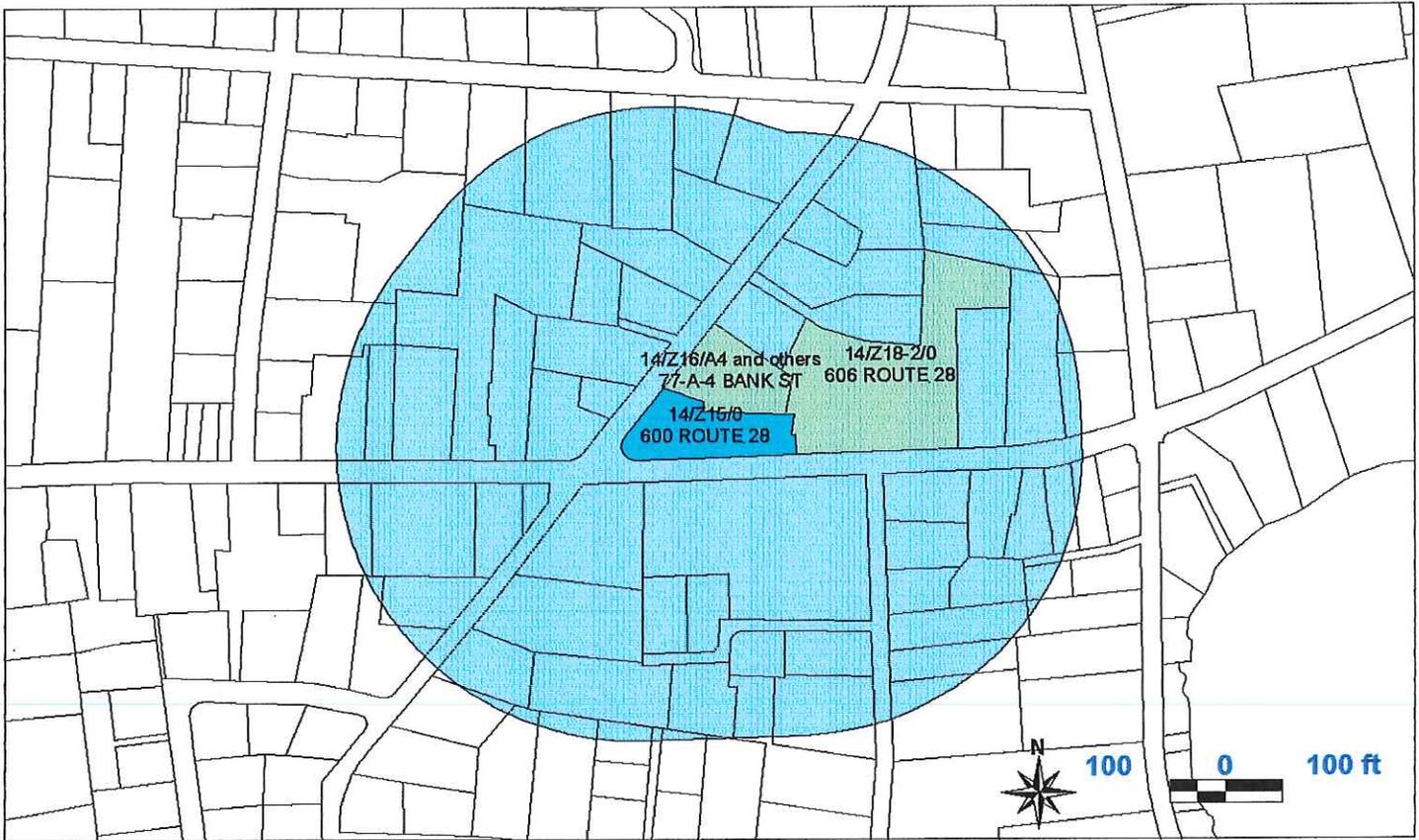
Board of Selectmen  
Local Licensing Authority

Cape Cod Times  
January 25, 2016

Cape Cod Chronicle  
January 28, 2016

TOWN OF HARWICH, MA  
 BOARD OF ASSESSORS  
 732 Main Street, Harwich, MA 02645

Abutters List Within 500 feet of Parcel 14/Z15/0



| Key   | Parcel ID    | Owner   | Location        | Mailing Street        | Mailing City | ST | ZipCd/Country |
|-------|--------------|---|-----------------|-----------------------|--------------|----|---------------|
| 20026 | 14-Z16-0-E   | SOUND SIDE COURT CONDOMINIUM A<br>C/O JAMES ANDERSON MANAGER  | 77 BANK ST      | PO BOX 1201           | BREWSTER     | MA | 02631-0012    |
| 11735 | 14-Z16-A1-R  | SLOCUM GLORIA   | 77-A-1 BANK ST  | 317 REDONDO RD        | YOUNGSTOWN   | OH | 44504         |
| 11736 | 14-Z16-A2-R  | GALETSA PETER J &<br>GALETSA DIANA T                          | 77-A-2 BANK ST  | 18 PARK RD            | COLCHESTER   | CT | 06415         |
| 11737 | 14-Z16-A3-R  | WATSON DENISE   | 77-A-3 BANK ST  | 77 BANK ST UNIT 3     | HARWICH PORT | MA | 02646         |
| 11738 | 14-Z16-A4-R  | MANKUS ROBERT &<br>MANKUS KAREN                               | 77-A-4 BANK ST  | 2 RIVERDALE ST        | ENFIELD      | CT | 06082         |
| 11739 | 14-Z16-A5-R  | REDDING TIMOTHY J   | 77-A-5 BANK ST  | 2421 WICKSTROM PL SW  | SEATTLE      | WA | 98116         |
| 11740 | 14-Z16-A6-R  | MANKUS ANDREW &<br>ROTHSCHILD MEGHAN                          | 77-A-6 BANK ST  | 266 GROVE ST UNIT 4   | NORTHAMPTON  | MA | 01060         |
| 11741 | 14-Z16-B7-R  | PITTA MATTHEW H   | 77-B-7 BANK ST  | 175 GILBERT LN        | HARWICH PORT | MA | 02646         |
| 11742 | 14-Z16-B8-R  | JONES BEVERLY REY   | 77-B-8 BANK ST  | 1200 ADAMS ST APT 101 | DORCHESTER   | MA | 02124         |
| 11743 | 14-Z16-B9-R  | DUELKS RONALD L &<br>DUELKS PATRICIA L                        | 77-B-9 BANK ST  | 594 COUNTY ROUTE 1    | PINE ISLAND  | NY | 10960         |
| 11744 | 14-Z16-B10-R | FRITZ JOSEPH &<br>FRITZ ELAINE C                              | 77-B-10 BANK ST | 45 JOSEPH RD          | BRAINTREE    | MA | 02184         |
| 11745 | 14-Z16-B11-R | MORSE GLEN A &<br>MORSE JENNIFER                              | 77-B-11 BANK ST | 17 NOTTINGHAM DR      | YARMOUTHPORT | MA | 02675         |
| 11746 | 14-Z16-B12-R | WAYNEN JACQUELINE C   | 77-B-12 BANK ST | 192 SIDE HILL RD      | HINGHAM      | MA | 02043         |
| 11747 | 14-Z16-C13-R | IACOVELLI CAROLE MCBRIDE TR<br>CAROLE MCBRIDE IACOVELLI REVOC | 77-C-13 BANK ST | 1376 KAINUI DR        | KAILUA       | HI | 96734         |
| 2061  | 14-Z15-0-R   | 3137 LLC <i>LOCUS</i>   | 600 ROUTE 28    | 51 OAK ST             | HARWICH      | MA | 02645         |

| Key   | Parcel ID    | Owner  | Location     | Mailing Street                                  | Mailing City | ST | ZipCd/Country |
|-------|--------------|--|--------------|---|--------------|----|---------------|
| 17723 | 14-Z18-2-0-R | FENNELL SHIRLEY A TR<br>J R FENNELL REALTY TRUST | 606 ROUTE 28 | C/O ODYSSEY PARTNERS<br>880 WINTER ST SUITE 340 | WALTHAM      | MA | 02451         |

# APPLICATION FOR RETAIL ALCOHOLIC BEVERAGE LICENSE

City/Town

Harwich

## 1. LICENSEE INFORMATION:

A. Legal Name/Entity of Applicant:(Corporation, LLC or Individual) Ember Pizza Inc.

B. Business Name (if different) : Ember

C. Manager of Record: Justin Brackett

D. ABCC License Number (for existing licenses only) : 050600082

E. Address of Licensed Premises: 600

City/Town: Route 28

State: MA

Zip: 02646

F. Business Phone: 508-430-0407

G. Cell Phone: [REDACTED]

H. Email: port\_restaurant@hotmail.com

I. Website: www.emberpizza.com

J. Mailing address (if different from E.):

City/Town:

State:

Zip:

## 2. TRANSACTION:

- New License     New Officer/Director     Transfer of Stock     Issuance of Stock     Pledge of Stock  
 Transfer of License     New Stockholder     Management/Operating Agreement     Pledge of License

The following transactions must be processed as new licenses:

- Seasonal to Annual     (6) Day to (7)-Day License     Wine & Malt to All Alcohol

**IMPORTANT ATTACHMENTS (1):** The applicant must attach a vote of the entity authorizing all requested transactions, including the appointment of a Manager of Record or principal representative.

## 3. TYPE OF LICENSE:

- §12 Restaurant     §12 Hotel     §12 Club     §12 Veterans Club  
 §12 General On-Premises     §12 Tavern (No Sundays)     §15 Package Store

## 4. LICENSE CATEGORY:

- All Alcoholic Beverages     Wine & Malt Beverages Only     Wine or Malt Only  
 Wine & Malt Beverages with Cordials/Liqueurs Permit

## 5. LICENSE CLASS:

- Annual     Seasonal

**6. CONTACT PERSON CONCERNING THIS APPLICATION (ATTORNEY IF APPLICABLE)**

NAME: Justin BRackett

ADDRESS: 51 Oak Street

CITY/TOWN: Harwich STATE: MA ZIP CODE: 02645

CONTACT PHONE NUMBER: 508-430-4355 FAX NUMBER:

EMAIL: Jrbrackett@gmail.com

**7. DESCRIPTION OF PREMISES:**

Please provide a complete description of the premises to be licensed. Please note that this must be identical to the description on the Form 43.

A 1/2 story framed building with one dining room, one foyer, counter service, waiting area with minimal seating, outside dining area, one kitchen, three lavatories, basement liquor storage; exit/entrance on all three sides of building

Total Square Footage: Number of Entrances: 2 Number of Exits: 4

Occupancy Number: 99 Seating Capacity: 99

IMPORTANT ATTACHMENTS (2): The applicant must attach a floor plan with dimensions and square footage for each floor & room.

**8. OCCUPANCY OF PREMISES:**

By what right does the applicant have possession and/or legal occupancy of the premises? Tenant-at-Will

IMPORTANT ATTACHMENTS (3): The applicant must submit a copy of the final lease or documents evidencing a legal right to occupy the premises.

Other:

Landlord is a(n): LLC Other:

Name: 3137 LLC Phone: 508-430-4355

Address: 51 Oak Street City/Town: Harwich State: MA Zip: 02645

Initial Lease Term: Beginning Date 01/01/2015 Ending Date 01/01/2020

Renewal Term: Options/Extensions at: 5 Years Each

Rent: \$45,000.00 Per Year Rent: Per Month

Do the terms of the lease or other arrangement require payments to the Landlord based on a percentage of the alcohol sales?  
Yes  No

**IMPORTANT ATTACHMENTS( 4):**

1. If yes, the Landlord is deemed a person or entity with a financial or beneficial interest in this license. Each individual with an ownership interest with the Landlord must be disclosed in §10 and must submit a completed Personal Information Form attached to this application.
2. Entity formation documents for the Landlord entity must accompany the application to confirm the individuals disclosed.
3. If the principals of the applicant corporation or LLC have created a separate corporation or LLC to hold the real estate, the applicant must still provide a lease between the two entities.

**9. LICENSE STRUCTURE:**The Applicant is a(n): Other : 

If the applicant is a Corporation or LLC, complete the following:

Date of Incorporation/Organization: State of Incorporation/Organization: Is the Corporation publicly traded? Yes  No **10. INTERESTS IN THIS LICENSE:**

List all individuals involved in the entity (e.g. corporate stockholders, directors, officers and LLC members and managers) and any person or entity with a direct or indirect, beneficial or financial interest in this license (e.g. landlord with a percentage rent based on alcohol sales).

**IMPORTANT ATTACHMENTS (5):**A. All individuals or entities listed below are required to complete a Personal Information Form.B. All shareholders, LLC members or other individuals with any ownership in this license must complete a CORI Release Form.

| Name            | All Titles and Positions | Specific # of Stock or % Owned | Other Beneficial Interest |
|-----------------|--------------------------|--------------------------------|---------------------------|
| Justin Brackett | President                | 60                             |                           |
| Jared Brackett  | Treasurer                | 40                             |                           |

\* If additional space is needed, please use last page.

**11. EXISTING INTEREST IN OTHER LICENSES:**Does any individual listed in §10 have any direct or indirect, beneficial or financial interest in any other license to sell alcoholic beverages? Yes  No  **If yes, list said interest below:**

| Name            | License Type                                 | Licensee Name & Address    |
|-----------------|--|----------------------------|
| Justin Brackett | <input type="text" value="\$12 Restaurant"/> | Port Restaurant & Bar Inc. |
| Jared Brackett  | <input type="text" value="\$12 Restaurant"/> | Port Restaurant & Bar Inc. |
|                 | <input type="text" value="Please Select"/>   |                            |

\* If additional space is needed, please use last page.

**12. PREVIOUSLY HELD INTERESTS IN OTHER LICENSES:**

Has any individual listed in §10 who has a direct or indirect beneficial interest in this license ever held a direct or indirect, beneficial or financial interest in a license to sell alcoholic beverages, which is not presently held? Yes  No  If yes, list said interest below:

| Name | Licensee Name & Address | Date | Reason Terminated |
|------|-------------------------|------|-------------------|
|      |                         |      | Please Select     |
|      |                         |      | Please Select     |
|      |                         |      | Please Select     |

**13. DISCLOSURE OF LICENSE DISCIPLINARY ACTION:**

Have any of the disclosed licenses to sell alcoholic beverages listed in §11 and/or §12 ever been suspended, revoked or cancelled? Yes  No  If yes, list said interest below:

| Date | License | Reason of Suspension, Revocation or Cancellation |
|------|---------|--|
|      |         |  |
|      |         |  |
|      |         |  |

**14. CITIZENSHIP AND RESIDENCY REQUIREMENTS FOR A (§15) PACKAGE STORE LICENSE ONLY :**

**A.) For Individual(s):**

1. Are you a U.S. Citizen? Yes  No
2. Are you a Massachusetts Residents? Yes  No

**B.) For Corporation(s) and LLC(s) :**

1. Are all Directors/LLC Managers U.S. Citizens? Yes  No
2. Are a majority of Directors/LLC Managers Massachusetts Residents? Yes  No
3. Is the License Manager or Principal Representative a U.S. Citizen?

**C.) Shareholder(s), Member(s), Director(s) and Officer(s):**

- 1.. Are all Shareholders, Members, Directors, LLC Managers and Officers involved at least twenty-one (21) years old? Yes  No

**15. CITIZENSHIP AND RESIDENCY REQUIREMENTS FOR (§12) RESTAURANT, HOTEL, CLUB, GENERAL ON PREMISE, TAVERN, VETERANS CLUB LICENSE ONLY:**

**A.) For Individual(s):**

1. Are you a U.S. Citizen? Yes  No

**B.) For Corporation(s) and LLC(s) :**

1. Are a majority of Directors/LLC Managers **NOT** U.S. Citizen(s)? Yes  No
2. Is the License Manager or Principal Representative a U.S. Citizen? Yes  No

**C.) Shareholder(s), Member(s), Director(s) and Officer(s):**

**16. COSTS ASSOCIATED WITH LICENSE TRANSACTION:**

|  |                      |
|--|----------------------|
| A. Purchase Price for Real Property:   | <input type="text"/> |
| B. Purchase Price for Business Assets: | <input type="text"/> |
| C. Costs of Renovations/Construction:  | \$1,500.00           |
| D. Initial Start-Up Costs:             | \$375.00             |
| E. Purchase Price for Inventory:       | \$5,000.00           |
| F. Other: (Specify)                    | <input type="text"/> |
| <b>G: TOTAL COST</b>                   | \$6,875.00           |
| <b>H. TOTAL CASH</b>                   | <input type="text"/> |
| <b>I. TOTAL AMOUNT FINANCED</b>        | \$0.00               |

**IMPORTANT ATTACHMENTS (6):** Submit any and all records, documents and affidavits including loan agreements that explain the source(s) of money for this transaction. Sources of cash must include a minimum of three (3) months of bank statements.

The amounts listed in subsections (H) and (I) must total the amount reflected in (G).

**17. PROVIDE A DETAILED EXPLANATION OF THE FORM(S) AND SOURCE(S) OF FUNDING FOR THE COSTS IDENTIFIED ABOVE (INCLUDE LOANS, MORTGAGES, LINES OF CREDIT, NOTES, PERSONAL FUNDS, GIFTS):**

The construction cost and start-up cost will be paid for with existing working capital and the inventory will be purchased on a 60 day term from our current purveyors, with funds available in our existing cash flow to also be able to pay it off if needed.

\*If additional space is needed, please use last page.

**18. LIST EACH LENDER AND LOAN AMOUNT(S) FROM WHICH "TOTAL AMOUNT FINANCED" NOTED IN SUB-SECTIONS 16(I) WILL DERIVE:**

A.

| Name | Dollar Amount | Type of Financing |
|------|---------------|-------------------|
|      |               |                   |
|      |               |                   |
|      |               |                   |

\*If additional space is needed, please use last page.

B. Does any individual or entity listed in §19 as a source of financing have a direct or indirect, beneficial or financial interest in this license or any other license(s) granted under Chapter 138? Yes  No

If yes, please describe:

**19. PLEDGE: (i.e. COLLATERAL FOR A LOAN)**

A.) Is the applicant seeking approval to pledge the license?  Yes  No

1. If yes, to whom:

2. Amount of Loan:  3. Interest Rate:  4. Length of Note:

5. Terms of Loan :

B.) If a corporation, is the applicant seeking approval to pledge any of the corporate stock?  Yes  No

1. If yes, to whom:

2. Number of Shares:

C.) Is the applicant pledging the inventory?  Yes  No

If yes, to whom:

**IMPORTANT ATTACHMENTS (7):** If you are applying for a pledge, submit the pledge agreement, the promissory note and a vote of the Corporation/LLC approving the pledge.

**20. CONSTRUCTION OF PREMISES:**

Are the premises being remodeled, redecorated or constructed in any way? If YES, please provide a description of the work being performed on the premises:  Yes  No

If approval of the license is granted, the bar will receive a minor renovation so it can house the additional inventory as well as the addition of a second soda dispenser

21. ANTICIPATED OPENING DATE:

**IF ALL OF THE INFORMATION AND  
ATTACHMENTS ARE NOT COMPLETE  
THE APPLICATION WILL BE  
RETURNED**

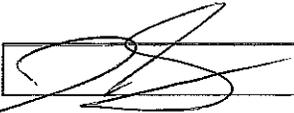
**APPLICANT'S STATEMENT**

I, Justin Brackett the  sole proprietor;  partner;  corporate principal;  LLC/LLP member  
of Ember Pizza inc, hereby submit this application for All Alcohol License (hereinafter the  
"Application"), to the local licensing authority (the "LLA") and the Alcoholic Beverages Control Commission (the "ABCC" and  
together with the LLA collectively the "Licensing Authorities") for approval.

I do hereby declare under the pains and penalties of perjury that I have personal knowledge of the information submitted in the  
Application, and as such affirm that all statement and representations therein are true to the best of my knowledge and belief.  
I further submit the following to be true and accurate:

- (1) I understand that each representation in this Application is material to the Licensing Authorities' decision on the  
Application and that the Licensing Authorities will rely on each and every answer in the Application and accompanying  
documents in reaching its decision;
- (2) I state that the location and description of the proposed licensed premises does not violate any requirement of the  
ABCC or other state law or local ordinances;
- (3) I understand that while the Application is pending, I must notify the Licensing Authorities of any change in the  
information submitted therein. I understand that failure to give such notice to the Licensing Authorities may result in  
disapproval of the Application;
- (4) I understand that upon approval of the Application, I must notify the Licensing Authorities of any change in the  
Application information as approved by the Licensing Authorities. I understand that failure to give such notice to the Licensing  
Authorities may result in sanctions including revocation of any license for which this Application is submitted;
- (5) I understand that the licensee will be bound by the statements and representations made in the Application, including,  
but not limited to the identity of persons with an ownership or financial interest in the license;
- (6) I understand that all statements and representations made become conditions of the license;
- (7) I understand that any physical alterations to or changes to the size of, the area used for the sale, delivery, storage, or  
consumption of alcoholic beverages, must be reported to the Licensing Authorities and may require the prior approval of the  
Licensing Authorities;
- (8) I understand that the licensee's failure to operate the licensed premises in accordance with the statements and  
representations made in the Application may result in sanctions, including the revocation of any license for which the  
Application was submitted; and
- (9) I understand that any false statement or misrepresentation will constitute cause for disapproval of the Application or  
sanctions including revocation of any license for which this Application is submitted.

Signature:



Date:

12 - 10 - 2015

Title:

President



The Commonwealth of Massachusetts  
 Alcoholic Beverages Control Commission  
 239 Causeway Street  
 Boston, MA 02114  
[www.mass.gov/abcc](http://www.mass.gov/abcc)

**MANAGER APPLICATION**

All proposed managers are required to complete a Personal Information Form, and attach a copy of the corporate vote authorizing this action and appointing a manager.

**1. LICENSEE INFORMATION:**

Legal Name of Licensee:  Business Name (dba):

Address:

City/Town:  State:  Zip Code:

ABCC License Number:  (If existing licensee) Phone Number of Premise:

**2. MANAGER INFORMATION:**

A. Name:  B. Cell Phone Number:

C. List the number of hours per week you will spend on the licensed premises:

**3. CITIZENSHIP INFORMATION:**

A. Are you a U.S. Citizen: Yes  No  B. Date of Naturalization:  C. Court of Naturalization:

(Submit proof of citizenship and/or naturalization such as US Passport, Voter's Certificate, Birth Certificate or Naturalization Papers)

**4. BACKGROUND INFORMATION:**

A. Do you now, or have you ever, held any direct or indirect, beneficial or financial interest in a license to sell alcoholic beverages? Yes  No   
 If yes, please describe:

B. Have you ever been the Manager of Record of a license to sell alcoholic beverages that has been suspended, revoked or cancelled? Yes  No   
 If yes, please describe:

C. Have you ever been the Manager of Record of a license that was issued by this Commission? Yes  No   
 If yes, please describe:

D. Please list your employment for the past ten years (Dates, Position, Employer, Address and Telephone):

2010-Present. Gen

I hereby swear under the pains and penalties of perjury that the information I have provided in this application is true and accurate:

Signature  Date



The Commonwealth of Massachusetts  
 Alcoholic Beverages Control Commission  
 239 Causeway Street  
 Boston, MA 02114  
 www.mass.gov/abcc

**PERSONAL INFORMATION FORM**

Each individual listed in Section 10 of this application must complete this form.

**1. LICENSEE INFORMATION:**

|                            |                  |  |                   |
|----------------------------|------------------|--|-------------------|
| A. Legal Name of Licensee  | Ember Pizza inc. | B. Business Name (dba)                           |                   |
| C. Address                 | 600 Route 28     | D. ABCC License Number<br>(If existing licensee) | 050600082         |
| E. City/Town               | Harwich          | State  | MA Zip Code 02646 |
| F. Phone Number of Premise | 508-430-0407     | G. EIN of License                                | 264775642         |

**2. PERSONAL INFORMATION:**

|                           |  |                      |                   |
|---------------------------|--|----------------------|-------------------|
| A. Individual Name        | Justin Brackett                                | B. Home Phone Number | [REDACTED]        |
| C. Address                | 51 Oak Street                                  |                      |                   |
| D. City/Town              | Harwich  | State                | MA Zip Code 02645 |
| E. Social Security Number | [REDACTED]                                     | F. Date of Birth     | [REDACTED]        |
| G. Place of Employment    | Port Restaurant & Bar Inc and Ember Pizza Inc. |                      |                   |

**3. BACKGROUND INFORMATION:**

Have you ever been convicted of a state, federal or military crime? Yes  No

If yes, as part of the application process, the individual must attach an affidavit as to any and all convictions. The affidavit must include the city and state where the charges occurred as well as the disposition of the convictions.

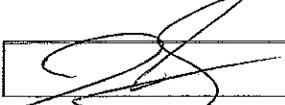
**4. FINANCIAL INTEREST:**

Provide a detailed description of your direct or indirect, beneficial or financial interest in this license.

I ow 60% of Ember Pizza Inc and work as the General Manager on the day to day operations

**IMPORTANT ATTACHMENTS (8):** For all cash contributions, attach last (3) months of bank statements for the source(s) of this cash.  
 \*If additional space is needed, please use the last page

I hereby swear under the pains and penalties of perjury that the information I have provided in this application is true and accurate:

Signature  Date 12-10-2015



The Commonwealth of Massachusetts  
 Alcoholic Beverages Control Commission  
 239 Causeway Street  
 Boston, MA 02114  
 www.mass.gov/abcc

**PERSONAL INFORMATION FORM**

Each individual listed in Section 10 of this application must complete this form.

**1. LICENSEE INFORMATION:**

|                            |                 |   |                   |
|----------------------------|-----------------|---|-------------------|
| A. Legal Name of Licensee  | EMBER PIZZA INC | B. Business Name (dba)                        |                   |
| C. Address                 | 600 RT 28       | D. ABCC License Number (If existing licensee) | 050600082         |
| E. City/Town               | Hamwich         | State   | MA Zip Code 02646 |
| F. Phone Number of Premise | 508-430-0407    | G. EIN of License                             | 264775642         |

**2. PERSONAL INFORMATION:**

|                           |   |                      |                   |
|---------------------------|---|----------------------|-------------------|
| A. Individual Name        | JAMES BRACKETT                              | B. Home Phone Number | [REDACTED]        |
| C. Address                | 541 RT 28                                   |                      |                   |
| D. City/Town              | Hamwich Port                                | State                | MA Zip Code 02646 |
| E. Social Security Number | [REDACTED]                                  | F. Date of Birth     | [REDACTED]        |
| G. Place of Employment    | PORT RESTAURANT - BAR INC & EMBER PIZZA INC |                      |                   |

**3. BACKGROUND INFORMATION:**

Have you ever been convicted of a state, federal or military crime? Yes  No

If yes, as part of the application process, the individual must attach an affidavit as to any and all convictions. The affidavit must include the city and state where the charges occurred as well as the disposition of the convictions.

**4. FINANCIAL INTEREST:**

Provide a detailed description of your direct or indirect, beneficial or financial interest in this license.

I own 40% of EMBER AND WORK AS GENERAL MANAGER

I hereby swear under the pains and penalties of perjury that the information I have provided in this application is true and accurate:

Signature [Signature] Date 12/1/15  
 Title TREASURER (If Corporation/LLC Representative)



Commonwealth of Massachusetts  
Alcoholic Beverages Control Commission  
239 Causeway Street, First Floor  
Boston, MA 02114

STEVEN GROSSMAN  
TREASURER AND RECEIVER GENERAL

CORI REQUEST FORM

KIM S. GAINSBORO, ESQ.  
CHAIRMAN

The Alcoholic Beverages Control Commission has been certified by the Criminal History Systems Board to access conviction and pending Criminal Offender Record Information. For the purpose of approving each shareholder, owner, licensee or applicant for an alcoholic beverages license, I understand that a criminal record check will be conducted on me, pursuant to the above. The information below is correct to the best of my knowledge.

ABCC LICENSE INFORMATION

|  |          |                |                  |            |         |
|--|----------|----------------|------------------|------------|---------|
| ABCC NUMBER:<br><small>(IF EXISTING LICENSE)</small> | 50600082 | LICENSEE NAME: | Ember Pizza Inc. | CITY/TOWN: | Harwich |
|--|----------|----------------|------------------|------------|---------|

APPLICANT INFORMATION

|                                       |                       |                     |             |                                     |               |
|---------------------------------------|-----------------------|---------------------|-------------|-------------------------------------|---------------|
| LAST NAME:                            | Brackett              | FIRST NAME:         | Justin      | MIDDLE NAME:                        | Reed          |
| MAIDEN NAME OR ALIAS (IF APPLICABLE): |                       | PLACE OF BIRTH:     | Hyannis, MA |                                     |               |
| DATE OF BIRTH:                        | [REDACTED]            | SSN:                | [REDACTED]  | ID THEFT INDEX PIN (IF APPLICABLE): |               |
| MOTHER'S MAIDEN NAME:                 | Bate                  | DRIVER'S LICENSE #: | [REDACTED]  | STATE LIC. ISSUED:                  | Massachusetts |
| GENDER:                               | MALE                  | HEIGHT:             | [REDACTED]  | WEIGHT:                             | [REDACTED]    |
| EYE COLOR:                            | [REDACTED]            |                     |             |                                     |               |
| CURRENT ADDRESS:                      | 51 Oak Street         |                     |             |                                     |               |
| CITY/TOWN:                            | Harwich               | STATE:              | MA          | ZIP:                                | 02645         |
| FORMER ADDRESS:                       | 94 Nathan Walker Road |                     |             |                                     |               |
| CITY/TOWN:                            | Harwich               | STATE:              | MA          | ZIP:                                | 02645         |

PRINT AND SIGN

|               |                 |                               |  |
|---------------|-----------------|-------------------------------|--|
| PRINTED NAME: | Justin Brackett | APPLICANT/EMPLOYEE SIGNATURE: |  |
|---------------|-----------------|-------------------------------|--|

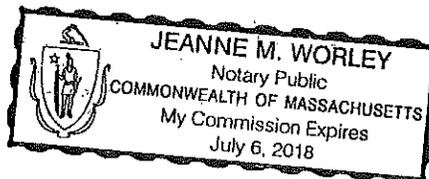
NOTARY INFORMATION

On this 10<sup>th</sup> Dec 2015 before me, the undersigned notary public, personally appeared Justin Brackett  
(name of document signer), proved to me through satisfactory evidence of identification, which were MASS, DL  
to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose.

NOTARY

DIVISION USE ONLY

|               |  |
|---------------|--|
| REQUESTED BY: |  |
|---------------|--|





Commonwealth of Massachusetts  
Alcoholic Beverages Control Commission  
239 Causeway Street, First Floor  
Boston, MA 02114

DEBORAH B. GOLDBERG  
TREASURER AND RECEIVER GENERAL

KIM S. GAINSBORO, ESQ.  
CHAIRMAN

**CORI REQUEST FORM**

The Alcoholic Beverages Control Commission has been certified by the Criminal History Systems Board to access conviction and pending Criminal Offender Record Information. For the purpose of approving each shareholder, owner, licensee or applicant for an alcoholic beverages license, I understand that a criminal record check will be conducted on me, pursuant to the above. The information below is correct to the best of my knowledge.

**ABCC LICENSE INFORMATION**

|   |          |                |                 |            |         |
|---|----------|----------------|-----------------|------------|---------|
| ABCC NUMBER:<br><small>(IF EXISTING LICENSEE)</small> | 20600082 | LICENSEE NAME: | Emser Pizza Inc | CITY/TOWN: | Harwich |
|---|----------|----------------|-----------------|------------|---------|

**APPLICANT INFORMATION**

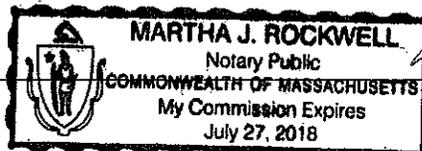
|                                       |              |                     |             |                                     |                 |
|---------------------------------------|--------------|---------------------|-------------|-------------------------------------|-----------------|
| LAST NAME:                            | BRACKETT     | FIRST NAME:         | JARED       | MIDDLE NAME:                        | GRIFFIN         |
| MAIDEN NAME OR ALIAS (IF APPLICABLE): |              | PLACE OF BIRTH:     | Harwich, MA |                                     |                 |
| DATE OF BIRTH:                        | [REDACTED]   | SSN:                | [REDACTED]  | ID THEFT INDEX PIN (IF APPLICABLE): |                 |
| MOTHER'S MAIDEN NAME:                 | BATE         | DRIVER'S LICENSE #: | [REDACTED]  | STATE LIC. ISSUED:                  | Alabama FLORIDA |
| GENDER:                               | M            | HEIGHT:             | [REDACTED]  | WEIGHT:                             | [REDACTED]      |
| EYE COLOR:                            | [REDACTED]   |                     |             |                                     |                 |
| CURRENT ADDRESS:                      | 541 RT 28    |                     |             |                                     |                 |
| CITY/TOWN:                            | HARWICH PORT | STATE:              | MA          | ZIP:                                | 02646           |
| FORMER ADDRESS:                       |              |                     |             |                                     |                 |
| CITY/TOWN:                            |              | STATE:              |             | ZIP:                                |                 |

**PRINT AND SIGN**

|               |                |                               |             |
|---------------|----------------|-------------------------------|-------------|
| PRINTED NAME: | JARED BRACKETT | APPLICANT/EMPLOYEE SIGNATURE: | [Signature] |
|---------------|----------------|-------------------------------|-------------|

**NOTARY INFORMATION**

On this December 9, 2015 before me, the undersigned notary public, personally appeared Jared Griffin Brackett  
(name of document signer), proved to me through satisfactory evidence of identification, which were MA Drivers license  
to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose.



*Martha J. Rockwell*  
NOTARY

**DIVISION USE ONLY**

|               |                                       |
|---------------|---------------------------------------|
| REQUESTED BY: | [Signature]                           |
|               | SIGNATURE OF CORI-AUTHORIZED EMPLOYEE |

The DCI Identify Theft Index PIN Number is to be completed by those applicants that have been issued an Identity Theft PIN Number by the DCI. Certified agencies are required to provide all applicants the opportunity to include this information to ensure the accuracy of the CORI request process. ALL CORI request forms that include this field are required to be submitted to the DCI via mail or by fax to (617) 660-4614.

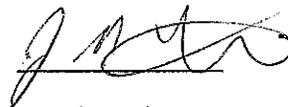
## Vote

At a meeting of the Board of directors of Ember Coalfire Pizza & Wings, held on December 1, 2015.

Voted: To Authorize Justin Brackett, president and Jared Brackett, treasurer, to file an application for a seasonal liquor license at Ember Coalfire Pizza at 600 Route 28 in Harwich Port, Ma, 02646, to execute all documents on behalf of the corporation necessary. Also to authorize Justin Brackett or Jared Brackett to appear on behalf of the corporation at any meetings or hearings in connection with said application.



Justin Brackett



Jared Brackett

LETTER OF APPOINTMENT FOR EMBER PIZZA INC.

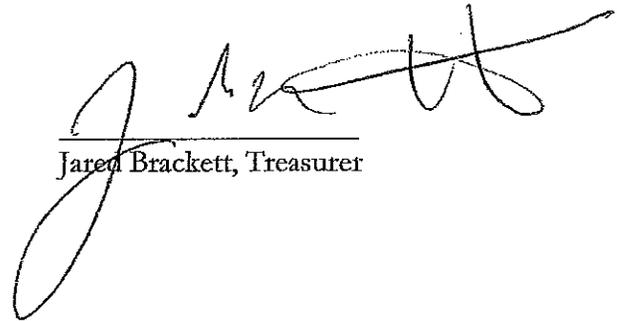
Board of Selectmen,

APPOINTMENT AS MANAGER of EMBER PIZZA, INC.

We are pleased to confirm Justin Brackett has acceptance our appointment as Manager of Ember Pizza Inc. This letter sets forth our understanding of the terms and objectives of our engagement, and the nature and scope of the services we will provide.



Justin Brackett, President



Jared Brackett, Treasurer



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AMY A. PITTER, COMMISSIONER  
MICHAEL J. LIVIDOTI, DEPUTY COMMISSIONER

EMBER PIZZA INC  
51 OAK ST  
HARWICH, MA 02645

T/P ID 264775642  
Date 1/9/2015  
Bureau CERTIFICATE

### CERTIFICATE OF GOOD STANDING AND/OR TAX COMPLIANCE

The Commissioner of Revenue certifies as of the above date, that the above named individual or entity is in compliance with its tax obligations payable under M.G.L. c. 62C, including corporation excise, sales and use taxes, sales tax on meals, withholding taxes, room occupancy excise and personal income taxes, with the following exceptions.

This Certificate certifies that individual taxpayers are in compliance with income tax obligations and any sales and use taxes, sales tax on meals, withholding taxes, and/or room occupancy taxes related to a sole proprietorship. Persons deemed responsible for the payment of these taxes on behalf of a corporation, partnership or other business entity may not use our automated process to obtain a Certificate.

This Certificate does not certify that the entity's standing as to taxes such as unemployment insurance administered by agencies other than the Department of Revenue, or taxes under any other provisions of law. Taxpayers required to collect or remit the following taxes must submit a separate request to certify compliance: Alcoholic Beverage Excise, Cigarette Excise, Sales Tax on Boats, International Fuels Tax Agreement, Smokeless Tobacco or Ferry Embarkation.

THIS IS NOT A WAIVER OF LIEN ISSUED UNDER GENERAL LAWS, CHAPTER 62C,  
SECTION 52.

Very truly yours

A handwritten signature in cursive script, appearing to read "Michael J. Lividoti".

Michael J. Lividoti, Deputy Commissioner

**LAMB, MASON, BULGER & CO., P.C.**

Certified Public Accountants  
32 Village Landing, P.O. Box 1233  
West Chatham, Massachusetts 02669

David M. Lamb, CPA  
Richard F. Bulger, CPA  
Walter D. Mason, CPA

Telephone (508) 432-4212  
945-3575  
Fax (508) 945-1207  
E-mail [lamb@capecodcpa.com](mailto:lamb@capecodcpa.com)

Member of  
Massachusetts Society of Certified Public Accountants  
American Institute of Certified Public Accountants

February 20, 2012

To Whom It May Concern:

Please be advised that Justin R. Brackett and Jared G. Brackett are the owners of Ember Pizza, Inc. which operates a pizza business. They are also the owners of 3137, LLC which owns the real estate where the pizza business is located.

David M. Lamb, CPA

|                                  |   |  |
|----------------------------------|---|--|
| Monday, January 4, 2016          | BOS/FINCOM/Capital Outlay Committee hold joint public hearing on submitted Capital Outlay Plan                          | <b>Charter 9-6-4/on or before the 2<sup>nd</sup> Friday in January</b>             |
| Friday, January 29, 2016         | All items to be bid must have specifications in TA's office by 12:00 P.M. to be assured of bid process for Town Meeting |  |
| Monday, February 1, 2016         | Meeting with B O S and Fincom to discuss first draft budget and five year plan with MRSD and Cape Cod Tech              |  |
| <b>Monday, February 8, 2016</b>  | <b>TA presents budget and budget message to B O S and Fincom</b>  | <b>Charter 9-2-4/on or before the 2<sup>nd</sup> Tuesday of February</b>           |
| February – March                 | Fincom review of budgets and articles   |  |
| <b>Monday, February 8, 2016</b>  | <b>Last BOS meeting before Annual Warrant closes</b>  |  |
| <b>Friday, February 12, 2016</b> | <b>Article deadline – Warrant closes Noon deadline</b>  | <b>Charter 2-2-1/Bylaw 1-101 2<sup>nd</sup> Friday in February by 12:00 Noon</b>   |
| Tuesday, February 16, 2016       | 1 <sup>st</sup> draft Warrant to BOS (presented at meeting)   |  |
| Monday, February 22, 2016        | Articles submitted to Finance Committee by B O S  | <b>General By-Laws I, § 271-1.B. Not later than 14 days after article deadline</b> |
| Monday, February 22, 2016        | BOS required to submit final budget to Finance Committee  | <b>Charter 9-3-2 / on or before the 4<sup>th</sup> Tuesday of February</b>         |
| Monday, February 22, 2016        | MRSD to submit final line item budget to B O S and Fincom for inclusion in the ATM Warrant                              |  |
| Tuesday, February 23, 2016       | Joint budget/article hearing BOS/Finance Committee (if needed)  |  |
| February 16 – February 29, 2016  | BOS reviews Warrant articles  |  |
| Monday, March 7, 2016            | VOTE to sign final Annual Town Meeting Warrant  |  |
| Monday, March 14, 2016           | Vote to open Special Town Meeting Warrant   | <b>All Special Town Meeting Articles must be received 40 days prior to STM</b>     |

# Fiscal Year 17 Town Administrator's Budget Message

## 1 INTRODUCTION AND SUMMARY MATERIAL

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It is once again my privilege to present a balanced budget for the Town of Harwich. The balancing of the budget always comes as a challenge in an effort to try to meet the needs of the organization/community in terms of local services while also balancing the cost to the community's taxpayers. This budget maintains a level of service consistent with last year for municipal operations with some limited exceptions. This budget also offers a look at what additional level of effort it would take to provide an expansion of services for the residents of Harwich on the municipal side.

Overall, the FY 17 budget maintains existing levels of services with limited expansion in the form of a new plumber position to be utilized by facility maintenance department, an additional police officer who should help on patrol that would free up time for more experienced officers to engage in opioid and other drug problems in the community, a consultant to assist in the continued implementation of the wastewater program, the library being opened on Mondays throughout the year by funding additional staff hours in July and August. The Assessors have put forth a program to help offset some of the tax burden of those residents in the most dire straits and the Council on Aging has been requested to assist in funding an Alzheimer's adult day care program in the Town of Orleans.

Monomoy Regional School District in its presentation to the Board of Selectmen on of February 1, 2016 presented a budget that it considers to be a level of service budget consistent with their needs. The Monomoy assessment increase for the Town of Harwich is 5.99% in total and is included in this balanced budget. The Monomoy assessment for capital of \$224,000 is planned in this budget to be funded from Free Cash. Cape Cod Technical High School overall budget had a very modest decrease; however, due to decreases enrollment in a modest increase in enrollment in Harwich students our assessment went up by 7.6%. This amount has been provided for in this balanced budget. Cape Cod Technical High School has also provided information about their building project in the upcoming request for commitments that will be needed to fund said renovations/additions.

I do believe that in the era of School Choice on Cape Cod and the numerous opportunities for students, that it is imperative to create an atmosphere of commitment to our schools both financially and politically. The controversy of last year did lead several Harwich families to move their children out of the Monomoy school system and into other alternatives which had a negative financial ramification.

## 2 STANDARD & POOR'S RATING CRITERIA AND CAPE COD TOWN STANDINGS

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Once again various reports from Standard & Poor's have been reviewed to assess the town's standing in the ratings world. Management continues to strive and has made some gains in our first and now second year to improving some of the areas identified for improvement by Standard & Poor's. These are detailed in this budget message. Last year the top 10 management characteristics of highly rated US public finance issuers were discussed with those being:

1. Focus On Structural Balance
2. Strong Liquidity Management
3. Regular Economic and Revenue Updates To Identify Shortfalls Early
4. An Established Rainy Day/Budget Stabilization Reserve
5. Prioritizing Spending Plans And Establish Contingency Plans For Operating Budgets
6. Strong Long-Term And Contingent Liability Management (OPEB)
7. A Multiyear Financial Plan In Place And Considers The Affordability Of Actions Or Plans Before They Become Part Of The Annual Budget
8. A Formal Debt Management Policy In Place To Evaluate Future Debt Profile
9. A Pay-As-You-Go Financing Strategy As Part Of The Operating And Capital Budget
10. A Well-Defined And Coordinated Economic Development Strategy

Standard & Poor's ratings services undertook an evaluation of the revised criteria for US general obligation debt that took place from September 2013 to September 2014 that will also be discussed in part. The two reports reviewed include "The Updated General Obligation Criteria Reflect The US Local Government Sectors Strength And The Importance Of Qualitative Analysis" dated October 3, 2014 and "US Local Government Rating Review Shows Varied Economic Conditions Being Met With Sound Financial Underpinnings" dated December 10, 2014. The summary of those findings are twofold: first, the town needs to create a more established pattern of positive Free Cash. Second, the town needs to build reserves when opportunity presents. I believe in this budget message you will see that we are on our way to achieving both.

We have also included in this budget message a graphic that shows the various towns on Cape Cod that have increased their bond rating to a AAA. This includes our direct neighbors of the Towns of Dennis, Chatham, Brewster and Orleans. The Town of Harwich has an AA plus bond rating. The town already possesses strong housing market and low unemployment and is very high in some area property values. It is these items that when matched with more consistent positive Free Cash and an improvement in reserves along with a stable and experienced finance team will help us hopefully achieve an AAA bond rating. This will be of tremendous significance

as the town enters into a new phase of significant capital infrastructure improvements for addressing the wastewater issue.

### 3 BUDGET COMPARISONS FISCAL YEARS 2016 AND 2017

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This document is designed to provide an overview of the FY 17 budget. The total **revenue** for FY 17 totals **\$59,481,286** and the total anticipated **expenditures** are **\$59,481,286**, creating a balanced budget. The FY 17 budget has a slight increase in our unrestricted governmental assistance included in the Governor’s House 1.

On the **revenue side**, our primary source of revenue comes from **local property taxes** as governed by Proposition 2 ½. The total amount anticipated for Fiscal Year 2017 is **\$45,192,792** which represents a **3.7%** increase. The primary basis for the increase is from 2.5% of the levy plus \$250,000 anticipated for new growth. *These two factors account for approximately 3.7% of the overall increase.* Voter approved capital exclusions and debt exclusions including MRSD high school debt with the additional assessment from the Cape Cod Commission of \$204,340.

Undesignated fund balance, better known as “**Free Cash**,” is certified at \$4,023,702 million. This amount is available to fund capital programs and to build reserves for the FY 17 budget.

|  |                   |
|--|-------------------|
| Our capital plan shows an allocation of            | \$1,508,108       |
| Other items funded from Free Cash                  | \$ 680,209        |
| Funds committed to increase stabilization          | \$1,000,000       |
| Funds committed to O.P.E.B.                        | \$ 300,000        |
| <u>Contingency snow and ice/returned Free Cash</u> | <u>\$ 500,000</u> |
| Total to Be Used                                   | \$3,988,317       |

I believe the allocation above provides a balance of using approximately half of the \$4 million towards capital and new programs versus the other half being committed to reserves and contingencies.

I also plan to use \$125,000 from our overlay surplus to support the budget as well as \$151,000 from the Allen Harbor Betterments.

**Local receipts** will account for \$10,782,079 of the FY 17 budget which is an increase of 6.7%. This budget item is also contemplated to go up by an additional \$82,000 which is predicated upon the Golf Department securing the landscape agreement with Monomoy Regional School District. This item is directly offset by the additional cost that will be incurred of \$82,000 to perform this work. The CVEC electric receipts derived from the solar array on our former landfill have projected to be at a level sufficient to meet our target of \$300,000 towards contracts plus meet the requirement of refunding the electric consumption of the Water

Department Enterprise operations for a total of approximately \$140,000. The Board had committed in collective bargaining to utilize this revenue to offset salary increases. Other local receipts that have shown favorable signs that appear to be sustainable are in ambulance fees which are slated to increase, along with transfer station revenues and motor vehicle excise tax on the primary areas of adjustment. The hotel and motel tax and meals tax also reflect modest increases. In general, local receipts as of the midway point of FY 16 have shown overall modest growth in most areas with only a few small revenues below projections and some as mentioned above showing continuing favorable numbers.

The total overall increase in the sources of funds comes to 4.0%.

On the **expense side** of the equation, on the designated town operating budget the increase was 3.5%. The salary and wage component was facilitated by the negotiation of 2% increases to the various collective-bargaining agreements. Negotiation of moderate increases and create a certain level of stability. It is interesting going through the budget from a salary perspective in that the heavy level of retirements in the Police Department afforded for the salary adjustment plus a new officer with an overall budget impact of virtually zero. Whereas, the Library due to a larger percentage of employees in the steps had a fairly significant increase as the 2% cost-of-living adjustment when compounded with the steps went higher. FY 17 also has one less day during this fiscal year so the calculation for an annual salary is 52.2 weeks versus the 52.4 weeks in FY 16.

The budget includes as enhancement of services the following items:

- \* Plumber for facility maintenance department
- \* Patrol Police Officer to free up time for experienced officer
- \* Wastewater program consultant
- \* Library expansion of Monday hours for July and August
- \* Assessors tax assistance program
- \* Council on Aging participation in Orleans adult daycare program

The expense side continues to show various changes such as the formation of the Community Development Department in which secretarial support for Health, Conservation, Planning and Building have been consolidated into the Community Development Department budget. Overall this adjustment has resulted in modest cost savings. The FY 17 budget does also see for the first time the beginnings of the consolidation of facility maintenance within the Department of Public Works budget. Several line items in various department budgets related to facility maintenance were removed or decreased in the individual department budgets and incorporated into the DPW budget for maintenance. This would be managed by the Facility Maintenance Director working under the Public Works Director. The dispatch elements related to the sheriff's operation have been reviewed and steady increases are anticipated. I believe that the town should look seriously at this arrangement as it may not be in the best interest of the town's operational or financial interests.

**Salary and wages** for the FY 17 budget include the negotiated and anticipated negotiated settlements. FY 17 does provide for a modest increase for FY 17 in anticipation of settlement. The Town of Harwich has eight unions and the follow table presents the status of those contracts:

| <b>Collective Bargaining Unit As of February 3, 2016</b>                                     | <b>FY15</b> | <b>FY16</b> | <b>FY17</b> | <b>FY18</b> | <b>FY19</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Harwich Permanent Fire Fighters Association Local 2124                                       | •           | X           | X           | X           |             |
| Harwich Employees Association (HEA)  | X           | X           | X           |             |             |
| Highways & Maintenance Employees Association (HMEA)  | X           | X           | X           |             |             |
| Harwich Management Employees Association SEIU 888 (Highway & Maintenance)                    | •           | X           | X           | X           |             |
| International Association of Machinists & Aerospace Workers (Water)                          | •           | X           | X           | X           |             |
| N.E. Police Benevolent Association (NEPBA) Local 103 Emergency Telecommunication Dispatchers | •           | X           | X           | X           | X           |
| Harwich Police Federation (Officers)   | •           | X           | X           | X           |             |
| N.E. Police Benevolent Association (NEPBA) Local 69 (Superiors)                              | •           |             | Pending     |             |             |
| Personnel Bylaw  | •           | X           |             |             |             |

- Previous Contract/MOU
- X Existing/Current Contract

**Education** is a large portion of our overall budget. As mentioned previously Monomoy Regional School District presented a budget that it considers to be a level of service budget consistent with their needs. The Monomoy assessment increase for the Town of Harwich is 5.99% in total and the assessment for capital of \$224,000 is planned in this budget to be funded from Free Cash. Last year, the capital assessment was funded through a capital exclusion. The hope is that Monomoy is able to build up its access and efficiency account that they will be able to utilize this a portion of their capital program. Also is indicated last year assessments that are in the 3 to 4% range would create less pressure on our operating budget. I do believe however that the constructive working relationship between myself and Mr. Carpenter and the respective chairs worked to create better fiscal understanding and consensus.

Cape Cod Technical High School overall budget had a very modest decrease; however, due to decreases enrollment in a modest increase in enrollment in Harwich students our assessment went up by 7.6%. This amount has been provided for in this balanced budget. Cape Cod Technical High School has also provided information about their building project in the upcoming request for commitments that will be needed to fund said renovations/additions.

In total, Administration reduced over \$1,000,000 in requests that were allocate to Free Cash. These are worthwhile concepts and identified enhancement of services that have been presented for the Board of Selectmen’s review.

|                                     | <u>Reductions</u> |
|-------------------------------------|-------------------|
| Fin Com Res                         | 25,000            |
| Assessor EOS (Funded from FC)       | 40,000            |
| Medicare                            | 13,800            |
| Consultant Waste Water              | (20,000)          |
| Conservation Agent                  | 25,782            |
| Police Gasoline                     | 10,000            |
| Fire EOS                            | 94,969            |
| Fire EOS                            | 94,969            |
| Fire Gasoline                       | 7,000             |
| Middle School(Funded from FC)       | 109,000           |
| DPW EOS                             | 212,644           |
| DPW Capital Outlay(Funded from FC)  | 43,209            |
| DPW Gasoline                        | 33,000            |
| Library Maintenance(Funded from FC) | 49,000            |
| Middle School(Funded from FC)       | 16,000            |
| Snow & Ice                          | 65,000            |
| Dredging(Funded from FC)            | 150,000           |
| Health Insurance                    | 22,000            |
| <u>OPEB</u>                         | <u>25,000</u>     |
|                                     | <b>1,016,373.</b> |

The above list consists of adjustments made to the departmental budget recommendations that administration needed to adjust or eliminate. This is not a full comprehensive list as other reductions were made during the individual budget sessions departments. It shows a reflection of the refinements to go into the budget.

*If these balanced budget recommendations are not taken, then the town will need to either increase local taxes or reduce operating costs by a like amount in order to bring the budget back into balance.*

## 4 MAJOR INITIATIVES FISCAL YEAR 2017 BUDGET

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As in last year's budget message, Administration is attempting to highlight various initiatives or concerns in each of the budget cycles.

### A. Enhancement Of Services

The FY 17 budget included several additional requests for positions. I would like to comment on those positions (or hours) being funded within this budget, but also talk about positions requested, but not funded, at this time.

- \* The Department of Public Works requested several positions; the one deemed most necessary was the new plumber to be utilized by Facility Maintenance Department.

Having this person on staff should hopefully reduce costs of outside vendors, but more importantly allow for preventative maintenance elements.

- \* The new Police Chief submitted a budget that includes an additional police officer who should help on patrol, which would free up time for more experienced officers to engage in opioid and other drug problems in the community.
- \* The Wastewater Program is significant and this budget reflects the need to hire a consultant to assist in the continued implementation of the Wastewater Program.
- \* Last year the FY 16 budget included opening the Library on Mondays for only 10 months of the year to mirror the school year. The FY 17 budget includes funding staff hours in July and August. These additional hours will be absorbed by existing staff.
- \* The Assessors have put forth a program to help offset some of the tax burden of those residents in the most dire straits that would provide for tax relief above and beyond current allocations. The first year of this program is estimated to cost \$40,000 and would be funded from Free Cash.
- \* The Council on aging has been requested to assist in funding in Alzheimer's adult day care program in the Town of Orleans. Residents of Harwich currently utilize this program, but the Town of Orleans has been subsidizing these costs and has indicated that they can no longer do so. They have requested the town fund the shortfall. All these programs except as noted above would be included within the operating budget.

The health insurance budget has also been adjusted to account for the potential for these new employees.

Items that were included in the FY 17 budget requests from a personnel perspective that were not funded include:

- \* Department of Public Works requested additional personnel for a total of \$212,644 for various positions including additional facility maintenance such as an electrician and as one other key component would be an additional staff for the Highway Department to name two.
- \* Fire Department requested two additional personnel to add to the force. The last two years the Fire Department received one position per year but due to the above referenced items and in coordination with the Fire Chief, I opted to differ this until FY 18 and 19.
- \* Conservation Department requested a part-time staffer. I believe this position should be one of high priority as I have been amazed in my short time here by the extensive activities in the conservation areas.

#### **B. Organizational Transitions/Restructuring The Organization:**

This past calendar year has seen a tremendous amount of turnover in our financial departments and we believe we now have a solid team and we look forward to continuing working together.

The dramatic increase available in Free Cash this year has also led Administration into deciding to complete some projects in the form of an article to cover various building related issues. One of the key components of this is the middle school operating costs which will be included in an article as opposed to the operating budget.

The other item included below is under the Harbormaster's budget. The dredging for FY 17 has been removed from the operating budget but funded from available Free Cash in the amount of \$150,000. It is contemplated for FY 18 to fund half \$75,000 from the operating budget and the other half from Free Cash. The FY 19 budget it is hoped will be able to absorb the full \$150,000 for dredging. If

**Programs Funded by Free Cash:**

|                              |                 |
|------------------------------|-----------------|
| Assessor EOS                 | 40,000          |
| DPW Capital Outlay           | 43,209          |
| Middle School                | 125,000         |
| Dredging                     | 150,000         |
| Library Smoke/Heat Detectors | 29,000          |
| Library Maintenance          | 20,000          |
| Deferred Costs Library       | 48,000          |
|                              | <b>455,209</b>  |
| Monomoy Capital Assessment   |                 |
| 225,000                      |                 |
|                              | Total \$680,209 |

One additional initiative that has been undertaken successfully is the incorporation of some elements of facility maintenance from numerous town departments and consolidated into one within the Department of Public Works under Facility Maintenance Director.

**C. Fringe Benefit Analysis**

Administration was requested to complete an estimate of fringe benefit costs related to employees. We have attached as part of his presentation in the PowerPoint section a slide that details out some of the costs of those fringe benefits. In order to do a study of this nature, a large number of assumptions need to be made. We did group various positions into employee categories such as public safety which covers police and fire personnel, public works including highway, transfer station, cemetery and parks personnel. Administrative and clerical cover a wide variety of personnel including most of Town Hall and the Library. Water Department personnel were separated off in part because the information is more readily available due to the Enterprise Operation. Lastly, we had another grouping of people as kind of a catchall such as Harbor, Custodial and Maintenance, Recreation and the Public Nurse.

The caveats include a large majority of employees do take health insurance, but not all in the coverage ranges such as individual plans to family plans, as well as from HMO to PPO so a blended rate was derived in order to use one number. Retirement allocation is significantly

skewed as we took the retirement allocation of our current assessment and applied it to the current employee payroll list. Employees who have previously retired at a 5% or 7% contribution rate did not pay the full actuarial cost of the retirement. Current employees, on the other hand, fund their retirement at 8% or 9% with a 2% surcharge on anything over \$30,000 from an actuarial perspective do provide for their own retirement without any significant subsidization from the taxpayer. Police and Fire personnel due to their shorter length of service only cover a portion of their total retirement from an actuarial standpoint. The workers compensation and Injured On Duty are derived from either the state schedule or past history. Unemployment compensation is strictly allocated based upon a budgeted amount versus payroll.

#### **D. Infrastructure Improvement and Sales – Waterways, Environmental and Buildings**

The town has been faced with significant challenges in the form of improvements to its harbors, including the Saquatucket Harbor waterside capital improvement project which will be placed before the voters at the May 2016 Town Election. Saquatucket Harbor which is our last harbor to receive renovations will be completed in a two phase process. The first process is the waterside work that is currently under design would be constructed if funded. The second phase will include the landside work that would focus on the redevelopment of the newly purchased Downey property which may include the Harbormaster shop and then improvements to the restroom facilities and provision for some retail along the waterfront. The landside is contemplated for design consideration for 2018.

Wastewater issues for the upcoming budget will be focused upon the negotiation of an Intermunicipal Agreement (IMA) with the Town of Chatham. It is anticipated at this point that a payment of up to \$9 million, with a payment schedule to be determined, will be incorporated into the IMA. This action will be key as it will avoid the necessity of locating a wastewater treatment facility in the eastern portion of the town. Other items of discussion, would include wastewater regulations as well as a discussion of governance. A funding concept has also been presented based upon funding the program primarily through debt exclusion (property tax).

The Middle School will be before the voters in the form of a nonbinding question to determine a direction for its reuse. The FY 17 budget includes an allocation of \$125,000 in Free Cash to keep the building up and now with a longer timeline anticipated administration has been working with departments to attempt to make some limited use of the building which should benefit from a revenue perspective as well as insurance perspective.

#### **E. Review Of Departmental Operations For Self-Sufficiency**

The town has made use of Massachusetts General Laws Chapter 44, Section 53 with all of its subsections to make use of self-supporting or enterprise types of operations. The new Finance Director will be working with Administration to continue the work that has been started on this topic and to raise the awareness of departments that have the ability to become more self-sufficient to do so. Due to the large number of personnel changes efforts in this area have not

been as developed as Administration would like. As the transition personnel settles itself out administration hopes to return to focus in this area.

#### **F. Standard & Poor's Rating Criteria**

The multiple reports that have been reviewed from Standard & Poor's indicates in general that many municipalities have increased their ratings; however, the majority of which have moved from a single A to an AA with the lesser number moving to AAA. The reports which will be attached in the appendices of this budget message also show that despite varied economic conditions that exist in the overall economy, sound financial underpinnings of quality management commitment to principles laid out by Standard & Poor's, municipalities are a good investment for bondholders to invest in. I am strongly encouraged where other towns on the Cape have achieved rating upgrades that we will also be able to achieve an upgrade. I do believe however that it will be imperative to have the new team in place and committed to the same goals in concert with the Board of Selectmen. I believe that we have taken one solid step forward with the current Free Cash amount of over \$4 million. This provides us with the unique opportunity to build our reserves. Where the undesignated fund balance in FY 14 was \$1.4 million and then dropped in FY 15 to just over \$400,000, we are now on the verge of having an undesignated fund balance certified in the neighborhood of \$1.3 million bringing us back to a level I believe the town should attempt to sustain.

### **5 HISTORICAL TAX LEVY DATA**

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The Assessing Department has prepared several slides included in the presentation that show a fairly high level of consistency in the base levy limit percent increases from Fiscal Year 2009 through Fiscal Year 17 ranging consistently from 3 ½ to 4% with Fiscal Year 2014 at a higher level due to an override levy. The base limits in dollars also show a steady increase which reflect a strong ability of the town to meet its financial obligations. Finally the levy limit calculation chart that shows a willingness on the voters part to not only support the Proposition 2 ½ levels but to also approve on a consistent basis both capital and debt exclusions and on rare occasions general overrides with the most recent being in Fiscal Year 2014. This year administration has been able to limit the amount of debt exclusion questions to three; however, all three will be important to the community moving forward.

### **6 FINANCIAL FORECASTING**

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The Charter for the Town of Harwich includes a component in which a five-year financing plan is prepared for the Board of Selectmen's review and for planning purposes. This projection was completed and presented to the Board of Selectmen in the late fall. Projections show the opportunity to balance the budget with the growing challenges in the outer years. The finance team and I will continue to work on making the projections as accurate of a tool as possible in

order to predict what actions will be necessary in moving the community forward in order to stay within the confines of Proposition 2 ½. As always alternative revenue sources must be explored and cost containment measures taken in order to provide resiliency and improve our ability to balance the budget. As in any revenue and expenditure forecast, the accuracy of the first year is very high, while the accuracy of the out years is lower no person can truly predict or guarantee future developments with great certainty. The transition in the financial management team will give an opportunity to review current models which I believe to be fundamentally sound and make improvements and refinements where possible.

## 7 SPECIFIC BUDGET DATA

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Items of significance such as state aid, meals and room tax, group health and life and solar revenues will be monitored and maintained to see what areas of change in these categories will be realized. This year we have added an item that looks at salary and wage growth in both the police and fire departments over the last eight years.

- **State aid** is an area which in general due to the amount we receive being offset by state charges is generally of not significant concern. I do believe it is important to continue to monitor state aid however for changes to the Chapter 70 funding formula, regional transportation reimbursements, special education reimbursements and alterations to School Choice issues could potentially have a very significant impact on Monomoy's budget and thus an impact on our budget.
- **Meals and room tax** has provided an alternative revenue source for the town that takes advantage of the town being a tourist destination spot on Cape Cod. The amounts generated continue to modestly increase and provide the funding source outside of Proposition 2 ½ thereby making it, for better or worse, more contingent upon economic factors related to tourism.
- **Group health and life insurance** is a very complex problem as rates are based upon experience, which when experience has been good and increases are modest and years in which experience has been poor than rates have climbed higher. The town is a member of The Cape Cod Municipal Health Care Group which has the advantage of a larger pool of insured lives thereby making the group more credible than if the town was to be left on its own. The health insurance line item changed significantly from Fiscal Year 2012 to Fiscal Year 2013 with the departure of insured lives to Monomoy Regional School District. The trend that exists in the health insurance marketplace as it exists within our group is that active employees have had higher loss experience thus driving a partially subsidized rate increase of 10% while retirees over the age of 65 participate in senior plans which have been having better experience and with changes in federal regulation premiums have dropped in many cases over the past few years.

This year however this trend on retirees has changed and the increase is anticipated to be 8%. We now see these trends are starting to increase but the group is proactive by promoting wellness concepts. The impact of federal regulations known as Obama Care do present challenges as our plans may be assessed additional fees in order to fund other parts of the federal health care plan. The so-called Cadillac Tax has been deferred for two years but remains a concern. Many plans in Massachusetts and other high income states will hit the Cadillac tax before others.

- **Police and fire salary information:** Administration was requested to look at longer-term budget trends in some of our larger departments. This year I took a look at police and fire salary budget from fiscal year 2010 through 2017 strictly from a budgeting perspective. One can see that both budgets have trended higher with the last few years going up a little higher than the previous three. I believe that due to increased ambulance calls and policy changes regarding training that these trends are understandable. The Fire Department also had an increase in personnel of one during FY 15 and an additional person in 16. The Police Department for longer period of time have been a little bit flatter at the same issue of increasing training dollars covered in the last two. The Police Department this year the budget plan calls for an additional officer.

## 8 DEBT STRUCTURE

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Any good financial planning document will include how the town structures and funds its debt. Now that some of the initial payments of the Monomoy Regional School District project exclusion payments have been made in FY 16, I believe that we will see some moderation in the rates as that debt service begins to decline as well as other items come to conclusion. The SAQ harbor side project will add to the debt; however, this should be moderated as a large portion of this should be paid with harbor receipts in lieu of general taxation. The IMA with Chatham will add additional costs to the debt service. The overall financing plan of wastewater initially has been included in the PowerPoint presentation attached to this budget message.

The funding of the Wastewater Implementation Plan will be significant and need to be funded over a multi-decade period of time. The hope is that a lot of the funding will be able to be accomplished through the state revolving loan program which in general has had a past history of borrowing interest of around 2% or less. This should be advantageous in the development of the wastewater management system.

Water is an Enterprise Operation and shows some of the first falling off occurring in FY 2023. It is a plan that as debt falls off additional capital projects will be pursued and use the available cash to meet the needs of the capital program of the water system. .

## 9 CAPITAL BUDGET

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The FY 17 Capital Budget process was revised this year with the introduction of new forms prepared in cooperation with the Finance Committee, Capital Outlay Committee and Administration to provide additional information for the Seven-Year Capital Budget Plan. I believe the departments did a very good job in providing a seven-year look ahead for the needs of the community.

The capital budget component will be broken down based upon funding sections that include utilization of Free Cash, General Fund borrowing capacity, Capital Exclusions, Debt Exclusions, Golf Maintenance Fund, Chapter 90, Water Enterprise and other funding mechanisms. The funding is predicated upon the recommendations of the Town Administrator and will differ slightly from those of the Capital Outlay Committee.

It was apparent to me that the Board of Selectmen wanted to see a reduction in the number of ballot questions pertaining to debt exclusions and to have capital exclusions combined. This budget message and plan for Fiscal Year 17 only includes three significant Debt Exclusions. They include the construction of the Saquatucket Harbor waterside improvements including dock replacement, dredging, and some bulkhead work and handicap access totaling an estimated \$7 million. Annually, Administration targets \$1.4 million in roadway improvements with half coming from our Chapter 90 allocation. Chapter 90 is a direct grant from the state to the town specifically for roadway work. This second half of the money needs to be appropriated locally to keep up with over 140 miles of public roadway. Lastly, the third debt exclusion is an anticipated IMA with Chatham with an initial cost of \$900,000 total, with total anticipated costs up to \$9 million. A successfully negotiated and voted agreement will eliminate the need for a wastewater treatment facility to be constructed in the East Harwich area.

### ***Debt exclusions***

|                |  |                    |
|----------------|--|--------------------|
| • harbormaster | Saquatucket harbor waterside designed        | \$500,000          |
| • public Works | five-year road maintenance program           | \$250,000          |
| • wastewater   | purchase property in E. Harwich for recharge | \$500,000          |
|                | <b>Total</b>                                 | <b>\$1,250,000</b> |

Please see additional items on attached spreadsheet to be funded from Free Cash:

|                          | <u>Free Cash</u> |
|--------------------------|------------------|
| Ambulance                | 290,000          |
| Fire Chief's Vehicle     | 42,000           |
| Chest Compression System | 5,900            |
| Fire Station Flooring    | 50,000           |
| Fire Boiler              | 130,000          |
| Fire Air Compressor      | 12,000           |

|   |                     |
|---|---------------------|
| Saquatucket Harbor Design & construction            | 250,000             |
| Library Smoke/Heat Detectors Connection Parking Lot | 29,000              |
| Harwichport   | 30,000              |
| Police Carpeting                                    | 29,000              |
| Transfer Station Roof                               | 122,000             |
| DPW Lift  | 80,000              |
| DPW Loader  | 65,000              |
| MSW Trash Trailer                                   | 70,000              |
| Mack Tractor  | 150,000             |
| DPW Surf Rake                                       | 45,000.             |
| 1 Ton Dump Truck                                    | 65,000              |
| DPW Gator   | 20,234              |
| DPW Walker Mower                                    | 22,974              |
| <b>Total Capital Budget</b>                         | <b>1,508,108.00</b> |

## 10 RESERVE FUND BALANCES

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Administration considers reserves in a general way to include in part available undesignated fund balance otherwise known as "Free Cash", Stabilization Fund, OPEB Trust Fund and any other sources applicably recognized by the various bond rating agencies such as Standard & Poor's. It continues to be the intent of this Administration to move reserves to the range of 8% to 12% over the next several years. This improvement in reserves from our current level of 5.4% will be one of the key components in order for the town to progress from our current AA plus rating to the highest rating of AAA. This FY 17 budget recommendation to basically double our Stabilization Fund, increases our OPEB funding from \$500,000 to \$800,000. Also, it allows for contingencies related to snow and ice or if the season remains mild allows for some funds to automatically fall to replenish Free Cash for FY 17. These actions will easily bring us into Standard & Poor's range of reserves between 8 to 12% of the operating budget.

|                                   |             |
|-----------------------------------|-------------|
| Stabilization                     | \$1,000,000 |
| OPEB                              | \$300,000   |
| Snow & Ice or return to Free Cash | \$500,000   |

## 11 ECONOMIC DEVELOPMENT STRATEGY

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Administration will continue to review current practices and adopt a multifaceted economic development strategy over the next several years. The essential elements of the strategy include:

- Advocate for single tax rate stability, tax policy and water fee policy
- Promote pro-business from the environment businesses seeking to come to town. Research efforts of the Chamber of Commerce, the County and various state agencies to seek out opportunities.
- Continue to support efforts to promote the town in general and enhance tourist efforts.
- Actively market surplus property for sale such as the middle school and promote business development utilizing in part local newspaper stories
- Review and/or expand our pro-business incentives.
- Keep up with infrastructure repairs, promote benefit of town services, including schools.
- Continue to work to develop new business strategies for promoting solar businesses and fiber loops.

This past year Administration did look carefully at expanding the Room Residency Tax as a form of creating greater equality between hotels and second homes that are used for rental purposes. Due to the fact that only the Legislature of the Commonwealth can change or create a tax, administration did not recommend pursuit of this financial mechanism.

## 12 CONCLUSION AND THANKS

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The FY 2017 budget is balanced and I believe that following suggestions included in this message will strengthen the town financially economically and improve our overall operational resiliency.

Lastly is to express my sincere appreciation to the financial management team. I would like to thank Andy Gould for his considerable efforts on the FY 17 Budget development along with Charleen Greenhalgh who participated in budget meetings with departments and assisted in the development of some of the materials requested by the board. I believe that Amy Duffy the former Assistant and now new Town Treasurer/Collector has been a great addition to the team. I would also like to thank the other team members who have been instrumental in the development of this year's budget David Scannell (who will be missed), Donna Molino, and Foster Banford for their assistance. Sandy and Ann for their exceptional work in coordination and oversight of the process of developing the 2017 budget. I also appreciate all of the Department Heads in their efforts in submitting thoughtful capital and operating budgets and working with administration to provide a high level of services.

Most important, I wish to thank the Board of Selectmen and the residents of the community for their continuing support that I have been given to this point and I look forward to continuing to work with both in the adoption of the Fiscal Year 2017 Budget and organization to continue to provide a higher level of service to the community at large.

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## The Top 10 Management Characteristics Of Highly Rated U.S. Public Finance Issuers

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Top 10 List

# The Top 10 Management Characteristics Of Highly Rated U.S. Public Finance Issuers

*(Editor's Note: This is an updated version of an article published July 26, 2010.)*

U.S. public finance issuers are a varied group, but the management practices of the strongest borrowers show some distinct commonalities. Standard & Poor's Ratings Services has widely disseminated to investors and issuers its approach for assigning credit ratings in U.S. public finance (see "USPF Criteria: State Ratings Methodology," published Jan. 3, 2011; and "USPF Criteria: GO Debt," published Oct. 12, 2006, on RatingsDirect on the Global Credit Portal). We have also developed representative ranges for key ratios that factor into our analysis of tax-backed credit quality (see "USPF Criteria: Key General Obligation Ratio Credit Ranges – Analysis Vs. Reality," published April 2, 2008). Although these ratios are the foundation of the quantitative measures Standard & Poor's uses when assigning a credit rating, Standard & Poor's also relies on qualitative factors to inform our credit analysis. In 2006, Standard & Poor's released its Financial Management Assessment, which offers a more transparent assessment of a government's financial practices, as an integral part of our credit rating process (see "Financial Management Assessment," published June 27, 2006). Our view of management factors, administrative characteristics, and other structural issues facing a government entity may be an overriding factor in a rating outcome.

(Watch the related CreditMatters TV segment titled, "What Do Highly Rated U.S. Public Finance Issuers Have In Common?", dated Aug. 14, 2012.)

We view management as contributing significantly to many of the individual credit ratios, which can positively affect ratings in a number of ways. On the whole, state and local governments have made many improvements to budget structure, reserve policies, and debt management during prior periods of budget stress. Whether these practices are developed as part of a comprehensive risk management plan or individually, they have, in our view, generally enhanced government's ability to manage through downturns and have contributed to credit stability over time. Conversely, we believe that the lack of strong management can be a significant factor in a weak credit profile. In our opinion, while the economy remains a key factor in assigning a rating level, our view of management and the institutional framework is usually one of the deciding factors in fine-tuning the rating.

## Overview

- Our view of a government entity's management and administrative characteristics, along with other structural issues it faces, can move a rating up or down more significantly and swiftly than any other element of a credit review.
- We've observed some distinct commonalities in the management practices of highly rated U.S. public finance issuers over the years.
- Proactive budget and liability planning, strong liquidity management, and the establishment of reserves are among the factors the strongest issuers share.

When assessing management, Standard & Poor's analyzes the political and fiscal framework that governs it, as well as

the day-to-day management procedures and policies. There could be a strong management team in place, but if there is political instability or lack of political will to make difficult decisions, we have found that management could be ineffective in many cases. Standard & Poor's also focuses on the "whole of government." Our view of oversight and management controls covering the disparate operations of a government with a focus on accountability at each department or function is critical to strong credit ratings.

The following "Top 10" list of management characteristics associated with Standard & Poor's highly rated issuers is generally applicable to state and local governments as well as to other enterprise operations of government such as water, sewer, or solid waste. The relative importance of these factors may vary from issuer to issuer. Our view of credibility is an important part of a rating review process and management assessment. Every government has challenges, but we believe that identifying problems or issues and detailing how these will be addressed establish credibility and greater transparency in the rating process.

## **Top 10 List**

### **1. Focus on structural balance**

In our view, a structurally balanced budget is an essential characteristic of highly rated credits. There are many views of what constitutes a balanced budget. For some governments, a budget is balanced if current revenues plus available reserves match or exceed current expenditures. From Standard & Poor's standpoint, a budget is balanced if recurring revenues match recurring expenditures. In evaluating whether or not a budget is balanced, we analyze the underlying revenue and expenditure assumptions. We might not have a positive view of a budget that relies on optimistic revenue assumptions relative to the current economic environment to meet recurring expenditures. We consider recurring expenditures all of those that are typically incurred year after year and are required as part of a government's normal ongoing operations. This includes salaries, debt service, and pension payments among others. Consistent with our analysis of revenues, expenditure assumptions that rely on debt restructuring for budgetary savings, deferral of ongoing expenditures, and saving assumptions that have significant implementation risks could also color our view of whether a budget is balanced or not.

A government's ability to maintain or quickly return to structural balance during a period of economic weakness can lead us to affirm or raise an issuer credit rating. The opposite is also true. Reliance primarily on one-time measures without the appropriate re-alignment of revenues and expenditures could cause us to lower the ratings.

### **2. Strong liquidity management**

An additional credit quality factor is management's ability to manage its cash flow and identify potential issues, internal or external, that could lead to a liquidity crunch. Potential for inadequate liquidity serves as a bellwether to the risk of immediate and potentially severe credit deterioration, particularly for those with significant budget misalignments and issuers of certain types of variable-rate debt, in our view. Ultimately, the possibility of having insufficient money to meet debt obligations is at the heart of our credit analysis. In the few instances where state or local governments may encounter genuine credit distress, it is likely accompanied and possibly exacerbated by problems with liquidity. Access to additional sources of internal or external liquidity and a plan on how, when, and in what amounts to access these, are a credit positive. However, just having access to additional liquidity, either through

pooled cash or loans from other funds, is not enough. The absence of clear accountability as to where the cash is coming from or when it will be paid back could create uncertainty about the sustainability of the cash flow and the potential implications of reallocating the cash from one use to the other.

In addition, some obligors' debt profiles include liquidity risk exposure tied to variable-rate demand obligations, alternative financing products, and other debt instruments. Under some of these structures, the potential for accelerated repayment causing sudden and significant demands on an issuer's liquidity could have credit implications (see "The Appeal Of Alternative Financing Is Not Without Risk For Municipal Issuers," May 17, 2011). We have found that management teams of highly rated credits are able to limit, mitigate, or develop a careful plan to manage the potential exposure to these liquidity demands.

### **3. Regular economic and revenue updates to identify shortfalls early**

In our experience, having a formal mechanism to monitor economic trends and revenue performance at regular intervals is a key feature of stable financial performance. This is particularly true in the case of states, which we have observed tend to exhibit revenue declines during economic downturns because they rely on personal income tax, sales tax, corporate income tax, and other economically sensitive sources. We believe that evaluating historical performance of certain revenues is important to this analysis because each government will have different leading or lagging economic indicators that signal potential revenue variance issues based on its economic structure. The earlier revenue weakness is identified in the fiscal year, the more effective, in our view, the budget balancing response can be. We think it is important to monitor upside growth as well. In our opinion, it is also important to understand a surge in revenues to determine if the trend is an aberration or something that is likely to sustain.

### **4. An established rainy day/budget stabilization reserve**

A formalized financial reserve policy is a consistent feature of most of Standard & Poor's highly rated credits. For some governments, such a policy has been standard operating procedure for decades. Others focused attention on this as a risk management tool following the recessions of the early 1990s, 2001, and especially the Great Recession when the country experienced sustained revenue weakness that required severe budget reduction measures. In our view, reserves provide financial flexibility to react to budget shortfalls or other unforeseen circumstances in a timely manner. No one level or type of reserve is considered optimal from Standard & Poor's perspective. We have seen many different types of reserves factor into an improved government credit profile. In our view, some important factors government officials generally consider when establishing a reserve are:

- The government's cash flow/operating requirements;
- The historical volatility of revenues and expenditures through economic cycles;
- Susceptibility to natural disaster events;
- Whether the fund will be a legal requirement or an informal policy;
- Whether formal policies are established outlining under what circumstances reserves can be drawn down; and
- Whether there will be a mechanism to rebuild reserves once they are used.

In our view, the use of budget stabilization reserves is not in and of itself a credit weakness. The reserves are in place to be used. However, we believe that a balanced approach to using reserves is important in most cases, because full depletion of reserves in one year without any other budget adjustments creates a structural budget gap in the following year if economic trends continue to be weak. As they've done in the past, state and local governments are

re-examining their fund balance reserve policies to determine their adequacy and, in many cases, have adjusted their funding targets.

#### **5. Prioritized spending plans and established contingency plans for operating budgets**

We have found that contingency planning is an ongoing exercise for most highly rated governments. Prioritized spending and contingency plans have always been important risk management tools that allow state and local governments to adjust to changes in the economic and revenue environment. In our analysis, we consider whether a government has contingency plans and options to address changing economic conditions, intergovernmental fund shifts, and budget imbalance when it occurs. This would include an analysis of the following:

- What part of the budget is discretionary;
- What spending areas can be legally or practically reduced;
- The time frame necessary to achieve reductions of various programs;
- Where revenue flexibility exists; and
- An analysis of revenue under varying economic and policy scenarios.

#### **6. Strong long-term and contingent liability management**

In our view, recognition and management of long-term and contingent liabilities are characteristics of highly rated credits. We continue to incorporate governmental liability management into our rating analysis, as we have for decades, with an emphasis on how liabilities are managed over time (see "Contingent Liquidity Risks In U.S. Public Finance Instruments: Methodology And Assumptions," March 5, 2012). In particular, Standard & Poor's views pension and other postemployment benefit obligations as long-term liabilities (see "The Decline In U.S. States' Pension Funding Decelerates, But Reform And Reporting Issues Loom Large," June 21, 2012; and "The OPEB Burden Varies Widely Among U.S. States," published Sept. 22, 2011). While the funding schedule for pension and OPEB can be more flexible than that for a fixed-debt repayment, it can also be more volatile and may cause fiscal stress if not managed, in our opinion. The size of the unfunded liabilities and the annual costs associated with funding them, relative to the budget, are important credit factors in our review of state and local governments. Currently, pension systems are undergoing the most significant level of reform in decades, which we view as a credit positive and highlights the importance of managing these liabilities. We will continue to differentiate credits where these long-term liabilities are large and growing, contributions are less than required, and there has been limited action on reform initiatives.

Non-essential areas of government operations and services that may fall out of the traditional general fund focus could also result in contingent liabilities and create budget pressures, if not properly managed. Stadiums, convention centers, and health care entities, as well as various other enterprise operations, could also cause funding challenges at the local level, even when there is no clear guarantee or legal responsibility for the government to provide funding. At the state level, we believe that local government fiscal difficulties can increase and become a funding and policy challenge for the state.

#### **7. A multiyear financial plan in place that considers the affordability of actions or plans before they are part of the annual budget**

In our analysis, we consider whether this plan is comprehensive. During a sustained economic recovery, we see program enhancements and tax reductions as typical. We believe that pension funds that performed at record levels provided incentive to expand or enhance benefits. Elected officials will be ultimately responsible for the decisions

necessary to restore out-year budget balance. In our view, even when there is legal authority to raise taxes, there may not be a practical ability to do so because it can be politically unpopular. Having detailed information on costs associated with various policy decisions can provide greater transparency to the budget process, in our view. We consider multiyear planning as an important part of this process. Standard & Poor's realizes that the out-years of a multiyear plan are subject to significant change. They provide a model to evaluate how various budget initiatives affect out-year revenues, spending, and reserve levels. These plans will often have out-year gaps projected, which we believe allows governments to work out, in advance, the optimal method of restoring fiscal balance.

#### **8. A formal debt management policy in place to evaluate future debt profile**

In the past decade, many states and local governments have developed debt affordability guidelines or models, which we regard as a positive development. This affordability analysis generally includes a systematic review of existing and proposed debt, and how they will affect a government's future financial profile. In many cases, these policies address exposure to variable-rate debt, swaps, and other contingent liabilities. They can also include criteria for when refunding bonds are allowed, amortization periods, and what types of projects can be funded through debt issuance. The affordability measures are typically tied to a government's revenues or expenditures, debt per capita, and debt per capita as a percent of either gross state product (states) or market value (local governments). The impact of these policies on a long-term credit rating will depend on our view of how the government establishes and uses the policies, and the track record in adhering to the affordability parameters established in the policies, especially during economic downturns. We believe the process enhances the capital budgeting and related policy decisions regarding debt issuance and amortization. In our view, these policies have moderated leverage at the state and local level.

#### **9. A pay-as-you-go financing strategy as part of the operating and capital budget**

In our opinion, pay-as-you-go financing can be a sound financing policy. Not only does it lower debt service costs, but it also provides operating budget flexibility when the economy or revenue growth slows. We see the use of pay-as-you-go financing as a more significant funding option when tax revenue growth is uncertain, given the fact that pay-as-you-go financing may provide additional budget flexibility in an uncertain revenue environment. Depending on the government's overall balance-sheet profile, we believe that the government can achieve a better match between nonrecurring revenues and nonrecurring expenditures if it uses this type of financing.

#### **10. A well-defined and coordinated economic development strategy**

In addition to historical economic trends, we consider each government's economic development initiatives and future growth prospects as they are likely to affect future revenue-generating capacity. Effective economic development programs typically take a long time to implement. We believe that the question for many state and local governments now is not whether there should be a formal economic development program, but rather how significant a resource commitment should be dedicated to running these programs and offering incentives. These are government policy decisions involving cost benefit analysis that are generally outside the credit rating process. However, if these economic development programs and strategies create employment, enhance diversification, and generate solid income growth, they could have a positive effect on a government credit rating over the long term. To the extent that there is a net revenue benefit to a government, this could also be a positive credit factor. We have seen economic development programs expand in the past 20 years with strategies increasingly becoming regional in nature, with a more coordinated approach between state and local governments.

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**McGRAW-HILL**

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## Summary:

# Harwich, Massachusetts; General Obligation

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## Summary:

# Harwich, Massachusetts; General Obligation

### Credit Profile

US\$2.9 mil GO bnds ser 2013 due 07/15/2022

|                         |            |          |
|-------------------------|------------|----------|
| <i>Long Term Rating</i> | AA+/Stable | New      |
| Harwich GO              |            |          |
| <i>Long Term Rating</i> | AA+/Stable | Affirmed |

## Rationale

Standard & Poor's Ratings Services assigned its 'AA+' long-term rating to Harwich, Mass.' series 2013 general obligation (GO) bonds. At the same time, we affirmed our 'AA+' long-term rating on the town's existing GO debt. The outlook on the ratings is stable.

The ratings reflect our view of the town's:

- Extremely strong property wealth due to its oceanfront location;
- Good financial position and financial management policies;
- A still-good financial reserve position despite recent declines;
- Moderate-to-low debt burden, coupled with rapid principal amortization; and
- Sizable long-term pension and other postemployment benefit (OPEB) liabilities, though recent changes could reduce these liabilities a bit over the next few years.

The bonds are a GO of the town for which its full faith and credit is pledged. Harwich officials will use bond proceeds toward dredging a harbor.

With an estimated year-round population of about 12,600, Harwich is a residential community on the southeast corner of Cape Cod on Nantucket Sound, about 80 miles from Boston. Given the substantial number of seasonal second homes, the population is estimated to double in the summer months. While Harwich has been evolving into more of a year-round community, its economy continues to depend on second-home owners and summer visitors. Seasonal employment such as retail trade, accommodations, and food services accounts for a large portion of the local employment base. Accordingly, the unemployment rate increases significantly in the winter. The median household effective buying income (EBI) of the town's full-time residents is good, in our view, at 101% of the nation, and per-capita EBI is 111%.

Assessed valuation (AV) was \$4.6 billion for fiscal 2012, a 12% decrease from fiscal 2009, but the per-capita market value of about \$360,000, measured against the number of year-round residents, is one of Massachusetts' highest and a good reflection of Harwich's real estate wealth. Even after adjusting for the summer population, per-capita market value remains extremely strong, in our opinion.

Harwich maintains a good financial position, in our view, despite recent declines to reserves. Harwich's 2012 financial

statements report a \$915,000 decline to the general fund and an ending total fund balance of \$4.9 million, of which \$3.5 million (6.7% of expenditures) is assigned and unassigned. Property taxes are the largest revenues source, comprising about two-thirds of general fund revenues in 2012, and property tax collections have been sound, exceeding 99%.

For fiscal 2013, officials report stable budgetary operations, but did use about \$1.2 million of available reserves for one-time capital spending. This is expected to lower the unassigned general fund balance to about 4% of expenditures, a level we still consider good. While we believe available reserves may be lower compared to its peers, we note the town has demonstrated the ability and willingness to exceed proposition 2 1/2 levy limits, giving it some additional operating flexibility. The town continues to operate with its tax levy at or very close to the maximum levy limit as stipulated by Proposition 2 1/2, but has substantial room under the primary levy limit, which caps the tax levy at 2 1/2 of AV. Voters did pass a permanent override (effective for fiscal 2013) of \$990,000 for operating costs associated with the new school district. In addition, voters recently passed a \$714,000 capital exclusion (effective in 2014) to fund ongoing capital expenditures, lessening the need to fund from its general fund reserves.

Moving forward, the town anticipates to see budgetary saving from the recently created Monomoy Regional School District. Harwich is still responsible for providing school funding, but these costs are now assessed to Harwich and neighboring Chatham by the regional school district. The 2014 budget is balanced and totals \$50.3 million, a 1.6% increase from the prior year. Education costs are the biggest expenditure, along with public safety.

With the creation of the regional school district, plans are underway for construction of a \$65 million consolidated high school, expected to open in fiscal 2015. About half the costs will be supported by the Massachusetts State Building Authority and the remainder will be financed by Harwich and Chatham. Harwich town meeting voters approved a ballot referendum for an override of the Proposition 2 1/2 levy limit to pay the town's share of construction costs; town officials expect to issue \$25 million of bonds for the project within one to two years.

Standard & Poor's considers Harwich's financial management practices "good" under its Financial Management Assessment methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or regularly monitor all of them. The town maintains a five-year financial forecast updated annually. The forecast helps to identify budget pressures and enables officials to adjust accordingly. The town adheres to its policy of using available reserves for nonrecurring uses only.

The town's debt burden is low at less than 1% of market value, but a moderate \$1,790 per capita. Debt service expenditures have historically been moderate at an average of 8% of total governmental funds annually over the past three fiscal years. About 54% of the town's existing debt is exempt from the levy limitations of Proposition 2 1/2. We expect debt service costs to rise with the bond issuance for the new high school, but these costs are offset by a rapid amortization schedule of outstanding debt (75% of principal retired over 10 years) and the dedicated property tax stream to support the debt provided by the voted debt exclusion. The town is continually assessing its capital needs and has identified material wastewater improvement projects, though it is uncertain about the scale and scope of any potential financing plan.

As for long-term liabilities, pension and other postemployment benefit (OPEB) costs account for about 8.2% of total

governmental funds expenditures. The town makes annual contributions to the Barnstable County Retirement Association for all employees other than teachers, with the fiscal 2012 contribution totaling \$2.5 million, or 5% of 2012 budgeted operating fund expenditures. The town's share of the unfunded liability of the county plan is \$31.5 million, equal to \$2,500 per capita (year-round population only) and less than 1% of market value. Harwich meets its OPEB obligations on a pay-as-you-go basis (though it does have a small \$300,000 OPEB stabilization reserve) and contributed \$1.8 million in fiscal 2012, or 3.8% of budget. The most recent estimate of the town's unfunded OPEB liability is sizable at \$81.1 million, or \$6,400 per capita (year-round population only) and 1.8% of market value. Town officials expect that the town's pension and OPEB liabilities will be reduced because the regional school district will assume the pension and OPEB costs for all new employees hired by the school system. Further, effective for fiscal 2013, the town now offers health care benefits through a plan similar to that offered through state's Group Insurance Commission; officials believe that this could also result in a reduction in the town's OPEB liability at the time of the next actuarial valuation.

## Outlook

The stable outlook reflects Standard & Poor's belief that the rating on Harwich will not change within our two-year horizon given that we expect a steady operating performance and no material change in the town's financial position. While financial reserves are down from previous highs, they remain good and we note the town has demonstrated the ability and willingness to exceed its statutory levy cap, providing additional operating flexibility to fund ongoing spending. The potential for a higher rating would be strengthened by significantly higher reserves, maintenance of a moderate debt burden, and reduced long-term liabilities. Downward rating pressure could be triggered by recurring operating deficits, lower reserves, a higher debt burden, and continued growth in long-term liabilities.

## Related Criteria And Research

USPF Criteria: GO Debt, Oct. 12, 2006

### Ratings Detail (As Of July 15, 2013)

#### Harwich GO

*Unenhanced Rating*

AA+(SPUR)/Stable

Affirmed

Many issues are enhanced by bond insurance.

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**McGRAW-HILL**

# FY 2017 BUDGET PRESENTATION

Harwich, MA

Town Administrator: Christopher Clark

Finance Director: Andrew Gould

Assistant Town Administrator:  
Charleen Greenhalgh

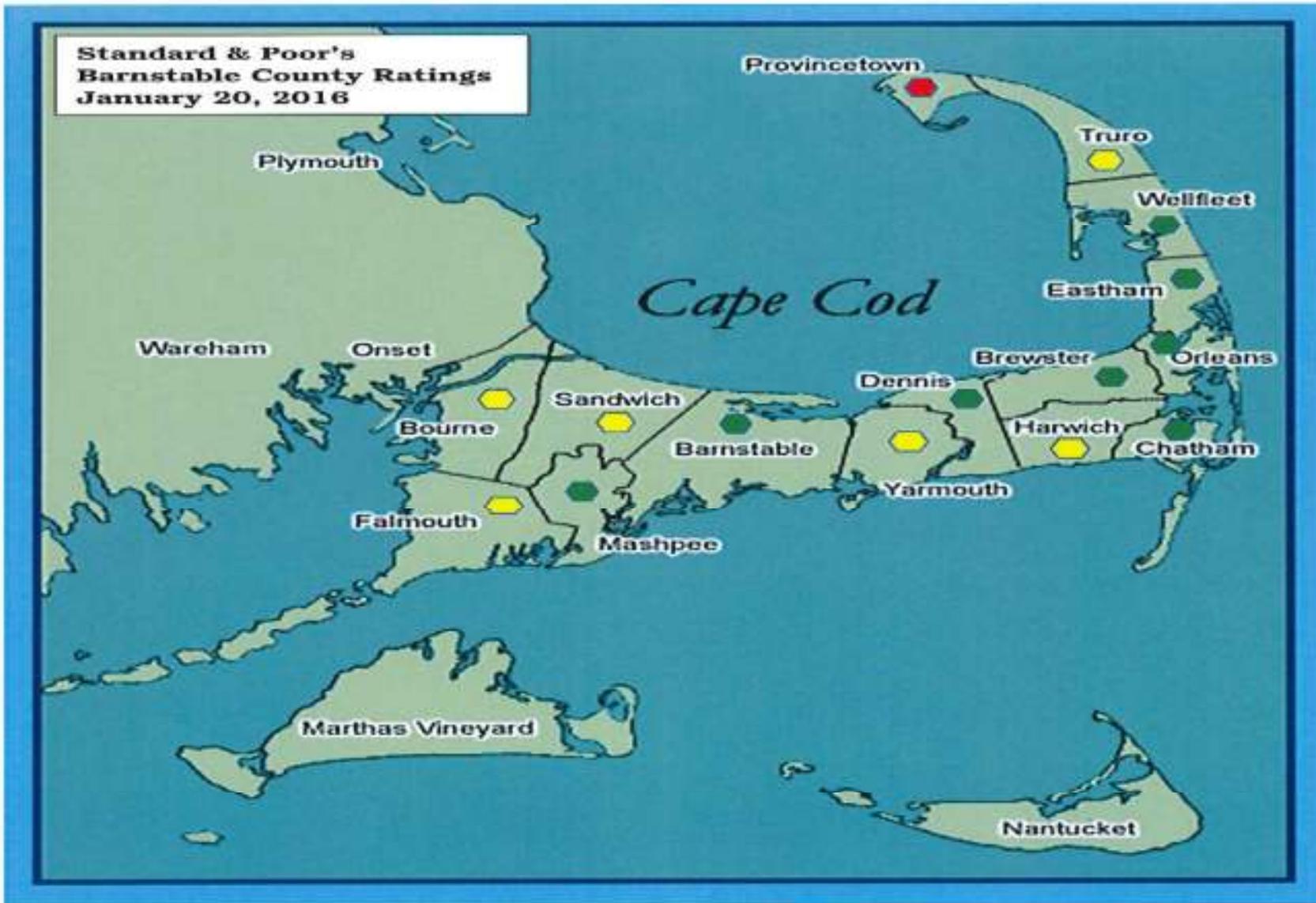
# S&P: THE TOP TEN MANAGEMENT CHARACTERISTICS OF HIGHLY RATED U.S. PUBLIC FINANCE ISSUERS

1. Focus on Structural Balance
2. Strong Liquidity Management
3. Regular Economic and Revenue Updates to Identify Shortfalls Early
4. An Established Rainy Day/Budget Stabilization Reserve
5. Prioritized Spending Plans and Established Contingency Plans for Operating Budgets
6. Strong Long-Term and Contingent Liability Management (OPEB)
7. A Multi-Year Financial Plan in Place that Considers the Affordability of Actions or Plans before they become part of the Annual Budget.
8. A Formal Debt Management Policy in Place to Evaluate Future Debt Profile
9. A Pay-As-You-Go Financing Strategy as Part of the Operating and Capital Budget
10. A Well-Defined and Coordinated Economic Development Strategy

# PREVIOUS STANDARD & POORS OBSERVATIONS OF HARWICH

- Extremely strong property wealth due to its oceanfront location
- Good financial position and financial management policies
- Still maintains a good financial reserve position despite recent declines
- Moderate to low debt burden, coupled with rapid principal amortization; and
- Sizable long-term pension and other Post employment benefit (OPEB) liabilities, though recent changes could reduce these liabilities a bit over the next few years.

**Standard & Poor's  
Barnstable County Ratings  
January 20, 2016**



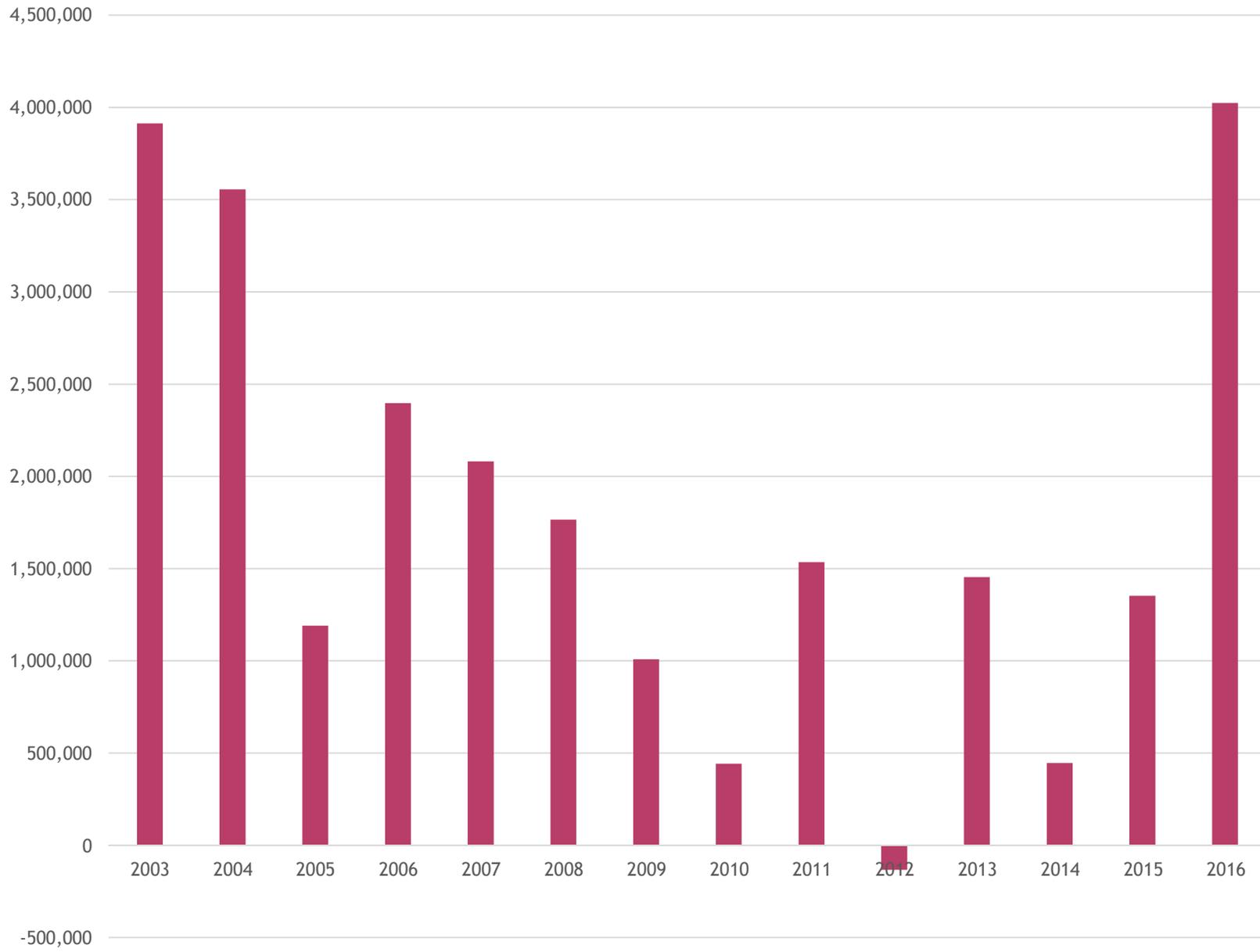
- AA
- AA+
- AAA

# BUDGET REVENUE AND EXPENSE SUMMARY

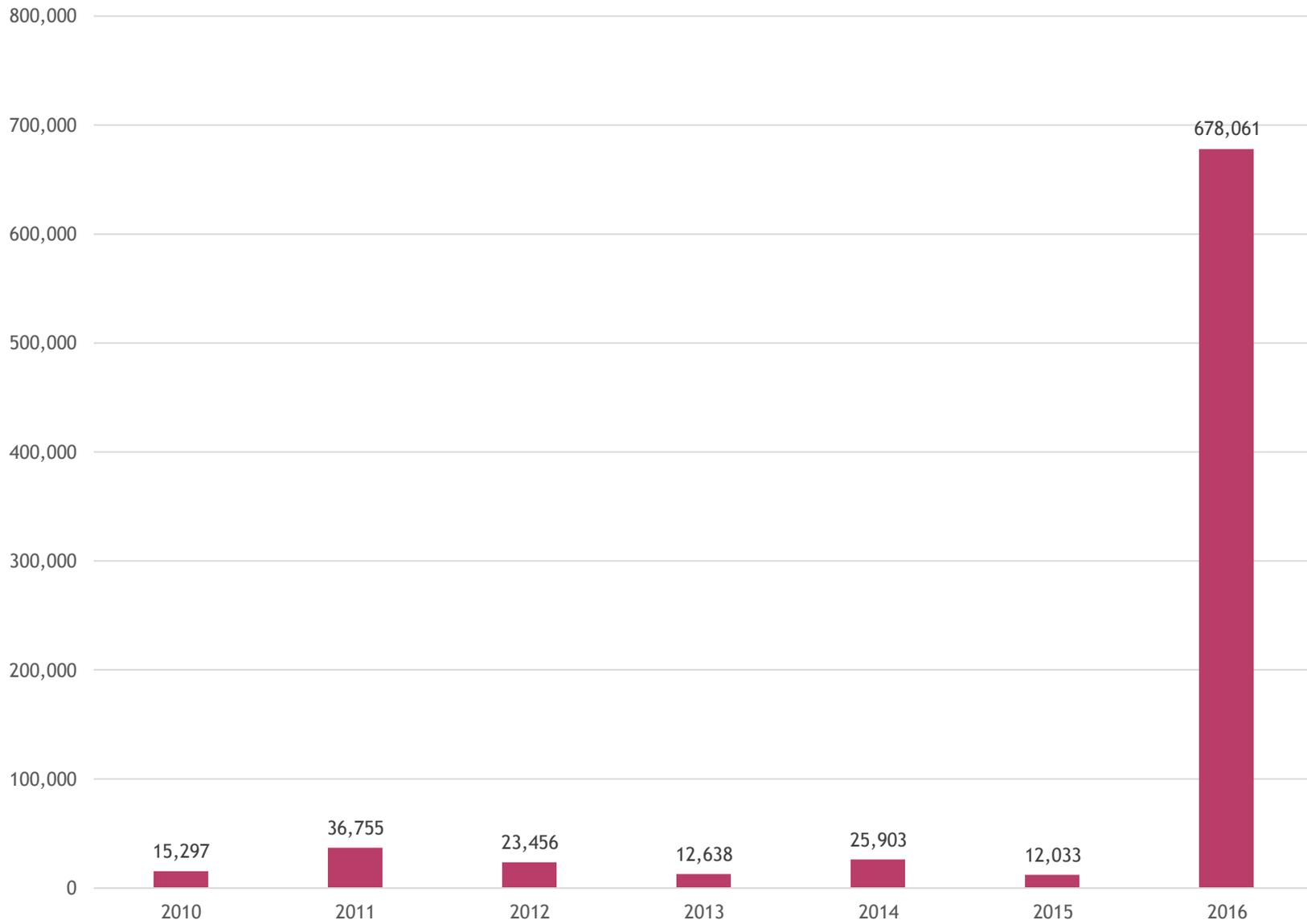
Displaying the Projected Budget  
for FY 2017

- The Total Revenue for FY2016 is **\$59,501,293** and the Total anticipated expenditures are **\$59,500,355** creating a balanced budget. Minor surplus **\$938**
- Budget Highlights
- Major Initiatives

## Harwich Free Cash Certified - General Fund



### Excess Levy Capacity



| <u>Collective Bargaining Unit STATUS AS OF FEBRUARY 3, 2016</u>                              | <u>FY15</u> | <u>FY16</u> | <u>FY17</u> | <u>FY18</u> | <u>FY19</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Harwich Permanent Fire Fighters Association Local 2124                                       | •           | X           | X           | X           |             |
| Harwich Employees Association (HEA)  | X           | X           | X           |             |             |
| Highways & Maintenance Employees Association (HMEA)  | X           | X           | X           |             |             |
| Harwich Management Employees Association SEIU 888 (Highway & Maintenance)                    | •           | X           | X           | X           |             |
| International Association of Machinists & Aerospace Workers (Water)                          | •           | X           | X           | X           |             |
| N.E. Police Benevolent Association (NEPBA) Local 103 Emergency Telecommunication Dispatchers | •           | X           | X           | X           | X           |
| Harwich Police Federation (Officers)   | •           | X           | X           | X           |             |
| N.E. Police Benevolent Association (NEPBA) Local 69 (Superiors)                              | •           |             | Pending     |             |             |
| Personnel Bylaw  | •           | X           |             |             |             |
| • Previous Contract/MOU  |             |             |             |             |             |
| X Existing/Current Contract  |             |             |             |             |             |

## Enhanced Levels of Service (EoS)

| Concept                               | Amount    |
|---------------------------------------|-----------|
| Consultant for Waste Water            | \$ 20,000 |
| Assessors – Senior Exemption Program  | 40,000    |
| Police Officer                        | 51,620    |
| Plumber – Central Maintenance         | 60,782    |
| Library Open on Mondays July & August | 14,043    |
| Alzheimers Adult Day Care             | 7,500     |

Fringe Benefits Analysis - Average Per Full-Time Employee

| <u>Position</u>                                | <u>Total</u>     | <u>Fringe Benefits</u> |                   |           |            |                   | <u>Fringe Benefits</u> | <u>Percentage</u> |
|--|------------------|------------------------|-------------------|-----------|------------|-------------------|------------------------|-------------------|
|  | <u>Avg Wages</u> | <u>Health</u>          | <u>Retirement</u> | <u>WC</u> | <u>IOD</u> | <u>UnEmp Comp</u> | <u>TOTAL</u>           |                   |
| Public Safety                                  | \$ 60,000        | \$ 15,408              | \$ 8,400          | \$ -      | \$ 1,200   | \$ 180            | \$ 25,188              | 42%               |
| Public Works (13)                              | \$ 55,500        | \$ 15,408              | \$ 7,770          | \$ 2,836  | \$ -       | \$ 167            | \$ 26,181              | 47%               |
| Admin/Clerical (55)                            | \$ 65,000        | \$ 15,408              | \$ 9,100          | \$ 85     | \$ -       | \$ 195            | \$ 24,788              | 38%               |
| Water <sup>1</sup> (14)                        | \$ 59,700        | \$ 15,255              | \$ 8,358          | \$ 2,800  | \$ -       | \$ 179            | \$ 26,592              | 45%               |
| Harbor/Maint/Parks&Rec/Nurse <sup>1</sup> (16) | \$ 58,000        | \$ 15,408              | \$ 8,120          | \$ 2,100  | \$ -       | \$ 174            | \$ 25,802              | 44%               |

<sup>1</sup> For Avg Wage it does not include Clerical. Clerical is included under Admin/Clerical

Total Average Wages: The total of the wages divided by the number of positions.

Health: Is a blended rate of the Towns various plans and the Town's 75% contribution

Retirement: is the set against all employees although newer employees self fund their retirement

Workmen Compensation: Is the State set rate plus the Experience Modifier and the Premium Discount.

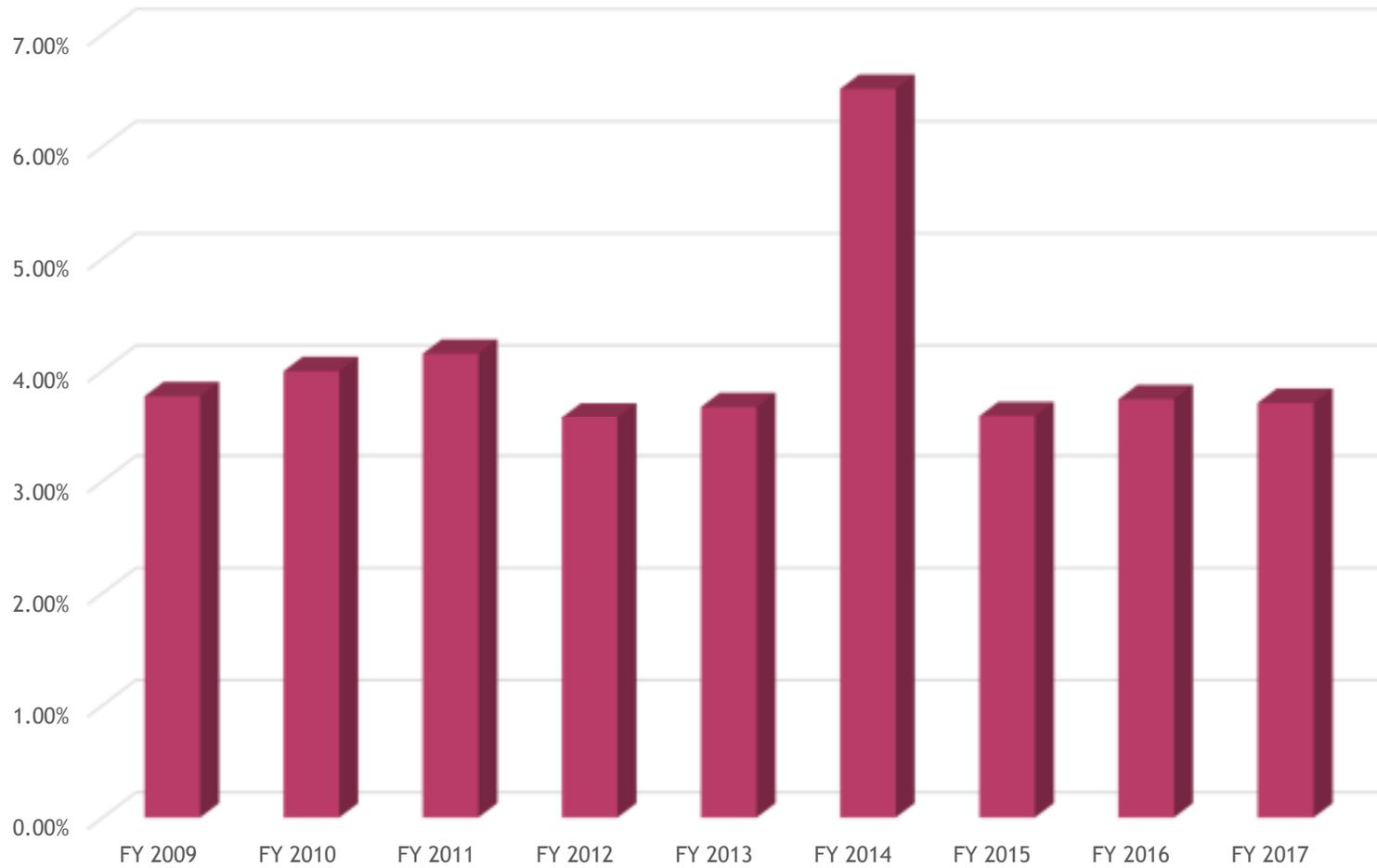
IOD: Is based upon the premium for coverage and some costs for deductibles

Unemployment Compensation: Is allocated based upon previous history

# HISTORICAL TAX REVENUE DATA

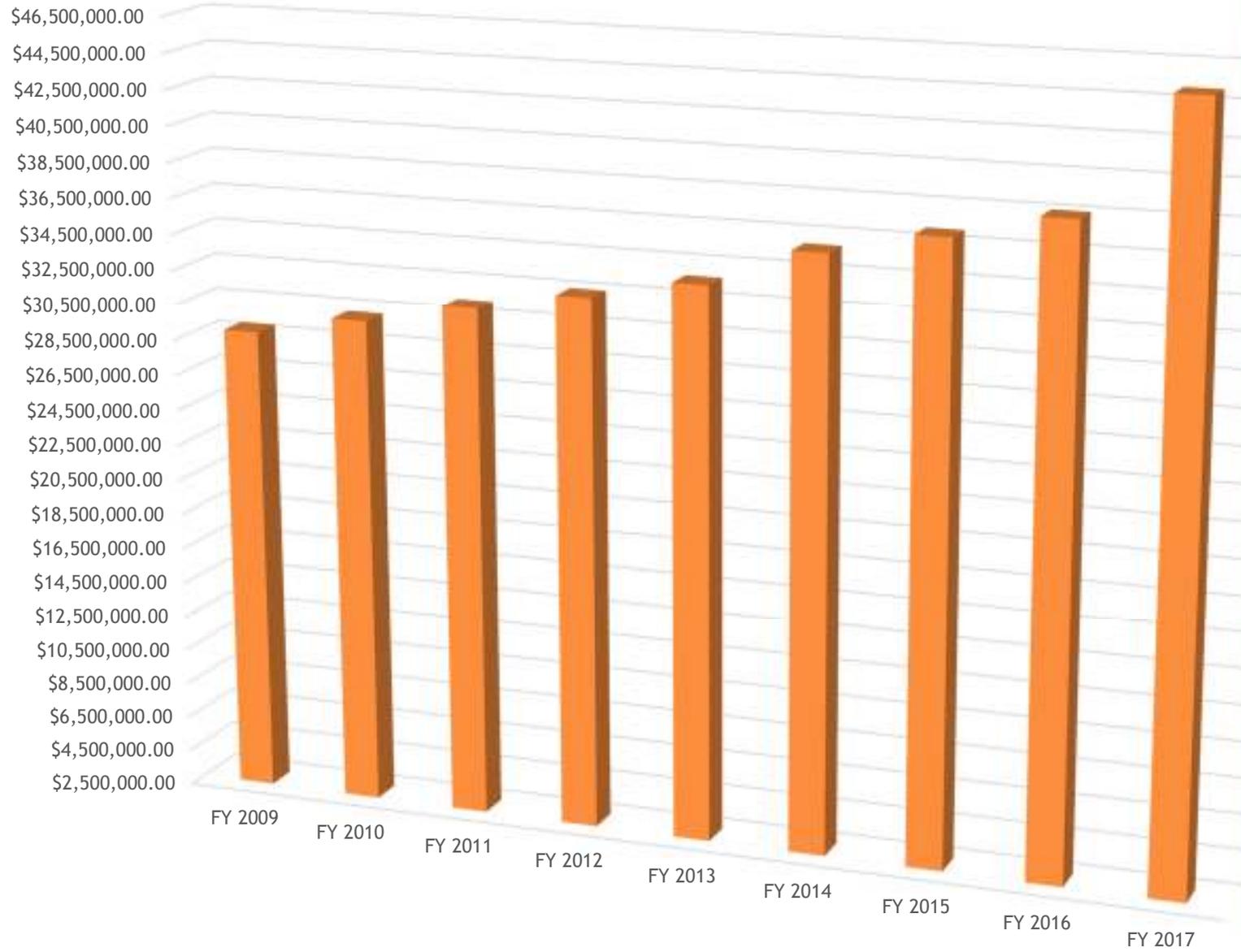
For Fiscal Years 2010-2017

### Base Levy Limit Percent Inc

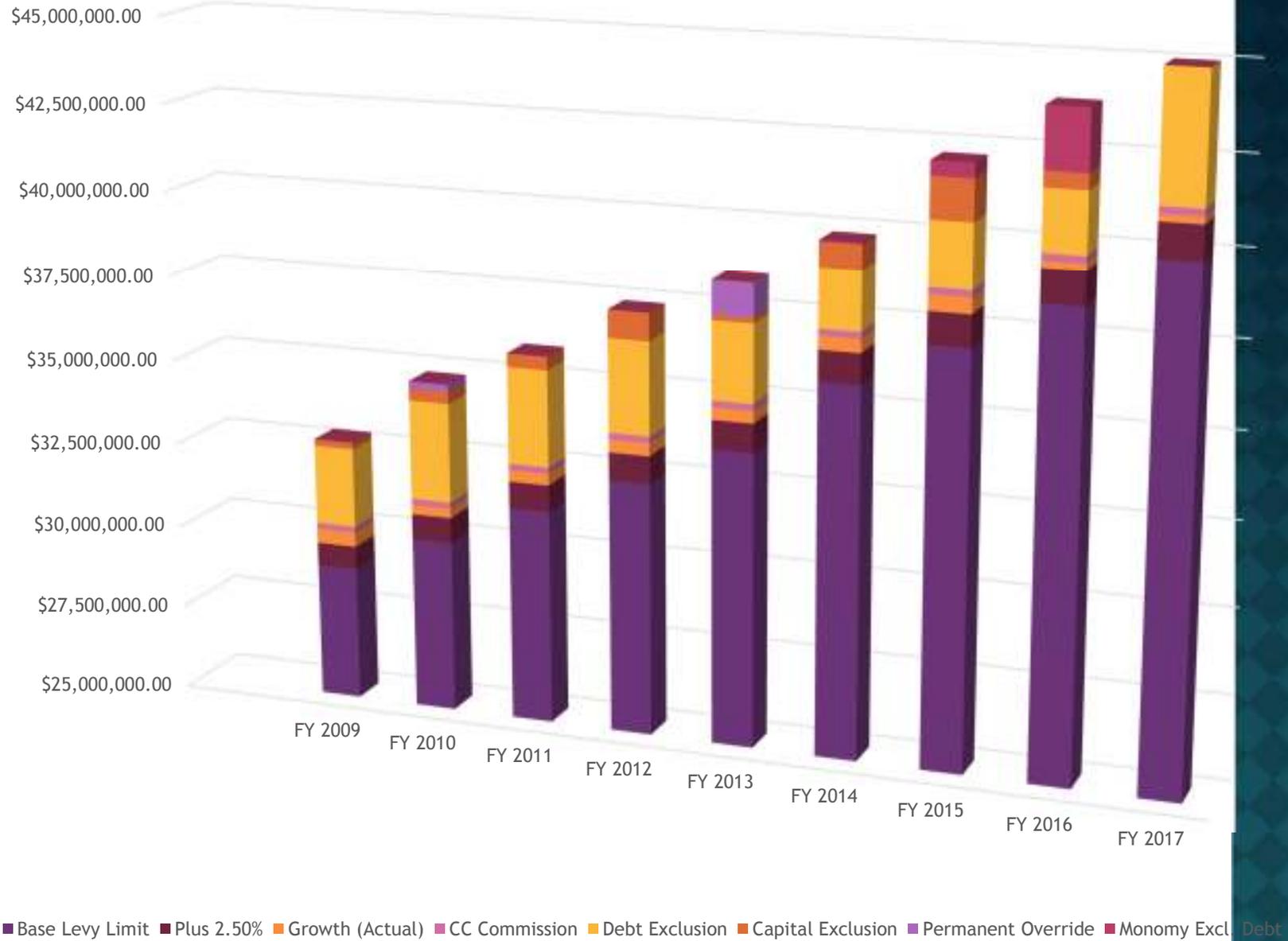


FY 2014 Override Levy \$ 990,193 = 2.9%

### Base Levy Limit in Dollars



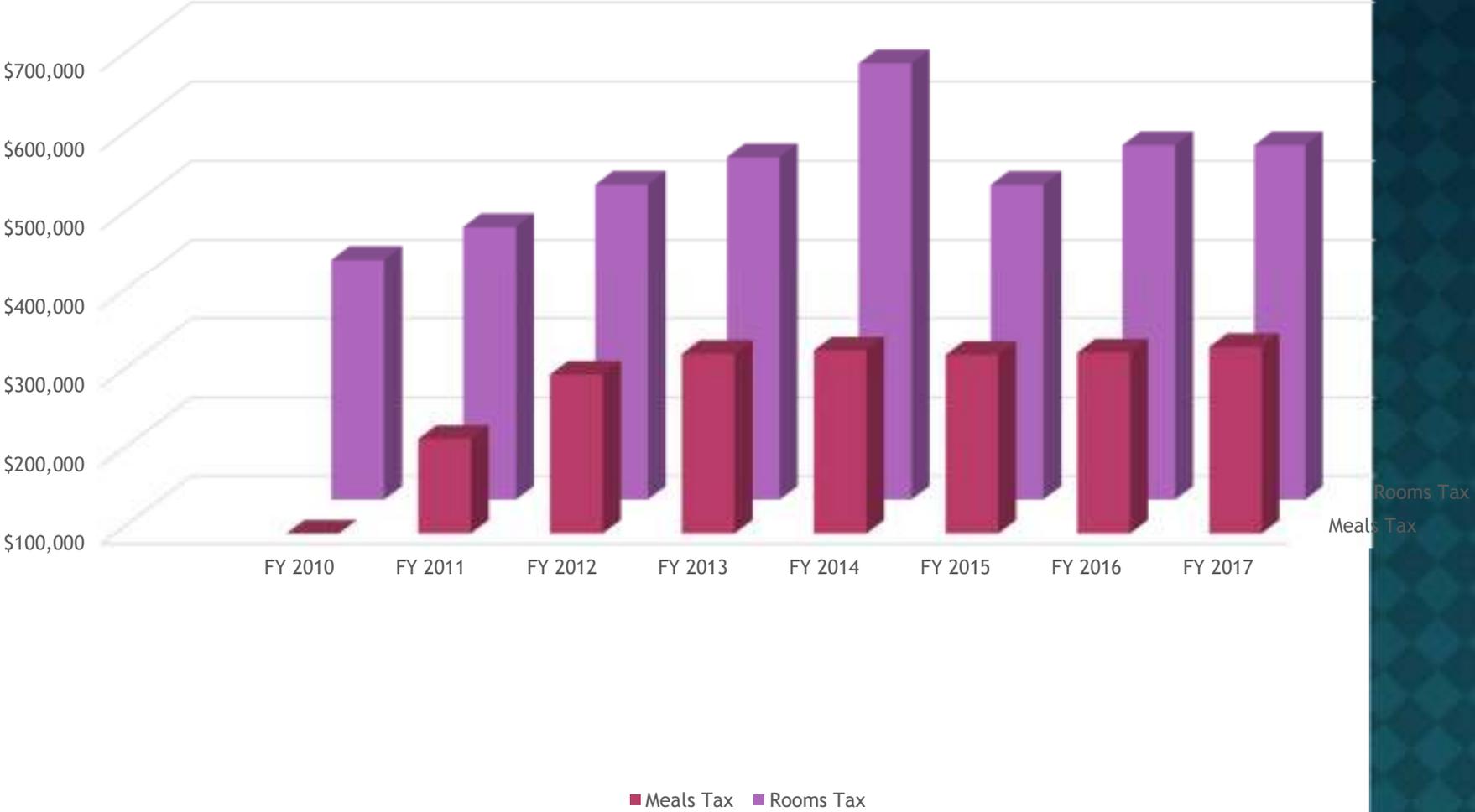
## Levy Limit Calculation



# SELECT BUDGET DATA

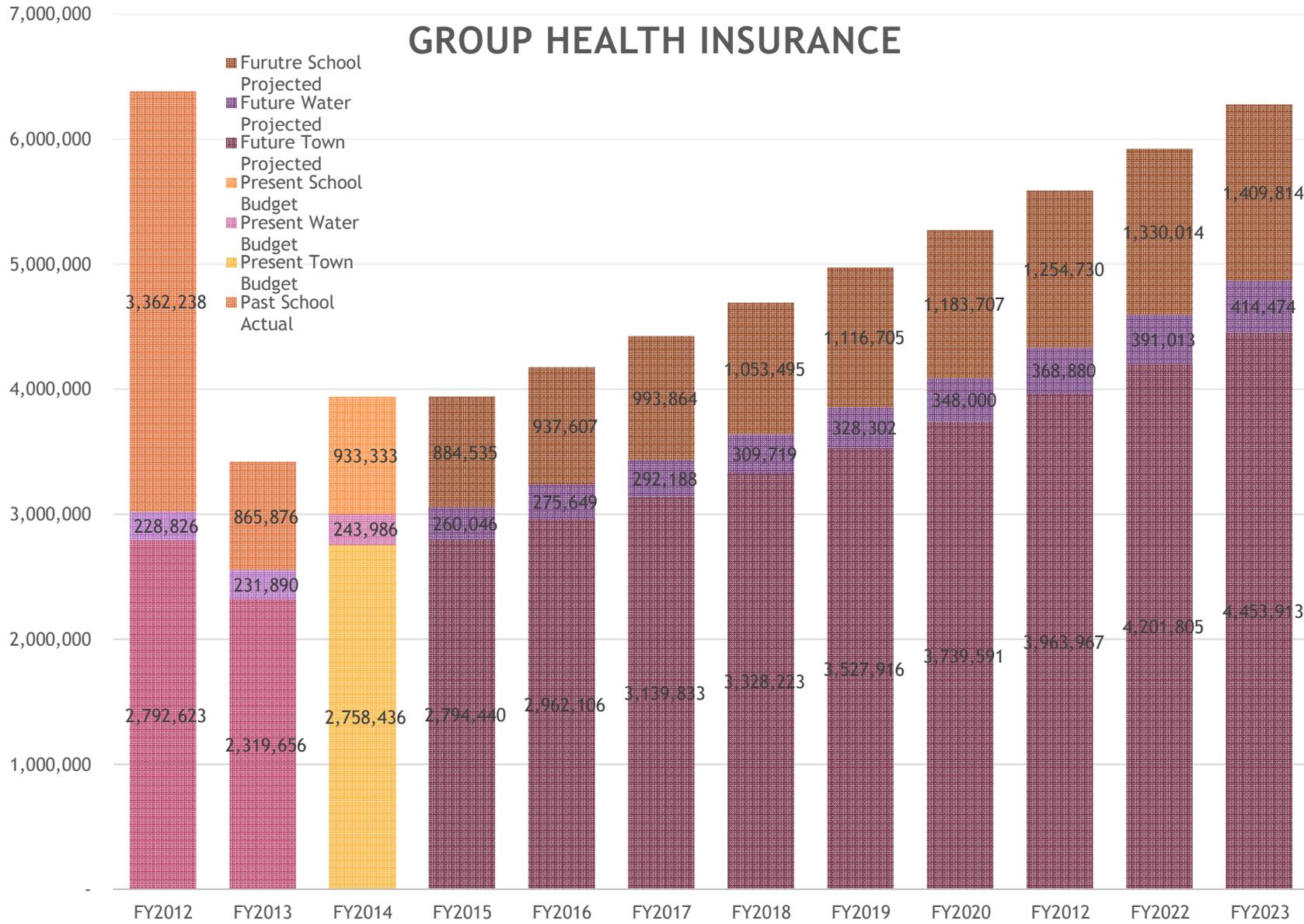
Charts for Past, Present and Future

# Meals & Rooms Tax

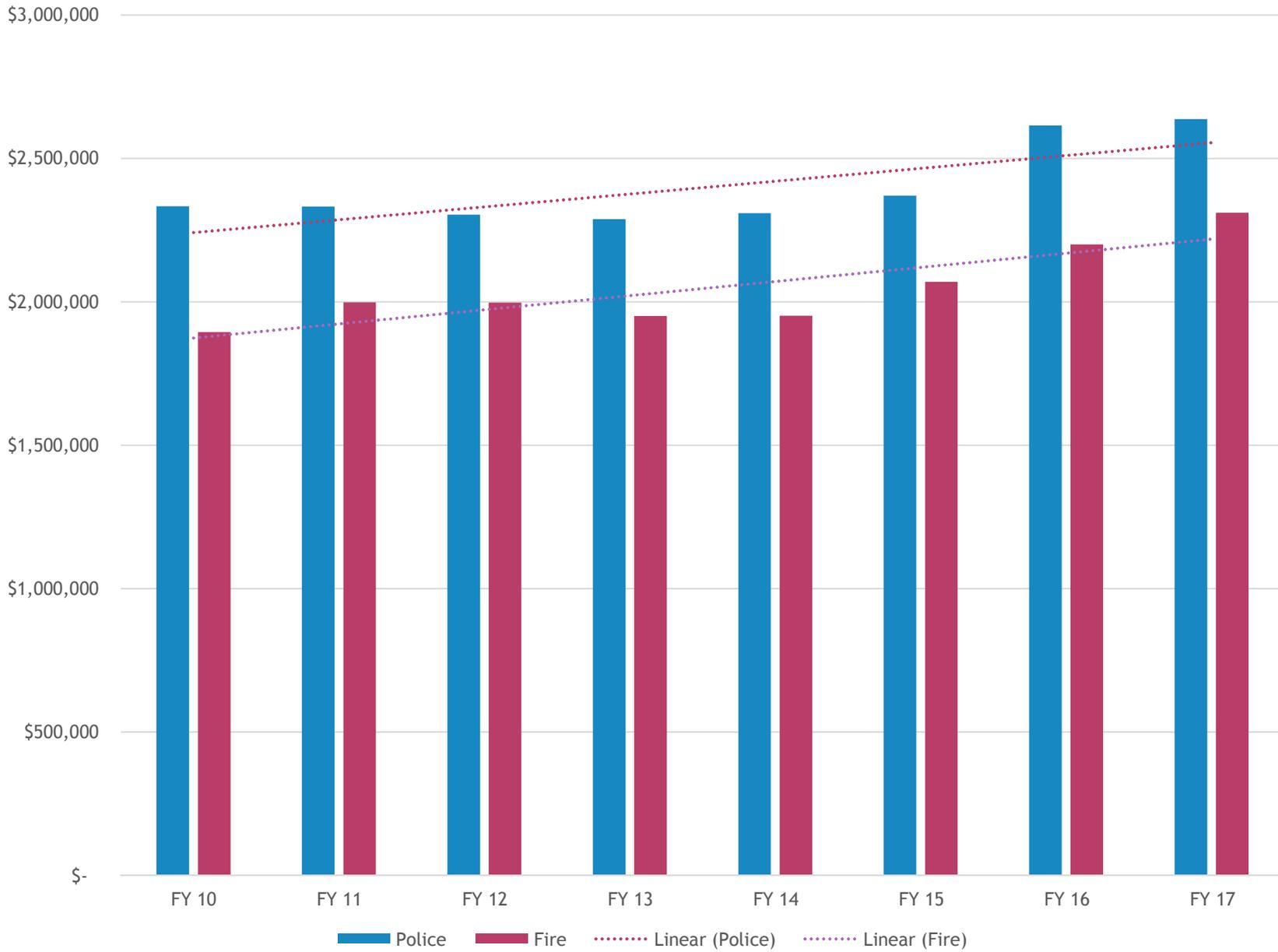


Rooms Tax  
Meals Tax

# GROUP HEALTH INSURANCE



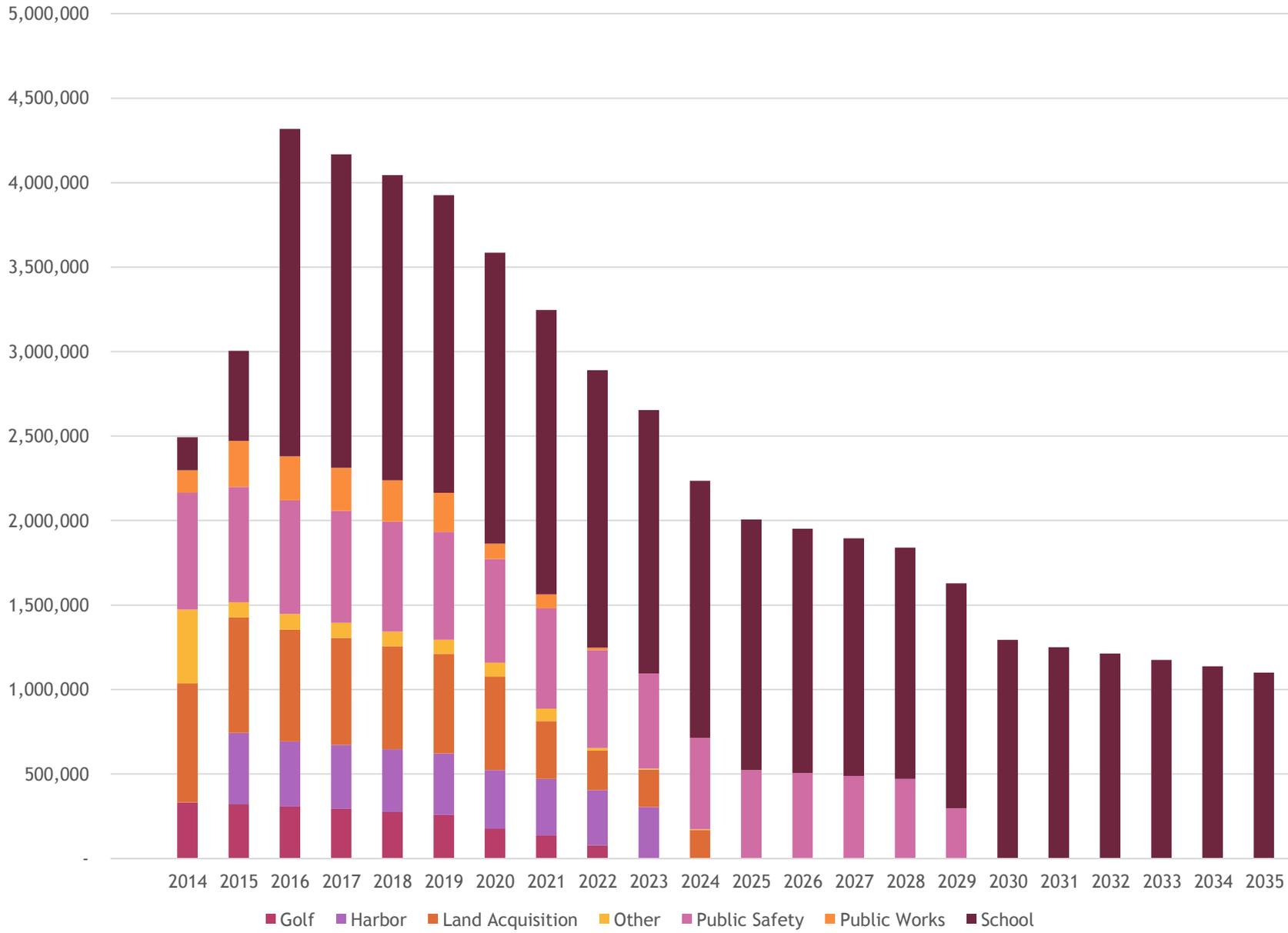
### Police and Fire Salary Budget (Excluding OT)



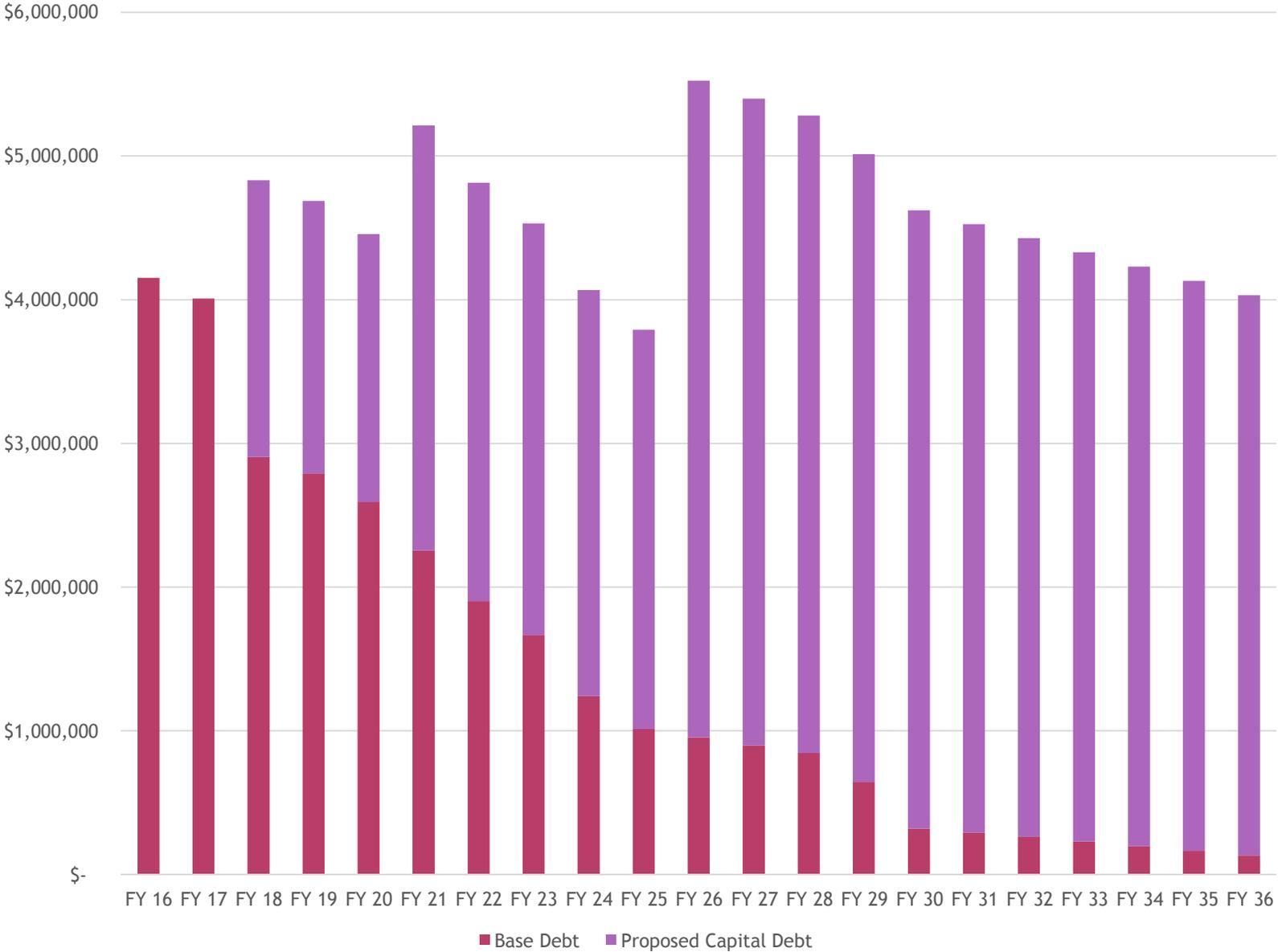
# DEBT STRUCTURE

Future Planning

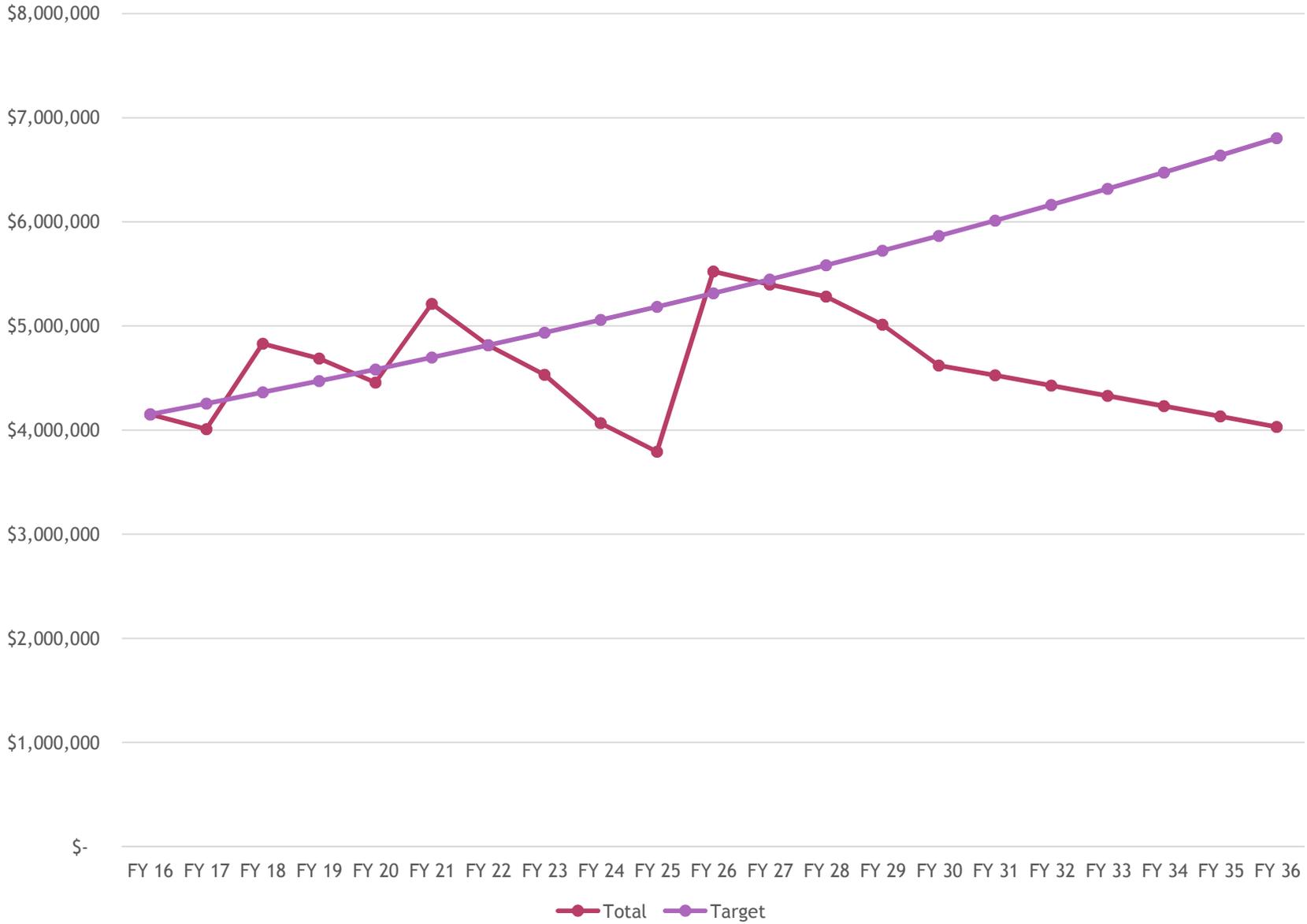
# Town Debt Service



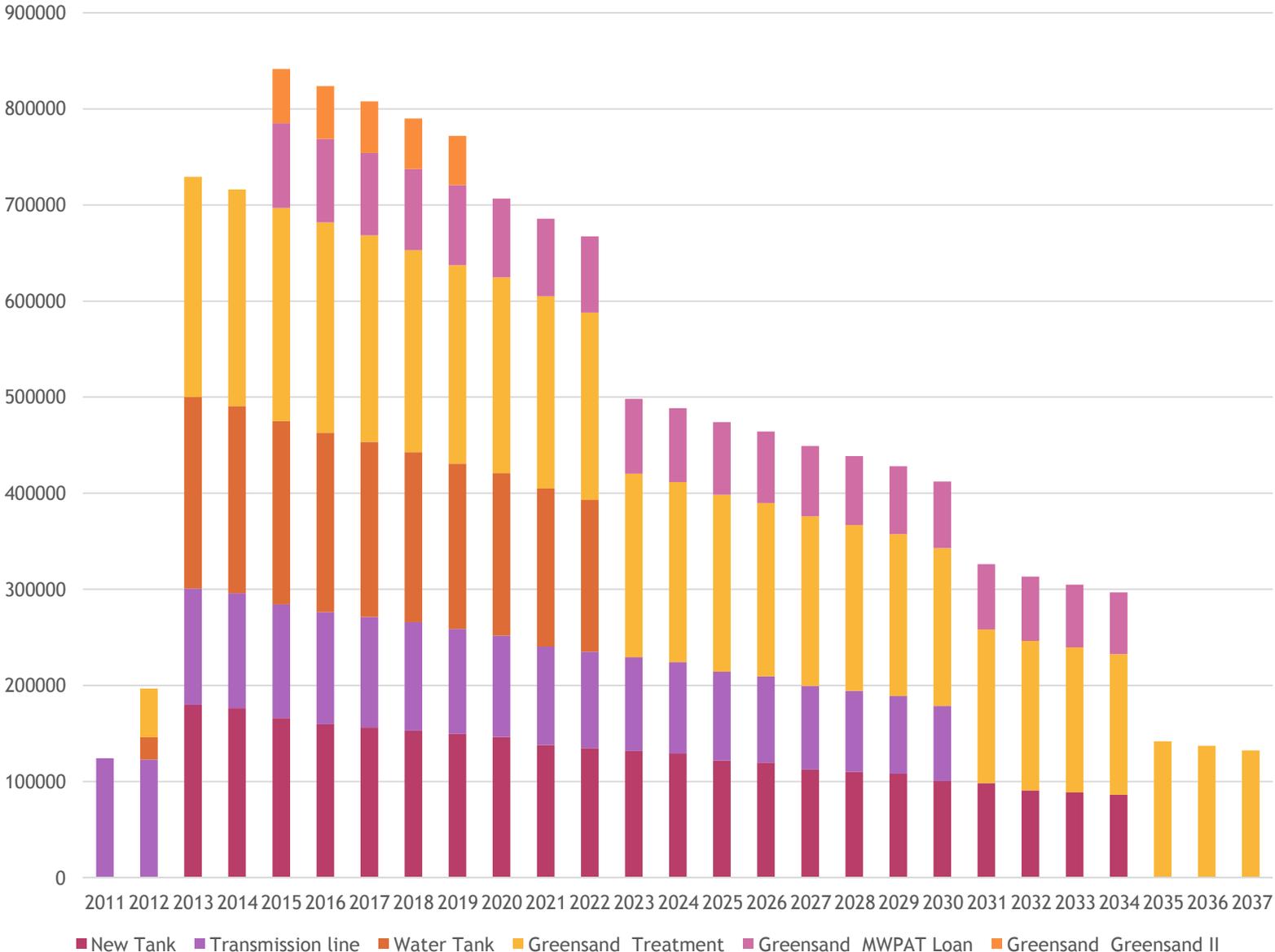
# Debt Chart



### Actual and Project vs Target Debt

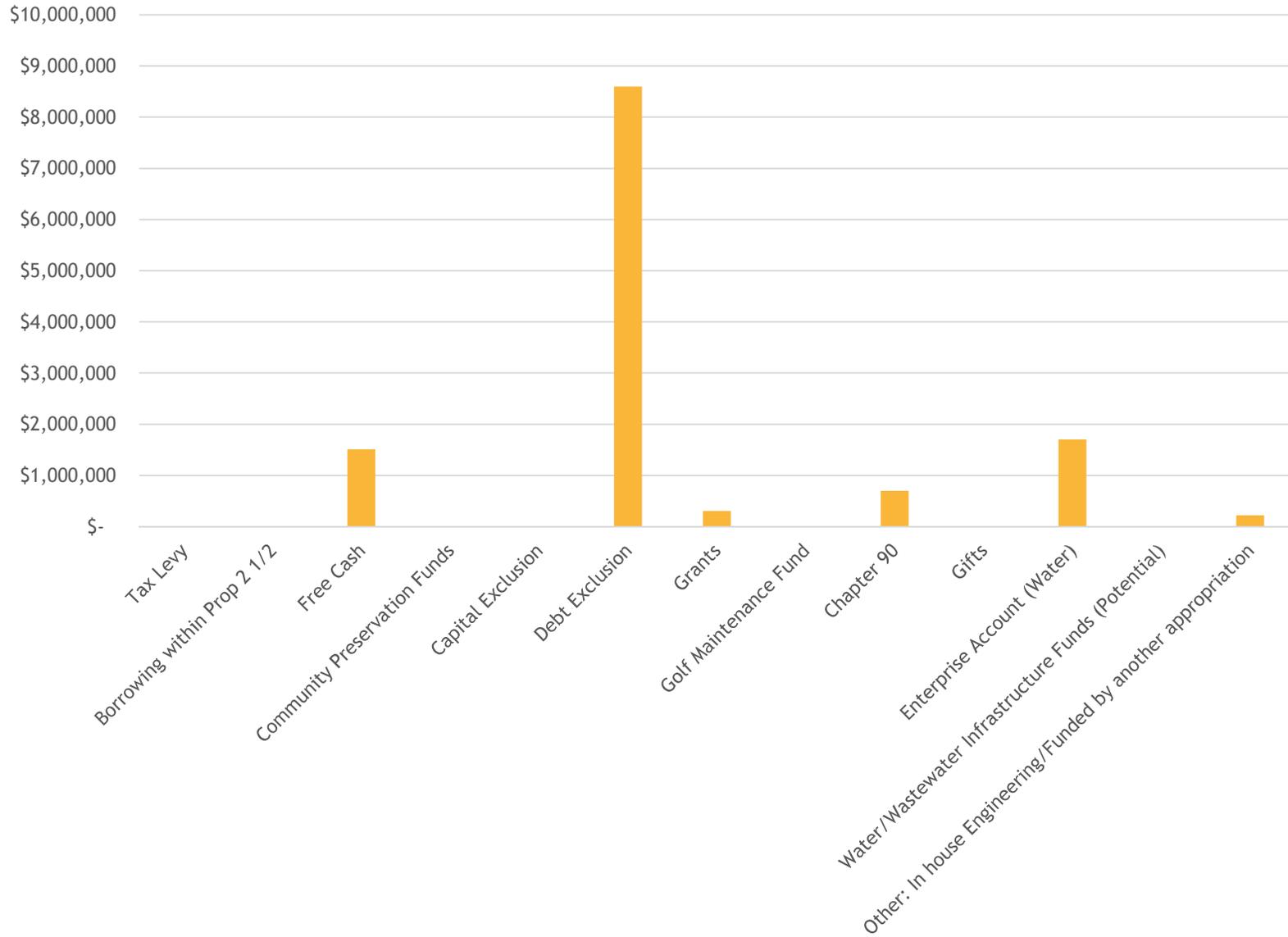


# Water Debt Service

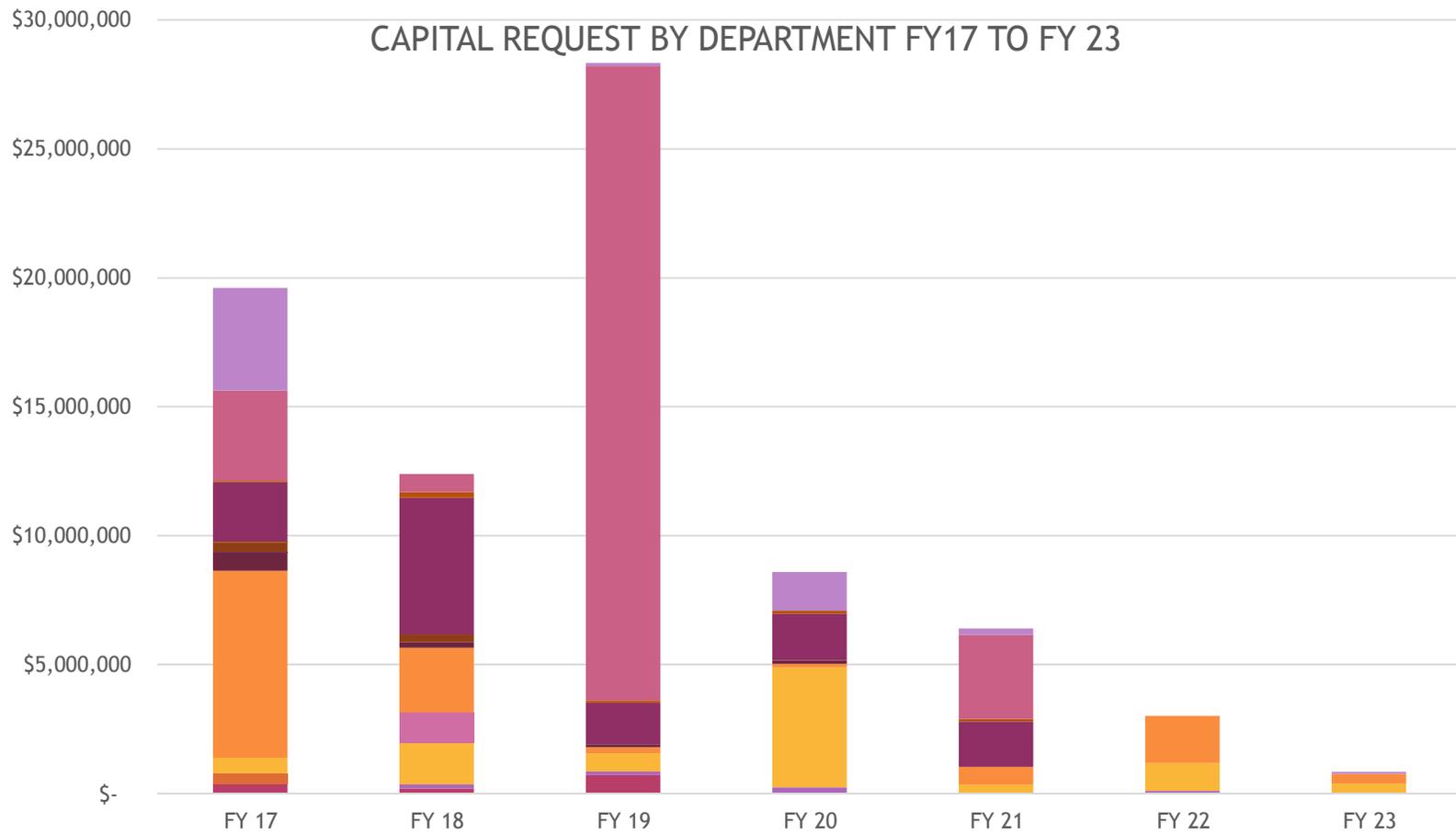


# CAPITAL BUDGET

## CAPITAL FUNDING FOR FY17 BY SOURCE



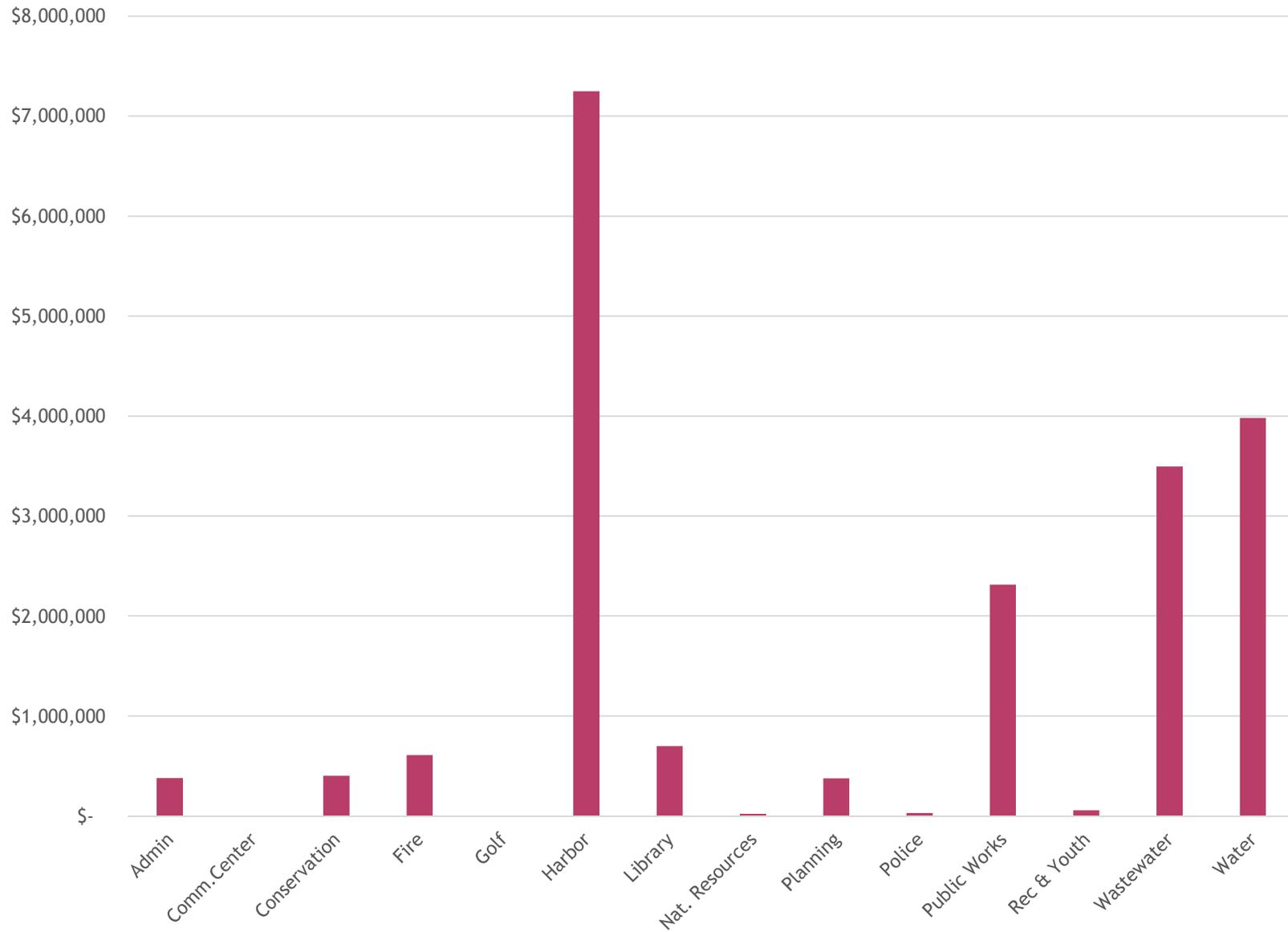
### CAPITAL REQUEST BY DEPARTMENT FY17 TO FY 23



- Admin
- Comm.Center
- Conservation
- Fire
- Golf
- Harbor
- Library
- Nat. Resources
- Planning
- Police
- Public Works
- Rec & Youth
- Wastewater
- Water



## FY 17 CAPITAL BUDGET REQUEST BY DEPARTMENT



***Free cash funding source:***

|                                    | Free Cash    |
|------------------------------------|--------------|
| Ambulance                          | 290,000.00   |
| Fire Chief's Vehicle               | 42,000.00    |
| Chest Compression System           | 5,900.00     |
| Fire Station Flooring              | 50,000.00    |
| Fire Boiler                        | 130,000.00   |
| Fire Air Compressor                | 12,000.00    |
| Saquatucket Harbor Design & const  | 250,000.00   |
| Library Smoke/Heat Detectors       | 29,000.00    |
|                                    |              |
| Connection Parking Lot Harwichport | 30,000.00    |
| Police Carpeting                   | 29,000.00    |
| Transfer Station Roof              | 122,000.00   |
| DPW Lift                           | 80,000.00    |
| DPW Loader                         | 65,000.00    |
| MSW Trash Trailer                  | 70,000.00    |
| Mack Tractor                       | 150,000.00   |
| DPW Surf Rake                      | 45,000.00    |
| 1 Ton Dump Truck                   | 65,000.00    |
| DPW Gator                          | 20,234.00    |
| DPW Walker Mower                   | 22,974.00    |
| Total Capital Budget               | 1,508,108.00 |



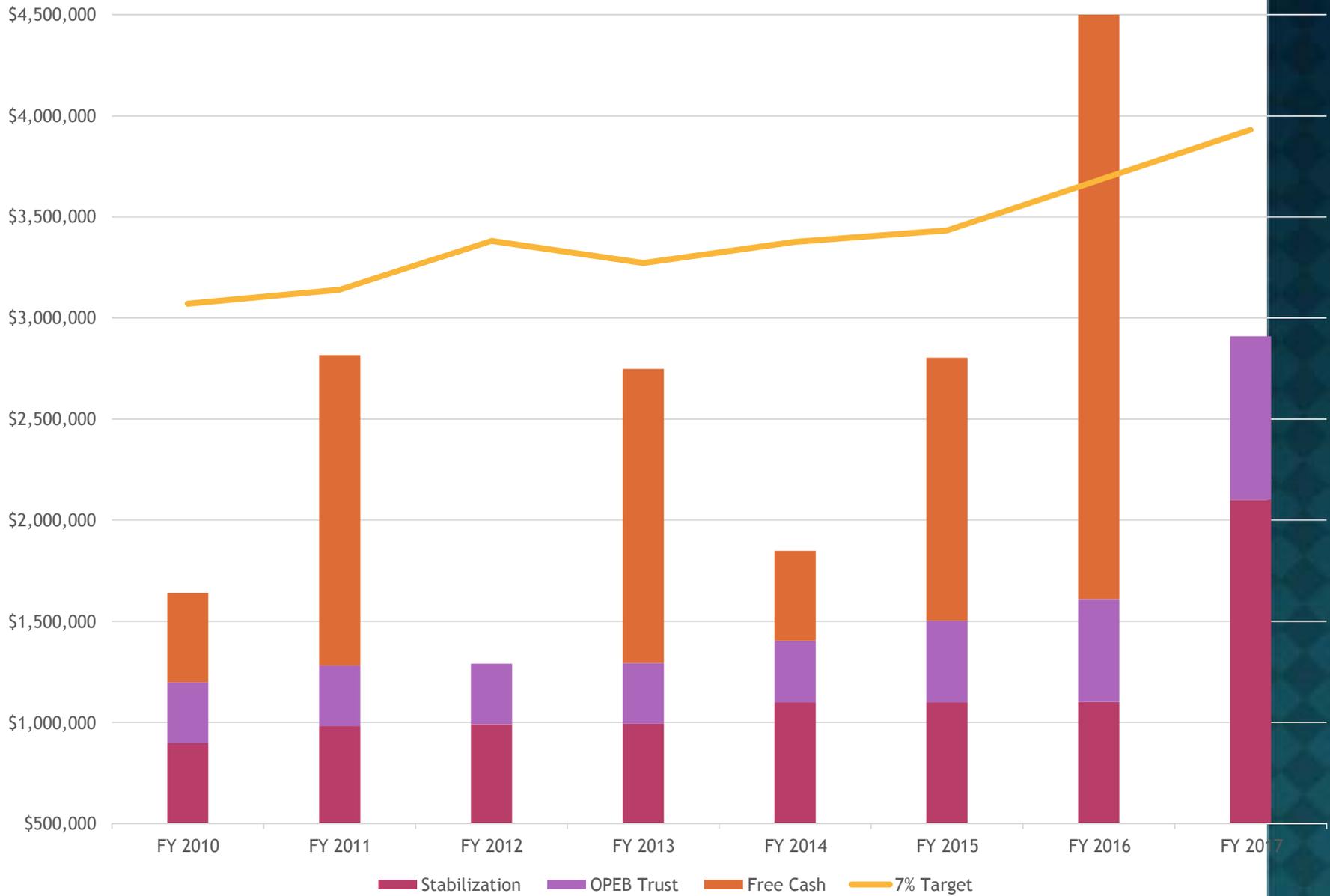
## ***Debt exclusions***

- Harbormaster Saquatucket harbor waterside construction \$7,000,000
- Public Works Five-Year Road Maintenance Program \$700,000
- Wastewater Purchase capacity Chatham Wastewater Plant IMA (Up to) \$9,000,000

# RESERVE FUND BALANCES

Historical and Projected

## Reserves with Modest Target of 7%



THANK YOU FOR YOUR  
ATTENTION

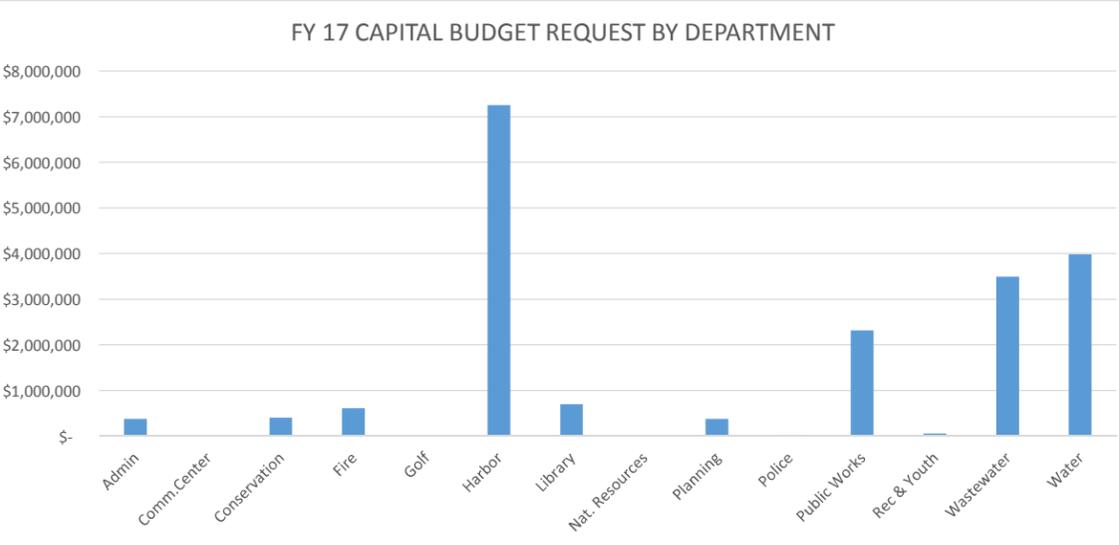
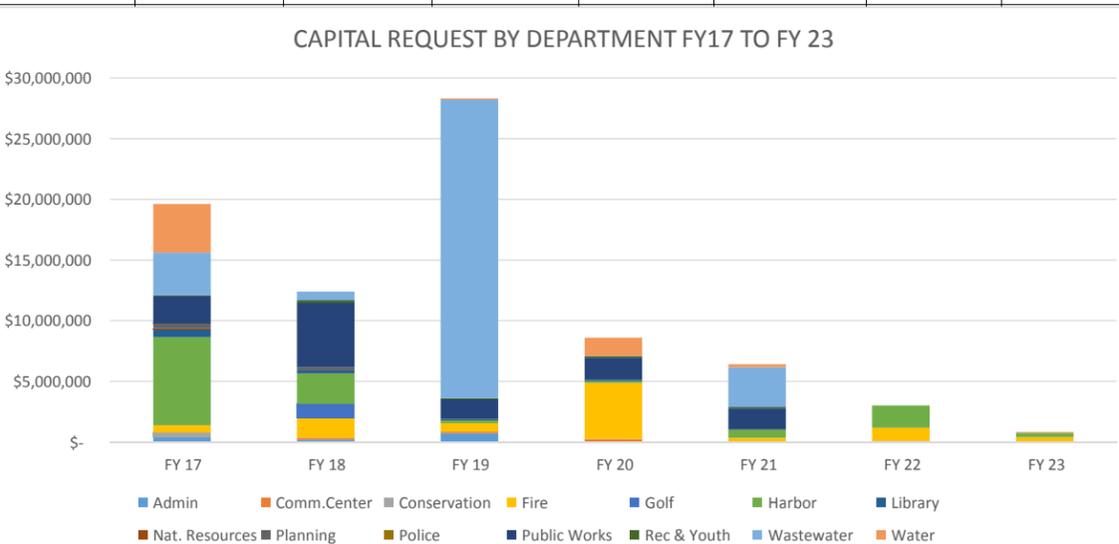
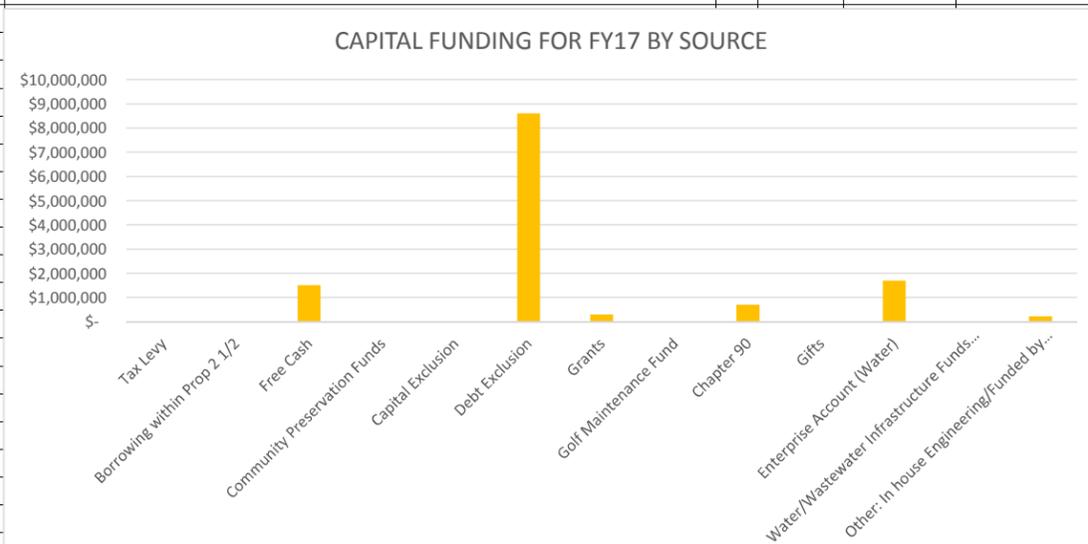
ANY QUESTIONS



| TOWN OF HARWICH CAPITAL BUDGET REQUEST SUMMARY (FY 17 TO 23) |   |    |                |                  |            |             |            |              |            |              |            | Original 10/6/2015 |            | Revision #: 12/7/2015        |
|--|---|----|----------------|------------------|------------|-------------|------------|--------------|------------|--------------|------------|--------------------|------------|------------------------------|
| Department   | Project   | P  | Funding Source | BOS/CPC Approved | TA Rec     | COC Rec     | FY 17      | FY 18        | FY 19      | FY 20        | FY 21      | FY 22              | FY 23      | Notes                        |
| <b>ADMINISTRATION</b>  |   |    |                |                  |            |             |            |              |            |              |            |                    |            |                              |
| Admin  | Harwich Center Initiative - StreetScape Only                            | 1  |                |                  |            |             |            | \$ 50,000    | \$ 500,000 |              |            |                    |            | T.I.P. Funds                 |
| Admin  | Reuse or Demolition Harbormasters Building on Bank Street               | 1  |                |                  | \$ -       |             | \$ -       |              | TBD        |              |            |                    |            | BOS voted to retain 2019     |
| Admin  | Renovation of Former West Harwich School on Bells Neck (Retail Numbers) | 1  | CPC            |                  | \$ -       |             | \$ 349,200 | \$ 145,700   | \$ 220,100 |              |            |                    |            | Admin/Citizen Application    |
| Admin  | Reuse or Demolition of Middle School Building on Sisson                 | 1  |                |                  |            |             |            | TBD          |            |              |            |                    |            | Ballot Questions Anticipated |
| Admin  | Queen Anne Road Pedestrian Crossing Lights (Bikeways Cmte)              | 1  | CPC            |                  |            |             | \$ 29,700  |              |            |              |            |                    |            |                              |
| ADMIN SUB-TOTAL  |   |    |                |                  | \$ -       | \$ -        | \$ 378,900 | \$ 195,700   | \$ 720,100 | \$ -         | \$ -       | \$ -               | \$ -       |                              |
| <b>COMMUNITY CENTER</b>                                      |   |    |                |                  |            |             |            |              |            |              |            |                    |            |                              |
| Community Center   | Roof Replacement  | 1B |                |                  |            |             |            |              |            | \$ 240,000   | \$ -       |                    |            |                              |
| Community Center   | Carpet Replacement  | 1B |                |                  |            |             |            |              | \$ 72,500  | \$ -         | \$ -       |                    |            |                              |
| Community Center   | Gym Floor Resurface   | 1C |                |                  |            |             | \$ 56,223  |              |            |              |            |                    |            |                              |
| Community Center   | HVAC Repair and Updates   | 1A |                |                  |            |             | \$ 105,000 | \$ -         |            |              |            |                    |            |                              |
| Community Center   | Generator Installation  | 1A |                |                  |            |             |            |              |            |              |            | \$ 105,000         | \$ -       |                              |
| Community Center   | Basement Constructions of Public Records Storage                        | 1B |                |                  |            |             |            |              | \$ 62,028  |              |            |                    |            |                              |
| COMMUNITY CENTER SUB-TOTAL                                   |   |    |                |                  | \$ -       | \$ -        | \$ -       | \$ 161,223   | \$ 134,528 | \$ 240,000   | \$ -       | \$ 105,000         | \$ -       |                              |
| <b>CONSERVATION</b>  |   |    |                |                  |            |             |            |              |            |              |            |                    |            |                              |
| Conservation   | Harwich Artificial Reef (CPC Portion)                                   |    | CPC            |                  |            |             | \$ 70,000  |              | \$ -       |              |            |                    |            |                              |
|  | Harwich Artificial Reef (Town Portion)                                  |    | FC             |                  | \$ -       |             | \$ 30,000  |              |            |              |            |                    |            |                              |
|  | Harwich Artificial Reef (Grant/Donations Porion)                        |    | Grants         |                  | \$ 250,000 | \$ 250,000  | \$ 250,000 |              |            |              |            |                    |            |                              |
| Conservation   | Dog Fencing Area at Thompson's Field                                    |    | CPC            |                  |            |             | \$ 52,000  |              |            |              |            |                    |            |                              |
| CONSERVATION SUB-TOTAL                                       |   |    |                |                  | \$0        | \$ 250,000  | \$ 250,000 | \$ 402,000   | \$ -       | \$ -         | \$ -       | \$ -               | \$ -       | \$ -                         |
| <b>FIRE</b>  |   |    |                |                  |            |             |            |              |            |              |            |                    |            |                              |
| Fire/Police/Other  | Public Safety Radios for Police (\$554,968 of which 90% Grant)          | 1  |                |                  | \$ -       |             | \$ -       | \$ 499,471   |            |              |            |                    |            |                              |
|  | Public Safety Radios for Police (\$55,497 of which 10% Match)           |    |                |                  |            |             | \$ -       | \$ 55,497    |            |              |            |                    |            |                              |
| Fire   | Public Safety Radios for Fire (Via Grant Town \$437,000)                | 1  |                |                  | \$ -       |             | \$ -       | \$ 393,300   |            |              |            |                    |            |                              |
| Fire   | Public Safety Radios for Fire (Via Grant Town match \$43,700)           | 1  |                |                  |            |             | \$ -       | \$ 43,700    |            |              |            |                    |            |                              |
|  | Other Safety Radios (Water, DPW, Recreation and Emergency Mgmt)         |    |                |                  |            |             |            |              | \$ 300,000 |              |            |                    |            |                              |
| Fire   | Ambulance (Scheduled Replacement)                                       | 1  | FC             |                  | \$ 290,000 | \$ 290,000  | \$ 290,000 |              |            |              |            |                    |            |                              |
| Fire   | New Chief's Vehicle   | 1  | FC             |                  | \$ 42,000  | Below \$50K | \$ 42,000  |              |            |              |            |                    |            |                              |
| Fire   | Automated Chest Compression System for CPR (Total \$59,000 Grant 90%)   | 1  | Grant          |                  | \$ 53,100  | \$ 53,100   | \$ 53,100  |              |            |              |            |                    |            |                              |
| Fire   | Automated Chest Compression System for CPR (Total \$59,000 Match 10%)   | 1  | FC             |                  | \$ 5,900   | \$ 5,900    | \$ 5,900   |              |            |              |            |                    |            |                              |
| Fire   | Pumper Truck Replacement  | 1  |                |                  |            |             |            | \$ 425,000   | \$ -       |              |            |                    |            |                              |
| Fire   | Ambulance Replacement   | 1  |                |                  |            |             |            |              | \$ 320,000 |              |            |                    |            |                              |
| Fire   | Pumper Truck Replacement  | 1  |                |                  |            |             |            |              |            | \$ 650,000   |            |                    |            |                              |
| Fire   | Ambulance Replacement   | 1  |                |                  |            |             |            |              |            |              | \$ 353,000 |                    |            |                              |
| Fire   | Ladder Truck Replacement  | 1  |                |                  |            |             |            |              |            |              |            | \$ 1,080,000       |            |                              |
| Fire   | Ambulance Replacement   | 1  |                |                  |            |             |            |              |            |              |            |                    | \$ 390,000 |                              |
| Fire   | Forestry Truck Replacement  | 1  |                |                  |            |             | \$ -       |              |            |              |            |                    |            | TBD                          |
| Fire   | Station 1 Upgrade of Carpet, Tile and Floor covering                    | 1B | FC             |                  | \$ 50,000  | \$ 50,000   | \$ 50,000  |              |            |              |            |                    |            |                              |
| Fire   | Station 2 Air Conditioning Replacement                                  | 1B |                |                  |            |             | \$ 26,000  |              |            |              |            |                    |            |                              |
| Fire   | Station One Boiler/Mechanical Room Equipment/HVAC                       | 1B | FC             |                  | \$ 130,000 | \$ 130,000  | \$ 130,000 |              |            |              |            |                    |            |                              |
| Fire   | Station One Carpet Replacement  | 1B |                |                  |            |             | \$ -       | \$ 23,300    |            |              |            |                    |            |                              |
| Fire   | Station One Air Compressor  | 2B | FC             |                  | \$ 12,000  | Below \$50K | \$ 12,000  | \$ -         |            |              |            |                    |            |                              |
| Fire   | Replace PlymoVent Exhaust System Stations 1 & 2                         | 1B |                |                  |            |             |            | \$ 103,000   | \$ -       |              |            |                    |            |                              |
| Fire   | Replace Overhead Door Apparatus Stations 1 & 2                          | 1B |                |                  |            |             |            |              | \$ 83,000  | \$ -         |            |                    |            |                              |
| Fire   | Station 2 Building Upgrade (Planning and Design)                        | 1B |                |                  |            |             |            | \$ 50,000    | \$ -       |              |            |                    |            |                              |
| Fire   | Station 2 Building Upgrade (Construction)                               | 1B |                |                  |            |             |            |              |            | \$ 4,000,000 |            |                    |            |                              |
| FIRE SUB-TOTAL   |   |    |                |                  | \$ 583,000 | \$ 529,000  | \$ 609,000 | \$ 1,593,268 | \$ 703,000 | \$ 4,650,000 | \$ 353,000 | \$ 1,080,000       | \$ 390,000 |                              |
| <b>GOLF</b>  |   |    |                |                  |            |             |            |              |            |              |            |                    |            |                              |
| Golf   | New Golf Cart Building and Parking Lot Improvments                      | 1B |                |                  |            |             | \$ -       | \$ 1,200,000 | \$ -       |              |            |                    |            |                              |
| GOLF SUB-TOTAL   |   |    |                |                  | \$ -       | \$ -        | \$ -       | \$ 1,200,000 | \$ -       | \$ -         | \$ -       | \$ -               | \$ -       |                              |

| Department                  | Project  | P  | Funding  | BOS/CPC  | TA Rec       | COC Rec      | FY 17        | FY 18        | FY 19        | FY 20        | FY 21        | FY 22        | FY 23        | Notes                   |
|-----------------------------|--|----|----------|----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------------|
|                             |  |    | Source   | Approved |              |              |              |              |              |              |              |              |              |                         |
| <b>HARBORMASTER</b>         |  |    |          |          |              |              |              |              |              |              |              |              |              |                         |
| Harbormaster                | Saquatucket Harbor Waterside Construction                                  | 1  | DE       |          | \$ 7,000,000 | \$ 7,000,000 | \$ 7,000,000 | \$ -         | \$ -         |              |              |              |              |                         |
| Harbormaster                | Saquatucket Harbor Landside Design and Construction                        | 2B | FC       |          | \$ 250,000   | \$ 250,000   | \$ 250,000   | \$ 2,500,000 | \$ -         | \$ -         |              |              |              |                         |
| Harbormaster                | Project Round Cove Ramp Replacement and Bulkhead                           | 1A |          |          |              |              |              |              | \$ 187,000   |              |              |              |              |                         |
| Harbormaster                | Study Allen Harbor Jetty Reconstruction                                    | 2B |          |          |              |              |              |              | \$ 50,000    |              |              |              |              |                         |
| Harbormaster                | Wychmere Public Bathrooms  | 3B |          |          | \$ -         | \$ -         | \$ -         |              |              | \$ 75,000    |              |              |              |                         |
| Harbormaster                | Herring River Ramp Replacement   | 2A |          |          |              |              |              |              |              | \$ 65,000    |              |              |              |                         |
| Harbormaster                | Wychmere Outer Harbor Dredging   | 1B |          |          |              |              |              |              |              |              | \$ 500,000   |              |              |                         |
| Harbormaster                | Allen Harbor Jetty Reconstruction Study and Construction                   | 1A |          |          |              |              |              |              |              |              | \$ 180,000   | \$ 1,820,000 |              |                         |
| Harbormaster                | Wychmere Outer Harbor Jetty Study and Construction                         | 1C |          |          |              |              |              |              |              |              |              | \$ -         | \$ 75,000    |                         |
| Harbormaster                | SAQ Harbor East Bulkhead (Offloading Area)                                 | 1A |          |          |              |              |              |              |              | \$ -         |              |              | \$ 300,000   |                         |
| HARBORMASTER SUB-TOTAL      |  |    |          |          | 0            | \$ 7,250,000 | \$ 7,250,000 | \$ 7,250,000 | \$ 2,500,000 | \$ 237,000   | \$ 140,000   | \$ 680,000   | \$ 1,820,000 | \$ 375,000              |
| <b>LIBRARY</b>              |  |    |          |          |              |              |              |              |              |              |              |              |              |                         |
| Library                     | Preservation/Restoration of Historic Portions of Brooks Lib Building Paint | A  | CPC      |          |              |              | \$ 670,000   |              | \$ -         |              |              |              |              |                         |
| Library                     | Preservation/Restoration of Historic Portions of Brooks Lib Streetscape    |    | FC       |          |              |              |              | \$ 130,000   |              |              |              |              |              |                         |
| Library                     | Replacement of Smoke, Heat and Duct Detectors                              | A  | FC       |          | \$ 29,000    | Below \$50K  | \$ 29,000    |              |              | \$ -         |              |              |              |                         |
| Library                     | Library Interior Modifications/Renovations                                 | A  |          |          | \$ -         | \$ -         | \$ -         | \$ 100,000   |              |              |              |              |              |                         |
| Library                     | Brooks Library Generator and Installation                                  | A  |          |          |              |              |              |              | \$ 110,000   |              |              |              |              |                         |
| Library                     | Library Roof Replacement   | A  |          |          |              |              |              | \$ -         |              | \$ 135,000   |              |              |              |                         |
| LIBRARY SUB-TOTAL           |  |    |          |          | \$ 29,000    | \$ -         | \$ 699,000   | \$ 230,000   | \$ 110,000   | \$ 135,000   | \$ -         | \$ -         | \$ -         |                         |
| <b>NATURAL RESOURCES</b>    |  |    |          |          |              |              |              |              |              |              |              |              |              |                         |
| Natural Resources           | Shellfish Lab at Wychemere Harbor  | 1A | Other    |          | \$ 20,000    | Below \$50K  | \$ 20,000    |              |              |              |              |              |              |                         |
| NATURAL RESOURCES SUB-TOTAL |  |    |          |          | \$ 20,000    | \$ -         | \$ 20,000    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                    |
| <b>PLANNING</b>             |  |    |          |          |              |              |              |              |              |              |              |              |              |                         |
| Planning                    | Exterior Historic Renovations - Albro House                                | 1  | CPC      |          | \$ -         | \$ -         | \$ 30,000    |              |              |              |              |              |              |                         |
| Planning                    | Interior Renovations - Albro House   | 1  | FC       |          | \$ -         | \$ -         | \$ 85,000    |              |              |              |              |              |              |                         |
| Planning                    | Walkway Reconstruction Bank Street Center to Rte 28                        | 2  |          |          |              | \$ -         | \$ 231,000   |              |              |              |              |              |              |                         |
| Planning                    | Walkway Reconstruction Rte 28 SAQ to Harwichport                           | 3  |          |          |              | \$ -         | \$ -         | \$ 292,200   |              |              |              |              |              |                         |
| Planning                    | Connection of rear TD Bank lot to Municipal Lot Harwichport                | C  | FC       |          | \$ 30,000    | Below \$50K  | \$ 30,000    |              |              |              |              |              |              |                         |
| PLANNING SUB-TOTAL          |  |    |          |          | \$ 30,000    | \$ -         | \$ 376,000   | \$ 292,200   | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                    |
| <b>POLICE</b>               |  |    |          |          |              |              |              |              |              |              |              |              |              |                         |
| Police                      | Carpets for Building   |    | FC       |          | \$ 29,000    | Below \$50K  | \$ 29,000    | \$ -         |              |              |              |              |              | Below Capital Threshold |
| Police                      | Painting various areas of Building   |    |          |          |              |              | TBD          |              |              |              |              |              |              |                         |
| POLICE SUB-TOTAL            |  |    |          |          | \$ 29,000    | \$ -         | \$ 29,000    | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -                    |
| <b>PUBLIC WORKS</b>         |  |    |          |          |              |              |              |              |              |              |              |              |              |                         |
| Public Works                | 5 Year Road Maintenance Plan   | 1B | DE       |          | \$ 700,000   | \$ 700,000   | \$ 1,495,167 | \$ 1,432,957 | \$ 1,359,396 | \$ 1,471,881 | \$ 1,500,000 | TBD          | TBD          |                         |
|                             |  |    | Ch. 90   |          | \$ 700,000   | \$ 700,000   |              |              |              |              |              |              |              |                         |
| Public Works                | Lower County Road  |    | In House |          | \$ 200,000   | \$ 200,000   | \$ 200,000   | \$ 3,500,000 |              |              |              |              |              |                         |
| Public Works                | Transfer Station Roof, Siding and Gutters                                  | E1 | FC       |          | \$ 122,000   | \$ 122,000   | \$ 122,000   |              |              |              |              |              |              |                         |
| Public Works                | Certifies Used Articulating Lift   | 1  | FC       |          | \$ 80,000    | \$ 80,000    | \$ 80,000    |              |              |              |              |              |              |                         |
| Public Works                | High Track Skid Steer Loader   | 1  | FC       |          | \$ 65,000    | \$ 65,000    | \$ 65,000    |              |              |              |              |              |              |                         |
| Public Works                | MSW (Trash) Trailer  | E1 | FC       |          | \$ 70,000    | \$ 70,000    | \$ 70,000    |              |              |              |              |              |              |                         |
| Public Works                | Mack Tractor   |    | FC       |          | \$ 150,000   | \$ 150,000   | \$ 150,000   |              |              |              |              |              |              |                         |
| Public Works                | Barber Surf Rake   |    | FC       |          | \$ 45,000    | Below \$50K  | \$ 45,000    |              |              |              |              |              |              |                         |
| Public Works                | One Ton Dump Truck   |    | FC       |          | \$ 65,000    | \$ 65,000    | \$ 65,000    |              |              |              |              |              |              |                         |
| Public Works                | Vehicle Listing (FY 18 to 21) Summary                                      | E1 |          |          |              |              | \$ -         | \$ 365,000   | \$ 250,000   | \$ 340,000   | \$ 260,000   | TBD          | TBD          |                         |
| Public Works                | Replacement of 1999 Gator  |    | FC       |          | \$ 20,234    | Below \$50K  | \$ 20,234    |              |              |              |              |              |              |                         |
| Public Works                | Replacement of 2007 48 inch Walker Mower plus two mowers                   |    | FC       |          | \$ 22,974    | Below \$50K  | \$ 22,974    |              |              |              |              |              |              |                         |
| PUBLIC WORKS SUB-TOTAL      |  |    |          |          | \$ 2,240,208 | \$ 2,152,000 | \$ 2,312,401 | \$ 5,297,957 | \$ 1,609,396 | \$ 1,811,881 | \$ 1,760,000 | \$ -         | \$ -         |                         |





**OFFICE OF THE TOWN ADMINISTRATOR**

Phone (508) 430-7513

Fax (508) 432-5039



**Christopher Clark**, *Town Administrator*  
**Charleen L. Greenhalgh**, *Assistant Town Administrator*

732 MAIN STREET, HARWICH, MA 02645

February 4, 2016

To: Christopher Clark, Town Administrator  
Cc: Board of Selectmen  
From: Charleen Greenhalgh, ATA *CGH*  
Re: Non-Binding Ballot – Middle School and Related Information

Attached please find the February 4, 2016 draft of the Non-Binding Advisory Ballot Question Regarding the Harwich Middle School and the Explanation/Comments related to each option.

I have attempted to combine all the comments received into this latest draft. For some comments received I provide the following information:

- 1) This property is currently zoned Residential-Medium Density (RM). Under current zoning commercial uses are not allowable. Here is an abbreviate table of uses either permitted by right (P) or with the issuance of a special permit (SP):

**RM District**

| Use   |   |
|---|---|
| Church or other religious purposes          | P |
| Educational use, nonprofit                  | P |
| Essential service: facility, utilizes       | S |
| Institutional Use, other                    | S |
| Nonprofit library, museum or historical Use | S |
| Hospice                                     | S |
| Nursing Home                                | S |
| Assisted living                             | S |

- 2) Affordable Housing would be permissible through the Comprehensive Permit process pursuant to MGL Ch.40B.
- 3) The wording in each option is limited, so it is difficult to include all the descriptions and caveats that the Board would like. The options themselves will need to rely on the comments/explanations.

NON-BINDING ADVISORY BALLOT QUESTION REGARDING THE HARWICH  
MIDDLE SCHOOL

The Board of Selectmen is evaluating options for the re-use or sale of the Harwich Middle School Building, and is seeking voter input on four options, any of which will require a future action of town meeting. **Please vote for only one option:**

1. Do you favor retention of the Harwich Middle School Building changing the use to a mixed municipal-private use such as a relocated town hall and private organization leased area for community activities, which has an estimated cost of \$11,476,000 for a full upgrade of the available 79,700 square feet of space and an estimated annual operation and maintenance cost of \$250,000? No additional town employees are included in these cost estimates and this option include the sale of the existing town hall.
2. Do you favor demolition of the Harwich Middle School Building and retention of the land for a future general municipal use which has a current estimated cost to the Town of \$800,000 for demolition and site restoration?
3. Do you favor the sale of the Harwich Middle School Building and the land for affordable or senior housing purposes to an outside developer, which is currently estimated to return to the Town \$650,000 to \$1,000,000, with real estate taxes estimated at \$20,000 to \$30,000 per year?
4. Do you favor the retention of the Harwich Middle School Building, to be leased or sold for the purpose of a self-sustaining private organization cultural and/or community center, or educational use?

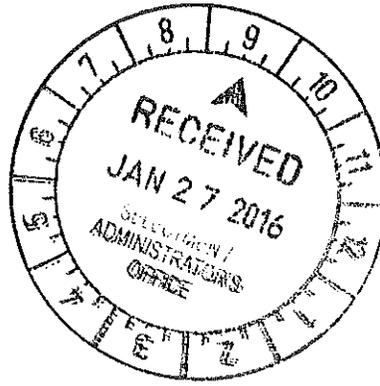
**Option 1 Explanation/Comments:** 25,840 square feet within the older section of the Middle School would be renovated for use as Town Hall at approximately \$250 per square foot for a total of \$6,460,000. This would allow for fuller renovation of HVAC, roof, windows, etc. 50,160 square feet associated with the gymnasium, auditorium, cafeteria and other spaces would be renovated for approximately \$100 a square foot for a total of \$5,016,000. This would provide minimal renovations to include window replacement, but no HVAC. The total for renovations is estimated at \$11,476,000. The annual building maintenance costs of the Middle School have been estimated at \$250,000 per year based on the prior use(s) of the building. This contemplates the sale or lease of the current Town Hall and Albro House properties, including related parking. Assuming these properties sold for \$1,200,000 (Town Hall) and \$300,000 (Albro House) for a total of \$1,500,000, the net capital cost would be \$9,976,000. As a 20-year debt exclusion in the first year this would have a \$59.67 impact on a tax bill for the median priced house of \$348,700. Currently the Town is budgeting \$125,000 per year for upkeep and insurance associated with the building and grounds.

**Option 2 Explanation/Comments:** Demolition costs do not include environmental remediation of the building. The area would be loamed and seeded for a lawn area and the land would remain for future General Municipal Use. Currently the Town is budgeting \$125,000 per year for minimal upkeep and insurance for the building and grounds.

**Option 3 Explanation/Comments:** Two separate Middle School Committees reviewed proposals for the Middle School that focused on affordable or senior housing. The Stratford Capital Group submitted the sole response to a formal RFP issued by the first committee for 56 housing units of affordable workforce housing at a total purchase price of \$672,000. This proposal was not accepted, in part, due to location of several new buildings beyond the footprint of the existing school. The second Middle School Committee subsequently placed limits both on the number of potential housing units and where they could be built. The Wise Living Company responded with a proposal to build 40 units of senior housing with 25% designated as affordable to be built entirely within the existing footprint of the Middle School. Since this was an informal proposal, no purchase price was stated. This second proposal is the best current example of affordable or senior housing if the town chooses to go forward with a housing option.

**Option 4 Explanation/Comment:** The building and land would be leased for the purposes of a private not-for-profit cultural and/or community center use which could include programs in such fields as photography, the visual arts in multimedia, choreography, the culinary arts, creative writing, lectures, stage productions, design and decorating, dance, recording, song writing, poetry, jewelry making, pottery, sculpture, music, arts and crafts, comedy nights, talent shows, fund raising events, and film production, for all ages and for all hours of the day, including after school and summer programs. It could also be used for educational purposes. The building would be leased as is and the lessee would be pay all utilities bills. In addition, routine maintenance of the buildings and grounds would be the responsibility of the lessee. Any and all modification would require Board of Selectmen approval with all costs borne by the lessee. To support future major maintenance the lessee would contribute up to \$50,000 per year to a reserve fund for major maintenance, depending on the lease agreement.

January 26, 2016



Board of Selectman  
Town of Harwich

To Whom It May Concern,

This letter is in reference to the Harwich Housing Committee.

One of the HHC members, John McGillen has not attended any meetings in several months. The HHC has e-mailed, and left several voice mails for Mr. McGillen with no response.

At this time the HHC has four very active members and we would like the opportunity to have another member join our committee.

The HHC requests Mr. McGillen be removed from the HHC.

Thank you,

Mayla Secola, Chair  
Harwich Housing Committee



COPY

## MEMO

To: Board of Selectmen  
From: David Spitz, Town Planner *DS*  
Date: January 27, 2016



*RE: Proposed Zoning Code Amendments*

As set forth in the requirements of MGL c.40A, §5 and by recent vote of the Planning Board, the Board respectfully submits the attached proposed zoning amendments for consideration and review by the Board of Selectmen for inclusion in the 2016 spring warrant:

Article ##: Zoning Definition: Building/Structure Height in Flood Hazard Areas  
Article ##: Zoning Various By-law Amendments

Accordingly, the Board has 14 days to submit the proposed amendments to the Planning Board for public hearing. The Planning Department is prepared to proceed with the necessary actions and notices and is scheduling the public hearing for Tuesday, March 22, 2016.

If you should have any questions or comments, please do not hesitate to contact the Planning Office.

enc(s): 2

cc:

## BUILDING HEIGHT IN FLOOD HAZARD AREAS

ARTICLE \*\* To see if the Town will vote to amend the Code of the Town of Harwich, Chapter 325 Zoning by adding the bold and underlined language as set forth below and to act fully thereon. By request of the Building Commissioner and Planning Board.

*Explanation: New FEMA flood maps were adopted in 2014 expanding boundaries of the flood hazard area and raising the base flood elevation for many properties. Homes may continue to exist in flood hazard areas, but renovations or reconstruction require flood proofing measures including raising the first floor above the base flood elevation. The proposed by-law amendment follows similar language in such coastal towns as Dennis, Sandwich and Scituate. Without the amendment, many homes in flood hazard areas would have to be reduced in height to meet base flood elevation requirements combined with the requirement to measure height from pre-existing grade. Approximately 1000 homes in the AE flood zone in Harwich are impacted by the building height requirement. Far fewer homes exist in AO and VE zones. The AO zone does not include measurements for base flood elevation. The VE or velocity zone has a much higher sensitivity to flooding, and new construction in that zone is not encouraged.*

325-2 Word usage and definitions.

**BUILDING/STRUCTURE HEIGHT** - The height of a building or structure shall be calculated by averaging the distance between the lowest pre-existing grade point at the base of the building/structure and the top of said structure, and the distance between the highest pre-existing grade point at the base of the structure and the top of said structure. A structure shall include such elements as a rooftop deck, fence, railing, widow's walk, or other rooftop structure, parapet, or other attached structure. A cupola not larger than four (4) feet in width and chimneys shall be exempt from the above requirements if they do not extend more than four (4) feet in height above the roof. For developed lots, pre-existing grade shall be determined by calculating the average of existing high and low grade points at the base of the existing/original building or structure and top of said structure, where the highest point is at a minimum of eight (8) inches below the top of foundation.

**[NEW] For a building or structure located in the special flood hazard area, height shall be measured from the Base Flood Elevation in AE Zones rather than from pre-existing grade. In the AO or VE Zones, height shall be measured from the Base Flood Elevation in the closest AE Zone rather than from pre-existing grade.**

## VARIOUS ZONING BY-LAW AMENDMENTS

**ARTICLE ##** To see if the Town will vote to amend the Code of the Town of Harwich, Chapter 325 Zoning by striking out language and by adding bold and underlined language as set forth below and to act fully thereon. By request of the Building Commissioner and Planning Board.

*Explanation: Proposed amendments include (A) construction signs, (B) two-family dwellings in the CH-1 District, and (C) guesthouses.*

- (A) Sign amendments in 2009 removed any reference to construction signs, and the current Code of the Town of Harwich does not permit construction signs. The proposed by-law will re-establish language from an earlier version of the Zoning By-Law.*
- (B) Although two-family dwellings are allowed in the Commercial Highway 1 (CH-1) District by Special Permit (S), two other pertinent sections of the Zoning By-Law omit any reference to them. In Table 2, minimum lot area for single-family dwellings in the CH-1 District is 40,000 sq. ft. while minimum lot area for "any other permitted use" is only 20,000 sq. ft. Typically "any other permitted use" refers to non-residential uses. The proposed by-law amendment will treat two-family dwellings the same as single-family dwellings rather than as non-residential uses. A similar by-law amendment for Section 325-7 C will allow existing lots to be used for two-family dwellings along with other permitted single-family and non-residential uses.*
- (C) In most residential districts, the Zoning By-Law allows one single-family dwelling per 40,000 square feet. Current options for additional residential use of a property include an "accessory building, residential – with bedrooms" or a "single-family dwelling with accessory apartment", both requiring a special permit. The current definition of "guesthouse" appears to allow another residential option for "a building in which living space, with or without common cooking facilities, is let for compensation to four fewer or fewer persons, but not including a hotel or motel." There does not appear to be a current restriction on the number of guesthouses that may be built per lot. The proposed by-law amendment closes that apparent loophole by removing "guesthouse" from the list of uses. Buildings to be let for compensation still include lodging house, bed-and-breakfast, inn, motel and hotel.*

### (A) CONSTRUCTION SIGNS

325-29 Additional requirements for specific signage.

**G. [NEW] Construction Signs. One (1) temporary wall or ground sign not more than eight (8) square feet indicating the construction, remodeling or rebuilding of a certain structure for a permitted use shall be allowed on the parcel on which the structure is located. The sign shall not be illuminated and shall be removed immediately upon final inspection.**

### (B) TWO-FAMILY DWELLINGS IN THE CH-1 DISTRICT

325-7 C. Existing lots in a CH-1 District which complied at the time of layout with applicable provisions of zoning bylaws, if any, may be used for single-family residential purposes as set forth above and may be used for **[NEW] two-family residential purposes and** nonresidential purposes as established in the Table of Use Regulations provided that:

- (1) Said lots have 100 feet of frontage and 10,000 square feet of area;
- (2) The buildings to be located thereon are set back at least 10 feet from side and rear lot lines and at least 25 feet from street lot lines and the buildings to be constructed on said lot will not exceed

the maximum site coverage restrictions of the zoning bylaw in effect when the lot was created or, if no such restrictions applied, coverage of buildings shall not exceed 35% of said lot for lots between 10,000 square feet and 15,000 square feet and 25% for lots over 15,000 square feet;  
 (3) Said lots are buildable under other applicable provisions of the lot ...

Table 2 Area Regulations

| District | Use                              | Lot Area      | Lot Frontage | Front     | Side      | Rear      |
|----------|----------------------------------|---------------|--------------|-----------|-----------|-----------|
| CH-1     | Single-family dwelling           | 40,000        | 150          | 25        | 20        | 20        |
|          | <u>[NEW] Two-family dwelling</u> | <u>40,000</u> | <u>150</u>   | <u>25</u> | <u>20</u> | <u>20</u> |
|          | Any other permitted use          | 20,000        | 100          | 25        | 10        | 10        |

(C) GUESTHOUSES

325-2. Word usage and definitions.

**GUESTHOUSE.** A building in which living space, with or without common cooking facilities, is let for compensation to four or fewer persons, but not including a hotel or motel.

325-39. Off-street parking schedule.

Residential Uses

Lodging house, hotel, motel, inn, guest house, bed and breakfast      1.25 per guest room or suite

Table 1, Use Regulations

| Paragraph I – Residential Uses |              |    |      |      |    |      |    |
|--------------------------------|--------------|----|------|------|----|------|----|
|                                |              | RM | RH-1 | RH-2 | CV | CH-1 | WR |
| 5                              | Guest houses | S  | P    | P    | P  | P    | S  |

Table 2, Area Regulations

| District | Use         | Lot Area (square feet)            | Lot Frontage (contiguous feet) | Front (feet) | Side (feet) | Rear (feet) |
|----------|-------------|-----------------------------------|--------------------------------|--------------|-------------|-------------|
| RM       | Guest house | 40,000 plus 2,000 per rental unit | 150                            | 25           | 20          | 20          |
| RH-1     | Guest house | 40,000 plus 2,000 per rental unit | 150                            | 25           | 20          | 20          |
| RH-2     | Guest house | 40,000 plus 2,000 per rental unit | 150                            | 25           | 20          | 20          |
| CV       | Guest house | 40,000 plus 2,000 per rental unit | 150                            | 25           | 10          | 10          |
| CH-1     | Guest house | 40,000 plus 2,000 per rental unit | 150                            | 25           | 20          | 20          |



# *Enterprise Funds*

## *G.L. c. 44, § 53F½*

*April 2008*

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Informational Guideline Release (IGR) No. 08-101  
April 2008

**Supersedes June 2002 Enterprise Fund Manual  
and  
Any Prior Written Inconsistent Statements**

**ENTERPRISE FUNDS**

**(G. L. c. 44, § 53F½)**

These guidelines provide guidance to local officials on the use of an enterprise fund under G.L. c. 44, § 53F½ to separately account for municipal services of a proprietary nature, *i.e.*, those services provided to individual customers for a charge in a manner similar to private business.

The guidelines prescribe uniform accounting standards for enterprise fund revenues and expenditures. They also set forth the policies that apply to the review of enterprise budgets for tax rate setting purposes. G.L. c. 44, §§ 38 and 43; c. 59, § 23.

These standards and policies are effective as of June 30, 2008 and supersede those found in the June 2002 Enterprise Fund manual and any prior written inconsistent publications or statements.

BUREAU OF ACCOUNTS

GERARD D. PERRY, DIRECTOR

## SIGNIFICANT RULE CHANGES

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The following are significant rule changes incorporated in these guidelines. Their effective date is June 30, 2008.

- *Use of retained earnings.* Retained earnings may be appropriated to:
  1. fund direct costs of the enterprise for the current fiscal year;
  2. fund costs appropriated in the General Fund operating budget and allocated to the enterprise for the current fiscal year;
  3. reimburse to the General or other fund for subsidized capital costs of the enterprise not already reimbursed for the two full, immediately prior, fiscal years.
  
- *Reporting of a retained earnings reimbursement.* Retained earnings appropriated specifically to reimburse the General Fund for subsidized capital costs should not be reported on page 4 of the Tax Rate Recap (similar to a vote from free cash to reduce the tax rate) or on Schedule A-2. Instead, the amount should be reported in Part IIID, line 4 of the Tax Rate Recap. If so reported, city/town Clerks are advised to provide a copy of the vote to the Bureau of Accounts for tax rate certification purposes.
  
- *Funding a retained earnings deficit.* A retained earnings deficit for the period ending June 30 must be reported and funded in the next fiscal year's tax rate. A community no longer needs to report and fund an enterprise fund revenue deficit. A retained earnings deficit must be raised from the tax levy as a General Fund subsidy unless the community:
  1. appropriates from the General or other applicable fund specifically for the purpose of funding the deficit; or
  2. increases enterprise estimated revenues above the amount appropriated for enterprise direct and indirect expenses, provided the additional estimated revenues can be properly supported.
  
- *Indirect cost allocation methodology.* The Bureau recommends that every community with an enterprise fund establish a written, internal policy regarding indirect cost allocation and should review this policy annually. The policy should be reasonable and calculated in a fair and consistent basis. Local financial officials should understand and agree on what indirect costs are appropriated as part of the General Fund operating budget and what percentage of these costs should be allocated to the enterprise fund.
 

The Director of Accounts may reject any community's methodology, written or otherwise, as unreasonable for tax rate setting purposes.
  
- *Appropriation for indirect costs.* Indirect costs are generally appropriated as part of the General Fund operating budget and are allocated to the enterprise fund as reported on Schedule A-2. Do not appropriate these costs in both the General Fund operating budget and in the enterprise fund budget. Local financial officials may wish to show the public all costs of the enterprise fund, but should not duplicate their appropriation. Therefore, reporting of enterprise fund estimated receipts on page 3 of the Tax Rate Recap to offset any duplication should no longer be necessary.
  
- In the Bureau of Accounts' FY2007 end-of-year letter, the Bureau advised that "should a fund balance deficit occur as of June 30, 2007 and as of June 30, 2008 (two consecutive years), General Fund free cash as of June 30, 2008 will be reduced by the enterprise fund deficit balance." The policy has been revised and a General Fund reduction will not occur.

## INTRODUCTION

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### ***BRIEF HISTORY***

The enterprise fund statute, G.L. c.44, § 53F½, was initially enacted in 1986 (see Appendix A). Before then, communities used special revenue funds authorized by various general laws or special acts to separately account for their business type services. These special revenue funds were limited, however, with regard to the services and costs covered. The funds were most commonly authorized for water, gas and electric utility departments and used primarily to account for annual operating costs, not the indirect costs, capital improvements or fixed assets of the service.

### ***WHAT IS AN ENTERPRISE FUND***

An enterprise fund gives communities the flexibility to account separately for all financial activities associated with a broad range of municipal services. It establishes a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. Revenues and expenses of the service are segregated into a fund with financial statements separate from all other governmental activities. (See Uniform Massachusetts Accounting System (UMAS) chapter 12 for more information including illustrative journal entries).

### ***WHY ADOPT AN ENTERPRISE FUND***

A community may account for certain services in the General Fund, special revenue or enterprise fund. Advantages of an enterprise fund include that it:

- Identifies a total service cost – Consolidating direct operating, direct capital, and indirect costs (e.g., enterprise-related costs appropriated in the General Fund operating budget) helps a community to readily identify a total service cost and determine funding sources. The total service cost may also include a subsidy from the General or other fund or a reimbursement from the enterprise fund to other funds for subsidized costs incurred in the two full, immediately prior fiscal years.
- Provides useful management information – Consolidating revenues, expenses and operating performance of the fund provides a community with useful decision making information regarding user charges and fees and a subsidy if necessary. The community can also include the enterprise fixed assets and infrastructure as assets and recognize the annual depreciation of these assets in audited financial statements.
- Retains investment income and surplus – All investment earnings and any operating surplus (actual revenues in excess of estimates and appropriations in excess of expenses) are retained in the enterprise fund rather than closed to the General Fund at fiscal year-end. Surplus certified by the Director of Accounts as available is called “retained earnings”. Retained earnings require appropriation by the community’s legislative body and have certain other use restrictions as will be noted in these guidelines.

***WHAT GOVERNMENTAL ENTITY MAY ADOPT ENTERPRISE FUND ACCOUNTING***

Only Massachusetts cities and towns may adopt an enterprise fund pursuant to G.L. c.44, § 53F½. Regional school, vocational-technical school and/or special purpose districts may not adopt an enterprise fund, unless permitted by special legislation.

***FOR WHAT SERVICES CAN A COMMUNITY ADOPT AN ENTERPRISE FUND***

Enterprise funds may be established, “for a utility, health care, recreational or transportation facility.” Examples include:

- Public utilities – water, sewer, trash disposal;
- Health care – ambulance service, nursing homes;
- Recreation – skating rinks, pools, golf courses; and
- Transportation – airports, dock and wharf facilities.

A community may not establish enterprise funds for normal government operations or services such as public safety, inspectional services or cemeteries.

## ADOPTING AN ENTERPRISE FUND

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A city or town may adopt an enterprise fund by vote of the legislative body, subject to the local charter. Each enterprise fund must be adopted separately with its own vote. This allows the legislative body to identify and evaluate each enterprise on its own merits.

The following is sample language to adopt an enterprise fund.

“To see if the (city or town) will accept the provisions of Chapter 44, § 53F½ of the Massachusetts General Laws establishing (the service) as an enterprise fund effective fiscal year (year).”

The language of the vote should clearly state what the service is and when the fund will commence. The Bureau of Accounts recommends that commencement begin at the start of a fiscal year. If a commencement date is absent, the Bureau recommends that the enterprise commence on the following July 1. However, the Bureau will allow an enterprise fund to commence after July 1 if adopted after July 1, but prior to Bureau certification of the tax rate. After that time, commencement of an enterprise fund must be deferred to July 1 of the next fiscal year.

Once adopted, the community begins the process of establishing the separate fund on its accounting records and identifying the assets (capital items and infrastructure), liabilities and equity in other funds if voted by the legislative body to be transferred to the enterprise fund.

The community must operate the enterprise fund for a minimum of three years before the provisions may be rescinded like any local adoption law.

## THE ENTERPRISE FUND BUDGET

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The entity responsible for operating the enterprise must submit to the local executive authority a proposed line item budget “no later than one hundred and twenty days prior to the beginning of each fiscal year” (March 1). The budget is submitted to the community’s executive authority by the entity responsible for operation of the enterprise like any other departmental request for review and appropriation. When preparing the budget, revenue sources and appropriations must be clearly stated in detail and enterprise-related costs already included for appropriation in the General Fund operating budget must not be included for appropriation in the enterprise fund budget.

The mayor or other executive authority makes a recommendation to the appropriate city/town legislative authority for approval. The finance committee may also make a similar recommendation.

The budget is subject to the appropriation process. Any transfers among the enterprise fund’s line-item appropriations require further legislative body action or the alternative method if during the last two months of any fiscal year. See Informational Guideline Release No. 06-209, *Appropriation Transfers*.

### **REVENUES OF AN ENTERPRISE FUND**

Revenues may be appropriated by the community’s legislative body until the tax rate is certified by the Bureau of Accounts. An increase in estimated revenues above prior fiscal year actual revenues must be supported in writing to the Bureau of Accounts using rate analysis, usage data, new rate implementation dates, etc., for tax rate certification purposes. Any surplus is kept by the enterprise fund at fiscal year-end.

- *User charges and fees* are amounts paid by those who use the service. These include late charges, fees and interest incurred in the collection process.
- *Other departmental revenue* includes state funding (Sewer Rate Relief), grants (Massachusetts Water Pollution Abatement Trust), a bond anticipation note premium or bond premium, apportioned or unapportioned betterments and special assessments.
- *Investment income* is interest earned by the fund and is retained in the fund rather than closed to the General Fund.

### **AVAILABLE FUNDS OF AN ENTERPRISE FUND**

The following available funds may be appropriated by the community’s legislative body at any time during the fiscal year if available. Other available funds may be allowed by special legislation.

- *Estimated sewer assessments* pursuant to G.L. c. 83, § 15B;
- *Closing and post-closing funds reserved for an existing operating solid waste facility* pursuant to G.L. c.44, § 28C;

- *Special purpose article(s)*, the unspent and unencumbered balance, as voted by the community's legislative body;
- *Budgeted surplus*, the excess of budgeted estimated revenues and appropriated enterprise available funds over (a) direct operating and capital cost appropriations and (b) indirect cost appropriations in the General Fund operating budget allocated to the enterprise. This surplus may be appropriated to the enterprise fund budget and may be further appropriated for current enterprise operating and/or capital costs only, from July 1 to June 30. Any unspent balance closes to the enterprise fund at fiscal year-end.

Note: If budgeted surplus has been appropriated to the enterprise fund budget as indicated above and if retained earnings are subsequently certified in deficit, the appropriation of the budgeted surplus, if sufficient at that time, may be rescinded or appropriated directly by the legislative body to help fund the retained earnings deficit.

- *Retained Earnings*, the portion of Net Assets Unrestricted that is certified by the Bureau of Accounts as available for appropriation. Certification requires submission of a June 30 balance sheet accompanied by all information necessary to calculate free cash in the General Fund. Once certified, retained earnings may be appropriated through the following June 30 and no appropriation may be in excess of the certified amount.

Retained earnings may be appropriated to:

1. fund direct costs of the enterprise for the current fiscal year;
2. fund costs appropriated in the General Fund operating budget and allocated to the enterprise for the current fiscal year;
3. reimburse to the General or other fund for subsidized capital costs of the enterprise not already reimbursed for the two full, immediately prior, fiscal years.

Retained earnings appropriated specifically to reimburse the General Fund for subsidized capital costs as indicated above, should not be reported on page 4 of the Tax Rate Recap (similar to a vote from free cash to reduce the tax rate) or on Schedule A-2. Instead, the amount should be reported in Part IIID, line 4 of the Tax Rate Recap. If so reported, city/town Clerks are advised to provide a copy of the vote to the Bureau of Accounts for tax rate certification purposes.

A retained earnings deficit for the period ending June 30 (see Appendix B) must be reported and funded in the next fiscal year's Tax Rate Recap. A community no longer needs to report and fund an enterprise fund revenue deficit. A community has the following options for reporting and funding a retained earnings deficit:

1. report an appropriation made by the legislative body from the General or other applicable fund specifically to fund the deficit;
2. report the deficit in part 3 of Schedule A-2 and Part IIB, line 6, of the Tax Rate Recap, as an Other Amount to be Raised, and report on Schedule A-2 and the Tax Rate Recap enterprise estimated revenues above the amount appropriated for direct and indirect expenses, provided the estimated revenues can be properly supported.
3. report the deficit in part 3 of the Schedule A-2 and Part IIB, line 6, of the Tax Rate Recap, and raise it from the tax levy as a General Fund subsidy.

In the Bureau of Accounts FY2007 end-of-year letter, the Bureau advised that "should a fund balance deficit occur as of June 30, 2007 and as of June 30, 2008 (two consecutive years), the General Fund free cash as of June 30, 2008 will be reduced by the enterprise fund deficit balance." This policy has been revised and a General Fund reduction will not occur.

**EXPENSES OF AN ENTERPRISE FUND**

All costs of operating the enterprise must be identified (see *Costing Municipal Services: Workbook and Case Study* at [www.mass.gov/dls](http://www.mass.gov/dls)). However, costs funded by other than the enterprise fund or General Fund are not reported on Schedule A-2. Any surplus due to unspent appropriations as of June 30 is kept by the enterprise fund.

- *Salaries and Wages*, appropriated in and incurred directly by the enterprise for the enterprise employees.
- *Expenses*, appropriated in and incurred directly by the enterprise for operating expenses and contractual payments.
- *Capital Outlay*, capital expenses such as construction or major repairs, equipment or acquisitions. While these capital expenses may be reviewed and recommended centrally by a capital planning committee, they should be appropriated apart from General Fund capital expenditures.
- *Extraordinary and Unforeseen*, expenses that may be appropriated by the legislative body which may also impose any condition(s) for their use. Such conditions offer the community better control and accountability over their use. Any unspent balance closes to the enterprise fund at fiscal year-end. This is similar to a Reserve Fund.
- *Other*, may include employee benefits such as health and life insurance, unemployment insurance and pension costs or may include debt service. These expenses may be budgeted in the enterprise fund or in the General Fund operating budget.
- *Indirect costs*, most oftentimes appropriated as part of the General Fund operating budget and allocated to the enterprise fund, cannot be directly or exclusively assigned to one service. For example, the collector, whose salary is paid by the General Fund, may process enterprise user bill payments.

The Bureau recommends that every community with an enterprise fund establish a written, internal policy regarding indirect cost allocation and should review this policy annually. The policy should be reasonable and calculated on a fair and consistent basis. Local financial officials should understand and agree on what indirect costs are appropriated as part of the General Fund operating budget and what percentage of these costs should be allocated to the enterprise fund.

The Director of Accounts may reject any community's methodology, written or otherwise, as unreasonable for tax rate setting purposes.

Once appropriated in the General Fund operating budget, indirect costs are allocated to the enterprise fund as reported on Schedule A-2. Do not appropriate these costs in both the General Fund operating budget and in the enterprise fund budget. Local financial officials may wish to show the public all costs of the enterprise fund, but should not duplicate their appropriation. Therefore, reporting of enterprise fund estimated receipts on page 3 of the Tax Rate Recap to offset any duplication should no longer be necessary.

## BALANCING AN ENTERPRISE BUDGET

The budget for the enterprise must be balanced with combined revenues and available funds being sufficient to cover the proposed total service cost. As depicted in Table 1 below, an enterprise fund may be balanced in one of three ways: 1) it may be budgeted as self-sufficient; 2) it may have a budgeted surplus; or 3) it may have a budgeted subsidy.

Table 1: Three Scenarios for an Enterprise Budget

| Budgeted Self-Sufficient   | Budgeted Surplus   | Budgeted Subsidy  |
|--|--|---|
| Estimated Revenues = Budget  | Estimated Revenues > Budget  | Budget > Estimated Revenues   |
| <p>The enterprise fund estimated revenues are sufficient to cover the budget of the service.</p> | <p>The enterprise fund estimated revenues exceed the budget. The difference may be appropriated to an enterprise budgeted surplus or may reflect a reimbursement to the General Fund to provide for a retained earnings deficit in the prior fiscal year. Otherwise, enterprise revenues must be reduced to the level of direct appropriations and indirect appropriations allocated to the enterprise prior to setting the tax rate. At fiscal year-end, any unspent balance in budgeted surplus stays with the enterprise.</p> | <p>The enterprise fund estimated revenues are below the budgeted amount. This budgeted subsidy must be provided by the General Fund (<i>i.e.</i>, tax levy, free cash, etc.) or other funding source voted by the legislative body.</p> |

Table 2 below depicts three examples of presenting an enterprise budget and how each is balanced. In the second column, the budgeted surplus must be first appropriated into the enterprise fund budget and can be further appropriated by the legislative body. In the third column, the budgeted subsidy must be appropriated by the legislative body.

TABLE 2: BUDGET PRESENTATION EXAMPLES

| Budgeted Self-Sufficient   | Budgeted Surplus   | Budgeted Subsidy   |
|--|--|--|
| <b>Estimated Revenues</b><br>User fees \$500,000<br>Betterments 25,000<br>Investment income <u>14,000</u><br>Subtotal: \$539,000<br><br>Retained Earnings <u>50,000</u><br><b>Total: \$589,000</b>   | <b>Estimated Revenues</b><br>User fees \$575,000<br>Betterments 25,000<br>Investment income <u>14,000</u><br>Subtotal: \$614,000<br><br>Retained Earnings <u>50,000</u><br><b>Total: \$664,000</b>   | <b>Estimated Revenues</b><br>User fees \$340,000<br>Betterments 25,000<br>Investment income <u>14,000</u><br>Subtotal: \$379,000<br><br>Retained Earnings <u>50,000</u><br><b>Total: \$429,000</b>   |
| <b>Budget</b><br><br><u>Direct</u><br>Salaries \$254,000<br>Expenses 8,000<br>Capital outlay 125,000<br>Debt 45,000<br>Extra/Unforeseen <u>10,000</u><br>Subtotal: \$442,000<br><br><u>Indirect</u><br>Health insurance \$61,000<br>FICA 3,000<br>Pensions 29,000<br>Accounting dept. 15,000<br>Collecting dept. 32,000<br>Treasury dept. <u>7,000</u><br>Subtotal: \$147,000<br><b>Total: \$589,000</b> | <b>Budget</b><br><br><u>Direct</u><br>Salaries \$254,000<br>Expenses 8,000<br>Capital outlay 125,000<br>Debt 45,000<br>Extra/Unforeseen <u>10,000</u><br>Subtotal: \$442,000<br><br><u>Indirect</u><br>Health insurance \$61,000<br>FICA 3,000<br>Pensions 29,000<br>Accounting dept. 15,000<br>Collecting dept. 32,000<br>Treasury dept. <u>7,000</u><br>Subtotal: \$147,000<br><b>Total: \$589,000</b> | <b>Budget</b><br><br><u>Direct</u><br>Salaries \$254,000<br>Expenses 8,000<br>Capital outlay 125,000<br>Debt 45,000<br>Extra/Unforeseen <u>10,000</u><br>Subtotal: \$442,000<br><br><u>Indirect</u><br>Health insurance \$61,000<br>FICA 3,000<br>Pensions 29,000<br>Accounting dept. 15,000<br>Collecting dept. 32,000<br>Treasury dept. <u>7,000</u><br>Subtotal: \$147,000<br><b>Total: \$589,000</b> |
| Surplus/(deficit) \$0  | Surplus/(deficit) \$75,000<br>Budgeted Surplus \$75,000  | Surplus/(deficit) (\$160,000)<br>Budgeted Subsidy \$160,000  |

## ADOPTING AN ENTERPRISE BUDGET

In Table 3, indirect costs will be appropriated as part of the city or town’s General Fund operating budget. In the second column, a budgeted surplus has been appropriated to the enterprise fund. In the third column, a budgeted subsidy is being provided for by the General Fund. Note in this example that although reflected as direct enterprise costs, debt and capital outlay expenses may be either direct or indirect.

TABLE 3: BUDGET RECOMMENDATION WORDING

| Budgeted Self-Sufficient   | Budgeted Surplus   | Budgeted Subsidy  |
|--|--|---|
| Recommend that the following sums be appropriated to operate the _____ enterprise:   | Recommend that the following sums be appropriated to operate the _____ enterprise:   | Recommend that the following sums be appropriated to operate the _____ enterprise:  |
| <u>Direct</u>  | <u>Direct</u>  | <u>Direct</u>   |
| Salaries \$254,000   | Salaries \$254,000   | Salaries \$254,000  |
| Expenses 8,000   | Expenses 8,000   | Expenses 8,000  |
| Capital outlay 125,000   | Capital outlay 125,000   | Capital outlay 125,000  |
| Debt 45,000  | Debt 45,000  | Debt 45,000   |
| Extra/Unforeseen 10,000  | Extra/Unforeseen 10,000  | Extra/Unforeseen 10,000   |
| Budgeted surplus 0   | Budgeted surplus 75,000  | Budgeted surplus 0  |
| Subtotal: \$442,000  | Subtotal: \$517,000  | Subtotal: \$442,000   |
| <u>Indirect</u>  | <u>Indirect</u>  | <u>Indirect</u>   |
| Health insurance \$61,000  | Health insurance \$61,000  | Health insurance \$61,000   |
| FICA 3,000   | FICA 3,000   | FICA 3,000  |
| Pensions 29,000  | Pensions 29,000  | Pensions 29,000   |
| Accounting dept 15,000   | Accounting dept 15,000   | Accounting dept 15,000  |
| Collecting dept. 32,000  | Collecting dept. 32,000  | Collecting dept. 32,000   |
| Treasury dept. 7,000   | Treasury dept. 7,000   | Treasury dept. 7,000  |
| Subtotal: \$147,000  | Subtotal: \$147,000  | Subtotal: \$147,000   |
| <u>Total: \$589,000</u>  | <u>Total: \$664,000</u>  | <u>Total: \$589,000</u>   |
| \$392,000 from enterprise revenues;<br>\$50,000 from retained earnings;  | \$467,000 from enterprise revenues;<br>\$50,000 from retained earnings;  | \$379,000 from enterprise revenues;<br>\$50,000 from retained earnings;<br>\$10,000 from the tax levy;<br>\$3,000 from free cash;                         |
| \$147,000 to be raised and appropriated in the General Fund operating budget and allocated to the enterprise fund for funding. <i>(Do not duplicate this appropriation in the enterprise fund budget.)</i> | \$147,000 to be raised and appropriated in the General Fund operating budget and allocated to the enterprise fund for funding. <i>(Do not duplicate this appropriation in the enterprise fund budget.)</i> | \$147,000 to be raised and appropriated in the General Fund operating budget. <i>(Do not duplicate this appropriation in the enterprise fund budget.)</i> |

When the municipal legislative body approves the enterprise budget, the vote should include the direct department appropriations only (see Table 4). Note that \$147,000 of costs has already been included for appropriation in the General Fund’s operating budget.

TABLE 4: BUDGET ORDER/ARTICLE WORDING

| Budgeted Self-Sufficient  | Budgeted Surplus   | Budgeted Subsidy   |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
|---|--|--|-------------------|--------|--|---------------------|-----------|-------------------|------------------|--|---------------------|-------------------------|---|----------|-----------|----------|-----------|----------------|---------|------|--------|------------------|--------|------------------|---------------|---------------|-------------------------|---|----------|-----------|----------|-------|----------------|---------|------|--------|------------------|---------------|---------------|-------------------------|
| <p>Order/Article:<br/>To see if the community will vote to raise and appropriate or transfer from available funds a sum of money to operate the ___ enterprise or take any other action thereon.</p>  | <p>Order/Article:<br/>To see if the community will vote to raise and appropriate or transfer from available funds a sum of money to operate the ___ enterprise or take any other action thereon.</p> | <p>Order/Article:<br/>To see if the community will vote to raise and appropriate or transfer from available funds a sum of money to operate the ___ enterprise or take any other action thereon.</p> |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| <p>Voted:<br/>That the following sums be appropriated for the ___ enterprise.</p>   | <p>Voted:<br/>That the following sums be appropriated for the ___ enterprise.</p>  | <p>Voted:<br/>That the following sums be appropriated for the ___ enterprise.</p>  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| <table border="0"> <tr><td>Salaries</td><td>\$254,000</td></tr> <tr><td>Expenses</td><td>8,000</td></tr> <tr><td>Capital outlay</td><td>125,000</td></tr> <tr><td>Debt</td><td>45,000</td></tr> <tr><td>Extra/Unforeseen</td><td><u>10,000</u></td></tr> <tr><td><b>Total:</b></td><td><b><u>\$442,000</u></b></td></tr> </table> | Salaries   | \$254,000  | Expenses          | 8,000  | Capital outlay   | 125,000             | Debt      | 45,000            | Extra/Unforeseen | <u>10,000</u>  | <b>Total:</b>       | <b><u>\$442,000</u></b> | <table border="0"> <tr><td>Salaries</td><td>\$254,000</td></tr> <tr><td>Expenses</td><td>8,000</td></tr> <tr><td>Capital outlay</td><td>125,000</td></tr> <tr><td>Debt</td><td>45,000</td></tr> <tr><td>Extra/Unforeseen</td><td>10,000</td></tr> <tr><td>Budgeted surplus</td><td><u>75,000</u></td></tr> <tr><td><b>Total:</b></td><td><b><u>\$517,000</u></b></td></tr> </table> | Salaries | \$254,000 | Expenses | 8,000     | Capital outlay | 125,000 | Debt | 45,000 | Extra/Unforeseen | 10,000 | Budgeted surplus | <u>75,000</u> | <b>Total:</b> | <b><u>\$517,000</u></b> | <table border="0"> <tr><td>Salaries</td><td>\$254,000</td></tr> <tr><td>Expenses</td><td>8,000</td></tr> <tr><td>Capital outlay</td><td>125,000</td></tr> <tr><td>Debt</td><td>45,000</td></tr> <tr><td>Extra/Unforeseen</td><td><u>10,000</u></td></tr> <tr><td><b>Total:</b></td><td><b><u>\$442,000</u></b></td></tr> </table> | Salaries | \$254,000 | Expenses | 8,000 | Capital outlay | 125,000 | Debt | 45,000 | Extra/Unforeseen | <u>10,000</u> | <b>Total:</b> | <b><u>\$442,000</u></b> |
| Salaries  | \$254,000  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Expenses  | 8,000  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Capital outlay  | 125,000  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Debt  | 45,000   |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Extra/Unforeseen  | <u>10,000</u>  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| <b>Total:</b>   | <b><u>\$442,000</u></b>  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Salaries  | \$254,000  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Expenses  | 8,000  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Capital outlay  | 125,000  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Debt  | 45,000   |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Extra/Unforeseen  | 10,000   |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Budgeted surplus  | <u>75,000</u>  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| <b>Total:</b>   | <b><u>\$517,000</u></b>  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Salaries  | \$254,000  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Expenses  | 8,000  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Capital outlay  | 125,000  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Debt  | 45,000   |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Extra/Unforeseen  | <u>10,000</u>  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| <b>Total:</b>   | <b><u>\$442,000</u></b>  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| <p>and that \$442,000 be raised as follows:</p>   | <p>and that \$517,000 be raised as follows:</p>  | <p>and that \$442,000 be raised as follows:</p>  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| <table border="0"> <tr><td>Department receipts</td><td>\$392,000</td></tr> <tr><td>Retained Earnings</td><td>50,000</td></tr> </table>  | Department receipts  | \$392,000  | Retained Earnings | 50,000 | <table border="0"> <tr><td>Department receipts</td><td>\$467,000</td></tr> <tr><td>Retained Earnings</td><td>50,000</td></tr> </table> | Department receipts | \$467,000 | Retained Earnings | 50,000           | <table border="0"> <tr><td>Department receipts</td><td>\$379,000</td></tr> <tr><td>Retained Earnings</td><td>50,000</td></tr> <tr><td>Tax levy</td><td>10,000</td></tr> <tr><td>Free cash</td><td>3,000</td></tr> </table> | Department receipts | \$379,000               | Retained Earnings   | 50,000   | Tax levy  | 10,000   | Free cash | 3,000          |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Department receipts   | \$392,000  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Retained Earnings   | 50,000   |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Department receipts   | \$467,000  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Retained Earnings   | 50,000   |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Department receipts   | \$379,000  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Retained Earnings   | 50,000   |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Tax levy  | 10,000   |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |
| Free cash   | 3,000  |  |                   |        |  |                     |           |                   |                  |  |                     |                         |   |          |           |          |           |                |         |      |        |                  |        |                  |               |               |                         |   |          |           |          |       |                |         |      |        |                  |               |               |                         |

## REPORTING ON SCHEDULE A-2 AND THE TAX RATE RECAP FORMS

Enterprise fund actual and estimated revenues, direct and indirect appropriations, retained earnings deficit from the prior fiscal year and funding sources for direct enterprise appropriations are reported on Schedule A-2 (see Tables 5 and 6) as part of the Tax Rate Recap form. Certain amounts are then transferred to the Tax Rate Recap form. Amounts on these forms should be compared for accuracy. Actual and estimated revenues reported on Schedule A-2 should be on a cash basis only.

Any legislative body appropriation to reimburse the General Fund should be reported on the Tax Rate Recap, page 2, Part IIID, line 4 only.

For demonstration purposes, Tables 5 and 6 represent Schedule A-2 using amounts from the three previous examples.

TABLE 5: SCHEDULE A-2, ENTERPRISE FUNDS, PAGE 1

| 1. Estimated Revenues & Available Funds  | Budgeted Self-Sufficient | Budgeted Surplus | Budgeted Subsidy |
|--|--------------------------|------------------|------------------|
| a. User charges  | \$500,000                | \$575,000        | \$340,000        |
| Connection fees  | 0                        | 0                | 0                |
| Other departmental revenue   | 25,000                   | 25,000           | 25,000           |
| Investment income  | 14,000                   | 14,000           | 14,000           |
| Total revenues   | \$539,000                | \$614,000        | \$379,000        |
| Retained Earnings appropriated   | 50,000                   | 50,000           | 50,000           |
| Other enterprise available funds   |                          |                  |                  |
| Total current year revenues and available funds  | \$589,000                | \$664,000        | \$429,000        |
| b. Retained Earnings appropriated (after the last tax rate was set) for PY costs             | 0                        | 0                | 0                |
| Other enterprise available funds appropriated (after the last tax rate was set) for PY costs | 0                        | 0                | 0                |
| Total revenues and available funds appropriated for PY costs                                 | 0                        | 0                | 0                |
| Total revenues & available funds   | \$589,000                | \$664,000        | \$429,000        |

TABLE 6: SCHEDULE A-2, ENTERPRISE FUNDS, PAGE 2

| 2a. Costs appropriated in the enterprise fund | Budgeted Self-Sufficient | Budgeted Surplus | Budgeted Subsidy |
|---|--------------------------|------------------|------------------|
| Salaries and wages                            | \$254,000                | \$254,000        | \$254,000        |
| Expenses                                      | 8,000                    | 8,000            | 8,000            |
| Capital outlay                                | 125,000                  | 125,000          | 125,000          |
| Extraordinary/Unforeseen                      | 10,000                   | 10,000           | 10,000           |
| Other   | 45,000                   | 120,000          | 45,000           |
| PY costs appropriated                         | 0                        | 0                | 0                |
| <b>Total costs appropriated in fund</b>       | <b>\$442,000</b>         | <b>\$517,000</b> | <b>\$442,000</b> |

| 2b. Costs appropriated in General Fund          | Budgeted Self-Sufficient | Budgeted Surplus | Budgeted Subsidy |
|---|--------------------------|------------------|------------------|
| Health insurance                                | \$61,000                 | \$61,000         | \$61,000         |
| Pensions  | 29,000                   | 29,000           | 29,000           |
| Shared employees                                | 54,000                   | 54,000           | 54,000           |
| Shared facilities                               | 0                        | 0                | 0                |
| Other   | 3,000                    | 3,000            | 3,000            |
| Other   | 0                        | 0                | 0                |
| <b>Total costs appropriated in General Fund</b> | <b>\$147,000</b>         | <b>\$147,000</b> | <b>\$147,000</b> |

| 3. Calculation of General Fund subsidy | Budgeted Self-Sufficient | Budgeted Surplus | Budgeted Subsidy   |
|--|--------------------------|------------------|--------------------|
| Revenues & available funds             | \$589,000                | \$664,000        | \$429,000          |
| Less total costs                       | 589,000                  | 664,000          | 589,000            |
| Less prior year deficit                | 0                        | 0                | 0                  |
| <b>Surplus/(subsidy)</b>               | <b>0</b>                 | <b>0</b>         | <b>(\$160,000)</b> |

| 4. Source of funding for costs appropriated in enterprise fund | Budgeted Self-Sufficient | Budgeted Surplus | Budgeted Subsidy |
|--|--------------------------|------------------|------------------|
| a. Revenue and available funds                                 | \$442,000                | \$517,000        | \$429,000        |
| b. Taxation  | 0                        | 0                | 10,000           |
| c. Free cash   | 0                        | 0                | 3,000            |
| d. Non-enterprise available funds                              | 0                        | 0                | 0                |
| <b>Total Sources (must equal part 2a)</b>                      | <b>\$442,000</b>         | <b>\$517,000</b> | <b>\$442,000</b> |

**Example 1 – Budgeted Self-Sufficient**

**BUREAU OF ACCOUNTS  
SCHEDULE A-2  
ENTERPRISE FUNDS CH.44 S.53F 1/2 et al  
CITY/TOWN/DISTRICT**

\_\_\_\_\_  
City/Town/District

\_\_\_\_\_  
*Type of enterprise fund/statutory reference*

|   | <b>(a)<br/>FY2007<br/>Actual<br/>Revenues</b> | <b>(b)<br/>FY2008<br/>Estimated<br/>Revenues</b> |
|---|---|--|
| <b>1. Enterprise revenues &amp; available funds</b> |   |  |
| a. User charges                                     | \$  | \$ 500,000.00 *                                  |
| Connection fees                                     |   | 0.00 *   |
| Other departmental revenue                          |   | 25,000.00 *                                      |
| Investment income                                   |   | 14,000.00 *                                      |
| Total revenues                                      | 0.00  | 539,000.00                                       |
| Retained earnings appropriated **                   |   | 50,000.00  |
| Other enterprise available funds                    |   | 0.00   |
| Specify: _____                                      |   | 0.00   |
| Total current year revenues and available funds     | 0.00  | 589,000.00                                       |
| b. Retained earnings appropriated for PY costs **   |   | 0.00   |
| Other enterprise available funds for PY costs       |   | 0.00   |
| Total revenues and available funds for PY costs     |   | 0.00   |
| <b>Total revenues and available funds</b>           | <b>\$ 0.00</b>                                | <b>\$ 589,000.00</b>                             |

To Recap pg 2,  
Part IIIB, line 3

\* Written documentation should be submitted to support increases/decreases of estimated revenues to actual revenues.

\*\* Retained earnings should be certified by the Director of Accounts prior to appropriation.

I hereby certify that the amount of retained earnings reported in Part I column(b) correctly reflects the votes of town meeting/city council.

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Date

I hereby certify that the actual revenues as shown in part 1 column (a) are to the best of my knowledge correct and complete.

\_\_\_\_\_  
Accounting Officer

\_\_\_\_\_  
Date

We hereby attest that the revenues itemized above have not been used as a revenue source elsewhere on the Tax Rate or Pro Forma recap.

\_\_\_\_\_  
Board of Assessors

\_\_\_\_\_  
Date

**Example 1 – Budgeted Self-Sufficient**

2. Total costs appropriated

a. Costs appropriated in the enterprise fund

|   |    |                   |                            |
|---|----|-------------------|----------------------------|
| Salaries and wages  | \$ | 254,000.00        |                            |
| Expenses  |    | 8,000.00          |                            |
| Capital outlay  |    | 125,000.00        |                            |
| Extraordinary/Unforeseen  |    | 10,000.00         |                            |
| Other:--> <u>debt</u>   |    | 45,000.00         |                            |
| Prior year costs appropriated from retained earnings<br>or other enterprise available funds |    | 0.00              | (Must equal total part 1b) |
| <b>Total costs appropriated in enterprise fund</b>  | \$ | <b>442,000.00</b> |                            |

b. Costs appropriated in general fund (to be transferred to the enterprise fund)

|   |    |                   |  |
|---|----|-------------------|--|
| Health insurance                                | \$ | 61,000.00         |  |
| Pensions  |    | 29,000.00         |  |
| Shared employees                                |    | 54,000.00         |  |
| Shared facilities                               |    | 0.00              |  |
| Other:--> <u>FICA</u>                           |    | 3,000.00          |  |
| Other:--> _____                                 |    | 0.00              |  |
| <b>Total costs appropriated in general fund</b> | \$ | <b>147,000.00</b> |  |
| <b>Total Costs</b>                              | \$ | <b>589,000.00</b> |  |

3. Calculation of general fund subsidy (see instructions)

|  |    |            |                  |
|--|----|------------|------------------|
| Revenue & available funds                  | \$ | 589,000.00 | (part 1, col. b) |
| less: Total costs                          |    | 589,000.00 | (part 2)         |
| less: Prior year deficit                   |    | 0.00       | To Recap pg. 2   |
| (Negative represents general fund subsidy) | \$ | 0.00       | Part IIB         |

**You Must Complete Part 4**

4. Sources of funding for costs appropriated in the enterprise fund

|                                   |    |            |                               |
|-----------------------------------|----|------------|-------------------------------|
| a. Revenue and available funds    | \$ | 442,000.00 | <b>To Recap Page 4, Col e</b> |
| b. Taxation                       |    | 0.00       |                               |
| c. Free cash                      |    | 0.00       |                               |
| d. Non-Enterprise Available Funds |    | 0.00       |                               |

|  |    |                   |  |
|--|----|-------------------|--|
| <b>Total Sources of Funding for Costs Appropriated<br/>in the Enterprise Fund (must equal total part 2a)</b> | \$ | <b>442,000.00</b> | <b>This amount must equal<br/>line 2a above, "Total Costs<br/>Appropriated in Enterprise<br/>Fund"</b> |
|--|----|-------------------|--|

\_\_\_\_\_  
*Board of Commissioners*

**Example 2 – Budgeted Surplus**

**BUREAU OF ACCOUNTS  
SCHEDULE A-2  
ENTERPRISE FUNDS CH.44 S.53F 1/2 et al  
CITY/TOWN/DISTRICT**

\_\_\_\_\_  
City/Town/District

\_\_\_\_\_  
*Type of enterprise fund/statutory reference*

|   | <b>(a)<br/>FY2007<br/>Actual<br/>Revenues</b> | <b>(b)<br/>FY2008<br/>Estimated<br/>Revenues</b> |
|---|---|--|
|   | _____   | _____  |
| 1. Enterprise revenues & available funds          |   |  |
| a. User charges                                   | \$  | \$   |
| Connection fees                                   |   | 575,000.00*                                      |
| Other departmental revenue                        |   | 25,000.00*                                       |
| Investment income                                 |   | 14,000.00*                                       |
| Total revenues                                    | 0.00  | 614,000.00                                       |
| Retained earnings appropriated **                 |   | 50,000.00  |
| Other enterprise available funds                  |   |  |
| Specify: _____                                    |   |  |
| Total current year revenues and available funds   | 0.00  | 664,000.00                                       |
| b. Retained earnings appropriated for PY costs ** |   |  |
| Other enterprise available funds for PY costs     |   |  |
| Total revenues and available funds for PY costs   |   | 0.00   |
| <br>Total revenues and available funds            | \$ 0.00                                       | \$ 664,000.00                                    |

\_\_\_\_\_  
To Recap pg 2,  
Part IIIB, line 3

\* Written documentation should be submitted to support increases/decreases of estimated revenues to actual revenues.

\*\* Retained earnings should be certified by the Director of Accounts prior to appropriation.

I hereby certify that the amount of retained earnings reported in Part I column(b) correctly reflects the votes of town meeting/city council.

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Date

I hereby certify that the actual revenues as shown in part 1 column (a) are to the best of my knowledge correct and complete.

\_\_\_\_\_  
Accounting Officer

\_\_\_\_\_  
Date

We hereby attest that the revenues itemized above have not been used as a revenue source elsewhere on the Tax Rate or Pro Forma recap.

\_\_\_\_\_  
Board of Assessors

\_\_\_\_\_  
Date

### Example 2 – Budgeted Surplus

2. Total costs appropriated

a. Costs appropriated in the enterprise fund

|  |    |                   |                            |
|--|----|-------------------|----------------------------|
| Salaries and wages   | \$ | 254,000.00        |                            |
| Expenses   |    | 8,000.00          |                            |
| Capital outlay   |    | 125,000.00        |                            |
| Extraordinary/Unforeseen   |    | 10,000.00         |                            |
| Other:---> _____   |    | 120,000.00        |                            |
| Prior year costs appropriated from retained earnings or other enterprise available funds |    | 0.00              | (Must equal total part 1b) |
| <b>Total costs appropriated in enterprise fund</b>                                       | \$ | <b>517,000.00</b> |                            |

b. Costs appropriated in the General Fund

|   |    |                   |  |
|---|----|-------------------|--|
| Health insurance                                    | \$ | 61,000.00         |  |
| Pensions  |    | 29,000.00         |  |
| Shared employees                                    |    | 54,000.00         |  |
| Shared facilities                                   |    | 0.00              |  |
| Other:---> FICA _____                               |    | 3,000.00          |  |
| Other:---> _____                                    |    | 0.00              |  |
| <b>Total costs appropriated in the General Fund</b> | \$ | <b>147,000.00</b> |  |
| <b>Total Costs</b>                                  | \$ | <b>664,000.00</b> |  |

3. Calculation of General or other fund subsidy (see instructions)

|   |    |            |                  |
|---|----|------------|------------------|
| Revenue & available funds                           | \$ | 664,000.00 | (part 1, col. b) |
| less: Total costs                                   |    | 664,000.00 | (part 2)         |
| less: Prior year deficit                            |    | 0.00       | To Recap pg. 2   |
| (Negative represents General or other fund subsidy) | \$ | 0.00       | Part IIB         |

**You Must Complete Part 4**

4. Sources of funding for costs appropriated in the enterprise fund

|  |    |                   |  |
|--|----|-------------------|--|
| a. Revenue and available funds   | \$ | 517,000.00        | <b>To Recap Page 4, Col e</b>  |
| b. Taxation  |    | 0.00              |  |
| c. Free cash   |    | 0.00              |  |
| d. Non-Enterprise Available Funds  |    | 0.00              |  |
| <b>Total Sources of Funding for Costs Appropriated in the Enterprise Fund (must equal total part 2a)</b> | \$ | <b>517,000.00</b> | <b>This amount must equal line 2a above, "Total Costs Appropriated in Enterprise Fund"</b> |

\_\_\_\_\_  
*Board of Commissioners*

**Example 3 – Budgeted Subsidy**

**BUREAU OF ACCOUNTS  
SCHEDULE A-2  
ENTERPRISE FUNDS CH.44 S.53F 1/2 et al  
CITY/TOWN/DISTRICT**

\_\_\_\_\_  
City/Town/District

\_\_\_\_\_  
*Type of enterprise fund/statutory reference*

|   | <b>(a)<br/>FY2007<br/>Actual<br/>Revenues</b> | <b>(b)<br/>FY2008<br/>Estimated<br/>Revenues</b> |
|---|---|--|
| 1. Enterprise revenues & available funds          |   |  |
| a. User charges                                   | \$  | \$ 340,000.00 *                                  |
| Connection fees                                   |   | *  |
| Other departmental revenue                        |   | 25,000.00 *                                      |
| Investment income                                 |   | 14,000.00 *                                      |
| Total revenues                                    | 0.00  | 379,000.00                                       |
| Retained earnings appropriated **                 |   | 50,000.00  |
| Other enterprise available funds                  |   | 0.00   |
| Specify: _____                                    |   | 0.00   |
| Total current year revenues and available funds   | 0.00  | 429,000.00                                       |
| b. Retained earnings appropriated for PY costs ** |   | 0.00   |
| Other enterprise available funds for PY costs     |   | 0.00   |
| Total revenues and available funds for PY costs   |   | 0.00   |
| <b>Total revenues and available funds</b>         | \$ 0.00                                       | \$ 429,000.00                                    |

To Recap pg 2,  
Part IIIB, line 3

\* Written documentation should be submitted to support increases/decreases of estimated revenues to actual revenues.

\*\* Retained earnings should be certified by the Director of Accounts prior to appropriation.

I hereby certify that the amount of retained earnings reported in Part I column(b) correctly reflects the votes of town meeting/city council.

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Date

I hereby certify that the actual revenues as shown in part 1 column (a) are to the best of my knowledge correct and complete.

\_\_\_\_\_  
Accounting Officer

\_\_\_\_\_  
Date

We hereby attest that the revenues itemized above have not been used as a revenue source elsewhere on the Tax Rate or Pro Forma recap.

\_\_\_\_\_  
Board of Assessors

\_\_\_\_\_  
Date

**Example 3 – Budgeted Subsidy**

2. Total costs appropriated

a. Costs appropriated in the enterprise fund

|   |    |            |                            |
|---|----|------------|----------------------------|
| Salaries and wages  | \$ | 254,000.00 |                            |
| Expenses  |    | 8,000.00   |                            |
| Capital outlay  |    | 125,000.00 |                            |
| Extraordinary/Unforeseen  |    | 10,000.00  |                            |
| Other:--> _____   |    | 45,000.00  |                            |
| Prior year costs appropriated from retained earnings<br>or other enterprise available funds |    | 0.00       | (Must equal total part 1b) |
| <b>Total costs appropriated in enterprise fund</b>  | \$ |            | <b>442,000.00</b>          |

b. Costs appropriated in the General Fund

|   |    |           |                   |
|---|----|-----------|-------------------|
| Health insurance                                    | \$ | 61,000.00 |                   |
| Pensions  |    | 29,000.00 |                   |
| Shared employees                                    |    | 54,000.00 |                   |
| Shared facilities                                   |    | 0.00      |                   |
| Other:--> FICA                                      |    | 3,000.00  |                   |
| Other:--> _____                                     |    | 0.00      |                   |
| <b>Total costs appropriated in the General Fund</b> | \$ |           | <b>147,000.00</b> |
| <b>Total Costs</b>                                  | \$ |           | <b>589,000.00</b> |

3. Calculation of General or other fund subsidy (see instructions)

|   |    |            |                    |
|---|----|------------|--------------------|
| Revenue & available funds                           | \$ | 429,000.00 | (part 1, col. b)   |
| less: Total costs                                   |    | 589,000.00 | (part 2)           |
| less: Prior year deficit                            |    | 0.00       | To Recap pg. 2     |
|   |    |            | Part IIB           |
| (Negative represents General or other fund subsidy) | \$ |            | <b>-160,000.00</b> |

**You Must Complete Part 4**

4. Sources of funding for costs appropriated in the enterprise fund

|  |    |                   |  |
|--|----|-------------------|--|
| a. Revenue and available funds   | \$ | 429,000.00        | <b>To Recap Page 4, Col e</b>  |
| b. Taxation  |    | 10,000.00         |  |
| c. Free cash   |    | 3,000.00          |  |
| d. Non-Enterprise Available Funds  |    | 0.00              |  |
| <b>Total Sources of Funding for Costs Appropriated<br/>in the Enterprise Fund (must equal total part 2a)</b> | \$ | <b>442,000.00</b> | <b>This amount must equal<br/>line 2a above, "Total Costs<br/>Appropriated in Enterprise<br/>Fund"</b> |

\_\_\_\_\_  
Board of Commissioners

From the Schedule A-2, information is transferred and reported on the Tax Rate Recap form on pages 4 (Table 7) and 2 (Table 8) as demonstrated below. For each example, the indirect costs of \$147,000 are appropriated in the General Fund operating budget and included as “from raise and appropriate”.

**TABLE 7: CERTIFICATION OF APPROPRIATIONS AND SOURCES OF FUNDING (TAX RATE RECAPITULATION FORM, PAGE 4)**

| Example                              | Total appropriation of each meeting | From raise & appropriate | From free cash | From other available funds | Enterprise funds |
|--------------------------------------|-------------------------------------|--------------------------|----------------|----------------------------|------------------|
| <b>Budgeted Self-Sufficient</b>      |                                     |                          |                |                            |                  |
| General Fund budget (indirect costs) | \$147,000                           | \$147,000                | 0              | 0                          | 0                |
| Enterprise budget                    | \$442,000                           | 0                        | 0              | 0                          | \$442,000        |
| <b>Budgeted Surplus</b>              |                                     |                          |                |                            |                  |
| General Fund budget (indirect costs) | \$147,000                           | \$147,000                | 0              | 0                          | 0                |
| Enterprise budget                    | \$517,000                           | 0                        | 0              | 0                          | \$517,000        |
| <b>Budgeted Subsidy</b>              |                                     |                          |                |                            |                  |
| General Fund budget (indirect costs) | \$147,000                           | \$147,000                | 0              | 0                          | 0                |
| Enterprise budget                    | \$442,000                           | \$10,000                 | \$3,000        | 0                          | \$429,000        |

As a reminder, although not depicted in this example, a retained earnings deficit must be reported and funded in the next fiscal year’s Tax Rate Recap. Therefore, although the enterprise was originally budgeted as self-sufficient or in surplus, it may require a subsidy if the deficit is not otherwise funded.

**Example 1 – Budgeted Self-Sufficient**

**CERTIFICATION OF APPROPRIATIONS AND SOURCES OF FUNDING**

| APPROPRIATIONS                          |     |   |  |                               |   |  |
|---|-----|---|--|-------------------------------|---|--|
| City/Town Council or Town Meeting Dates | FY* | (a)<br>Total Appropriations Of Each Meeting | (b)<br>**<br>From Raise and Appropriate (Tax Levy) | (c)<br>From Free Cash See B-1 | (d)<br>From F Other Available Funds See B-2 | (e)<br>From Offset Receipts, See A-1 or Enterprise Funds, See A-2 Community Preservation See A-4 |
| xx                                      | xx  | 589,000.00                                  | 147,000.00   |                               |   | 442,000.00   |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
|   |     | 0.00  |  |                               |   |  |
| Totals                                  |     | 589,000.00                                  | 147,000.00   | 0.00                          | 0.00  | 442,000.00   |

Must Equal  
Cols. (b) thru (e)

\* Enter the fiscal year to which the appropriation relates, i.e., fiscal year 20xx or fiscal 20xx.  
 \*\* Appropriations included in column (b) must not be reduced by local receipts or any other funding source. Appropriations must be entered gross to avoid a duplication in the use of estimated or other sources of receipts.  
 \*\*\* Include only revolving funds pursuant to Chapter 44, Section 53 E 1/2.

I hereby certify that the appropriations correctly reflect the votes taken by City/Town/District Council.

\_\_\_\_\_  
City/Town

\_\_\_\_\_  
Date

\_\_\_\_\_  
Clerk





TABLE 8: TAX RATE RECAPITULATION FORM, PAGE 2

| II. Amount to be raised  | Budgeted Self-Sufficient | Budgeted Surplus | Budgeted Subsidy |
|--|--------------------------|------------------|------------------|
| A. Appropriations  | \$589,000                | \$664,000        | \$589,000        |
| E. Total amount to be raised   | \$589,000                | \$664,000        | \$589,000        |
| III. Estimated receipts & other revenue sources                              | Budgeted Self-Sufficient | Budgeted Surplus | Budgeted Subsidy |
| B. Estimated receipts – Local  |                          |                  |                  |
| 3. Enterprise funds  | \$589,000                | \$664,000        | \$429,000        |
| C. Revenue sources appropriated for particular purpose                       |                          |                  |                  |
| 1. Free cash   | 0                        | 0                | \$3,000          |
| E. Total estimated receipts and other revenue sources                        | \$589,000                | \$664,000        | \$432,000        |
| IV. Summary of total amount to be raised and total receipts from all sources | Budgeted Self-Sufficient | Budgeted Surplus | Budgeted Subsidy |
| A. Total amount to be raised   | \$589,000                | \$664,000        | \$589,000        |
| B. Total estimated receipts and other revenue sources                        | \$589,000                | \$664,000        | \$432,000        |
| C. Total real and personal property tax levy                                 | 0                        | 0                | \$157,000        |
| D. Total receipts form all sources   | \$589,000                | \$664,000        | \$589,000        |

If funds are appropriated from retained earnings or from another enterprise available fund after the tax rate is set, these are reported on the following fiscal year's Tax Rate Recap and Schedule A-2 forms.

**Example 1 – Budgeted Self-Sufficient**

**II. Amounts to be raised**

|   |       |                      |
|---|-------|----------------------|
| Ila. Appropriations (col. (b) through col. (e) from Page 4) |       | \$ <u>589,000.00</u> |
| Ilb. Other amounts to be raised                             |       |                      |
| 1. Amounts certified for tax title purposes                 | _____ |                      |
| 2. Debt and interest charges not included on page 4         | _____ |                      |
| 3. Final court judgments                                    | _____ |                      |
| 4. Total overlay deficits of prior years                    | _____ |                      |
| 5. Total cherry sheet offsets (see cherry sheet 1-ER)       | _____ |                      |
| 6. Revenue deficits   | _____ |                      |
| 7. Offset receipts deficits Ch. 44, Sec. 53E                | _____ |                      |
| 8. Authorized deferral of teachers' pay                     | _____ |                      |
| 9. Snow and ice deficit Ch. 44 Sec. 31D                     | _____ |                      |
| 10. Other (specify on separate letter)                      | _____ |                      |
| TOTAL Ilb (Total lines 1 through 10)                        |       | <u>0.00</u>          |
| Ilc. State and county cherry sheet charge (C.S. 1-EC)       | _____ |                      |
| Ild. Allowance for abatements and exemptions (overlay)      | _____ |                      |
| Ile. Total amount to be raised (Total Ila through Ild)      |       | \$ <u>589,000.00</u> |

**III. Estimated receipts and other revenue sources**

|   |            |                      |
|---|------------|----------------------|
| Illa. Estimated receipts - State  |            |                      |
| 1. Cherry sheet estimated receipts (C.S. 1-ER Total)                                  | \$ _____   |                      |
| 2. Massachusetts School Building Authority Payments                                   | _____      |                      |
| TOTAL IIIa  |            | <u>0.00</u>          |
| IIIb. Estimated receipts - Local  |            |                      |
| 1. Local receipts not allocated (Page 3, col. (b), Line 23)                           | 0.00       |                      |
| 2. Offset receipts (See Schedule A-1)   | 0.00       |                      |
| 3. Enterprise funds (See Schedule A-2)  | 589,000.00 |                      |
| 4. Community preservation funds (See Schedule A-4)                                    | 0.00       |                      |
| TOTAL IIIb  |            | <u>589,000.00</u>    |
| IIIc. Revenue sources appropriated for particular purposes                            |            |                      |
| 1. Free cash (Page 4, col. (c))   | 0.00       |                      |
| 2. Other available funds (Page 4, col. (d) )  | 0.00       |                      |
| TOTAL IIIc  |            | <u>0.00</u>          |
| IIId. Other revenue sources appropriated specifically to reduce the tax rate          |            |                      |
| 1. a. Free cash...appropriated on or before June 30, 20xx                             | _____      |                      |
| b. Free cash...appropriated on or after July 1, 20xx                                  | _____      |                      |
| 2. Municipal light source   | _____      |                      |
| 3. Teachers' pay deferral   | _____      |                      |
| 4. Other source : _____   | _____      |                      |
| TOTAL IIId  |            | <u>0.00</u>          |
| IIIe. Total estimated receipts and other revenue sources<br>(Total IIIa through IIId) |            | \$ <u>589,000.00</u> |

**IV. Summary of total amount to be raised and total receipts from all sources**

|   |               |                      |
|---|---------------|----------------------|
| a. Total amount to be raised (from Ile)                           |               | \$ <u>589,000.00</u> |
| b. Total estimated receipts and other revenue sources (from IIIe) | \$ 589,000.00 |                      |
| c. Total real and personal property tax levy (from Ic)            | \$ 0.00       |                      |
| d. Total receipts from all sources (total IVb plus IVc)           |               | \$ <u>589,000.00</u> |

**Example 2 – Budgeted Surplus**

**II. Amounts to be raised**

|   |       |                             |
|---|-------|-----------------------------|
| Ila. Appropriations (col. (b) through col. (e) from Page 4) |       | \$ <u>664,000.00</u>        |
| Ilb. Other amounts to be raised                             |       |                             |
| 1. Amounts certified for tax title purposes                 | _____ |                             |
| 2. Debt and interest charges not included on page 4         | _____ |                             |
| 3. Final court judgments                                    | _____ |                             |
| 4. Total overlay deficits of prior years                    | _____ |                             |
| 5. Total cherry sheet offsets (see cherry sheet 1-ER)       | _____ |                             |
| 6. Revenue deficits   | _____ |                             |
| 7. Offset receipts deficits Ch. 44, Sec. 53E                | _____ |                             |
| 8. Authorized deferral of teachers' pay                     | _____ |                             |
| 9. Snow and ice deficit Ch. 44 Sec. 31D                     | _____ |                             |
| 10. Other (specify on separate letter)                      | _____ |                             |
| TOTAL Ilb (Total lines 1 through 10)                        |       | <u>0.00</u>                 |
| Ilc. State and county cherry sheet charge (C.S. 1-EC)       | _____ |                             |
| Ild. Allowance for abatements and exemptions (overlay)      | _____ |                             |
| Ile. Total amount to be raised (Total Ila through Ild)      |       | \$ <u><u>664,000.00</u></u> |

**III. Estimated receipts and other revenue sources**

|  |          |                             |
|--|----------|-----------------------------|
| Illa. Estimated receipts - State   |          |                             |
| 1. Cherry sheet estimated receipts (C.S. 1-ER Total)                               | \$ _____ |                             |
| 2. Massachusetts School Building Authority Payments                                | _____    |                             |
| TOTAL IIIa   |          | <u>0.00</u>                 |
| IIIb. Estimated receipts - Local   |          |                             |
| 1. Local receipts not allocated (Page 3, col. (b), Line 23)                        | _____    | 0.00                        |
| 2. Offset receipts (See Schedule A-1)  | _____    | 0.00                        |
| 3. Enterprise funds (See Schedule A-2)   | _____    | 664,000.00                  |
| 4. Community preservation funds (See Schedule A-4)                                 | _____    | 0.00                        |
| TOTAL IIIb   |          | <u>664,000.00</u>           |
| IIIc. Revenue sources appropriated for particular purposes                         |          |                             |
| 1. Free cash (Page 4, col. (c))  | _____    | 0.00                        |
| 2. Other available funds (Page 4, col. (d))  | _____    | 0.00                        |
| TOTAL IIIc   |          | <u>0.00</u>                 |
| IIId. Other revenue sources appropriated specifically to reduce the tax rate       |          |                             |
| 1. a. Free cash...appropriated on or before June 30, 20xx                          | _____    |                             |
| b. Free cash...appropriated on or after July 1, 20xx                               | _____    |                             |
| 2. Municipal light source  | _____    |                             |
| 3. Teachers' pay deferral  | _____    |                             |
| 4. Other source : _____  | _____    |                             |
| TOTAL IIId   |          | <u>0.00</u>                 |
| IIIe. Total estimated receipts and other revenue sources (Total IIIa through IIId) |          | \$ <u><u>664,000.00</u></u> |

**IV. Summary of total amount to be raised and total receipts from all sources**

|   |                      |                             |
|---|----------------------|-----------------------------|
| a. Total amount to be raised (from Ile)                           |                      | \$ <u>664,000.00</u>        |
| b. Total estimated receipts and other revenue sources (from IIIe) | \$ <u>664,000.00</u> |                             |
| c. Total real and personal property tax levy (from Ic)            | \$ <u>0.00</u>       |                             |
| d. Total receipts from all sources (total IVb plus IVc)           |                      | \$ <u><u>664,000.00</u></u> |

**Example 3 – Budgeted Subsidy**

**II. Amounts to be raised**

|   |       |                   |
|---|-------|-------------------|
| Ila. Appropriations (col. (b) through col. (e) from Page 4) | \$    | <u>589,000.00</u> |
| Iib. Other amounts to be raised                             |       |                   |
| 1. Amounts certified for tax title purposes                 | _____ |                   |
| 2. Debt and interest charges not included on page 4         | _____ |                   |
| 3. Final court judgments                                    | _____ |                   |
| 4. Total overlay deficits of prior years                    | _____ |                   |
| 5. Total cherry sheet offsets (see cherry sheet 1-ER)       | _____ |                   |
| 6. Revenue deficits   | _____ |                   |
| 7. Offset receipts deficits Ch. 44, Sec. 53E                | _____ |                   |
| 8. Authorized deferral of teachers' pay                     | _____ |                   |
| 9. Snow and ice deficit Ch. 44 Sec. 31D                     | _____ |                   |
| 10. Other (specify on separate letter)                      | _____ |                   |
| TOTAL Iib (Total lines 1 through 10)                        |       | <u>0.00</u>       |
| Iic. State and county cherry sheet charge (C.S. 1-EC)       |       | _____             |
| Iid. Allowance for abatements and exemptions (overlay)      |       | _____             |
| Ile. Total amount to be raised (Total Iia through Iid)      | \$    | <u>589,000.00</u> |

**III. Estimated receipts and other revenue sources**

|  |       |                   |
|--|-------|-------------------|
| Illa. Estimated receipts - State   |       |                   |
| 1. Cherry sheet estimated receipts (C.S. 1-ER Total)                                 | \$    | _____             |
| 2. Massachusetts School Building Authority Payments                                  | _____ |                   |
| TOTAL Illa   |       | <u>0.00</u>       |
| Illb. Estimated receipts - Local   |       |                   |
| 1. Local receipts not allocated (Page 3, col. (b), Line 23)                          | _____ | 0.00              |
| 2. Offset receipts (See Schedule A-1)  | _____ | 0.00              |
| 3. Enterprise funds (See Schedule A-2)   | _____ | 429,000.00        |
| 4. Community preservation funds (See Schedule A-4)                                   | _____ | 0.00              |
| TOTAL Illb   |       | <u>429,000.00</u> |
| Illc. Revenue sources appropriated for particular purposes                           |       |                   |
| 1. Free cash (Page 4, col. (c))  | _____ | 3,000.00          |
| 2. Other available funds (Page 4, col. (d))  | _____ | 0.00              |
| TOTAL Illc   |       | <u>3,000.00</u>   |
| Illd. Other revenue sources appropriated specifically to reduce the tax rate         |       |                   |
| 1. a. Free cash...appropriated on or before June 30, 20xx                            | _____ |                   |
| b. Free cash...appropriated on or after July 1, 20xx                                 | _____ |                   |
| 2. Municipal light source  | _____ |                   |
| 3. Teachers' pay deferral  | _____ |                   |
| 4. Other source: _____   | _____ |                   |
| TOTAL Illd   |       | <u>0.00</u>       |
| Ile. Total estimated receipts and other revenue sources<br>(Total Illa through Illd) | \$    | <u>432,000.00</u> |

**IV. Summary of total amount to be raised and total receipts from all sources**

|   |    |                   |                   |
|---|----|-------------------|-------------------|
| a. Total amount to be raised (from Ile)                           |    | \$                | <u>589,000.00</u> |
| b. Total estimated receipts and other revenue sources (from IIIe) | \$ | <u>432,000.00</u> |                   |
| c. Total real and personal property tax levy (from Ic)            | \$ | <u>157,000.00</u> |                   |
| d. Total receipts from all sources (total IVb plus IVc)           |    | \$                | <u>589,000.00</u> |

**UMAS BUDGETARY ENTRIES – ENTERPRISE FUND**

---

These are sample entries corresponding to the three scenarios. Note: In this example, the enterprise subsidy is from the General Fund. Subsidies from other funds use the same entries.

**BUDGETED SELF-SUFFICIENT**

1. The estimated revenues and use of enterprise available funds are recorded.

|              |                      |         |         |
|--------------|----------------------|---------|---------|
| 650-3815     | ESTIMATED REVENUE    | 539,000 |         |
| 650-3880     | BUDGETARY NET ASSETS |         |         |
| UNRESTRICTED |                      | 50,000  |         |
| 650-3890     | BUDGETARY CONTROL    |         | 589,000 |

To record the estimated revenue and use of the enterprise available fund

2. The appropriations for the enterprise fund are recorded.

|          |                   |         |         |
|----------|-------------------|---------|---------|
| 650-3890 | BUDGETARY CONTROL | 442,000 |         |
| 650-3830 | APPROPRIATIONS    |         | 442,000 |

To record the appropriations in the enterprise fund.

3. Budgeted indirect costs appropriated in the General Fund are recorded.

|          |                                |         |         |
|----------|--------------------------------|---------|---------|
| 650-3890 | BUDGETARY CONTROL              | 147,000 |         |
| 650-3870 | ESTIMATED OTHER FINANCING USES |         | 147,000 |

To record the budgeting of indirect costs appropriated in the General Fund

**BUDGETED SURPLUS**

1. The estimated revenues and use of enterprise available funds are recorded.

|              |                      |         |         |
|--------------|----------------------|---------|---------|
| 650-3815     | ESTIMATED REVENUE    | 614,000 |         |
| 650-3880     | BUDGETARY NET ASSETS |         |         |
| UNRESTRICTED |                      | 50,000  |         |
| 650-3890     | BUDGETARY CONTROL    |         | 664,000 |

To record the estimated revenue and use of the enterprise available fund

2. The appropriations for the enterprise fund are recorded.

|          |                   |         |         |
|----------|-------------------|---------|---------|
| 650-3890 | BUDGETARY CONTROL | 442,000 |         |
| 650-3830 | APPROPRIATIONS    |         | 442,000 |

To record the appropriations in the enterprise fund.

3. Budgeted indirect costs appropriated in the General Fund are recorded.

|          |                                   |         |         |
|----------|-----------------------------------|---------|---------|
| 650-3890 | BUDGETARY CONTROL                 | 147,000 |         |
| 650-3870 | ESTIMATED OTHER FINANCING<br>USES |         | 147,000 |

To record the budgeting of indirect costs appropriated in the General Fund

4. The budgeted surplus is appropriated.

|          |                   |        |        |
|----------|-------------------|--------|--------|
| 650-3890 | BUDGETARY CONTROL | 75,000 |        |
| 650-3830 | APPROPRIATIONS    |        | 75,000 |

To record the budgetary surplus.

**BUDGETED SUBSIDY**

1. The estimated revenues and use of enterprise available funds are recorded.

|          |                                      |         |         |
|----------|--------------------------------------|---------|---------|
| 650-3815 | ESTIMATED REVENUE                    | 379,000 |         |
| 650-3880 | BUDGETARY NET ASSETS<br>UNRESTRICTED | 50,000  |         |
| 650-3890 | BUDGETARY CONTROL                    |         | 429,000 |

To record the estimated revenue and use of enterprise available funds

2. The appropriations for the enterprise fund are recorded.

|          |                   |         |         |
|----------|-------------------|---------|---------|
| 650-3890 | BUDGETARY CONTROL | 442,000 |         |
| 650-3830 | APPROPRIATIONS    |         | 442,000 |

To record the appropriations in the enterprise fund.

3. Budgeted indirect costs appropriated in the General Fund are recorded.

|          |                                   |         |         |
|----------|-----------------------------------|---------|---------|
| 650-3890 | BUDGETARY CONTROL                 | 147,000 |         |
| 650-3870 | ESTIMATED OTHER FINANCING<br>USES |         | 147,000 |

To record the budgeting of indirect costs appropriated in the General Fund

4. The budgeted operating transfer for the General Fund subsidy is recorded.

|          |                                      |         |         |
|----------|--------------------------------------|---------|---------|
| 650-3820 | ESTIMATED OTHER FINANCING<br>SOURCES | 160,000 |         |
| 650-3890 | BUDGETARY CONTROL                    |         | 160,000 |

To record the General Fund subsidy of the enterprise fund.

## UMAS ACTUAL ENTRIES – ENTERPRISE FUNDS

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The following are examples of actual entries to be recorded during the year for enterprise fund activity. The actual entries for all three examples are the same with the exception of the General Fund Subsidy entry.

1. The Enterprise Fund bills are sent out and a commitment warrant, agreeing to the total, is forwarded to the accountant/auditor.

|          |                                 |         |         |
|----------|---------------------------------|---------|---------|
| 650-1310 | User Charges Receivable         | 349,000 |         |
| 650-2651 | Deferred Revenue – User Charges |         | 349,000 |

To record the commitment of enterprise user charges

2. The total of enterprise bills abated is forwarded to the accountant/auditor.

|          |                                 |     |     |
|----------|---------------------------------|-----|-----|
| 650-2651 | Deferred Revenue – User Charges | 200 |     |
| 650-1310 | User Charges Receivable         |     | 200 |

To record the abatements of enterprise fund bills

3. Payments are collected on current enterprise bills, summarized, and reported on the Treasurer's Report of Cash Received.

|          |                         |       |       |
|----------|-------------------------|-------|-------|
| 650-1040 | Cash – Unrestricted     | 7,500 |       |
| 650-1310 | User Charges Receivable |       | 7,500 |

To record cash collected on enterprise fund user charges

4. The revenue account is adjusted to reflect the cash received on the user charges receivable.

|          |                                 |       |       |
|----------|---------------------------------|-------|-------|
| 650-2651 | Deferred Revenue – User Charges | 7,500 |       |
| 650-3910 | Revenue                         |       | 7,500 |

To record the revenue from the collections on enterprise user charges

5. The enterprise fund pays expenses directly associated with the provision of the service.

|          |                     |         |         |
|----------|---------------------|---------|---------|
| 650-3930 | Expenses            | 440,150 |         |
| 650-1040 | Cash – Unrestricted |         | 440,150 |

To record the payment of direct expenses of the enterprise fund.

6. The enterprise records the receipt of the subsidy from the General Fund.

|          |                         |         |         |
|----------|-------------------------|---------|---------|
| 650-1040 | Cash – Unrestricted     | 160,000 |         |
| 650-3920 | Other Financing Sources |         | 160,000 |

To record the receipt of the General Fund subsidy.

**UMAS CLOSING BUDGETARY ENTRIES – ENTERPRISE FUND**

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**BUDGETED SELF-SUFFICIENT BUDGET**

7A. The budget entry for the fiscal year is reversed

|          |                           |         |         |
|----------|---------------------------|---------|---------|
| 650-3830 | APPROPRIATIONS            | 442,000 |         |
| 650-3870 | ESTIMATED OTHER FINANCING |         |         |
|          | USES                      | 147,000 |         |
| 650-3815 | ESTIMATED REVENUE         |         | 539,000 |
| 650-3880 | BUDGETARY NET ASSETS      |         |         |
|          | UNRESTRICTED              |         | 50,000  |

To reverse the budget entries for the fiscal year

**BUDGETED SURPLUS**

7B. The budget entry for the fiscal year is reversed

|          |                           |         |         |
|----------|---------------------------|---------|---------|
| 650-3830 | APPROPRIATIONS            | 517,000 |         |
| 650-3870 | ESTIMATED OTHER FINANCING |         |         |
|          | USES                      | 147,000 |         |
| 650-3815 | ESTIMATED REVENUE         |         | 614,000 |
| 650-3880 | BUDGETARY NET ASSETS      |         |         |
|          | UNRESTRICTED              |         | 50,000  |

To reverse the budget entries for the fiscal year

**BUDGETED SUBSIDY**

7C. The budget entry for the fiscal year is reversed

|          |                           |         |         |
|----------|---------------------------|---------|---------|
| 650-3830 | APPROPRIATIONS            | 442,000 |         |
| 650-3870 | ESTIMATED OTHER FINANCING |         |         |
|          | USES                      | 147,000 |         |
| 650-3815 | ESTIMATED REVENUE         |         | 379,000 |
| 650-3820 | ESTIMATED OTHER FINANCING |         |         |
|          | SOURCES                   |         | 160,000 |
| 650-3880 | BUDGETARY NET ASSETS      |         |         |
|          | UNRESTRICTED              |         | 50,000  |

To reverse the budget entries for the fiscal year

## UMAS BUDGETARY ENTRIES – GENERAL FUND

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1. The appropriation of indirect costs in the General Fund is recorded.

|          |                   |         |         |
|----------|-------------------|---------|---------|
| 001-3890 | BUDGETARY CONTROL | 147,000 |         |
| 001-3830 | APPROPRIATIONS    |         | 147,000 |

To record the appropriation of enterprise fund indirect costs in the General Fund.

2. The budgeted reimbursement for indirect costs from the enterprise fund is recorded.

|          |                                      |         |         |
|----------|--------------------------------------|---------|---------|
| 001-3820 | ESTIMATED OTHER FINANCING<br>SOURCES | 147,000 |         |
| 001-3890 | BUDGETARY CONTROL                    |         | 147,000 |

To record the estimated reimbursement from the enterprise fund to the General Fund.

### Budgeted Subsidy Only

3. The budgeted operating subsidy is recorded

|          |                                   |         |         |
|----------|-----------------------------------|---------|---------|
| 001-3890 | BUDGETARY CONTROL                 | 160,000 |         |
| 001-3870 | ESTIMATED OTHER FINANCING<br>USES |         | 160,000 |

To record the budgeted subsidy for the enterprise fund.

## UMAS ACTUAL ENTRIES – GENERAL FUND

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1. The expenditures are recorded in the General Fund.

|          |                     |         |         |
|----------|---------------------|---------|---------|
| 001-3930 | Expenditures        | 147,000 |         |
| 001-1040 | Cash – Unrestricted |         | 147,000 |

To record the expenditures of the General Fund associated with costs of the enterprise fund.

2. The General Fund receives the reimbursement from the enterprise fund.

|          |                         |         |         |
|----------|-------------------------|---------|---------|
| 001-1040 | Cash – Unrestricted     | 147,000 |         |
| 001-3920 | Other Financing Sources |         | 147,000 |

To record receipt of the enterprise fund subsidy.

Budgeted Subsidy Only

3. The General Fund records the transfer of its subsidy to the enterprise fund.

|          |                      |         |         |
|----------|----------------------|---------|---------|
| 001-3970 | Other Financing Uses | 160,000 |         |
| 001-1040 | Cash – Unrestricted  |         | 160,000 |

To record the transfer of the General Fund subsidy to the enterprise fund.

UMAS CLOSING BUDGETARY ENTRIES – GENERAL FUND

4A. The budgetary entries for the fiscal year are reversed.

|          |                                   |         |         |
|----------|-----------------------------------|---------|---------|
| 001-3830 | APPROPRIATIONS                    | 147,000 |         |
| 001-3820 | ESTIMATED OTHER FINANCING SOURCES |         | 147,000 |

To reverse the budgetary entries for the fiscal year.

4B. The budgetary entries for the fiscal year are reversed (fund subsidy only)

|          |                                   |         |         |
|----------|-----------------------------------|---------|---------|
| 001-3830 | APPROPRIATIONS                    | 147,000 |         |
| 001-3870 | ESTIMATED OTHER FINANCING USES    | 160,000 |         |
| 001-3820 | ESTIMATED OTHER FINANCING SOURCES |         | 147,000 |
| 001-3890 | BUDGETARY CONTROL                 |         | 160,000 |

To reverse the budgetary entries for the fiscal year.

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## FREQUENTLY ASKED QUESTIONS

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**1. *Can a community establish a gas or electric enterprise fund under G.L. c. 44, § 53F½?***

No. A gas and/or electric department would be established under G.L. c. 164.

**2. *Does an enterprise fund have to fully recover its costs through user fees?***

No. Budget-wise, an enterprise fund may be self-sufficient, or it may budget a surplus or subsidy. The extent to which it is subsidized (generally by the General Fund) is a policy decision that should be clearly presented when the council or town meeting adopts the enterprise budget. A community may, for example, choose to subsidize a sewer enterprise through a Proposition 2½ debt exclusion. User charges and fees do not then fund total sewer service costs.

**3. *Can a mayor or board of selectmen decide to operate an enterprise fund for a particular service?***

No. The town council or town meeting must vote to adopt G.L. c. 44, § 53F½ in a town and the city council, with approval of the mayor. These bodies may vote an enterprise fund only for purposes indicated in the statute.

**4. *Who determines user fees?***

The board or officer designated under the general enabling legislation or local charter determines the user fees. The fees imposed for any municipal service must comply with legal standards.

**5. *Does a Proposition 2½ debt exclusion amount for an enterprise fund have to be reduced by user fees and/or special assessments imposed for the same project?***

No. If the community votes to exclude debt service for an enterprise fund project and increase its tax levy for that fiscal year, the community must take this additional revenue source into account in the enterprise fund. If the community chooses, it may use a portion of user charges, betterments or other revenues to fund the debt service and reduce the debt exclusion.

**6. *Can an enterprise fund use its retained earnings to pay for the expenses that the legislative body voted to fund by borrowing?***

No. Retained earnings of the enterprise cannot be spent without appropriation. It would require the legislative body's vote to change the funding source.

**7. *Can an enterprise fund operate independently or under its own procedures?***

No. An enterprise fund is an accounting/budgeting method. It does not grant additional powers to the department providing the service. An enterprise is still a municipal department that is subject to ordinary municipal finance procedures. The rate setting process is established by statute or local

charter. Any enterprise fund property/asset is owned by the municipality and may only be acquired, leased or disposed of by vote of the legislative body. At no time can these conditions be altered through the adoption of an enterprise fund.

**8. *Can a community charge an enterprise fund a payment in lieu of taxes for property used to provide the service?***

G.L. c. 44, § 53F½ states that the books and records of the enterprise shall be maintained in accordance with generally accepted accounting principles (GAAP). From a purely accounting perspective, a payment in lieu of taxes is a proper expense of the enterprise fund. It is a quasi-external transaction, that is, an interfund exchange that would have resulted in recognition of an expense or revenue if it had involved a private party.

The validity of such a charge does not depend on the type of enterprise, but depends on the type and amount of property used by the enterprise. If the decision is made to proceed with a payment, the amount would be the community's commercial tax rate multiplied by the assessed value of the enterprise's land, buildings and personal property.

Notwithstanding the foregoing, it must be noted that from a legal point of view, it is not at all clear to what extent a court would consider a payment to be part of the actual cost of providing the service, and therefore an appropriate component of the enterprise's fee structure.

**9. *Should services provided by other departments be billed directly to the enterprise fund?***

No. Any services provided by other departments and indirect expenses should be reimbursed to the General Fund through inter-fund transfers from the enterprise fund. Ideally, these transfers should be done monthly so the enterprise fund expenses are tracked and its financial position is accurately reflected.

**10. *What happens if there is a disagreement on the indirect costs (e.g., which expenses and how much) of an enterprise fund?***

Indirect costs should be clearly set forth (e.g., what costs will be shared and how much) when the budget is adopted to avoid disputes later in the fiscal year. Ideally, it should be set forth in writing. Resolution of any disagreement is purely a local matter. The Director of Accounts may request documentation of the city or town's methodology and may reject the methodology and/or amount for tax rate certification purposes if deemed unreasonable.

**11. *Does an enterprise fund operating loss have to be funded in the next fiscal year?***

Beginning June 30, 2008, the revenue account will close to net assets unrestricted. An operating loss (generally budgeted revenues in excess of actual revenues plus unspent appropriations) will not have to be funded unless the operating loss results in a retained earnings deficit. The retained earnings deficit must be funded in the following fiscal year. The Bureau of Accounts recommends, however, that local financial officials and rate setters take note of a revenue shortfall and take appropriate

action (e.g., raise rates, bill more timely, curtail expenses). The Bureau of Accounts will review matters in more detail if reductions to retained earnings caused by revenue deficits recur.

The Director of Accounts may reject a tax rate for overestimated enterprise revenues which may require further city council/town meeting action.

***12. How is enterprise fund accounting different from other governmental accounting?***

For UMAS and Tax Rate Recap purposes, revenues are recognized when received and expenses when the liabilities are incurred, under a modified accrual basis of accounting. For audited financial statement reporting purposes, revenues are recognized when earned and expenses when the liabilities are incurred, under a full accrual basis of accounting.

***13. Is the treasurer required to maintain a separate bank account for the enterprise fund?***

No. A separate enterprise fund bank account does not have to be maintained. Cash may be pooled for investment purposes. However, the accountant/auditor must account for enterprise fund cash separately in the general ledger. Investment income must be allocated proportionately to each fund.

***14. Can a legislative body vote to use enterprise funds for purposes not related to the enterprise?***

No. The enterprise enabling statute provides that the enterprise revenues may only be used for enterprise-related expenses.

***15. If a community owns property that directly relates to the operation of an enterprise service and the property is subsequently leased, are the lease funds credited to the enterprise fund or to the General Fund?***

First, it should be noted that the city or town department operating the enterprise can only lease or rent property under its control if it is specifically authorized by statute or in the absence of statute, with legislative body approval.

With regard to the disposition of the funds, it would depend on the acquisition of the property. If the property was acquired with enterprise fund revenue, or is currently maintained or debt service on the property is being paid by the enterprise, then lease revenues would be credited to the enterprise fund. If the property was transferred to the enterprise fund or paid for with General Fund revenue and the property is not dedicated to the enterprise service's use, then the lease revenue is general revenue and should be credited to the General Fund.

***16. What happens if a community decides it no longer wants to have an enterprise fund?***

After at least three years, a legislative body, subject to the local charter, may terminate the enterprise fund. Similar to when it was adopted, the new article should specify when this would become effective as shown below.

“To see if the (city or town) will revoke the provisions of Chapter 44, § 53F½ of the Massachusetts General Laws, ceasing (the service) as an enterprise fund effective fiscal year (year).”

Once it ceases operation and all of the current liabilities are accounted for, the community would close any fund balance to the General Fund and transfer any assets, debt and long term liabilities to the General Fund and to the appropriate account groups.

***17. If the staff of an enterprise performs a service for another town department, can the enterprise fund be reimbursed for that service?***

It is not appropriate for a town department to charge another town department, or for an enterprise fund to charge another fund for goods or services because the department operating the enterprise fund is not a separate and distinct legal entity. However, it is appropriate for those services to be taken into account in the budget process.

***18. When converting from a special revenue fund to an enterprise fund, must the fund balance in the special revenue fund be transferred to the enterprise fund?***

The fund balance may be transferred to the enterprise fund by vote of the legislative body. In addition, account #3211-Fund Balance Reserved for Encumbrances should be closed to Net Assets Unrestricted.

***19. When converting from a special revenue fund to an enterprise fund, must the special revenue fund be revoked?***

Authorization for the special revenue fund should be revoked to coincide with commencement of the enterprise fund. The adoption of an enterprise fund ends activity in the special revenue fund established for that same purpose as of the adoption date of the enterprise fund.

***20. If after the establishment of an enterprise fund, a reservation once made in the special revenue fund is rescinded, do funds revert to the enterprise or General Fund?***

The funds revert to Net Assets Unrestricted of the enterprise fund.

***21. Does a General Fund subsidy have to be appropriated?***

There are three potential General Fund subsidies of an enterprise fund: (a) for a portion of direct costs, (b) for a portion or all of the indirect costs, (c) for a portion or all of a retained earnings deficit from the prior fiscal year. A subsidy of direct costs must be voted as indicated in the third column of Tables 3 and 4 of these guidelines. Indirect costs are voted from the General or other fund. Funding a retained earnings deficit from the General Fund may be by appropriation or by addition to Part IIB of the Tax Rate Recap as an Other Amount to be Raised.

**22. Should an enterprise fund budget for depreciation?**

No. Depreciation is a technical accounting term to match costs specific to a certain accounting period with the associated revenues. However, the city or town may budget for the replacement of capital assets through a particular purpose stabilization fund (See Informational Guideline Release 04-201, *Creation of Multiple Stabilization Funds and Proposition 2 ½ Overrides for Stabilization Funds*) or by a separate warrant article.

**23. If budgeting a surplus in the enterprise fund, can it be appropriated during the fiscal year before an actual surplus is determined?**

Yes. A budgeted surplus is considered available on July 1. Budgeted surplus cannot be transferred by the legislative body to reimburse the General or other Fund for costs incurred in any prior fiscal year.

**24. What information is necessary for the Director of Accounts to certify retained earnings of the enterprise fund as of June 30?**

Retained earnings is certified by the Director of Accounts based upon receipt of a balance sheet as of June 30. The balance sheet submission must be accompanied by all information necessary to calculate free cash in the General Fund. A balance sheet for the enterprise fund alone will not suffice. Additional information necessary for certification is provided in an annual year-end letter from the Director to Accountants and Auditors.

**25. For bills issued and payable after June 30, are revenues credited to retained earnings of the enterprise as of June 30?**

Once certified as of June 30 by the Director of Accounts, revenues received after June 30 may be considered at the discretion of the Director.

**26. Can retained earnings reimburse the General Fund for a subsidy granted to this activity when it was in a special revenue fund?**

Retained earnings may reimburse the General Fund for capital costs only, provided the reimbursement follows the two full, immediately prior fiscal year rule.

**27. Must betterments and special assessments be closed to net assets unrestricted at fiscal year's end?**

Yes. Estimated sewer assessments, however, remain open and are held for payment of debt service pursuant to G.L. Ch. 83, § 15A.

**28. Are indirect costs paid out of the General Fund or enterprise fund?**

Indirect costs appropriated as part of the General Fund operating budget or from any other fund should be paid from that fund. Enterprise revenue to the extent budgeted is transferred into the General Fund to provide the source of funding.

**29. Can retained earnings be used to reduce rates?**

Yes. Retained earnings can be used to replace user charges as a funding source of the enterprise or as an additional revenue source to the enterprise to prevent the need to increase rates.

## APPENDIX A: ENTERPRISE FUND LEGISLATION

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### G.L. c. 44, § 53F½

Notwithstanding the provisions of section fifty-three or any other provision of law to the contrary, a city or town which accepts the provisions of this section may establish a separate account classified as an "Enterprise Fund", for a utility, health care, recreational or transportation facility, and its operation, as the city or town may designate, hereinafter referred to as the enterprise. Such account shall be maintained by the treasurer, and all receipts, revenues and funds from any source derived from all activities of the enterprise shall be deposited in such separate account. The treasurer may invest the funds in such separate account in the manner authorized by sections fifty-five and fifty-five A of chapter forty-four. Any interest earned thereon shall be credited to and become part of such separate account. The books and records of the enterprise shall be maintained in accordance with generally accepted accounting principles and in accordance with the requirements of section thirty-eight.

No later than one hundred and twenty days prior to the beginning of each fiscal year, an estimate of the income for the ensuing fiscal year and a proposed line item budget of the enterprise shall be submitted to the mayor, board of selectmen or other executive authority of the city or town by the appropriate local entity responsible for operations of the enterprise. Said board, mayor or other executive authority shall submit its recommendation to the town meeting, town council or city council, as the case may be, which shall act upon the budget in the same manner as all other budgets.

The city or town shall include in its tax levy for the fiscal year the amount appropriated for the total expenses of the enterprise and an estimate of the income to be derived by the operations of the enterprise. If the estimated income is less than the total appropriation, the difference shall be added to the tax levy and raised by taxation. If the estimated income is more than the total appropriation, the excess shall be appropriated to a separate reserve fund and used for capital expenditures of the enterprise, subject to appropriation, or to reduce user charges if authorized by the appropriate entity responsible for operations of the enterprise. If during a fiscal year the enterprise incurs a loss, such loss shall be included in the succeeding fiscal year's budget.

If during a fiscal year the enterprise produces a surplus, such surplus shall be kept in such separate reserve fund and used for the purposes provided therefor in this section.

For the purposes of this section, acceptance in a city shall be by vote of the city council and approval of the mayor, in a town, by vote of a special or annual town meeting and in any other municipality by vote of the legislative body.

A city or town which has accepted the provisions of this section with respect to a designated enterprise may, in like manner, revoke its acceptance.

## APPENDIX B: A RETAINED EARNINGS DEFICIT

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At the beginning of any fiscal year, an enterprise fund may be budgeted as self-sufficient. However, at fiscal-year end, the enterprise fund may experience an operating loss (generally actual revenues less than budgeted not offset by unspent appropriations). All else being equal, this operating loss will reduce net assets unrestricted and retained earnings. Local financial officials and rate setters should take note of revenue shortfalls and should take appropriate action (e.g., raise rates, bill more timely, curtail expenses). The Bureau of Accounts will not require that an enterprise fund revenue deficit be funded on the Tax Rate Recap, but will review matters in more detail if reductions to retained earnings caused by revenue deficits recur.

If retained earnings are certified in deficit by the Director of Accounts, they must be reported and funded as indicated in these guidelines. No further entry is necessary on the books as of June 30.

If subsequent fiscal year retained earnings are certified in the positive, the Bureau of Accounts will not allow the legislative body to transfer from retained earnings to reimburse the General Fund for a subsidized retained earnings deficit. However, as indicated in these guidelines, retained earnings can only be appropriated by the legislative body to reimburse the General Fund for a capital cost subsidy in either of the two full, immediately prior fiscal years.

# Monomoy Regional School District Charter School and School Choice Summary

## CHARTER SCHOOL SUMMARY

| FY             | DISTRICT | FTE (pupils attending charter schools) | LOCAL FOUNDATION TUITION | LOCAL FACILITIES TUITION | LOCAL PAYMENT | 100/25/25/25/25 INCREASED TUITION AID | FACILITIES AID | TOTAL CHARTER AID | NET DISTRICT COST | % CHANGE |
|----------------|----------|--|--------------------------|--------------------------|---------------|---------------------------------------|----------------|-------------------|-------------------|----------|
| FY16 Projected | MONOMOY  | 66.0                                   | \$ 980,826               | \$ 58,938                | \$ 1,039,764  | \$ -                                  | \$ 58,938      | \$ 58,938         | \$ 980,826        | 4.4%     |
| FY15           | MONOMOY  | 72.3                                   | \$ 990,454               | \$ 61,682                | \$ 1,052,136  | \$ 50,630                             | \$ 61,682      | \$ 112,312        | \$ 939,824        | 51.0%    |
| FY14           | MONOMOY  | 68.9                                   | \$ 937,829               | \$ 58,729                | \$ 996,558    | \$ 315,435                            | \$ 58,729      | \$ 374,164        | \$ 622,394        | 2.5%     |
| FY13           | MONOMOY  | 58.0                                   | \$ 659,631               | \$ 48,237                | \$ 707,868    | \$ 52,476                             | \$ 48,237      | \$ 100,713        | \$ 607,155        |          |

Source <http://www.doe.mass.edu/charter/finance/tuition/>

## SCHOOL CHOICE SUMMARY

| FY             | DISTRICT | CHOICE IN FTE (pupils attending Monomoy) | CHOICE IN TUITION RECEIVED | CHOICE OUT FTE (pupils attending other districts) | CHOICE OUT TUITION PAID | DIFFERENCE FTE | DIFFERENCE TUITION | DIFFERENCE % CHANGE |
|----------------|----------|--|----------------------------|---|-------------------------|----------------|--------------------|---------------------|
| FY16 Projected | MONOMOY  | 258.0                                    | \$ 1,467,354               | 185.0   | \$ 1,111,009            | 73.0           | \$ 356,345         | -43.5%              |
| FY15           | MONOMOY  | 271.0                                    | \$ 1,683,336               | 171.0   | \$ 1,052,745            | 100.0          | \$ 630,591         | 42.9%               |
| FY14           | MONOMOY  | 237.8                                    | \$ 1,507,345               | 189.9   | \$ 1,066,194            | 47.9           | \$ 441,151         | -13.5%              |
| FY13           | MONOMOY  | 254.8                                    | \$ 1,579,071               | 194.0   | \$ 1,069,152            | 60.9           | \$ 509,919         |                     |

Source: <http://www.doe.mass.edu/finance/schoolchoice/>