

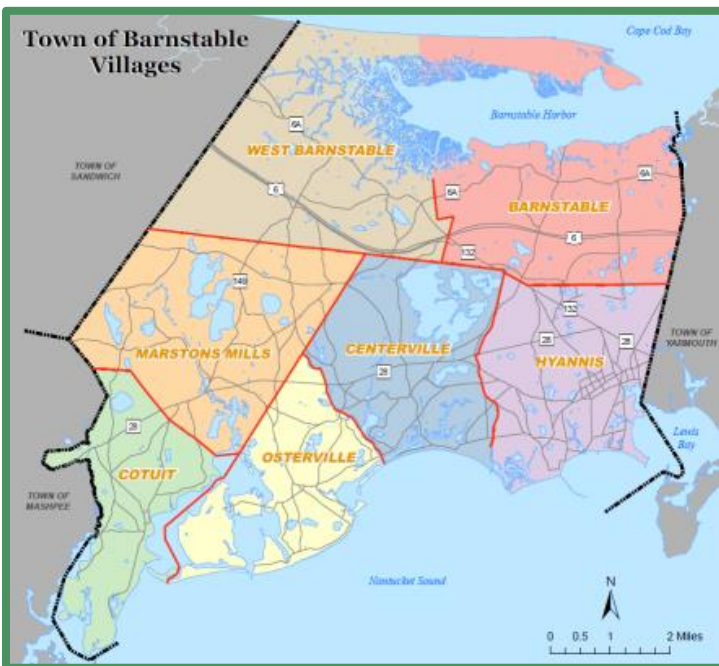


# TOWN OF BARNSTABLE

## Comprehensive Finance Advisory Committee Financial Overview Report | Fiscal Year 2018



Cotuit Bay



Visit <http://www.townofbarnstable.us/Finance/> to learn more.

This financial overview for fiscal year 2018 (FY18) is intended to provide a summary of the Town's finances and operations. The complete FY18 budget is several hundred pages and available on the Town's website. The website also includes the audited financial statements for the last five-years and financial forecasts for the next ten-years.

## COMMUNITY PROFILE

The town of Barnstable is located in the southeast of Massachusetts and is the largest community, both in land area and population, on Cape Cod. The Town is composed of seven unique villages and is the commercial hub of Cape Cod.

Population is 44,254 year-round residents\*

Median Household Income is \$59,711\*

Est. Median Residential Property Value is \$320,000

Website [www.townofbarnstable.us](http://www.townofbarnstable.us)

Facebook [www.facebook.com/townofbarnstable/](https://www.facebook.com/townofbarnstable/)

Twitter @BarnstableMA

\*US Census 2015/2016

# A COMMITMENT TO EXCELLENCE AND TRANSPARENCY

## GFOA AWARDS

The Town has received both the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award (16-years) and the Certificate of Excellence in Financial Reporting for 15 consecutive years. The GFOA established these award programs to encourage and assist state and local governments to prepare budget documents and comprehensive annual financial reports of the very highest quality that evidence the spirit of transparency and full disclosure, and then to recognize individual governments that succeed in achieving those goals.

## OPEN BUDGET

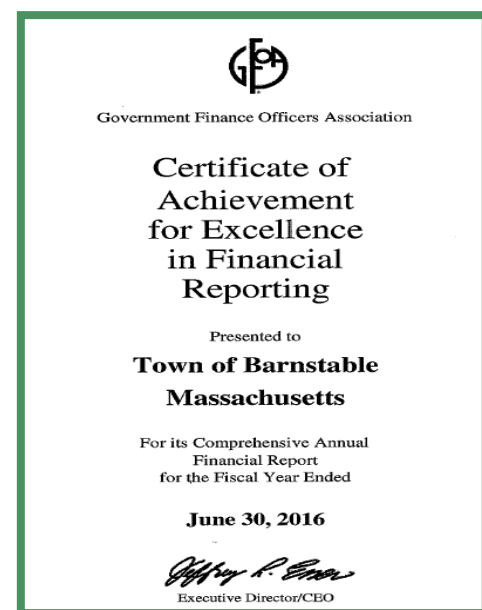
In fiscal year 2016 the Town implemented a new web based application which allows residents and other interested groups to monitor the current year operating budget; both revenue and expenditures; as well as the Town's capital program. Multiple fiscal years are provided for comparison purposes. This site can be accessed at: <http://budget.townofbarnstable.us>

## AAA BOND RATING

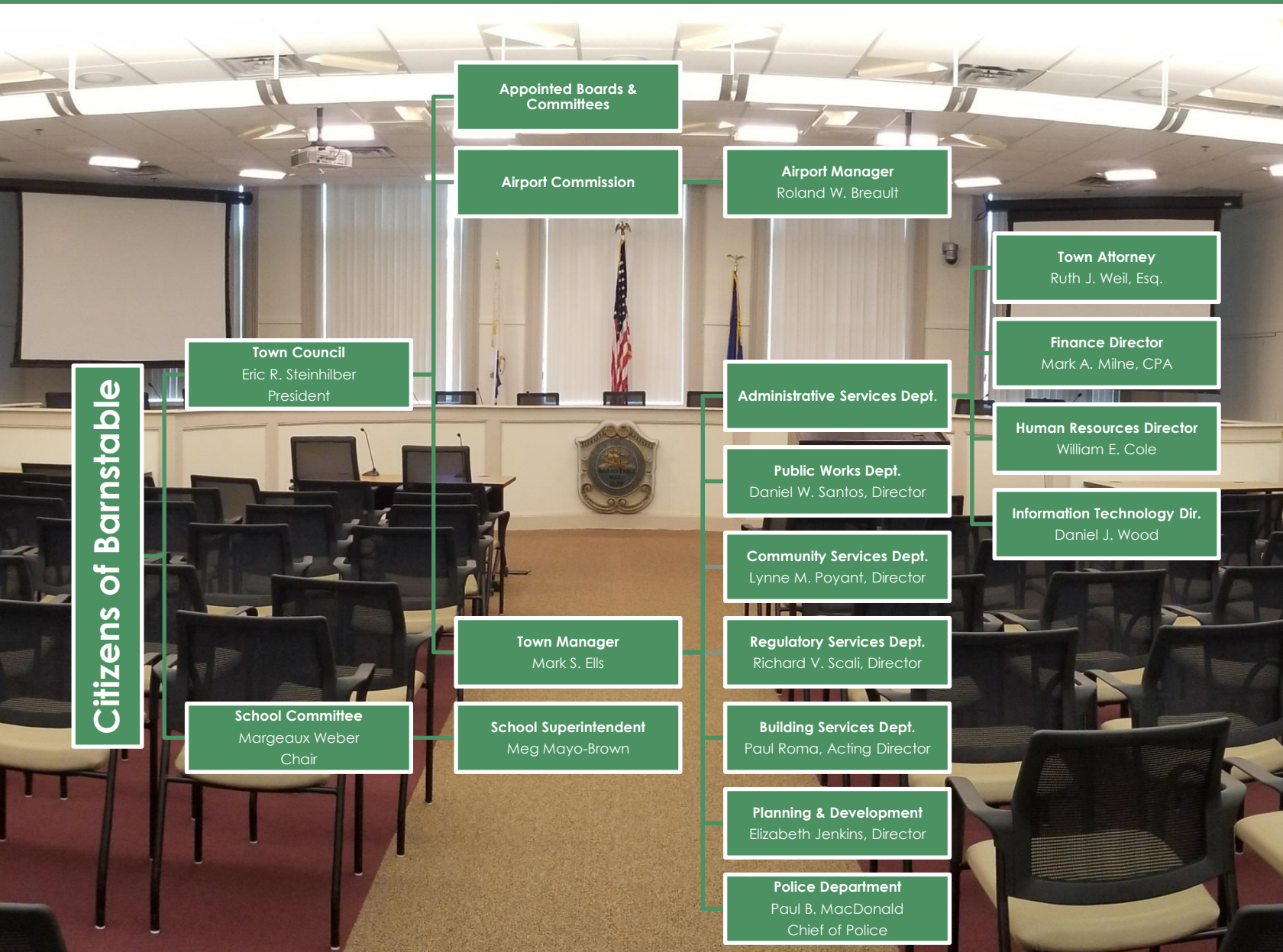
The Town's most recent bond rating from Standard and Poor's is AAA, which is the highest possible rating, assigned by the credit rating agency. This results in the Town being able to borrow money at more favorable rates, saving significant money in interest costs on its capital program. S&P cited the following reasons for their AAA rating of the Town:

- Very strong management, economy, budget flexibility & liquidity
- Strong budgetary performance
- Strong debt and contingent liability position, albeit large pension and other postemployment benefits (OPEB) liabilities
- Strong institutional framework

In addition, S&P stated that the Town's credit outlook is stable and that they do not expect this to change over the next 2 years.



# GOVERNMENTAL STRUCTURE



Town Hall Hearing Room

The town of Barnstable is governed by a Council-Manager form of government, in accordance with its Home Rule Charter that was adopted in 1989. Administrative authority of the Town is vested in the Town Manager subject to legislative decisions of a 13-member Town Council. Council terms are staggered four-year terms from thirteen precincts on a nonpartisan basis. The Town Manager supervises and directs the administration of all municipal departments with the exception of the School Department and the Barnstable Municipal Airport.

An elected School Committee consisting of five persons, and a Superintendent appointed by the School Committee governs the School Department.

A seven member Airport Commission appointed by the Town Council governs Barnstable's municipal airport. An Airport Manager, appointed by the Airport Commission, is responsible for administration and day-to-day operations of the airport. The Town Council is also authorized to appoint members to over 40 boards and committees with approximately 291 seats.

# PROPERTY TAXES

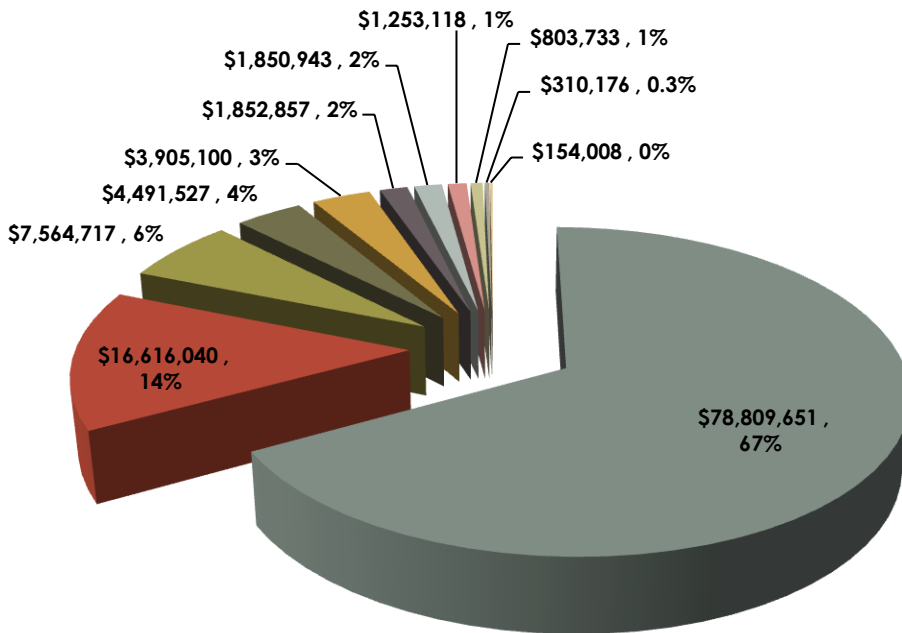


New Hyannis Harbor Hotel Under Construction

Proposition 2½ limits property tax levy increases to 2½ percent year-over-year, **plus** amounts related to newly developed property. This is known as the “levy limit”. The levy limit applies to the total amount of property taxes to be raised by the town, and does not apply to an individual tax bill. Although, many important expenses (such as health care) are increasing by more than 2½ percent per year, the Town has been able to manage the overall budget and remain within the prescribed limit of the law. The projected single tax rate for the Town in FY18 is \$8.82 per \$1,000 in valuation. This single rate is before any residential exemptions and any tax levy shifts between property classes. Town Council adopted a 20% residential exemption in FY17, which resulted in the residential tax rate

increasing to \$9.54. If a similar exemption level is approved for FY18, the projected residential tax rate is \$9.72. Qualifying homeowners whose primary residence is in Barnstable receive a reduction in their assessed taxable value of approximately \$90,000. The tax reduction would be valued at \$875 ( $\$90,000 \div 1,000 \times \$9.72$ ). The median price of a home in FY18 is projected to be \$320,000. A median priced home qualifying for the residential exemption would be taxed on a value of \$230,000, resulting in a tax bill of \$2,236. This would equate to a tax bill increase of \$41.40 for a median valued property qualifying for the residential exemption. This does not include the Community Preservation Fund tax and fire district tax, which varies by district. There are a total of 25,647 residential parcels in Town of which 47% (12,169) qualify for the residential exemption.

## FY 2018 Estimated Town Property Tax Allocation Total = \$117,569,798



- School
- Police
- Community Services
- Administrative Services
- Public Works
- Regulatory Services
- Planning & Development
- Unallocated
- Town Manager
- Town Council
- Enterprise Funds

The chart on the left illustrates the distribution of property taxes after all fixed costs are allocated to the operating departments. Revenue generated by each operation is credited against the fully allocated costs to arrive at the net amount of operating costs which need to be covered with property taxes. This only includes the Town's tax levy. It does not include the Community Preservation Fund taxes or fire district taxes.

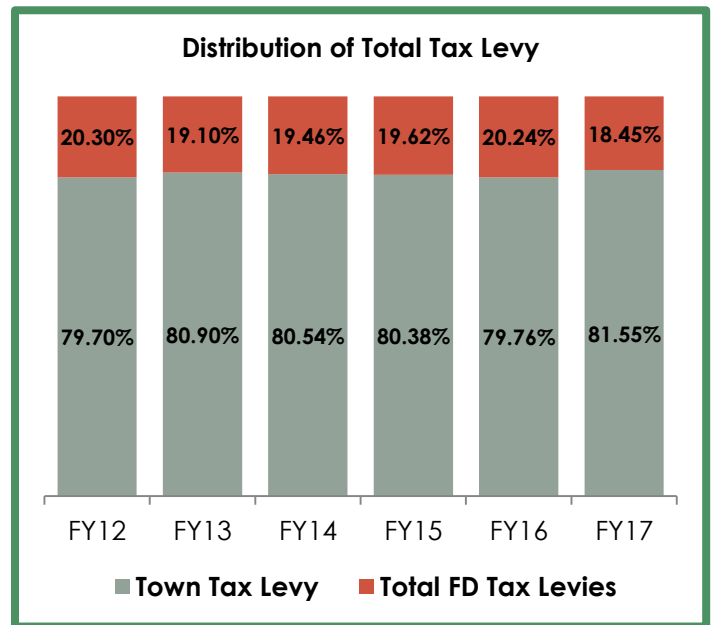
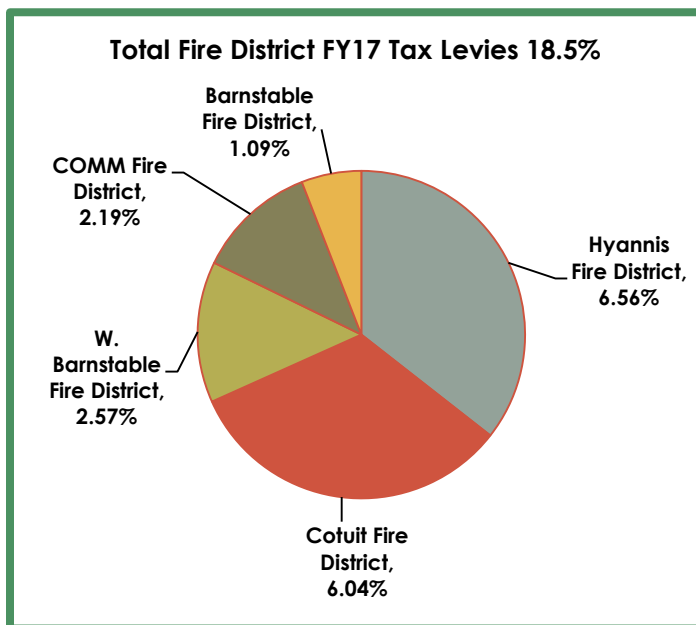
As the chart illustrates, about 67 cents of every tax dollar goes towards funding education. 20 cents goes towards funding the Police and

# FIRE AND WATER DISTRICTS



Centerville-Osterville-Marston Mills Fire Training

The Town's five fire districts are independent government agencies. Each district was created through special acts of the state legislature between 1895 and 1949. The fire districts have the authority to levy their own taxes. The fire district tax is segregated on the real estate tax bills so residents can differentiate between the taxes the Town and fire district levy. Elected boards govern the districts. Policy and budgets are set at annual spring meetings, which are open to any voting residents of the districts. The five fire districts are: Barnstable, Cotuit, Centerville-Osterville-Marston Mills (COMM), Hyannis and West Barnstable. Four of the five districts also manage their own water supply operations. The one exception is Hyannis, which manages its water through the Water Supply Division; a division of town government. The water departments bill their customers directly. The tax levies for FY18 will be finalized in the fall of 2017. Below is a 5-year history of tax levies for the town and fire districts.



Town and Fire District Tax Levy Growth	FY 2015		FY 2016		FY 2017	
Town tax levy	\$106,676,485	80.4%	\$110,547,068	79.8%	\$114,248,985	81.5%
Hyannis FD tax levy	8,109,789	6.1%	8,979,002	6.5%	9,193,629	6.6%
Barnstable FD tax levy	3,273,149	2.5%	3,648,926	2.6%	3,602,708	2.6%
Cotuit FD tax levy	2,886,739	2.2%	2,955,621	2.1%	3,064,830	2.2%
W. Barnstable FD tax levy	1,468,780	1.1%	1,509,369	1.1%	1,529,963	1.1%
COMM FD tax levy	10,296,979	7.8%	10,958,772	7.9%	8,460,633	6.0%
<b>Total FD tax levies</b>	<b>\$26,035,436</b>	<b>19.6%</b>	<b>\$28,051,690</b>	<b>20.2%</b>	<b>\$25,851,763</b>	<b>18.5%</b>
<b>Grand total</b>	<b>\$132,711,921</b>	<b>100.0%</b>	<b>\$138,598,758</b>	<b>100.0%</b>	<b>\$140,100,748</b>	<b>100.0%</b>

Growth in Levy FY15 to FY17	
\$7,572,500	7.1%
1,083,840	13.4%
329,559	10.1%
178,091	6.2%
61,183	4.2%
(1,836,346)	-17.8%
<b>\$(183,673)</b>	<b>-0.7%</b>
<b>\$7,388,827</b>	<b>5.6%</b>

# GENERAL FUND RESOURCES \$160 Million



4.33%

General Fund resources support the means for local government to provide goods and services to the community. Property taxes are the largest resource for the town of Barnstable, representing 73% of all General Fund revenues. State aid is the second largest resource representing 12%. Approximately 68% of state aid goes towards funding the Town's education related expenses. Local receipts comprise 7% of General Fund resources, which includes charges for services, fees, permits, licenses, and fines. Roughly, 6% comes from other taxes (see table below), and about 2% of the General Fund budget is provided from the Town's reserves. General Fund reserves are generated when actual revenues exceed budget estimates as well as unspent appropriations from prior years. These reserves are typically used for one-time expenditure items and the capital program. The use of reserves is up \$953,297 from FY17 due to a one-time \$1 million transfer into the Capital Trust Fund, which supports the Capital Improvements Plan debt service payments (see page 9).



Iyannough, a Native American leader

Property Taxes:	Budget FY 2017	Budget FY 2018
Tax Levy	\$114,243,675	\$118,484,798
Reserved for Abatements and Exemptions	(1,700,000)	(915,000)
<b>Property Taxes Available for Operations</b>	<b>\$112,543,675</b>	<b>\$117,569,798</b>
<b>Other Taxes:</b>		
Motor Vehicle Excise Tax	6,485,683	7,000,000
Boat Excise Tax	130,000	125,000
Motel/Hotel Excise Tax	1,790,000	1,830,000
Payments in Lieu of Tax	28,000	29,000
<b>Total Other Taxes</b>	<b>\$8,433,683</b>	<b>\$8,984,000</b>
<b>Other Resources:</b>		
Intergovernmental	18,782,718	18,852,905
Fines & Penalties	1,250,000	1,175,000
Fees, Licenses, Permits	3,144,100	3,128,900
Charges For Services	1,910,000	1,925,000
Interest and Other	1,298,500	1,201,148
Special Revenue Funds	738,853	761,853
Enterprise Funds	2,560,007	2,770,524
Trust Funds	270,000	260,000
Reserves	2,602,010	3,555,307
<b>Total Other Resources</b>	<b>\$32,556,188</b>	<b>\$33,630,637</b>
<b>Total General Fund Resources</b>	<b>\$153,533,546</b>	<b>\$160,184,435</b>

Change FY17-FY18	Percent Change
\$4,241,123	3.71%
785,000	-46.18%
<b>\$5,026,123</b>	<b>4.47%</b>

514,317	7.93%
(5,000)	-3.85%
40,000	2.23%
1,000	3.57%
<b>\$550,317</b>	<b>6.53%</b>

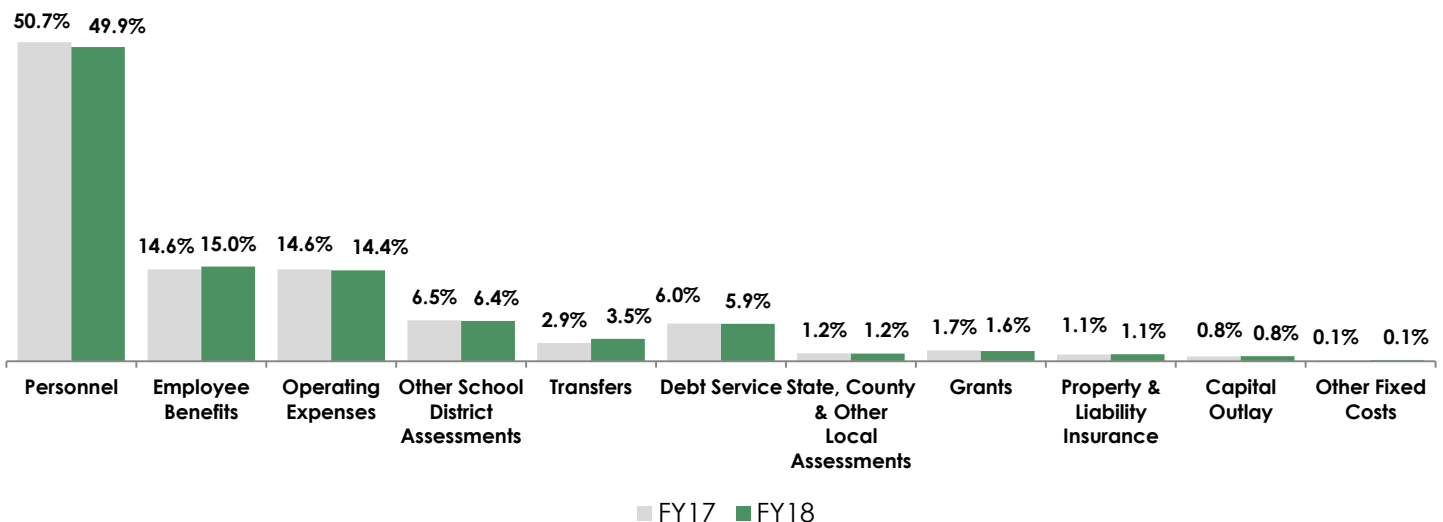
70,187	0.37%
(75,000)	-6.00%
(15,200)	-0.48%
15,000	0.79%
(97,352)	-7.50%
23,000	3.11%
210,517	8.22%
(10,000)	-3.70%
953,297	36.64%
<b>\$1,074,449</b>	<b>3.30%</b>
<b>\$6,650,889</b>	<b>4.33%</b>



When governments or administrators talk about "balancing the budget", they typically mean balancing the budget for their General Fund. The General Fund is the largest of all funds and directly finances government operations such as, education, police, public works, administration etc. This fund also covers town-wide fixed costs that include employee benefits, debt service, state assessments, insurance, and so on. The Town Council approved budget for FY18 includes a 2.79% increase in education expenditures, an increase in the municipal operations budget of 3.08%, and an increase in fixed costs of 5.82%. The overall budget is up \$6.6 million, or 4.33%. Employee benefits and transfers are the largest contributors to the overall budget change. (A detailed breakdown of the Town's budget changes can be found in the FY18 Operating Budget booklet pages 56-57)

	Approved FY 2017	Proposed FY 2018	Change FY17 - FY18	Percent Change
<b>Municipal Operations:</b>				
Police Department	\$13,407,890	\$13,835,845	\$427,955	3.19%
Public Works Department	10,627,159	10,937,141	309,982	2.92%
Administrative Services Department	5,990,289	5,997,073	6,784	0.11%
Community Services Department	3,262,086	3,555,185	293,099	8.99%
Regulatory Services Department	1,903,408	2,037,938	134,530	7.07%
Building Services	901,642	1,033,467	131,825	14.62%
Planning & Development	904,137	899,336	(4,801)	-0.53%
Town Manager	633,153	495,537	(137,616)	-21.74%
Town Council	263,842	267,685	3,843	1.46%
<b>Total Municipal Operations</b>	<b>\$37,893,606</b>	<b>\$39,059,207</b>	<b>\$1,165,601</b>	<b>3.08%</b>
<b>Education:</b>				
Local School System	66,050,000	67,884,706	1,834,706	2.78%
Regional School District	3,302,096	3,535,665	233,569	7.07%
Commonwealth Charter Schools	3,111,749	3,048,128	(63,621)	-2.04%
School Choice	934,327	973,892	39,565	4.23%
<b>Total Education</b>	<b>\$73,398,172</b>	<b>\$75,442,391</b>	<b>\$2,044,219</b>	<b>2.79%</b>
<b>Fixed Costs:</b>				
Employee Benefits	22,362,912	24,031,654	1,668,742	7.46%
Debt Service	9,172,108	9,500,634	328,526	3.58%
State & County Assessments	2,602,504	2,608,855	6,351	0.24%
Grants	1,900,990	1,954,210	53,220	2.80%
Property & Liability Insurance	1,620,000	1,760,000	140,000	8.64%
Celebrations, Rent & Other	172,000	177,000	5,000	2.91%
<b>Total Other Requirements</b>	<b>\$37,830,514</b>	<b>\$40,032,353</b>	<b>\$2,201,839</b>	<b>5.82%</b>
<b>Total General Fund Before Transfers</b>	<b>\$149,122,292</b>	<b>\$154,533,951</b>	<b>\$5,411,659</b>	<b>3.63%</b>
Transfers to Other Funds	4,411,254	5,650,484	1,239,230	28.09%
<b>Grand Total General Fund</b>	<b>\$153,533,546</b>	<b>\$160,184,435</b>	<b>\$6,650,889</b>	<b>4.33%</b>

## Budget By Major Expense Category



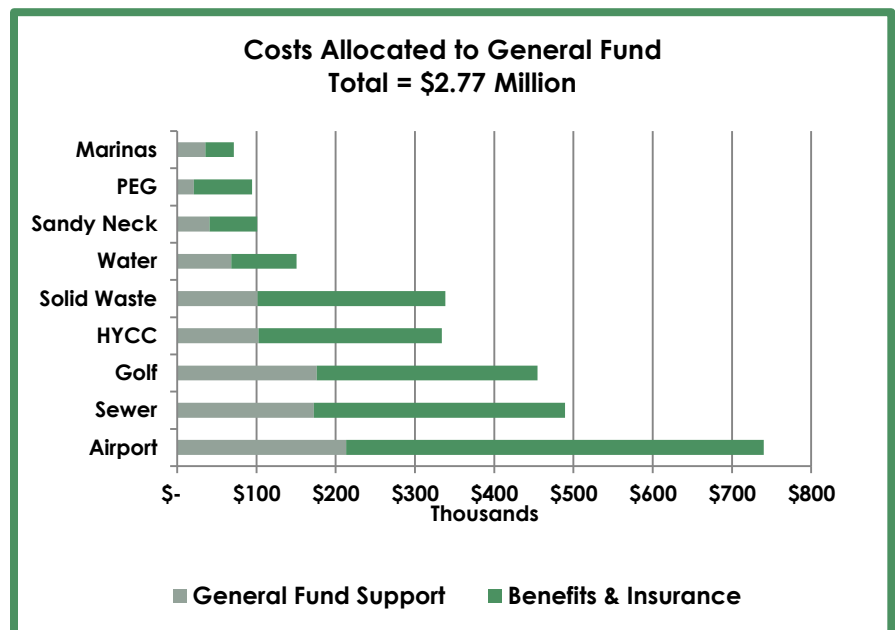
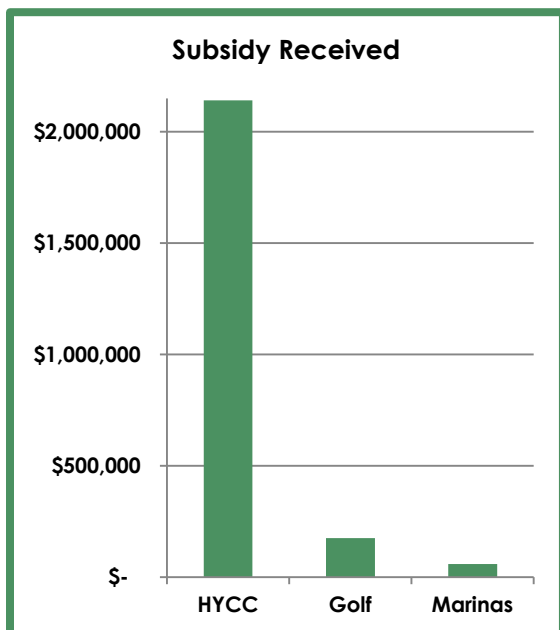


Solid Waste Facility Hazmat Collections

Municipalities have the option under state law to account for certain operations as Enterprise Funds. These include utilities, certain recreation facilities and transportation facilities. The Town accounts for nine Enterprise Funds using this model. This model provides several benefits, including: identifying the total cost for the service, which in turn provides management with useful information for setting user fees and measuring subsidies, and it allows investment income and surplus to be retained by the operation. Enterprise Funds can be both self-sustaining and subsidized. Enterprise Funds can also be assessed an indirect cost charge for support they receive from the General Fund

operations. The Water Supply is the largest Enterprise Fund operation. All Enterprise Fund budgets are increasing with the exception of Water Pollution Control. Much of the cost increases are directly attributable to the increased demand for those services.

Enterprise Fund	Approved FY 2017	Approved FY 2018	Change FY17-FY18	Percent Change
Solid Waste Enterprise	\$3,403,815	\$3,428,020	\$24,205	0.71%
Water Pollution Control Enterprise	4,692,412	4,601,261	(91,151)	-1.94%
Water Supply Enterprise	6,705,312	6,789,486	84,174	1.26%
Marina Enterprise	797,403	839,067	41,664	5.22%
Sandy Neck Enterprise	937,998	1,018,462	80,464	8.58%
Golf Enterprise	3,451,182	3,554,772	103,590	3.00%
HYCC Enterprise	3,221,011	3,379,599	158,588	4.92%
PEG Enterprise	775,000	811,627	36,627	4.73%
Airport Enterprise	6,093,528	6,508,537	415,009	6.81%
<b>Total All Budgeted Funds</b>	<b>\$30,077,661</b>	<b>\$30,930,831</b>	<b>\$853,170</b>	<b>2.84%</b>





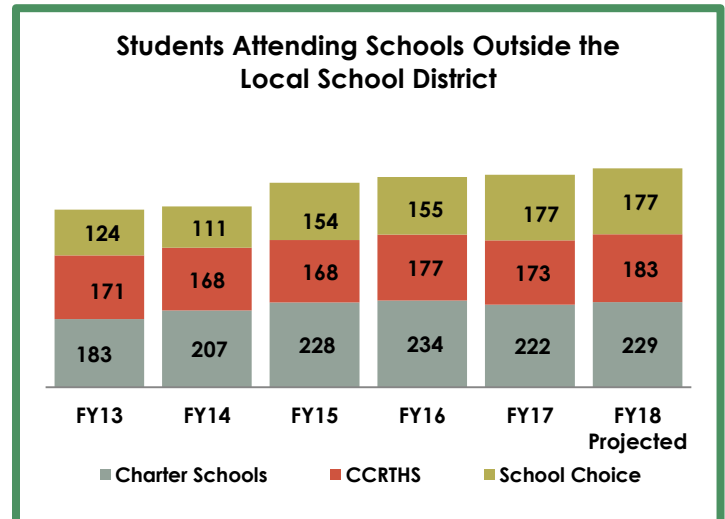
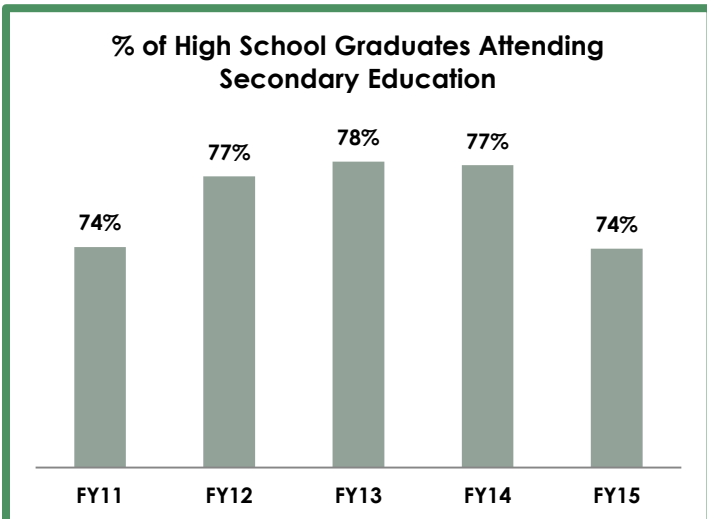
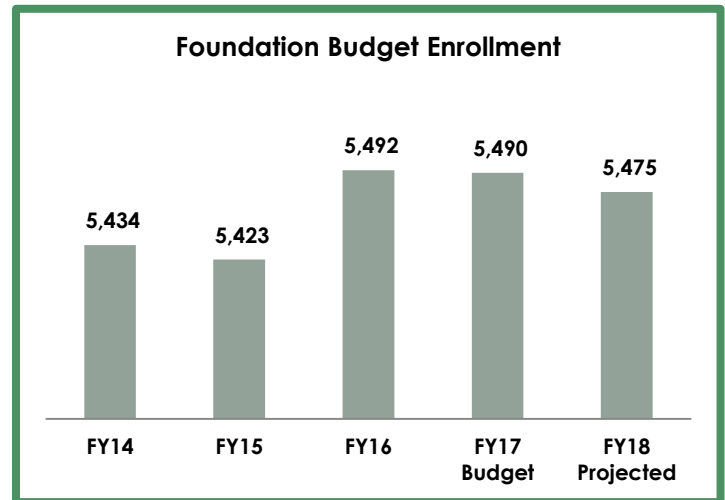
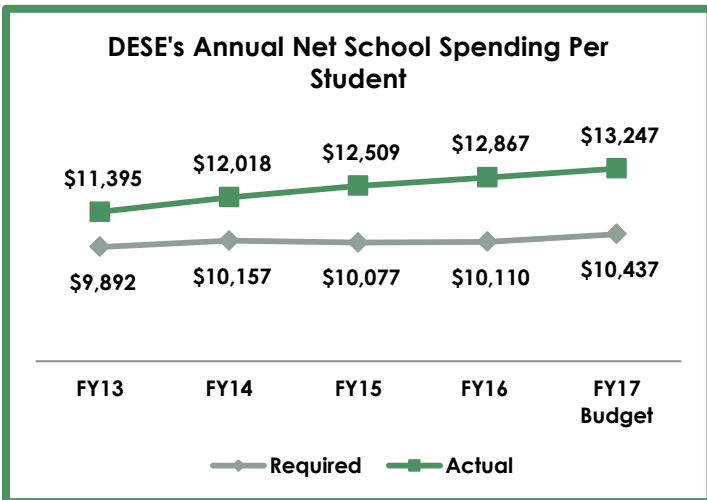
# PUBLIC EDUCATION OVERVIEW

The **Chapter 70 program** is the major program for state aid to public elementary and secondary schools. In addition to providing state aid to support school operations, it also establishes minimum spending requirements for each school district and minimum requirements for each municipality's share of school costs. The town of Barnstable has consistently exceeded the state's annual minimum spending requirements. Further information about the Chapter 70 Program is available by visiting the website of the Massachusetts Department of Elementary and Secondary Education (DESE) at <http://www.doe.mass.edu/finance/chapter70/>



Barnstable United Elementary School Math Class

**Students attending schools outside the local district.** Students have the option to attend schools in communities other than the town in which they reside (School Choice Program), the Cape Cod Regional Technical High School (CCRTHS) in Harwich, and Commonwealth Charter Schools. A tuition assessment is incurred by the town from each of these entities. In FY18, these assessments total \$7,599,169, or 5% of the overall General Fund budget.



# CAPITAL IMPROVEMENTS PLAN (CIP)



Gateway Marina Dredging Project

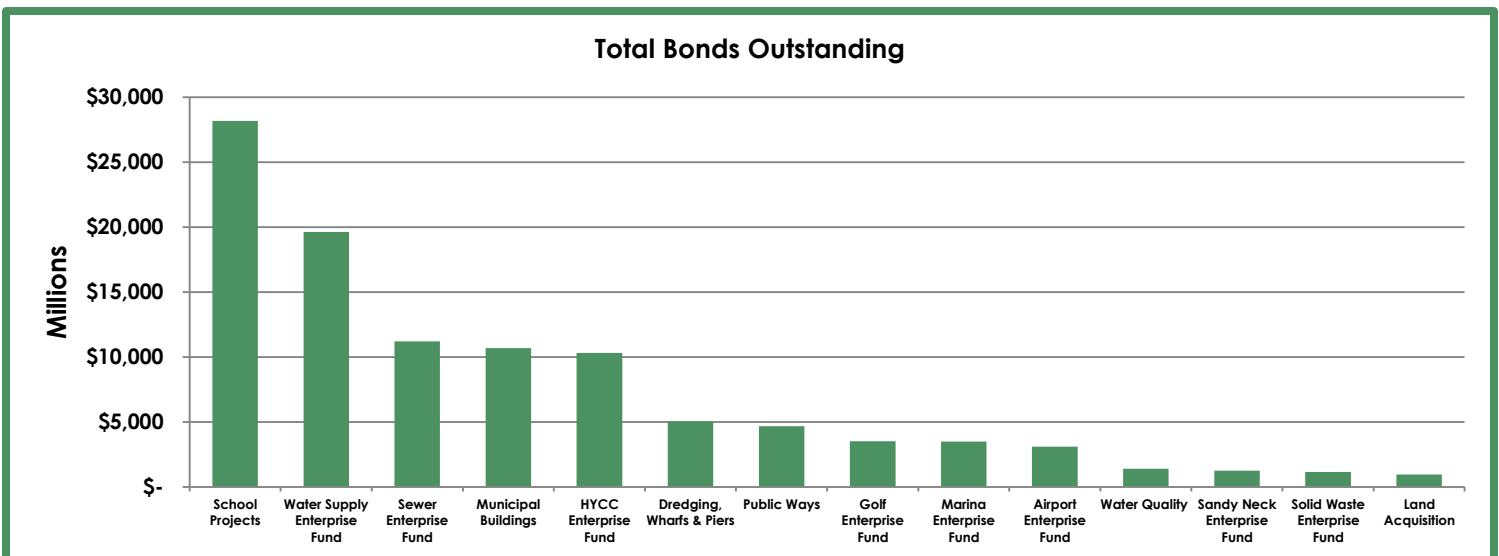
The Capital Improvement Plan (CIP) itemizes the Town's capital needs. The capital program is estimated to cost \$183 million over the next five years. This includes \$121 million for the General Fund and \$61 million for the Enterprise Funds. The plan includes cost estimates, recommended time schedules, methods of financing, and operating budget impacts. Projects are rated against ten evaluation criteria by a task force comprised of department managers across the town to provide a objective priority ranking. The Town Manager uses this ranking in determining which projects to bring forward for Town Council approval. In FY18, the Town Council approved funding for 33 capital projects totaling \$16 million. Many of the Town's

capital projects are financed with bond issues. The annual debt service to repay the bonds is illustrated in the chart at the bottom of the page. A list of the largest projects funded in FY18 is provided below.

A full detailed listing can be accessed on the town's website at:

<http://www.townofbarnstable.us/Finance/18Budget/18%20CIP%20BOOK%20FINAL.pdf>

FY18 Capital Improvements Plan	Reserves	Bond Issue	Grants	Other Fund Reserves	Total
Public Roads Maintenance	\$3,250,000	\$ -	\$ -	\$ -	\$3,250,000
Barnstable High School 21st Century Learning Space	-	3,158,000	-	342,363	3,500,363
High School Stadium Bleachers	-	1,055,000	-	-	1,055,000
Other Capital Projects	615,000	2,874,000	40,000	1,366,000	4,895,000
<b>Total General Fund Program</b>	<b>\$3,865,000</b>	<b>\$7,087,000</b>	<b>\$40,000</b>	<b>\$1,708,363</b>	<b>\$12,700,363</b>
Airport Comprehensive FAA Plan	35,000	-	665,000	-	700,000
Hyannis Golf Course Turf Maintenance	-	325,000	-	-	325,000
Water Supply Pipe Replacement	-	500,000	-	-	500,000
Water Supply Mary Dunn 1 Repairs	-	638,000	-	-	638,000
Other Capital Projects	715,500	786,000	-	-	1,501,500
<b>Total Enterprise Fund Program</b>	<b>\$750,500</b>	<b>\$2,249,000</b>	<b>\$665,000</b>	<b>\$ -</b>	<b>\$3,664,500</b>
<b>Grand Total</b>	<b>\$4,615,500</b>	<b>\$9,336,000</b>	<b>\$705,000</b>	<b>\$1,708,363</b>	<b>\$16,364,863</b>



# BARNSTABLE'S OPEN BUDGET WEBSITE

**Open Budget - Town of Barnstable, MA**

Operating Budget Summary for the General Fund and Enterprise Funds

**Revenue Budgets**  
\$186.40 Million  
Projected Revenues for Fiscal Year 2017

**Expenditure Budgets**  
\$186.40 Million  
Approved Operating Budgets for Fiscal Year 2017

FY18 Capital Budget Summary - General Fund, Enterprise Funds, Sewer Construction and Private Way Fund, and Community Preservation Fund

**Capital Budget**  
\$15.93 Million  
FY18 Approved Capital Program

## What is it?

Barnstable's Open Budget website offers a transparent look into real-time financial information for its citizens and other interested groups. This exciting opportunity allows anyone to monitor or analyze the town's financial performance at an in-depth level.

## What is available?

Current Fiscal Year (updated weekly) and Historical Data

- Revenue & Expenditures

Town-wide finances by,

- Fund
- Department
- Division
- Program
- Activity
- Line Item

Capital Improvements Plan (CIP)

- Project Status
- YTD Expended
- Locations
- Pictures

**\$936,000**  
2016-113 LOMBARD FIELD IMPROVEMENTS 2017 -

Description:  
This project includes the architectural and engineering services for the contract documents, bid and contract administration and the full construction funding of the improved facility. This is the site of a much used community center, playground, baseball field and parking area. It is utilized fully by many residents and is one of our most highly used community parks. The existing playground will be relocated on the site away from the ball field, reducing the issue with balls onto it, parking will be organized and paved with drainage, walk with dark grey lighting, a new ball field with lighting and fencing and grass law, and landscaping, walk and bike access throughout. This is a high used field and parking area within the Village of West Barnstable. The playground, community building and ball field is used throughout the year day and evening. Proper lighting of the ground parking area is problematic and drainage over runs with evening use, lighting the area without walk and proper lighting is a major issue as is the condition of the ball field with poor drainage and uneven soft surface.

Project image:  
[Image showing the Lombard Field site]

Phase:  
1 To Be Done, 2 Study, 3 Improve, 4 Design, 5 Bid/Procure, 6 **Construction**, 7 Plan/Call, 8 Complete

**\$181 Million** Expenditure Budgets 2016 - AMOUNTS FOR 2016 ARE UPDATED AT THE BEGINNING OF EVERY WEEK.

Where's it going? How's it funded?

Expenditure Budgets broken down by Fund

Back

Show: Approved Budget

Snapshot  
Pie Chart  
Over Time  
Show Table

View Table



The Town of Barnstable's operating and capital budgets are now online at <http://budget.townofbarnstable.us>

## Looking Ahead

### Quality of Life

The FY18 budget reflects the Town Council's priority of enhancing the *Quality of Life Initiatives*. In particular, this budget includes additional spending in the following areas:

- ✓ Increased police presence
- ✓ Increased conservation and water quality initiatives
- ✓ Increased shellfish programs
- ✓ Increased youth programs
- ✓ New academic programs
- ✓ State-of-the-art learning center at the high school

### Fiscally Sound

The Town of Barnstable has a long tradition of operating within its means. Despite the ever-increasing expenditures for post-employment benefits (OPEB), acquisitions of new equipment, and needed facility maintenance, the FY18 budget transfers only a judicious and prudent amount from the reserve fund.

## Keeping an Eye on the Future

CFAC continues to monitor and bring to the attention of the Town Council and Administration *future* financial issues as well as past financial performance. Several matters of future significant financial concern have been raised over the past year. Major issues are:

- Need to adequately fund Other Post-Employment Benefits ("OPEB"), primarily future health insurance costs for retirees
- Need to develop a fair and affordable plan to meet significant wastewater treatment capital costs
- Need to develop an affordable plan to meet new storm water management requirements
- Funding the Town's share of a new Vocational Technical school
- Ending the use of money reserved for sewer construction for the repair of privately owned roadways

CFAC will continue to monitor and report on these issues and any emerging financial issues in the upcoming year.



### COMMITTEE MEMBERS

1. John Schoenherr, Chair
2. Robert Ciolek, Vice Chair
3. Lillian Woo, Secretary
4. Cynthia Crossman
5. Ralph Krau
6. Joseph Mladinich
7. Gregory Plunkett
8. Allen Fullerton
9. Vacant

Contact: [CFAC@town.barnstable.ma.us](mailto:CFAC@town.barnstable.ma.us)