

# Update on the Town of Barnstable's Financial Condition

Joint Meeting of the Town Council & School Committee  
October 24, 2024





# Financial Report Cards

Town of Barnstable, MA



**June 30,  
2023  
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
- Assets exceed liabilities by \$420 million - an increase of \$60 million
- Governmental funds reported a total of \$192 million in fund balances; an increase of \$33 million
- General Fund balance = 38% of General Fund expenditures - an increase of 4%
- June 30, 2024 audit in process

AAA with a stable outlook

Very strong economy and tax base

Strong institutional framework

History of strong financial performance

Maintenance of very strong reserves

Manageable debt burden, pension and OPEB liabilities

Social and governance risks are credit neutral within analysis

# June 2024 Standard & Poor's Credit Rating



# Budget Performance & Review of Reserves

Town of Barnstable, MA

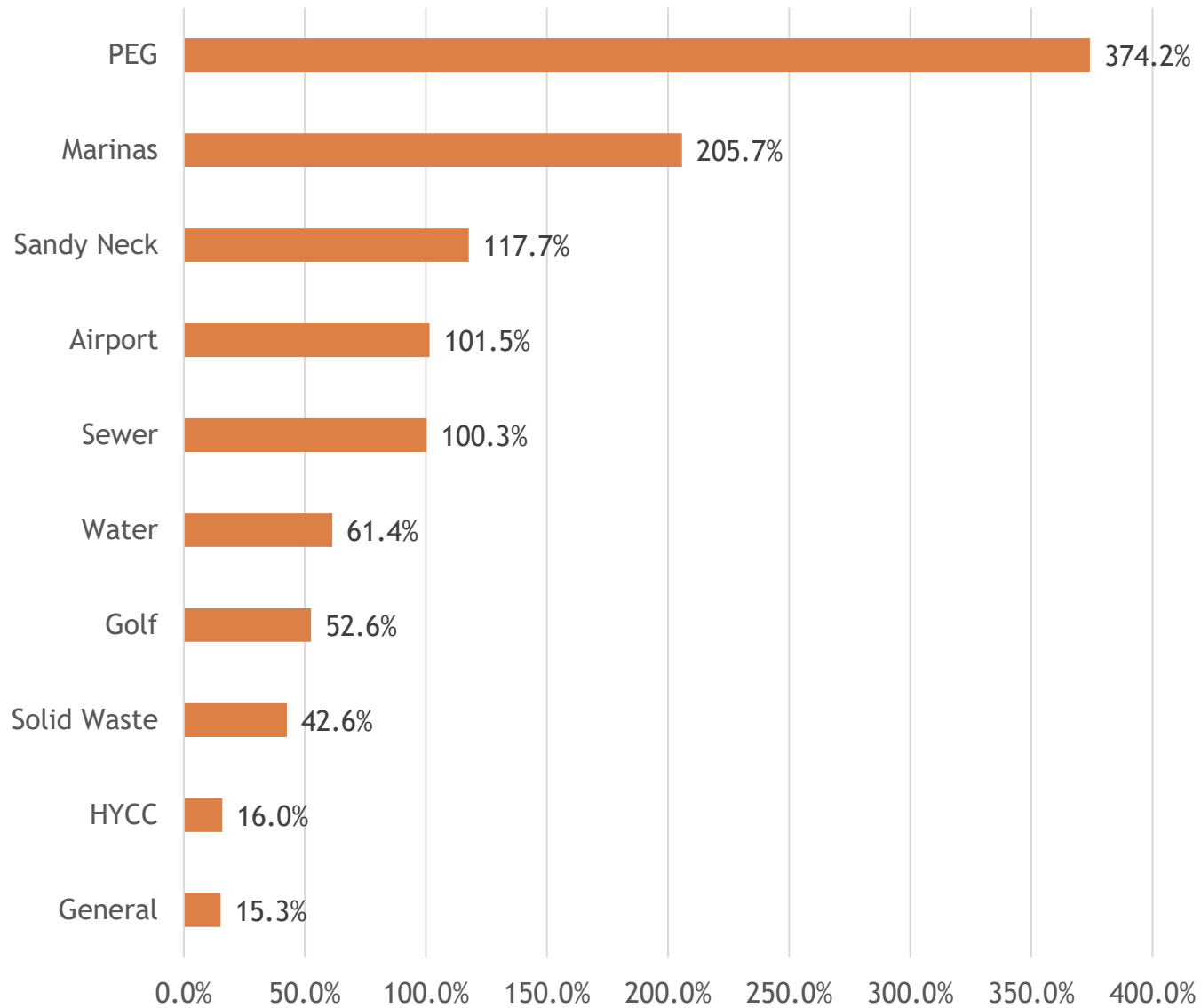
Fund	Surplus Used To Balance Budget	Actual Surplus Generated	Favorable Variance
General	\$ 8,212,405	\$ 4,419,289	\$ 12,631,694
Airport	\$ -	\$ 3,275,491	\$ 3,275,491
Golf	\$ 172,532	\$ 162,485	\$ 335,018
Solid Waste	\$ 621,022	\$ 454,460	\$ 1,075,482
Sewer	\$ -	\$ 1,693,700	\$ 1,693,700
Water	\$ -	\$ 1,340,335	\$ 1,340,335
Marinas	\$ -	\$ 218,335	\$ 218,335
Sandy Neck	\$ 107,737	\$ 203,263	\$ 311,000
HYCC	\$ 422,420	\$ 37,370	\$ 459,790
PEG	\$ -	\$ 297,758	\$ 297,758

# FY24 Operating Budget Performance

## General Fund & Enterprise Funds

# Certified Free Cash as of July 1

Fund	2023	2024	Change
HYCC Enterprise	\$ 706,568	\$ 687,141	(\$ 19,427)
Sandy Neck Enterprise	\$ 1,280,728	\$ 1,488,214	\$ 207,486
Marina Enterprise	\$ 1,472,442	\$ 1,810,065	\$ 337,623
Solid Waste Enterprise	\$ 1,904,664	\$ 1,885,310	(\$ 19,354)
Golf Enterprise	\$ 2,042,172	\$ 2,333,649	\$ 291,477
PEG Access Channel Enterprise	\$ 3,416,610	\$ 3,721,690	\$ 305,080
Water Enterprise	\$ 4,352,767	\$ 5,709,658	\$ 1,356,891
Sewer Enterprise	\$ 11,259,454	\$ 6,098,646	(\$ 5,160,808)
Airport Enterprise	\$ 13,256,059	\$ 13,032,900	(\$ 223,159)
General Fund	\$ 32,722,432	\$ 30,900,988	(\$ 1,821,444)



# Free Cash as a Percentage of FY25 Operating Budget



# Rethinking Reserves

- Traditional Thinking
  - Tool for one-time expenses
  - Start-up funding
  - Rate stabilization
  - Pay future liabilities
  - Short-term service stabilization
- 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

# Free Cash Used for FY25 Budget

Fund	Capital	Operations	Total
General	\$ 5,874,782	\$ 6,233,088	\$ 12,107,870
Airport	\$ 131,620	\$ -	\$ 131,620
Golf	\$ -	\$ 219,299	\$ 219,299
Solid Waste	\$ 315,000	\$ -	\$ 315,000
Sewer	\$ 265,000	\$ -	\$ 265,000
Water	\$ 200,000	\$ -	\$ 200,000
Marinas	\$ -	\$ 25,180	\$ 25,180
Sandy Neck	\$ -	\$ 109,314	\$ 109,314
HYCC	\$ -	\$ 479,170	\$ 479,170
PEG	\$ -	\$ -	\$ -

# Other Reserves

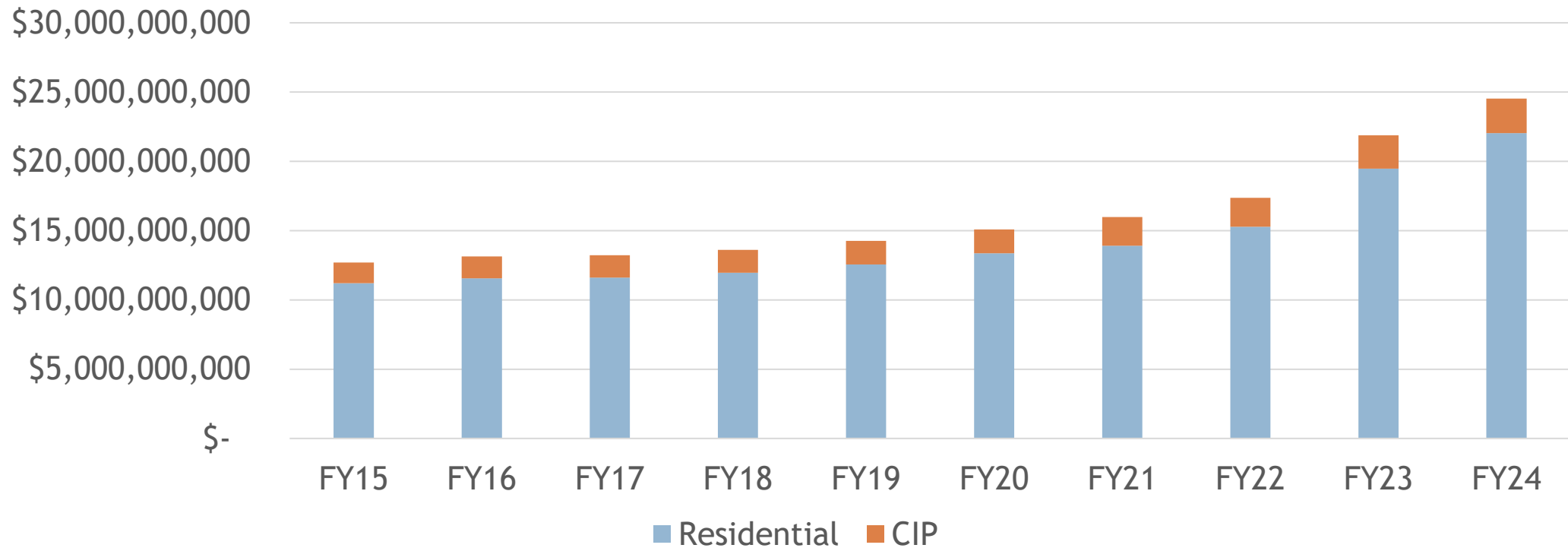
Fund	Balance on June 30, 2024	Purpose
Capital Trust Stabilization Fund	\$ 14,755,979	Capital program
Sewer Construction/Private Way	\$ 18,205,296	CWMP & certain private ways
Comprehensive Water Management Stabilization Fund	\$ 7,612,166	Sewer and water capital
Water Supply Stabilization Fund	\$ 723,026	Water capital and rate stabilization
Community Preservation Fund	\$ 11,073,956	Open space preservation/recreation, historic preservation, community housing
OPEB	\$ 11,110,056	Other Post Employment Benefits
Workers' Compensation	\$ 4,757,868	Self-insured program for town



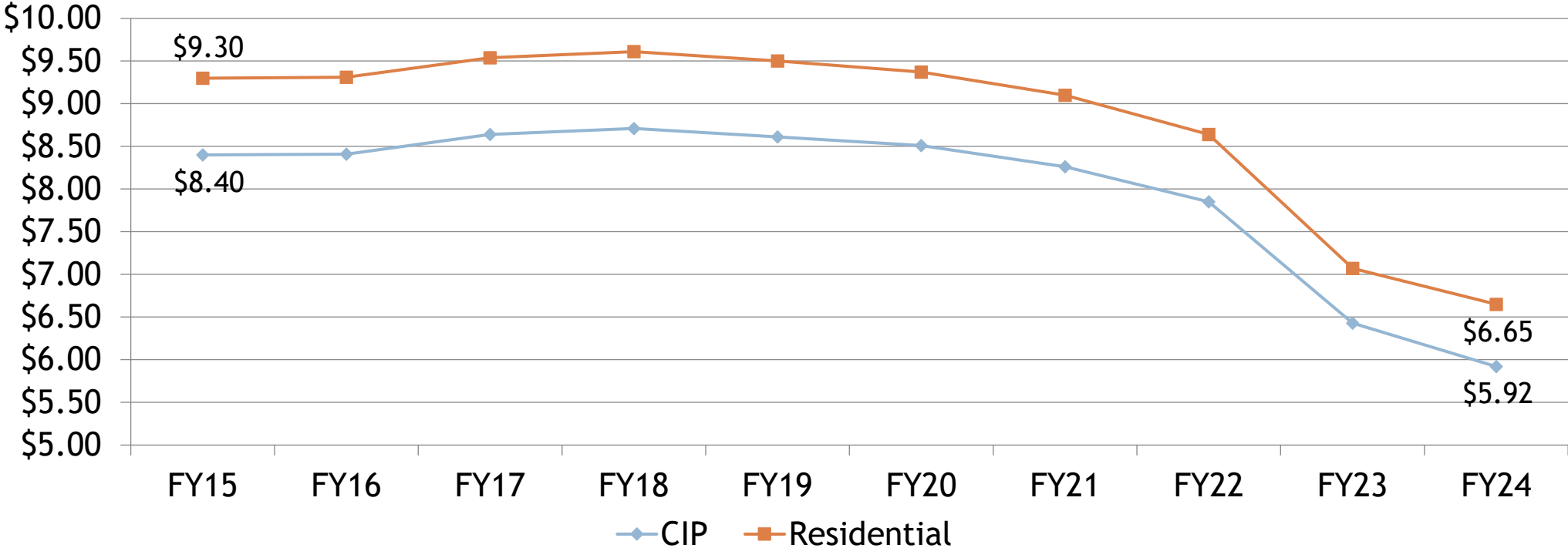
# Review of General Fund Revenue

Town of Barnstable, MA

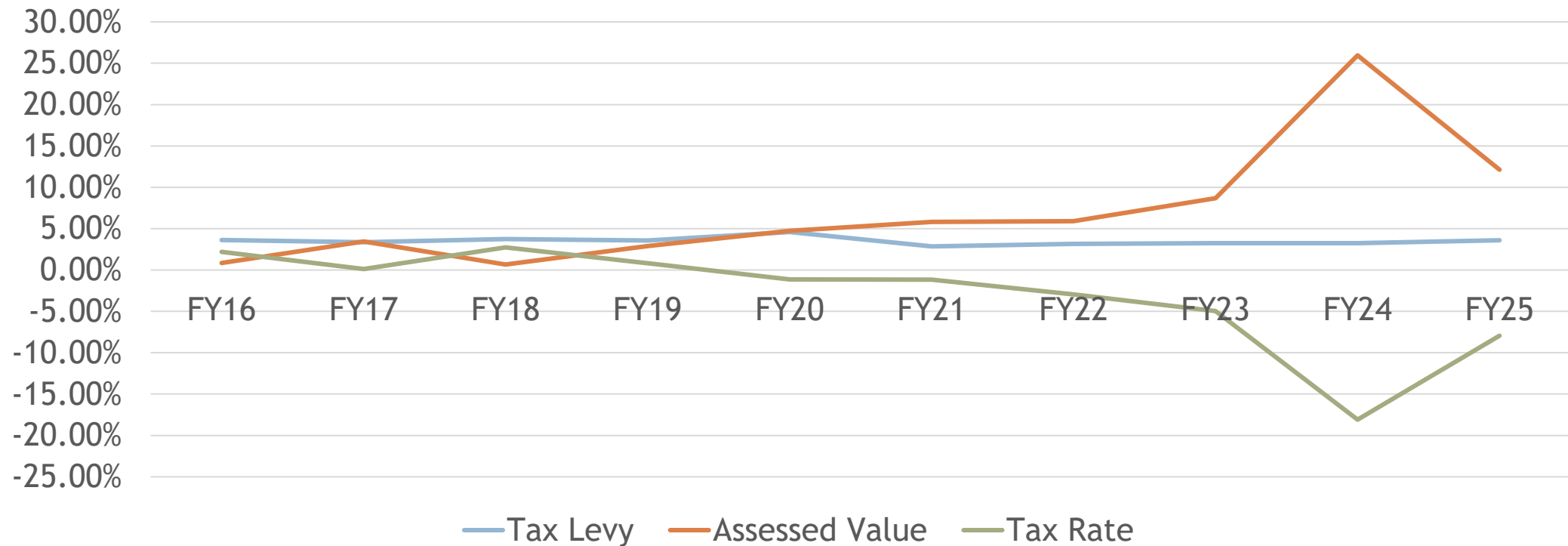
# Assessed Values



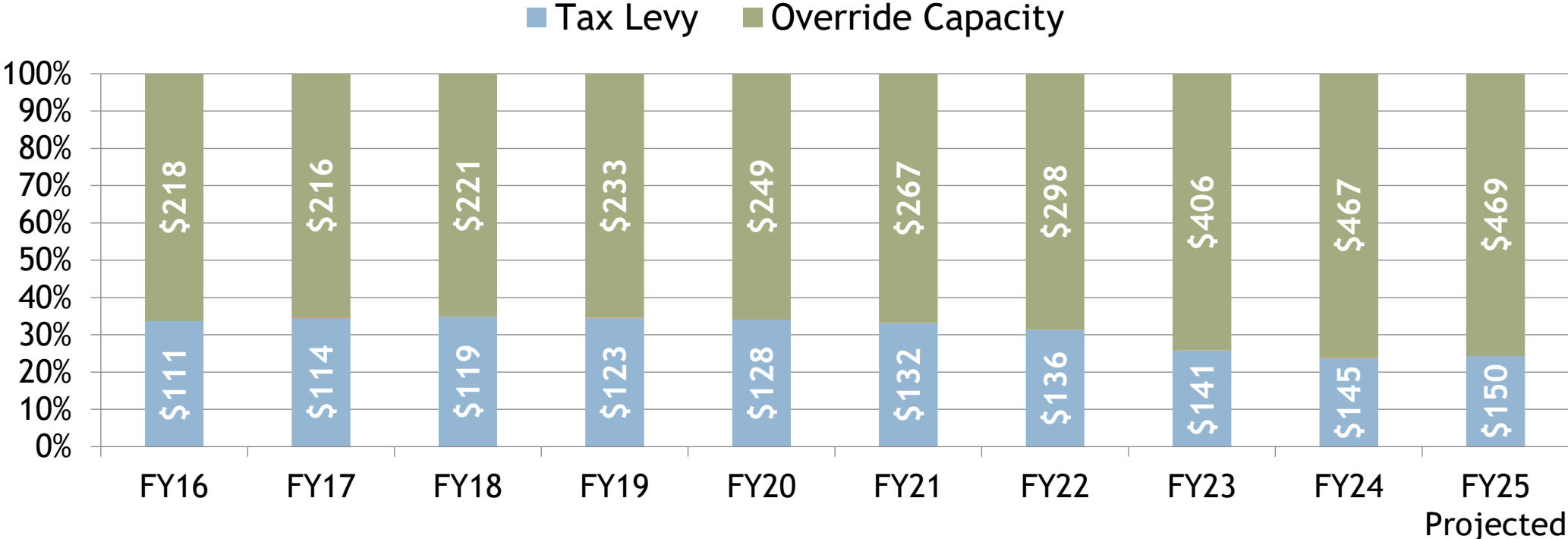
# History of Tax Rates



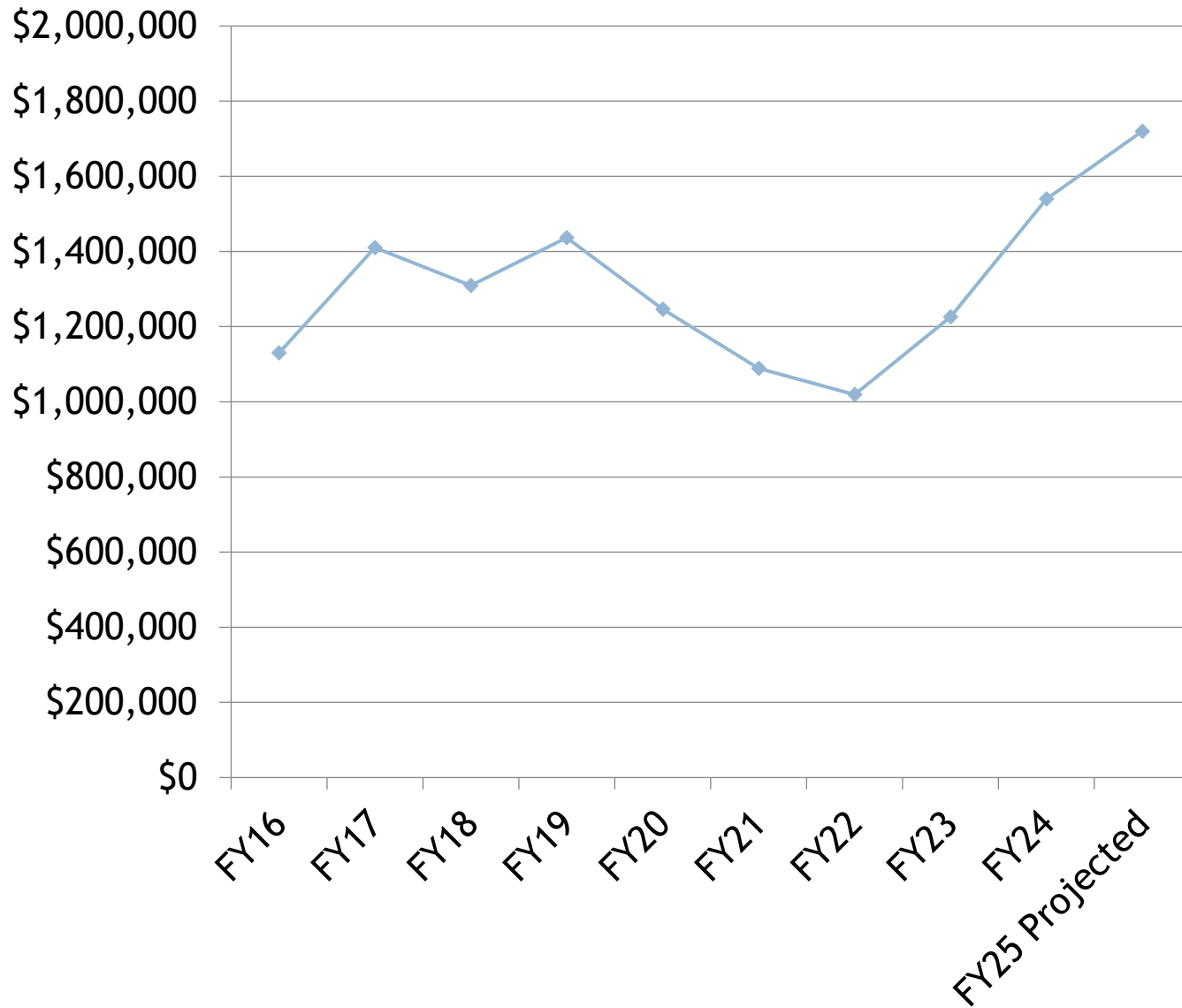
# Percentage Change in Tax Levy, Assessed Value and Tax Rate



# Property Tax Levy & Override Capacity







# New Property Tax Growth

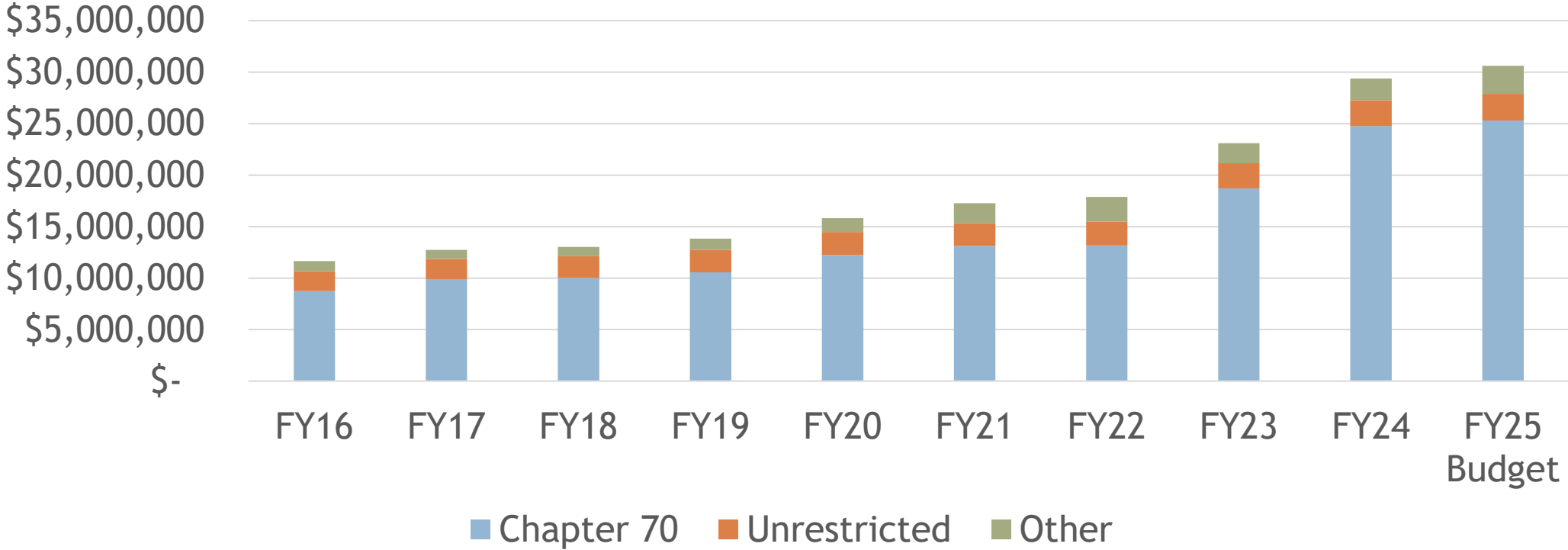
# Top 10 Taxpayers

## FY24 Highlight:

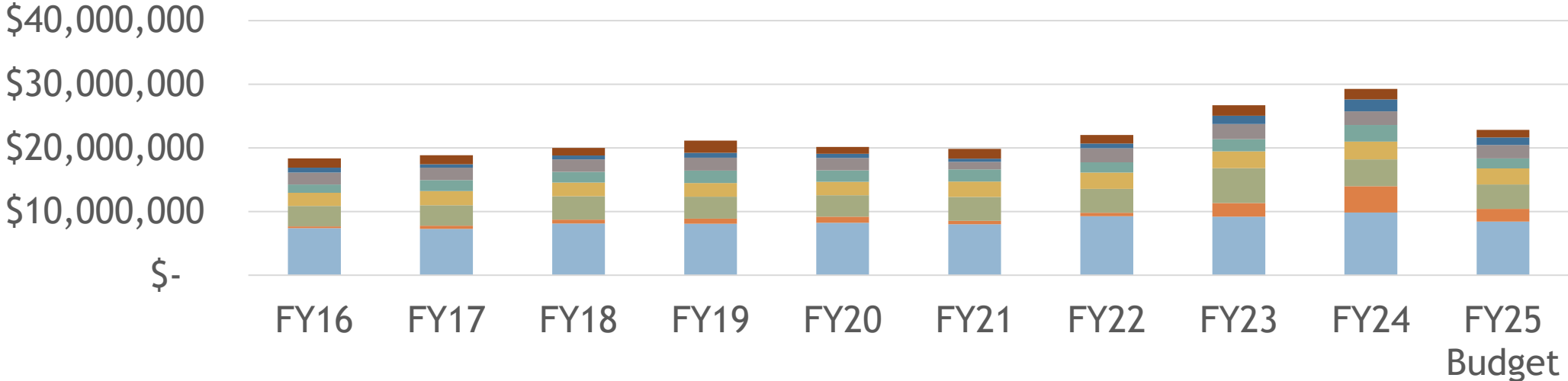
Vineyard Wind joined the top 10 in FY24. FY25 value is expected to be approximately \$115MM.

Name	Property Description	FY 2024 Assessed Value	% of Total AV
Eversource	Utility	\$ 195,568,020	0.80
Mayflower Cape Cod LLC	Shopping Mall	157,394,200	0.64
National Grid (Colonial Gas)	Utility	80,015,170	0.33
Vineyard Wind LLC	Utility	60,315,270	0.25
Festival of Hyannis LLC	Shopping Center	48,445,300	0.20
GS Barnstable Landowner LLC	Apartments	44,212,500	0.18
BV Southwind LLC	Shopping Center	41,695,300	0.17
Oyster Harbors Club Inc.	Golf Club	35,748,100	0.15
Capetown Plaza LLC	Shopping Center	35,487,600	0.14
Indian Point Family Partnership	Residential	32,011,900	0.13
<b>Total</b>		<b>\$ 730,893,360</b>	<b>2.98%</b>

# State Aid Trend

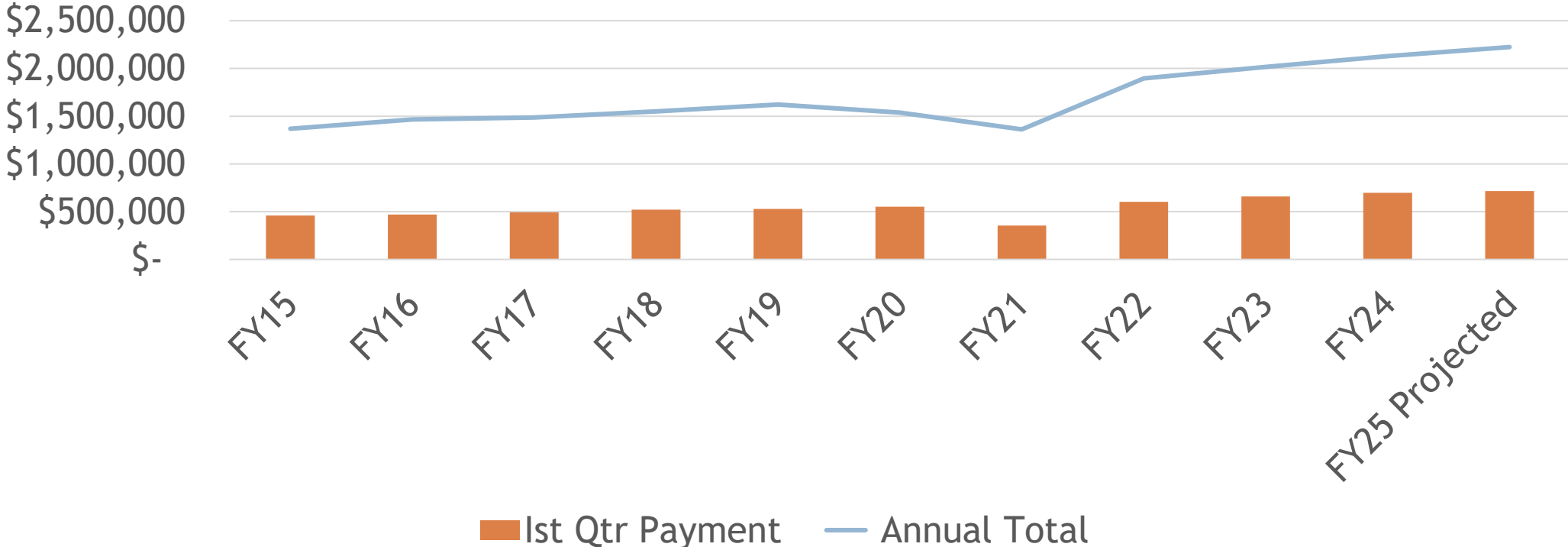


# Local Receipt Trend

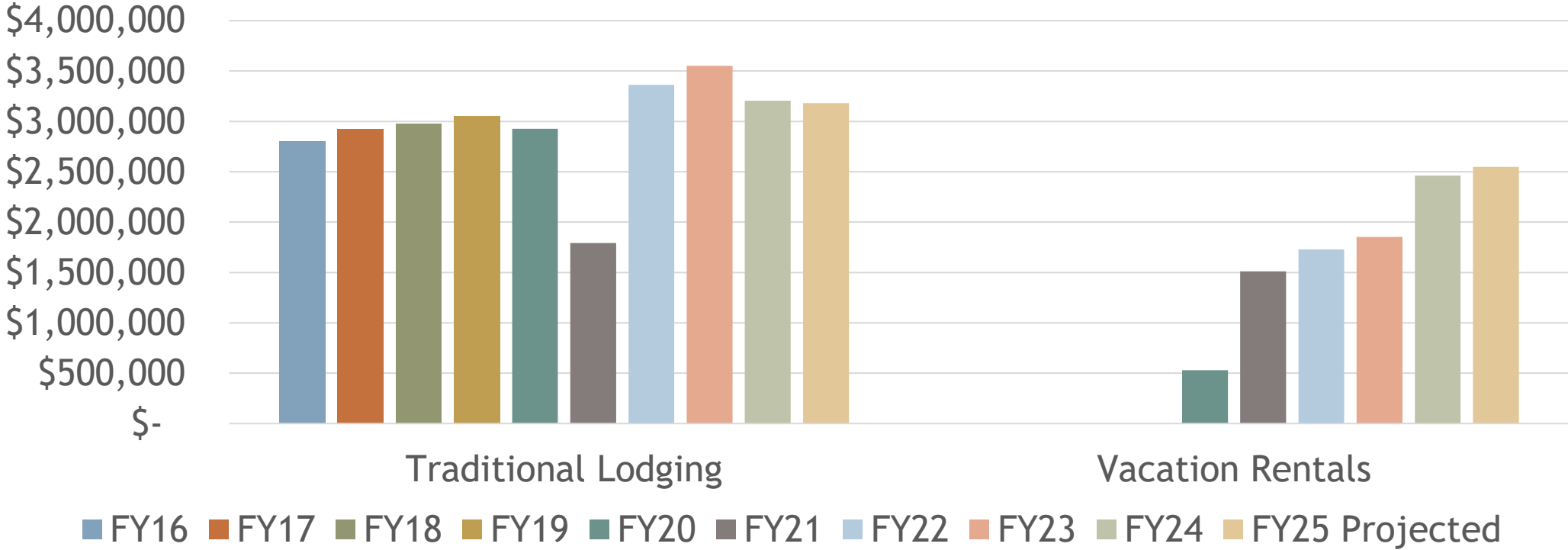


- MV Excise
- Investment Income
- Fees, Licenses & Permits
- Charges for Services
- Fines & Penalties
- Room Excise
- Renewable Energy
- Other

# Meals Tax Revenue



# Rooms Tax Revenue





# General Fund Expenditure Drivers

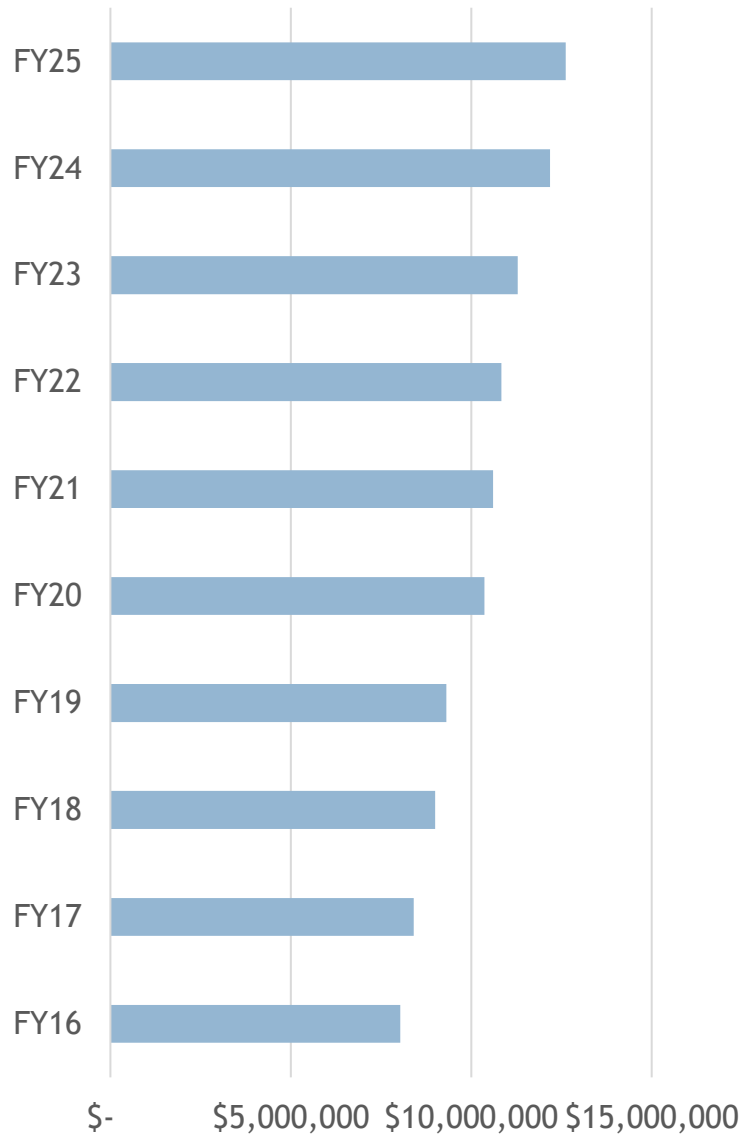
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- Total FY25 General Fund budget \$110MM
  - Every 1% adds \$1.1MM to the budget
  - Municipal collective bargaining agreements (CBA's) negotiated through FY26
  - All but one School CBA's negotiated through FY27



# Pension Assessment



Town of Barnstable, MA

- FY25 Actuarial Determined Contribution (ADC) - \$89.3MM; town share is \$12.6MM
- Funding schedule provides for a 5.8% increase in the ADC
- ADC is allocated based on each entity's covered payroll; town is currently 14.74%
- % change in covered payroll and investment performance can have a significant impact on the assessment
- Average increase over past 10 years has been 5.2% or \$508,000

# Health Insurance

- Total FY25 budget is \$13.8MM for active and retired
- Active employees split - 70% (town share)/30% (employee share)
- Retirees 50/50
- Every 1% increase in rates can add \$145,000 to budget
- FY25 rate increase is 8%

# Capital Program Submissions

Fiscal Year	Enterprise Funds	General Fund	CWMP	Total
2025	\$ 60,508,725	\$ 38,975,055	\$ 169,730,000	\$ 269,213,780
2026	\$ 22,572,036	\$ 90,010,773	\$ 48,100,000	\$ 160,682,809
2027	\$ 50,789,688	\$ 82,800,022	\$ 113,099,000	\$ 246,688,710
2028	\$ 23,174,528	\$ 29,984,378	\$ 53,550,000	\$ 106,708,906
2029	\$ 14,055,000	\$ 21,261,235	\$ 47,400,000	\$ 82,716,235
Totals	\$ 170,099,977	\$ 263,031,463	\$ 431,879,000	\$ 866,010,440

# Capital Program



FY25 General Fund base contribution - \$16.2MM



Increase base 2.5% per year plus \$750,000 through FY27



Acceleration of capital program and CWMP results is upwards pressure

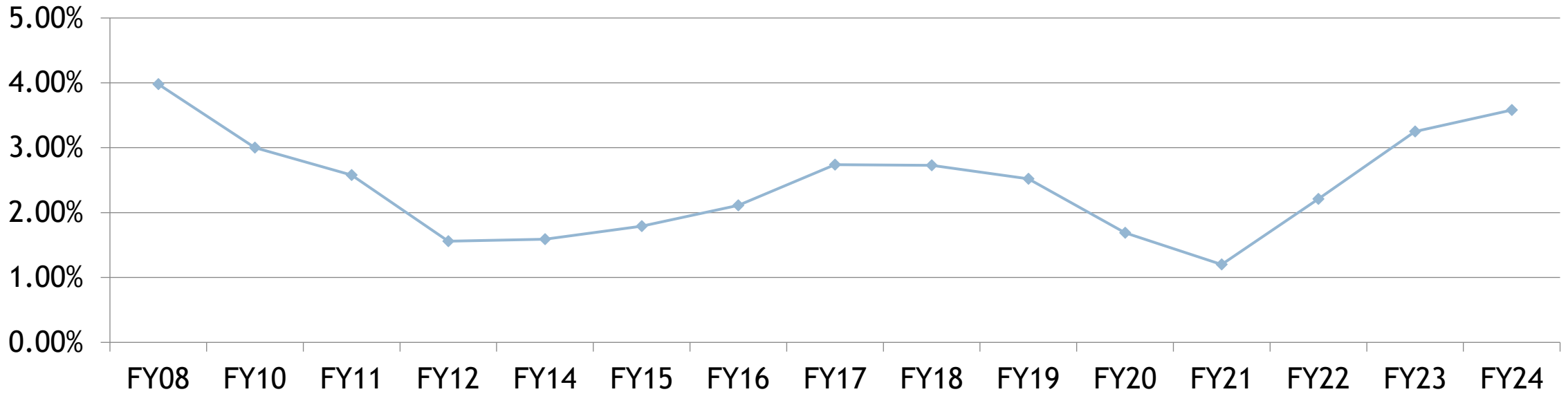


In addition to CWMP, recently completed comprehensive school facility study will contribute to upwards pressure - \$132 million identified need

# Current and Projected Capital Program Investment – General Fund

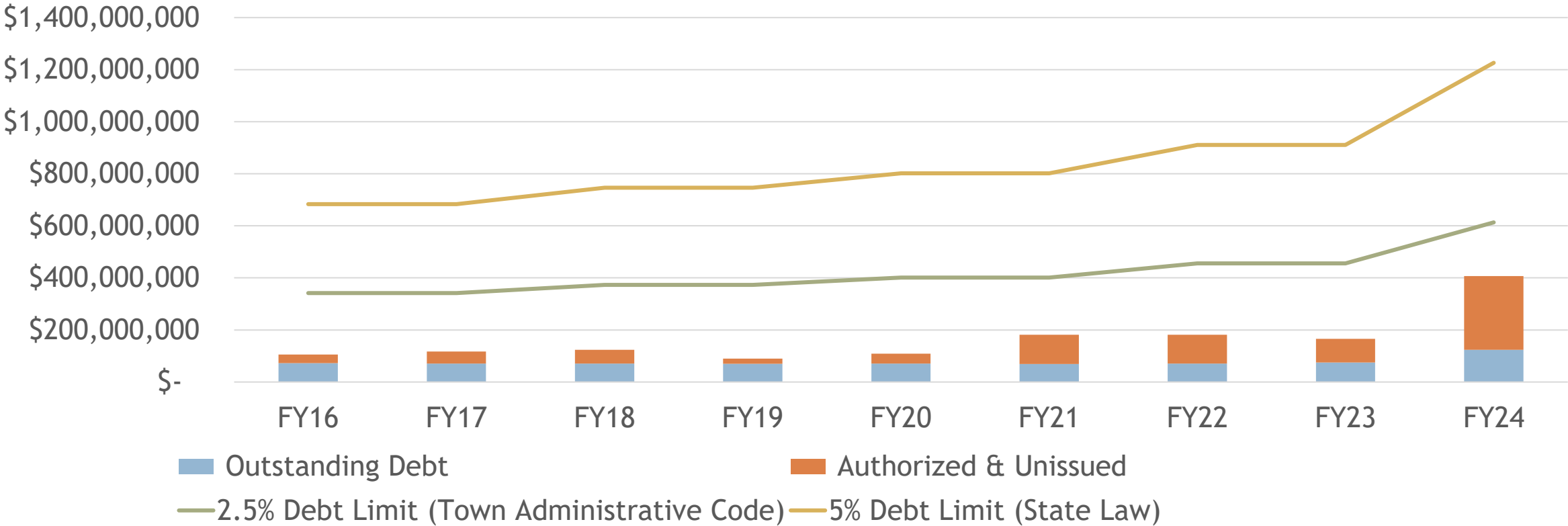


## Average Interest Rate on Bond Sales



# Town General Obligation Bonds

# Outstanding Debt





# Fiscal Year 2026 Preliminary General Fund Projection

Town of Barnstable, MA



# Current General Fund Fiscal Policy

- General Fund operating budget must be constructed within the tax limitations of Proposition 2 ½
- Remaining new revenue growth, after providing for fixed costs increases, is allocated to school and municipal operations on a 60%/40% basis
- Fixed costs include funding for the capital program which consist of a 2.5% base increase and an additional \$750,000 through FY27
- General Fund savings (Free Cash) may be used to balance operating budgets and fund capital projects; subject to appropriation
- Any General Fund surplus generated by unspent appropriations and revenue exceeding budget estimates are credited back to Municipal and School savings accounts
- An amount equal to 4% of the General Fund operating budget must be set aside in a reserve fund
- Current allocation - \$11.1 million for Municipal Savings; \$11.3 million for School Savings; \$8.5 million Town Council Reserve Fund

# General Fund Revenue Growth

	BUDGET	BUDGET	CHANGE	
	FY 2025	FY 2026	\$	%
TOTAL PROPERTY TAXES	149,017,962	154,582,227	5,564,265	3.73%
TOTAL OTHER TAXES	10,665,488	11,972,197	1,306,709	12.25%
TOTAL STATE AID	30,607,900	31,270,501	662,601	2.16%
TOTAL CHARGES FOR SERVICES	2,536,500	2,838,700	302,200	11.91%
TOTAL FEES	1,103,000	1,175,550	72,550	6.58%
TOTAL FINES & PENALTIES	1,575,000	2,579,000	1,004,000	63.75%
TOTAL LICENSES	519,500	526,850	7,350	1.41%
TOTAL OTHER REVENUE	3,954,171	5,872,000	1,917,829	48.50%
TOTAL PERMITS	2,225,100	2,471,600	246,500	11.08%
TOTAL SPECIAL ASSESSMENTS	261,000	296,000	35,000	13.41%
TOTAL TRANSFERS IN	10,980,393	8,129,118	(2,851,275)	-25.97%
<b>GRAND TOTAL REVENUE</b>	<b>213,446,014</b>	<b>221,713,742</b>	<b>8,267,728</b>	<b>3.87%</b>

# General Fund Revenue Allocation

	BUDGET	BUDGET	CHANGE	
	FY 2025	FY 2026	\$	%
TOTAL SCHOOL ASSESSMENTS	13,913,665	14,261,507	347,842	2.50%
TOTAL EMPLOYEE BENEFITS	34,032,891	35,575,319	1,542,428	4.53%
TOTAL OTHER FIXED COSTS	21,929,832	23,324,028	1,394,195	6.36%
TOTAL STATE & COUNTY ASSESSMENTS	3,113,290	3,192,208	78,917	2.53%
<b>TOTAL FIXED COSTS</b>	<b>72,989,679</b>	<b>76,353,061</b>	<b>3,363,383</b>	<b>4.61%</b>
<b>NET REVENUE AVAILABLE FOR OPERATING BUDGETS</b>	<b>140,456,336</b>	<b>145,360,681</b>	<b>4,904,345</b>	<b>3.49%</b>
<b><u>OPERATING BUDGET ALLOCATIONS</u></b>				
MUNICIPAL BUDGET	51,080,554	53,042,292	1,961,738	3.84%
SCHOOL BUDGET	89,375,780	92,318,387	2,942,607	3.29%
<b>TOTAL OPERATING BUDGETS</b>	<b>140,456,334</b>	<b>145,360,679</b>	<b>4,904,345</b>	<b>3.49%</b>

# Historical Budget % Change – General Fund

FY	Municipal	School	Fixed Costs	Total
FY16	6.08%	3.51%	1.25%	3.41%
FY17	0.57%	2.80%	(3.63%)	0.10%
FY18	3.08%	2.78%	7.41%	4.33%
FY19	3.82%	4.05%	3.90%	3.90%
FY20	4.79%	2.26%	2.80%	2.99%
FY21	(2.29%)	2.24%	1.73%	0.64%
FY22	4.12%	1.40%	0.07%	1.53%
FY23	4.92%	5.23%	6.13%	5.48%
FY24	3.87%	7.79%	7.07%	6.36%
FY25	5.78%	7.99%	9.89%	8.11%
Average	3.47%	4.01%	3.66%	3.69%