

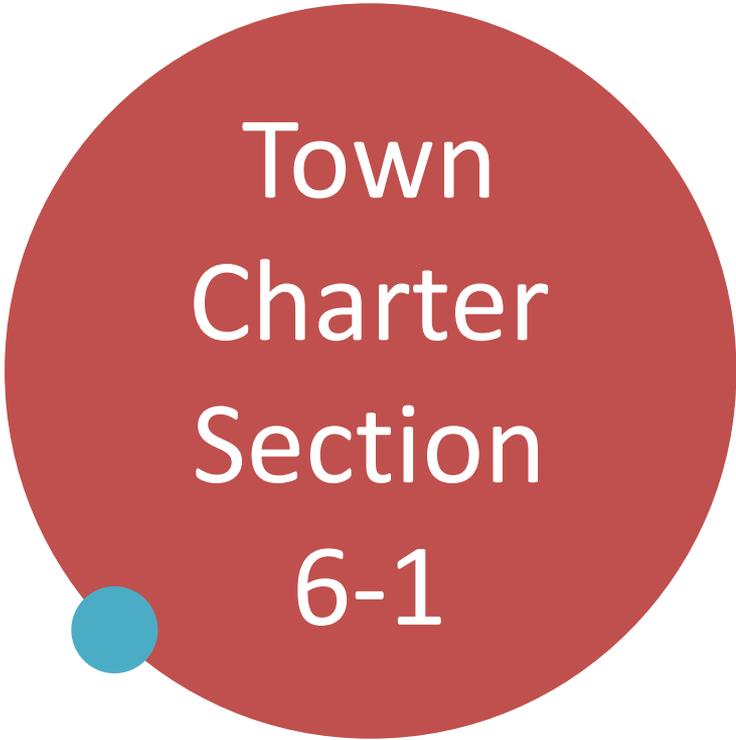
Fiscal Year 2025 Budget Planning

Joint Meeting of the Town
Council and School Committee

October 19, 2023



“Great plan. Could we get some more details?”



Town Charter Section 6-1



Annual Budget Policy

The president of the town council shall call a joint meeting of the town council and school committee prior to the commencement of the budget process to ***review the financial condition*** of the town, ***revenue and expenditure forecasts*** and ***other relevant information*** in order to develop a coordinated budget. The town manager and superintendent of schools shall be required to ***develop an annual policy agreement*** on the allocation of the projected revenue between the general government operations and the school department operations. Said agreement shall be ***subject to review of the school committee and the town council.***



REVIEW OF FINANCIAL CONDITION

Joint Meeting of the Town
Council and School Committee

March 2023 S&P Credit Rating



- AAA with a stable outlook
- Strong wealth and income indicators
- Comprehensive set of formalized financial policies and practices
- History of strong financial performance
- Maintenance of very strong reserves
- Manageable debt burden, pension and OPEB liabilities

June 30, 2022 Financial Audit



Unqualified Opinion – financial statements are fairly and appropriately presented, without any identified exceptions, and in compliance with generally accepted accounting principles



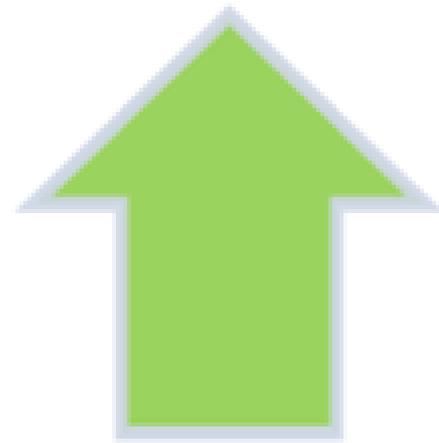
Single Audit – No findings or questioned costs on Federal award programs

Highlights in FY 2022 Audit

Assets exceed liabilities by \$360 million – an increase of \$64 million

Governmental funds reported a total of \$159 million in fund balances; an increase of \$12 million

General Fund balance = 34% of General Fund expenditures – an increase of 2%



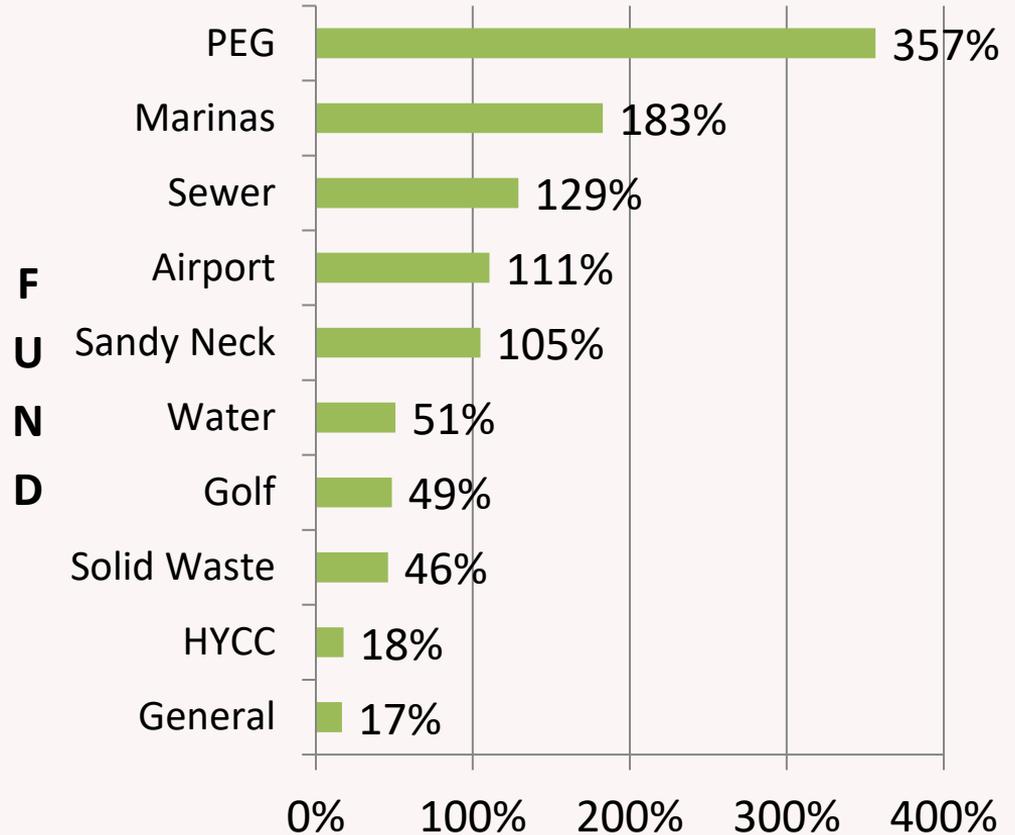
FY23 Budget Performance

Fund	Surplus Used To Balance Budget	Actual Surplus Generated (Used)	Favorable Variance
General	(\$ 7,683,623)	\$ 5,866,872	\$ 12,615,674
Airport	(\$ 3,811,500)	\$ 1,901,289	\$ 5,712,789
Golf	(\$ 216,477)	\$ 255,960	\$ 472,438
Solid Waste	(\$ 371,377)	(\$ 5,496)	\$ 365,881
Sewer	\$ -	\$ 1,609,413	\$ 1,609,413
Water	\$ -	\$ 2,064,535	\$ 2,064,535
Marinas	(\$ 64,681)	\$ 234,580	\$ 299,260
Sandy Neck	(\$ 107,017)	\$ 203,597	\$ 310,614
HYCC	(\$ 412,620)	\$ 132,405	\$ 545,025
PEG	\$ -	\$ 261,027	\$ 261,027

Certified Free Cash as of July 1

Fund	2022	2023	Change
HYCC Enterprise	\$ 555,568	\$ 706,568	\$ 151,000
Sandy Neck Enterprise	\$ 1,126,363	\$ 1,280,728	\$ 154,365
Marina Enterprise	\$ 1,310,183	\$ 1,472,442	\$ 162,259
Solid Waste Enterprise	\$ 1,737,618	\$ 1,904,664	\$ 167,046
Golf Enterprise	\$ 2,326,507	\$ 2,042,172	\$ (284,335)
PEG Access Channel Enterprise	\$ 3,135,874	\$ 3,416,610	\$ 280,736
Water Enterprise	\$ 2,162,138	\$ 4,352,767	\$ 2,190,629
Sewer Enterprise	\$ 9,572,060	\$ 11,259,454	\$ 1,687,394
Airport Enterprise	\$ 8,878,844	\$ 13,256,059	\$ 4,377,215
General Fund	\$ 26,769,227	\$ 32,722,432	\$ 5,953,205

Free Cash as a Percentage of the FY24 Operating Budget



Rethinking Reserves

Traditional Thinking

- Tool for one-time expenses
- Start-up funding
- Rate stabilization
- Pay future liabilities

New Thinking

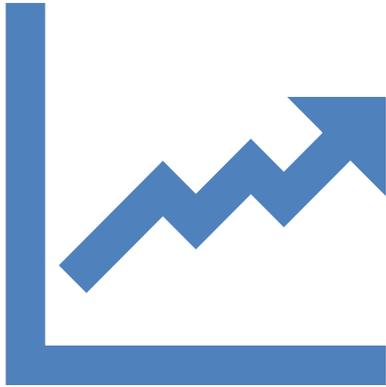
- A Risk Management Tool
- Cash flow risks – weekly expenses vs. quarterly tax revenue
- Revenue instability – provides softer landing
- Uninsured events
- Increase in self-insured assets/activities

Other Reserves

Fund	Balance on June 30, 2023	Purpose
Capital Trust Fund	\$13,352,605	Capital program
Sewer Construction/Private Way	\$20,493,968	CWMP & certain private ways
Comprehensive Water Management	\$4,921,524	Sewer and water capital
Water Supply Stabilization	\$1,507,509	Water capital and rate stabilization
Community Preservation Fund	\$9,807,766	Open space preservation/recreation, historic preservation, community housing
OPEB	\$9,294,828	Other Post Employment Benefits
Workers' Compensation	\$4,240,087	Self-insured program for town

Coronavirus Local Fiscal Recovery Fund (ARPA)

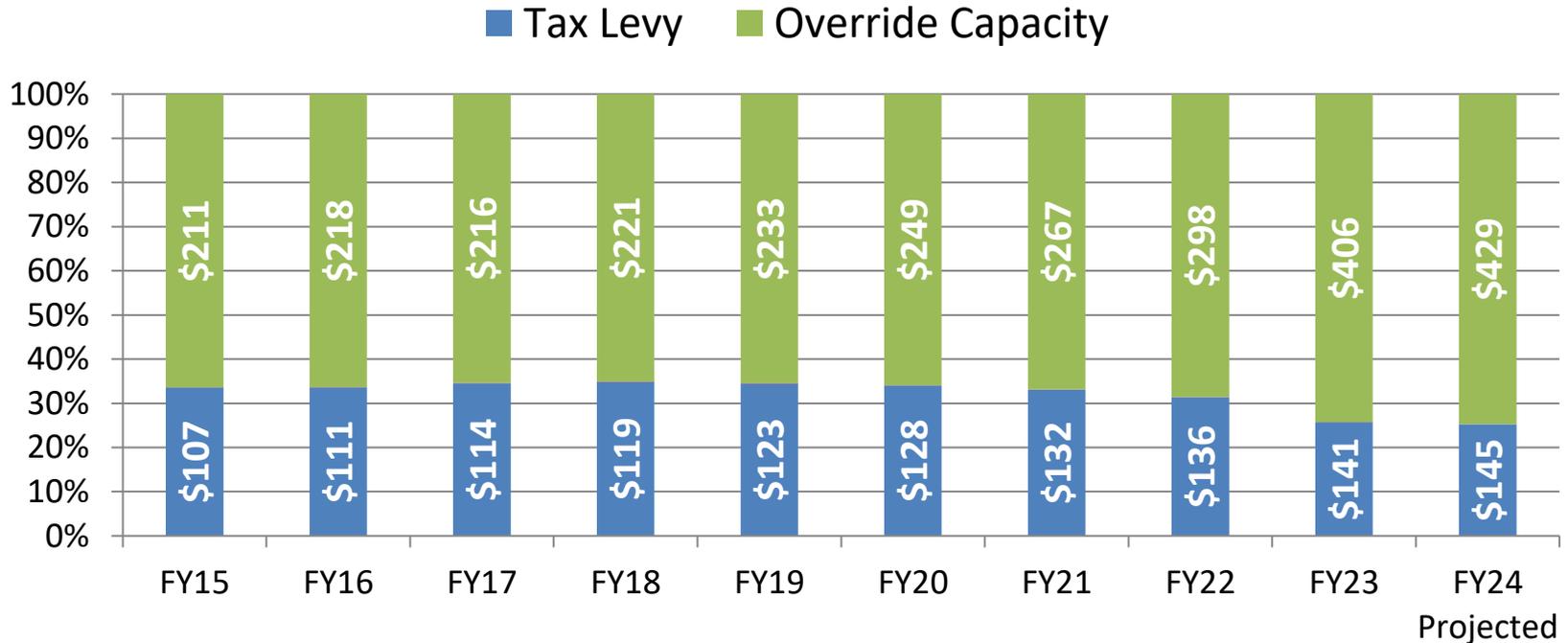
Award Amount	\$ 7,692,670
Grant Guidelines: Communities receiving less than \$10,000,000 may elect to treat these funds as a replacement for lost revenue; thereby allowing them to be expended for any General Government Service. Only exceptions include payments towards debt service and unfunded pension system obligations.	
Grant Deadlines: Funds must be expended or obligated by December 30, 2024. If obligated, obligations must be paid by December 30, 2026.	
Project Description:	
Costs to support remote workforce	109,924
Enhance Information Technology Network Security	349,031
New software for financial applications	107,500
Digitization of records project	1,760,003
Soccer Cages for Recreation Division	40,500
Grant Coordinator position	62,641
Reinstate 4 police officer positions	397,140
Salary for Critical Incident Coordinator	63,338
Public Health Nurses	151,331
Water system development charge reductions	472,232
Totals	3,513,641
Unobligated Balance	\$ 4,179,029



PROPERTY TAXES

Joint Meeting of the Town
Council and School Committee

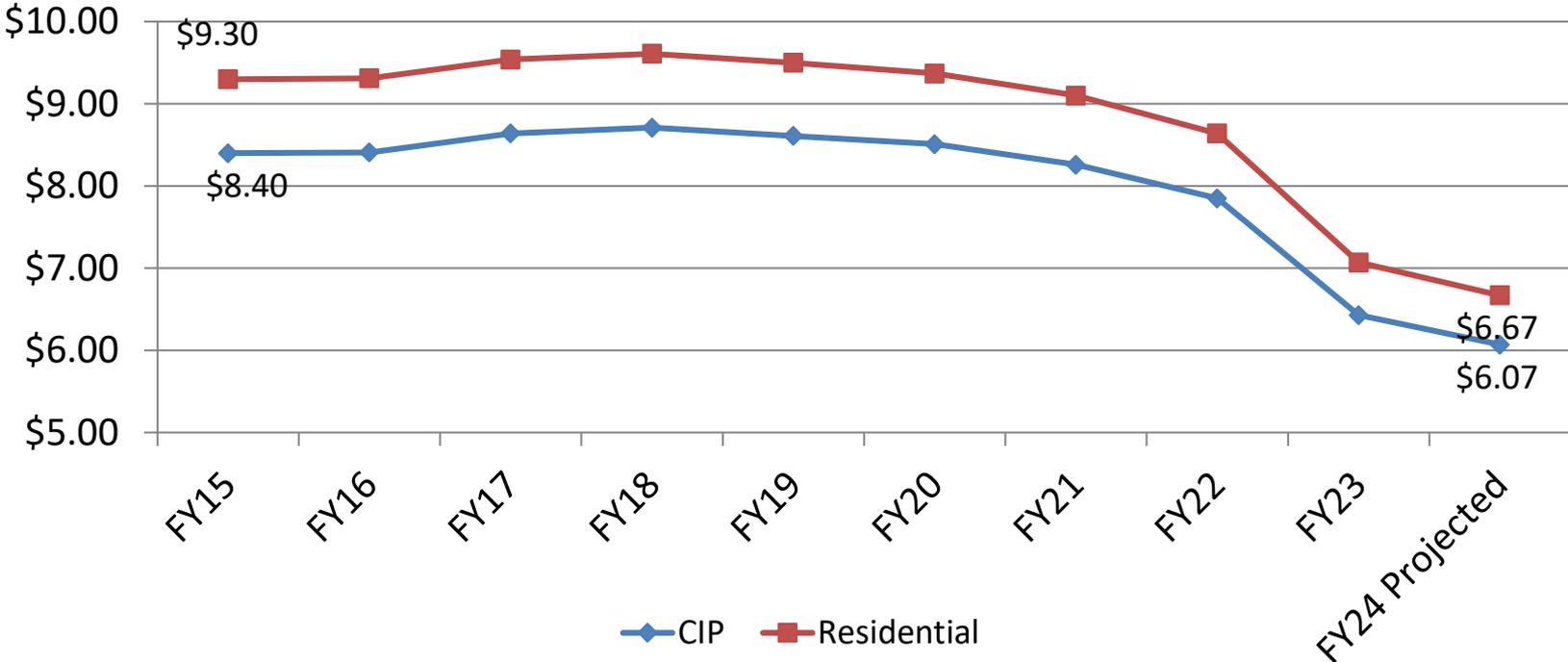
Tax Levy Growth & Override Capacity



Property Tax Debt Exclusions

Fiscal Year	Local School Bond Payments	Mass. School Building Auth. Funding	Cape Cod Regional Tech HS	Net Amount Added to Tax Levy
FY15	\$4,804,578	(\$3,509,126)		\$1,295,452
FY16	\$4,465,003	(\$3,018,762)		\$1,446,241
FY17	\$4,420,853	(\$3,018,756)		\$1,402,097
FY18	\$4,367,653	(\$3,018,750)		\$1,348,903
FY19	\$4,318,972	(\$3,018,706)		\$1,300,266
FY20	\$832,000	(\$859,779)	\$2,387,036	\$2,359,257
FY21			\$1,971,714	\$1,971,714
FY22			\$1,688,805	\$1,688,805
FY23			\$1,732,200	\$1,732,200
FY24			\$1,716,966	\$1,716,966

History of Tax Rates

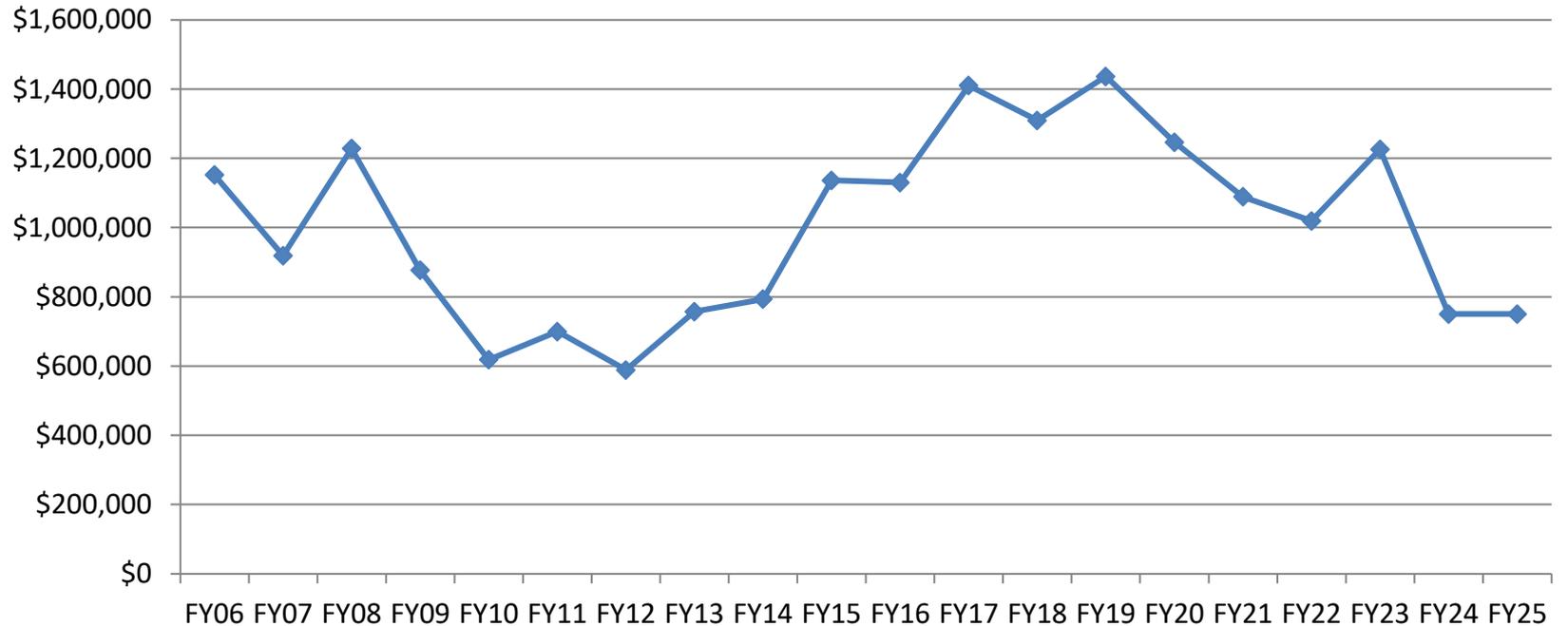




Tax Levy Distribution

FISCAL YEAR	RESIDENTIAL	CIP
FY14	\$ 91,357,706	\$ 12,164,312
FY15	\$ 94,113,481	\$ 12,563,004
FY16	\$ 97,234,780	\$ 13,312,287
FY17	\$ 100,243,476	\$ 14,005,509
FY18	\$ 104,195,587	\$ 14,336,077
FY19	\$ 108,158,664	\$ 14,597,260
FY20	\$ 113,772,075	\$ 14,620,282
FY21	\$ 114,913,652	\$ 17,144,806
FY22	\$ 119,857,320	\$ 16,386,647
FY23	\$ 125,308,787	\$ 15,361,142

New Property Tax Growth



FY23 Top 10 Taxpayers

FY24 Highlight:

Vineyard Wind valuation is expected to be approximately \$60 million placing them 4th on the list. More value will be realized in FY25.

Name	Property Description	FY 2023 Assessed Value	% of Total AV
Eversource	Utility	\$ 174,657,730	0.80
Mayflower Cape Cod LLC	Shopping Mall	157,692,800	0.72
National Grid (Colonial Gas)	Utility	70,530,870	0.32
Festival of Hyannis LLC	Shopping Center	48,490,400	0.22
The Landing at Hyannis	Shopping Center	45,193,000	0.21
GS Barnstable Landowner LLC	Apartments	44,182,300	0.20
OCW Retail Hyannis LLC	Shopping Center	41,751,600	0.19
Oyster Harbors Club Inc.	Golf Club	35,028,200	0.16
Wianno Club	Golf Club	29,979,700	0.14
Indian Point Family Partnership	Residential	29,124,600	0.13
	Total	\$ 676,631,200	3.09%

OTHER MAJOR REVENUE TRENDS

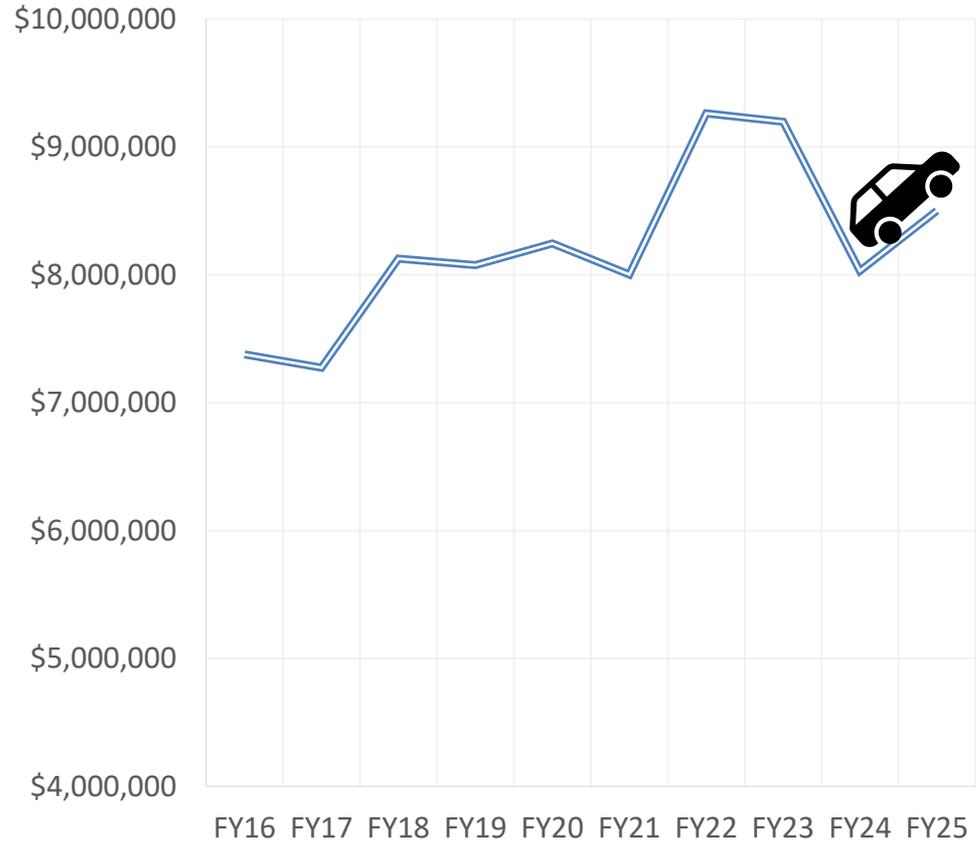


Joint Meeting of the Town
Council and School Committee

10/19/2023

www.townofbarnstable.com

Motor Vehicle Excise Tax





Your trusted data source since 1991.

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Categories > Production & Business Activity > Transportation > Motor Vehicles

★ Total Vehicle Sales (TOTALSA)

DOWNLOAD

Observation:
Jun 2023: **16.189**
(+ more)
Updated: Sep 29, 2023

Units:
Millions of Units,
Seasonally Adjusted Annual Rate

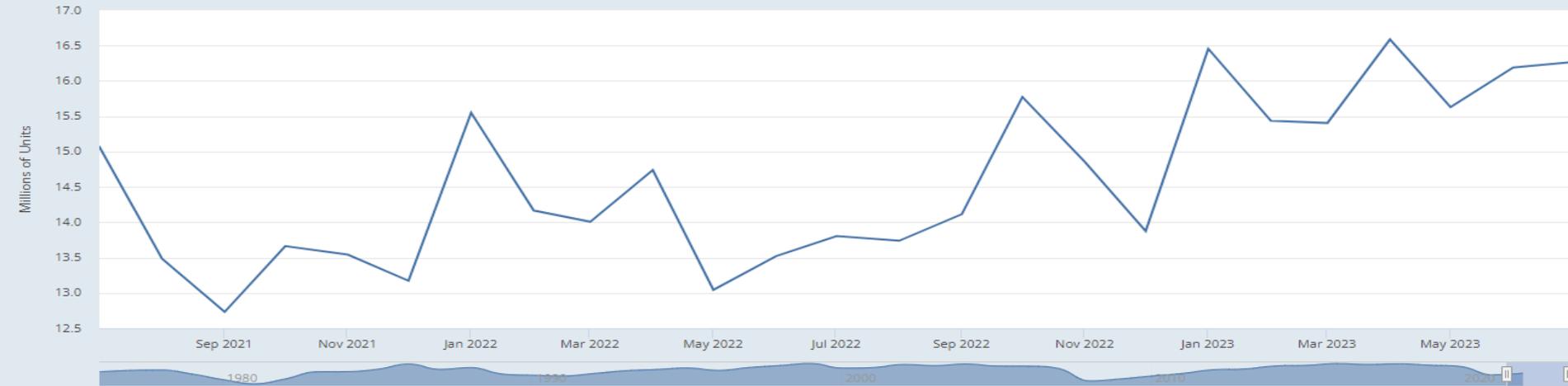
Frequency:
Monthly

1Y | 5Y | 10Y | Max

2021-07-01 to 2023-06-30

EDIT GRAPH

FRED — Total Vehicle Sales

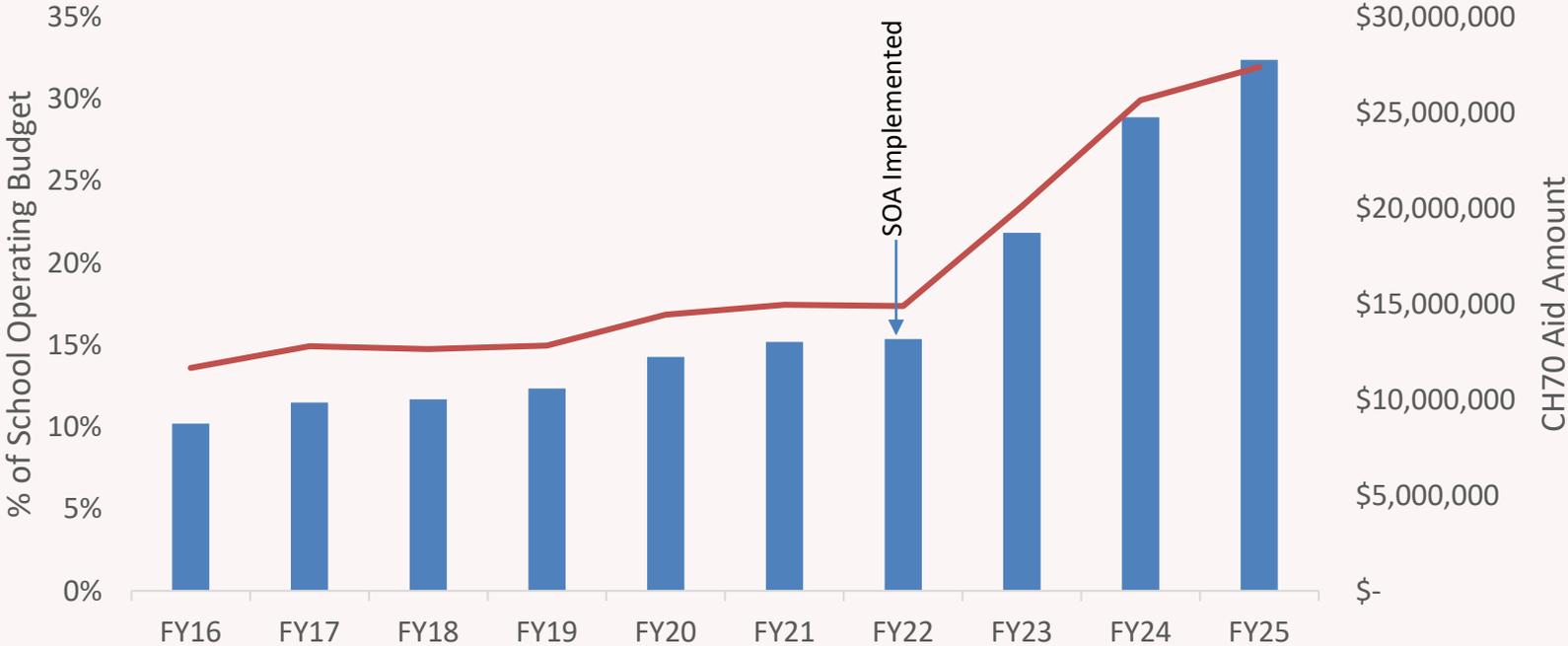


Shaded areas indicate U.S. recessions.

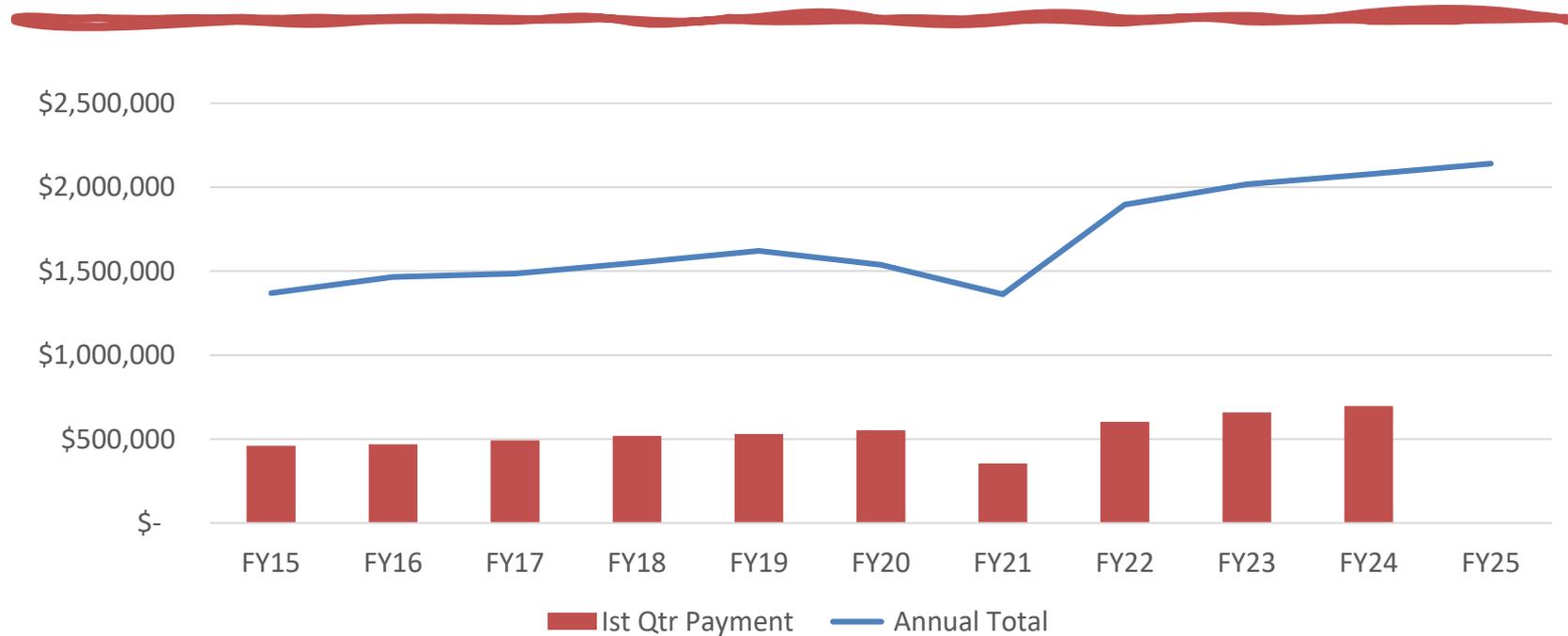
Source: U.S. Bureau of Economic Analysis

fred.stlouisfed.org

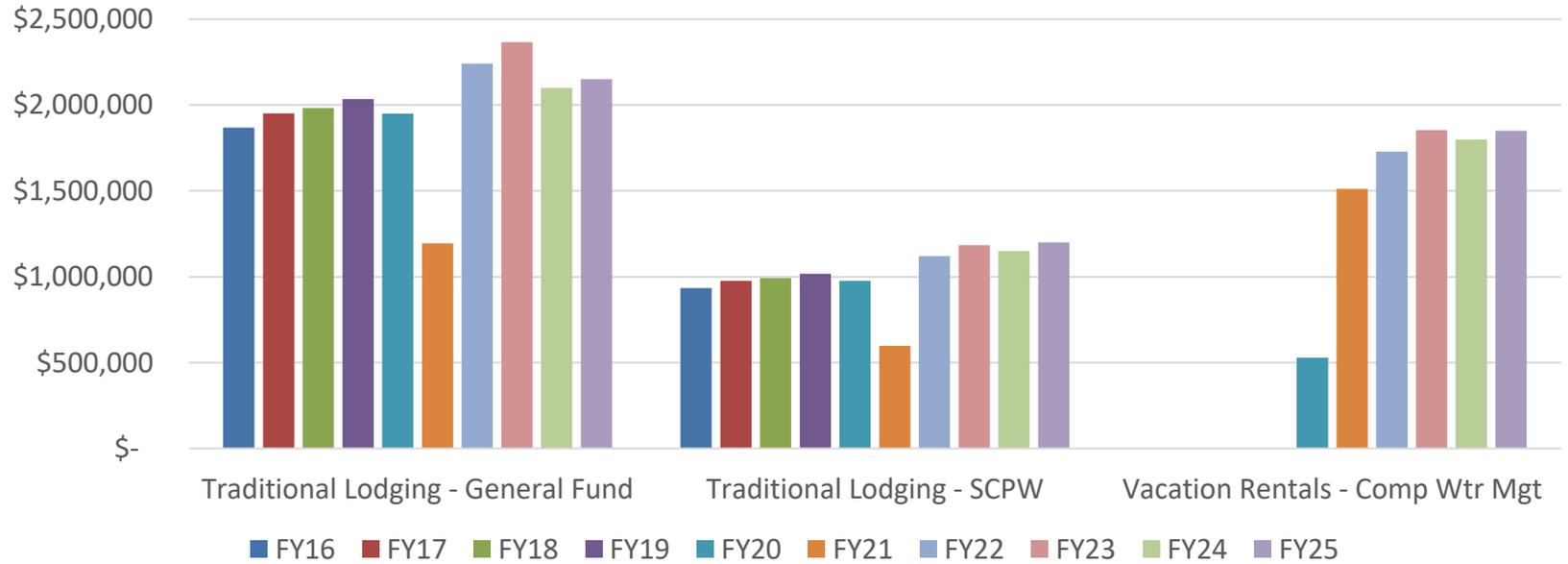
Chapter 70 Aid for Education



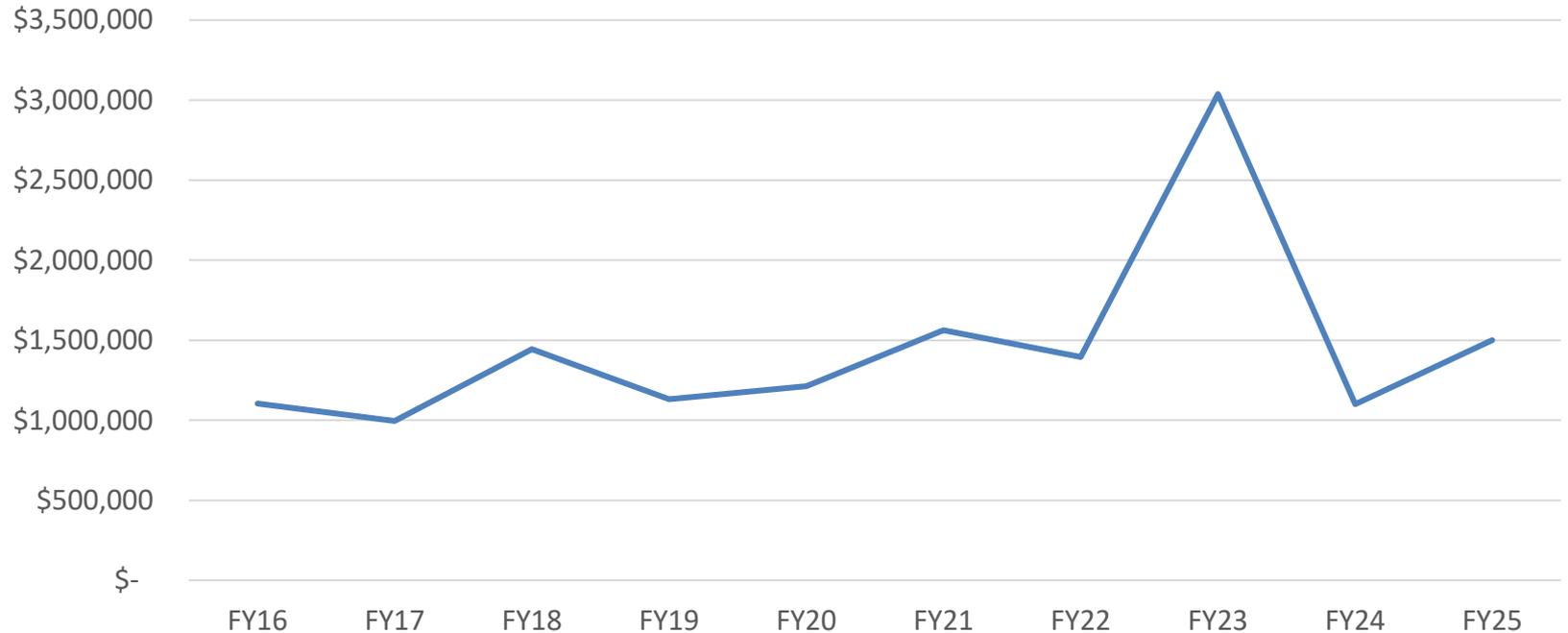
Meals Tax Revenue



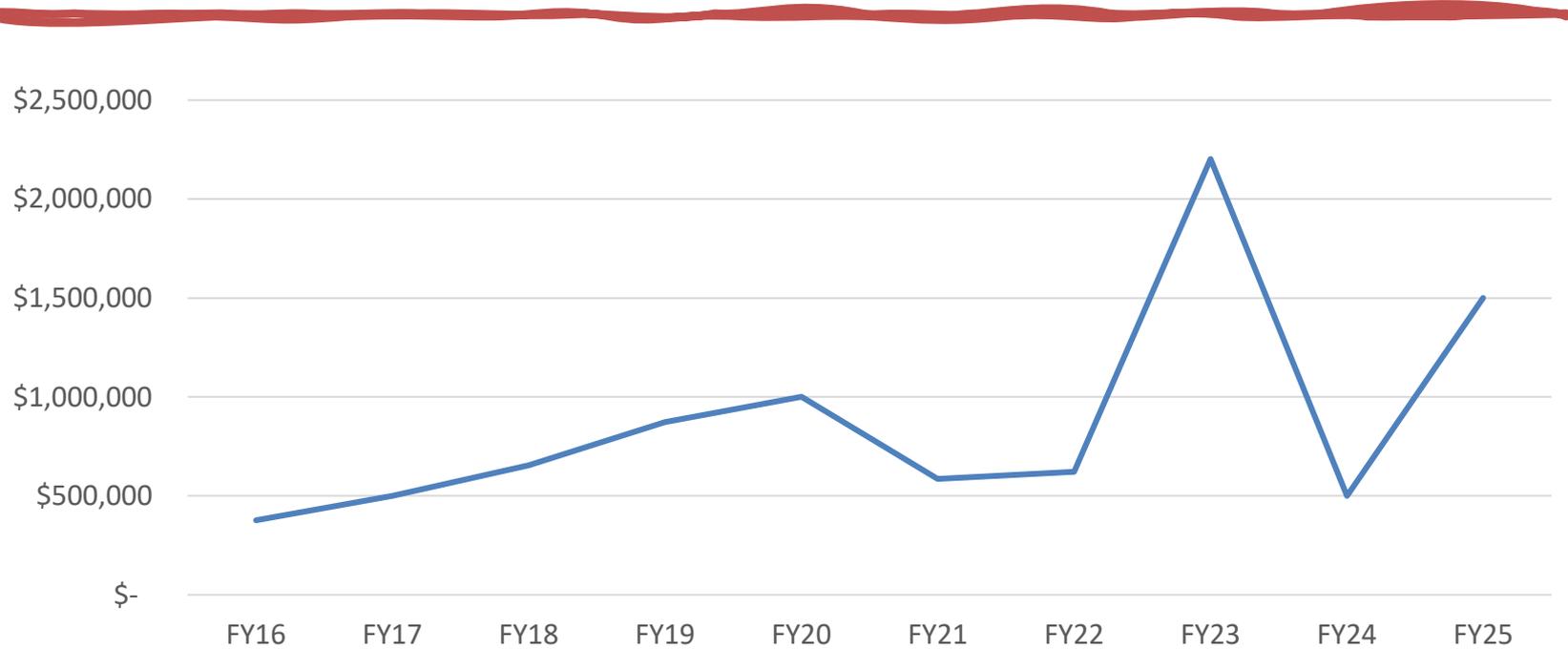
Rooms Tax Revenue



Building Permit Revenue



General Fund Investment Income



GENERAL FUND EXPENDITURE DRIVERS



Joint Meeting of the Town Council and
School Committee

Salaries & Wages

- Total FY24 General Fund budget \$105MM
 - Every 1% adds \$1,050,000 to the budget
 - All non-school collective bargaining agreements (CBA) expired June 30, 2023; currently under negotiation
 - All School CBA's expire June 30, 2024

Pension Assessment

- FY24 Actuarial Determined Contribution (ADC) - \$83.4MM; town share is \$12.4MM
- Funding schedule provides for a 5.8% increase in the ADC
- ADC is allocated based on each entity's covered payroll; town is currently 15.58%
- Minimum annual budget impact from ADC is over \$600,000
- % change in covered payroll can have a significant impact; a 1% increase could add \$1MM to the assessment
- Recently approved COLA will add an additional \$70,000

Health Insurance

- Total budget is \$13.5MM based on 50/50 contribution
- Change to 70/30 (active only) will add over \$1.8 million before any increase in participation
- Every 1% increase in rates can add \$150,000 to budget; pre-COVID rates increases 5-8%

Capital Program



General Fund base contribution -
\$15MM

\$7.2MM in debt service; \$7.8MM cash



Increase base 2.5% per year plus \$750,000

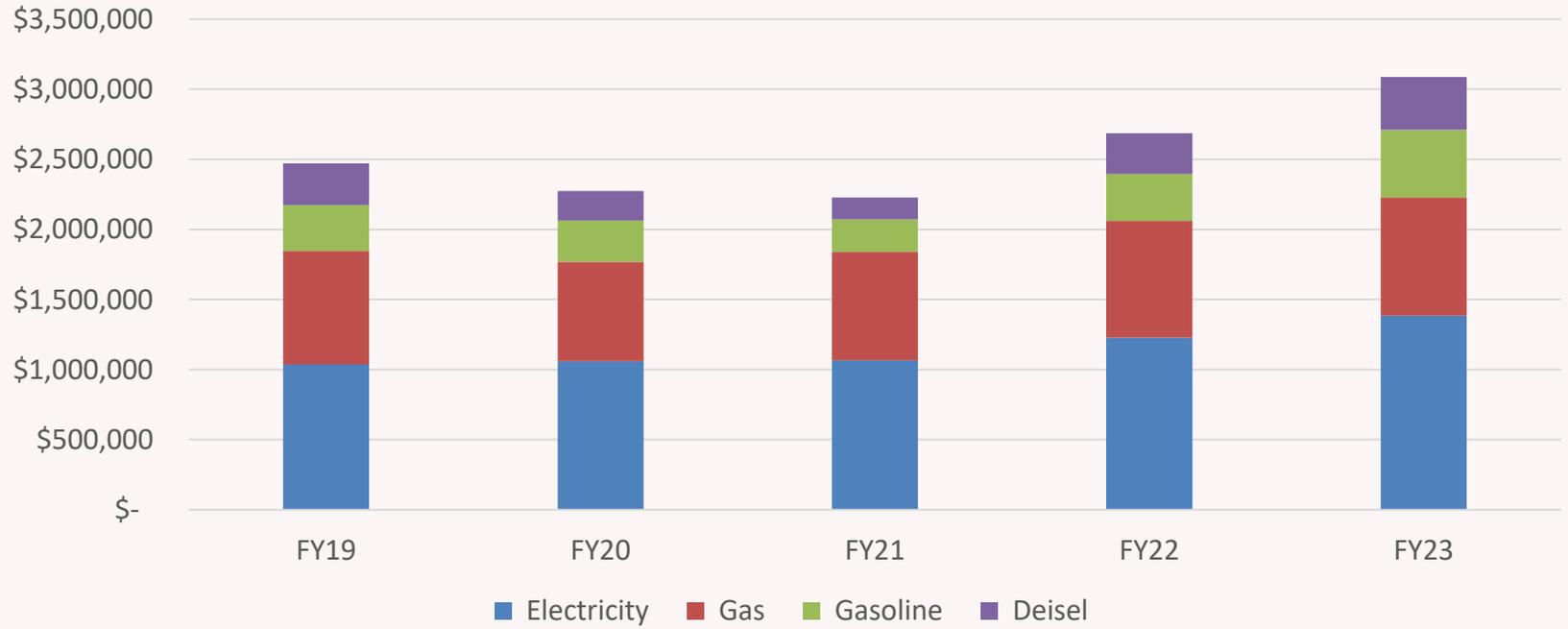


Acceleration of capital program and CWMP results is upwards pressure



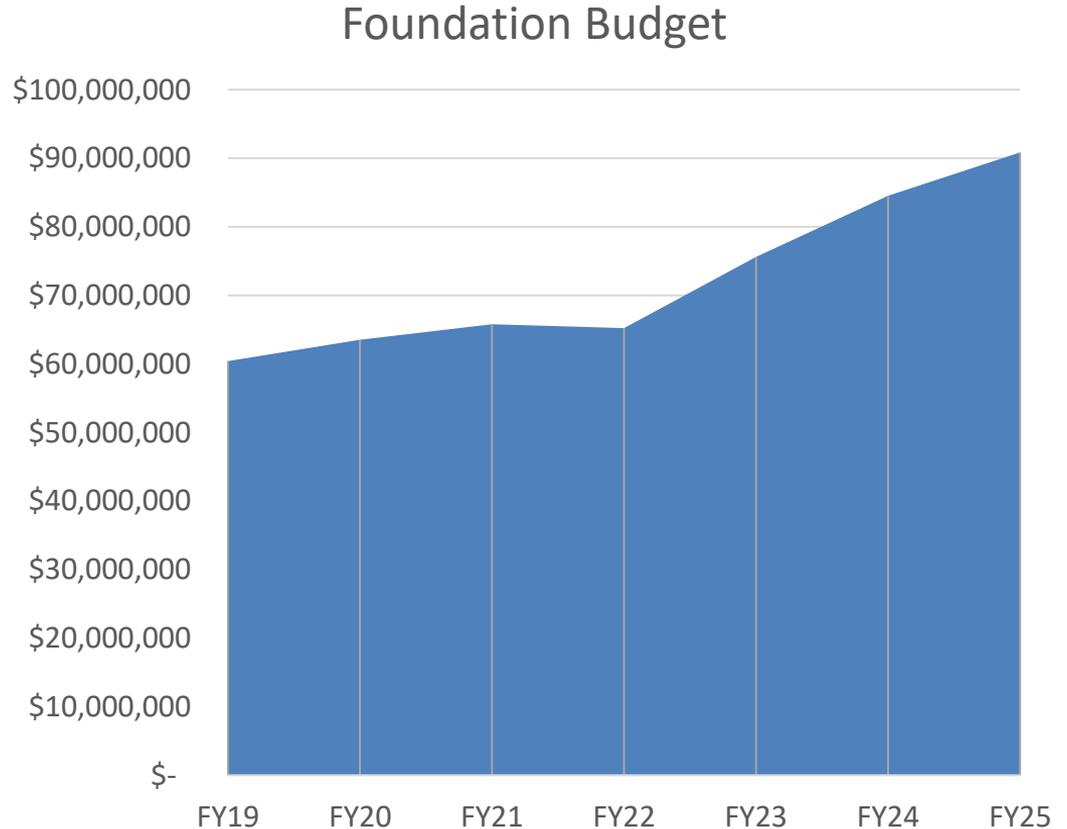
Recently completed comprehensive school facility study will contribute to upwards pressure - \$132 million identified need

Utilities & Fuel



Student Opportunity Act

(Establishes new minimum spending requirements for education)



BPS Student Enrollment 2018-2024

- **Preliminary Enrollment - October 1, 2023 (FY24)**
- District enrollment = 4889 Change = +51
- Registered 336 New students this summer

<i>Includes BPS & Charter; excludes OOD</i>																	
	PK	K	1	2	3	4	5	6	7	8	9	10	11	12	SP	Total	Diff
2024**	154	371	407	396	398	345	371	328	317	362	351	366	365	339	19	4889	51
2023	157	384	394	388	366	369	366	312	339	370	352	354	331	355	1	4838	87
2022	149	360	370	352	364	368	344	326	356	372	363	347	336	330	14	4751	38
2021	124	327	342	359	379	340	364	358	351	389	355	335	334	345	11	4713	-328
2020	161	343	387	405	378	394	410	375	381	406	332	338	367	351	13	5041	-40
2019	146	373	401	368	400	414	396	399	382	362	341	362	361	362	14	5081	-96
2018	135	399	376	394	422	424	433	378	359	391	369	356	383	345	13	5177	-61



CAPITAL PROGRAM

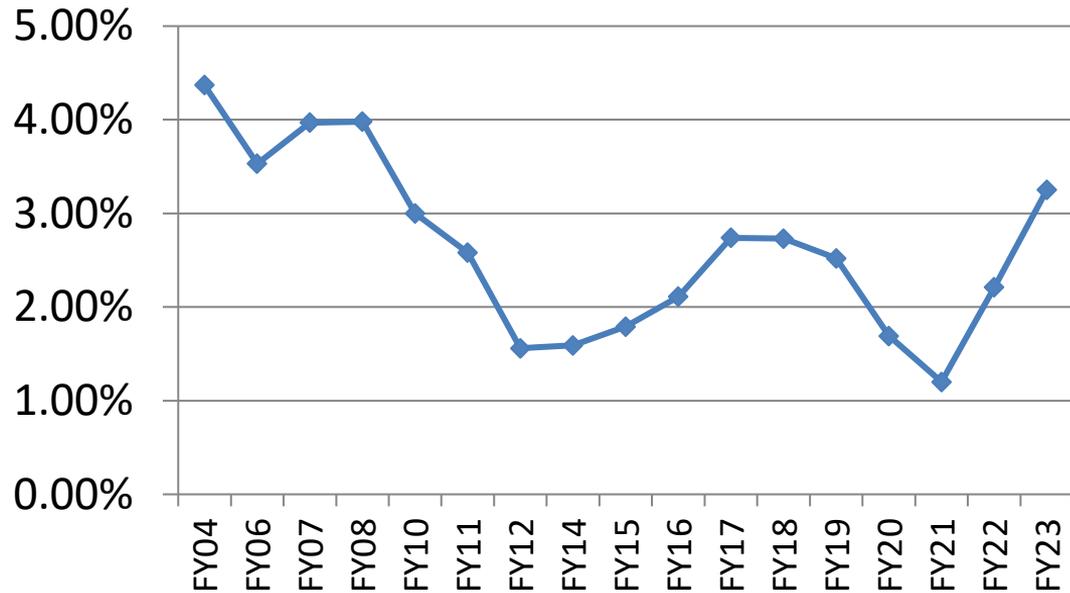
Joint Meeting of the Town
Council and School Committee

Capital Program Submissions

Fiscal Year	Enterprise Funds	General Fund	CWMP	Total
2024	\$ 22,859,030	\$ 50,228,030	\$ 33,550,000	\$ 106,637,060
2025	\$ 61,728,911	\$ 87,795,716	\$ 135,400,000	\$ 284,924,627
2026	\$ 20,913,564	\$ 27,083,202	\$ 42,600,000	\$ 90,596,766
2027	\$ 37,405,735	\$ 29,548,996	\$ 46,100,000	\$ 113,054,731
2028	\$ 10,390,500	\$ 28,874,488	\$ 35,700,000	\$ 74,964,988
Totals	\$ 153,297,740	\$ 223,530,432	\$ 293,350,000	\$ 670,178,172

Town General Obligation Bonds

Average Interest Rate



“Hold on, the market is shifting again!”

History of 10 Treasury Rate

Categories > Money, Banking, & Finance > Interest Rates > Treasury Constant Maturity

★ Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis (DGS10)

DOWNLOAD

Observation:
2023-10-03: 4.81
(+ more)
Updated: Oct 4, 2023

Units:
Percent,
Not Seasonally Adjusted

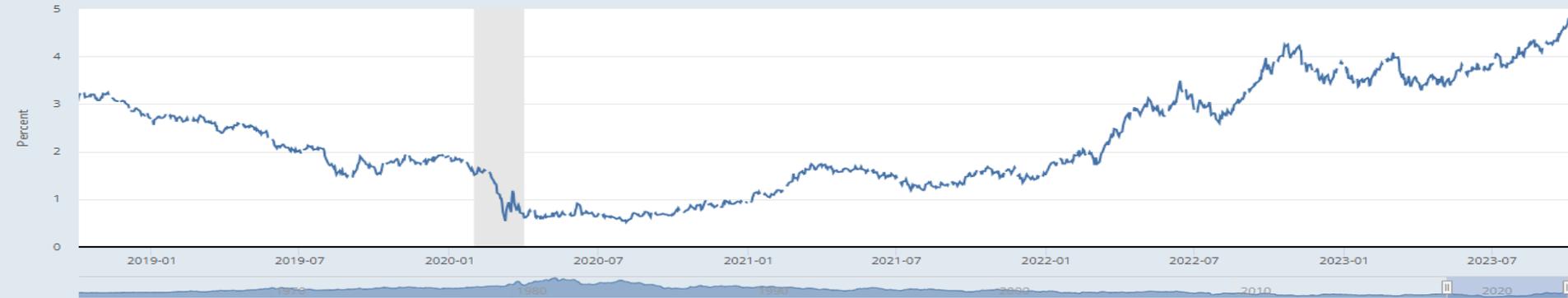
Frequency:
Daily

1Y | 5Y | 10Y | Max

2018-10-03 to 2023-10-03

EDIT GRAPH

FRED — Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis



Shaded areas indicate U.S. recessions.

Source: Board of Governors of the Federal Reserve System (US)

fred.stlouisfed.org

Capital Trust Fund

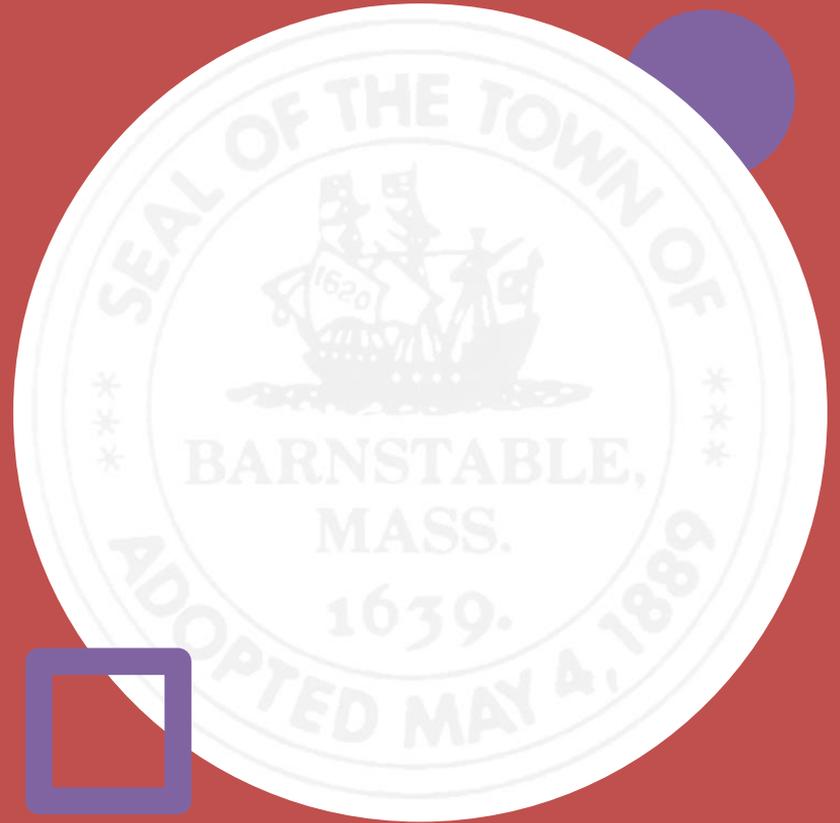
Existing capacity can provide:

- \$50MM new loans over next 5 years for General Fund projects
- \$4MM annually for cash funded projects – General Fund
- \$175MM in new loans for CWMP over the next 5 years
- Most Enterprise Fund capital will be provided through rate adjustments and grant opportunities

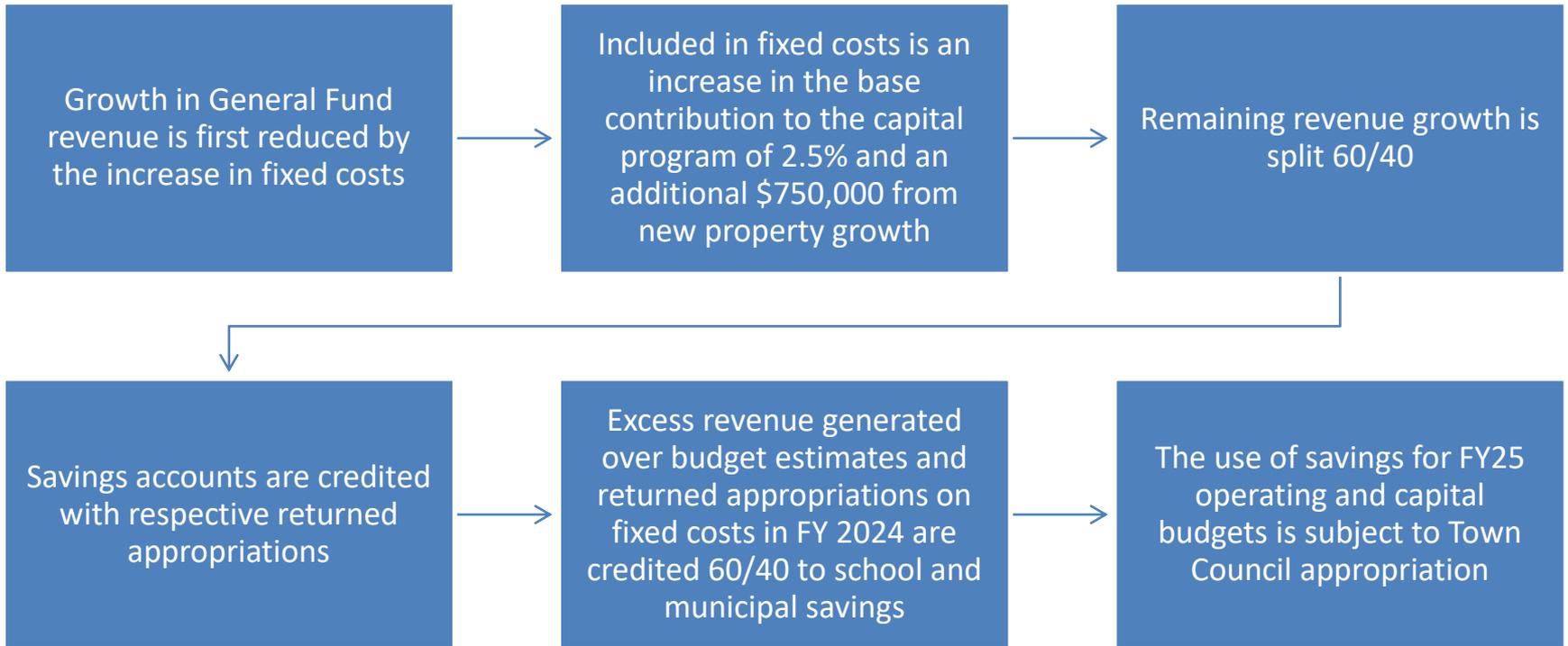


PROPOSED POLICY AGREEMENT ON GENERAL FUND REVENUE ALLOCATION

Joint Meeting of the Town
Council and School Committee



FY 2025 Proposed Revenue Sharing



General Fund Revenue Growth

- Revenue includes \$4,250,000 of General Fund savings used to provide for a potential snow & ice deficit and health insurance contribution change

	BUDGET	PRELIMINARY	CHANGE	
	FY 2024	FY 2025	\$	%
TOTAL PROPERTY TAXES	143,934,954	148,121,773	4,186,819	2.91%
TOTAL OTHER TAXES	10,282,266	10,807,000	524,734	5.10%
TOTAL STATE AID	29,800,604	32,439,499	2,638,895	8.86%
TOTAL CHARGES FOR SERVICES	2,230,000	2,530,500	300,500	13.48%
TOTAL FEES	904,500	1,008,000	103,500	11.44%
TOTAL FINES & PENALTIES	1,230,000	1,575,000	345,000	28.05%
TOTAL LICENSES	498,850	519,500	20,650	0.00%
TOTAL OTHER REVENUE	1,664,000	3,267,000	1,603,000	96.33%
TOTAL PERMITS	1,659,200	2,125,100	465,900	28.08%
TOTAL SPECIAL ASSESSMENTS	236,000	261,000	25,000	10.59%
TOTAL TRANSFERS IN	4,589,405	8,712,140	4,122,735	89.83%
GRAND TOTAL REVENUE	197,029,779	211,366,512	14,336,733	7.28%

General Fund Revenue Allocation

		PRELIMINARY		
	BUDGET	BUDGET	CHANGE	
	FY 2024	FY 2025	\$	%
TOTAL SCHOOL ASSESSMENTS	13,232,603	13,738,711	506,108	3.82%
TOTAL EMPLOYEE BENEFITS	29,787,341	34,320,615	4,533,274	15.22%
TOTAL OTHER FIXED COSTS	20,438,885	22,741,359	2,302,474	11.27%
TOTAL STATE & COUNTY ASSESSMENTS	2,965,619	3,029,591	63,972	2.16%
TOTAL FIXED COSTS	66,424,448	73,830,277	7,405,829	11.15%
NET REVENUE AVAILABLE FOR OPERATING BUDGETS	130,605,331	137,536,236	6,930,905	5.31%
<u>OPERATING BUDGET ALLOCATIONS</u>				
TOTAL MUNICIPAL BUDGET	47,843,464	50,615,826	2,772,362	5.79%
SCHOOL BUDGET	82,761,867	86,920,410	4,158,543	5.02%
TOTAL OPERATING BUDGETS	\$ 130,605,331	\$ 137,536,236	\$ 6,930,905	5.31%

Savings Accounts

- Town Council reserve of \$7.49 million equals 4% of the FY 2024 operating budget; net of transfers
- Use of savings accounts are subject to Town Council appropriation

	Municipal Savings	School Savings	Council Reserve	Opioid Settlement	Total
Balance on July 1, 2022	\$ 8,320,011	\$ 11,298,637	\$ 7,150,578	\$ -	\$ 26,769,227
FY23 Operating & Capital Budgets	(960,023)	(1,444,398)	-	-	(2,404,421)
FY24 Operating Budget	-	-	(250,000)	-	(250,000)
FY24 Capital Program	(1,921,405)	(1,918,846)	-	-	(3,840,251)
FY23 Returned Appropriations - Ops Budgets	1,921,409	99,147	-	-	2,020,556
FY23 Returned Appropriations - Fixed Costs	694,255	1,041,382	-	-	1,735,637
FY23 Net Excess Revenue	3,090,552	4,635,829	585,992	379,312	8,691,685
Certified as of July 1, 2023	11,144,799	13,711,752	7,486,570	379,312	32,722,432
Transfer to CTF for school portables	-	(3,500,000)	-	-	(3,500,000)
Balance Remaining	\$ 11,144,799	\$ 10,211,752	\$ 7,486,570	\$ 379,312	\$ 29,222,432



Questions?