

# Town of Barnstable, MA Fiscal Policy Discussion

September 18, 2025

# **OPERATING BUDGET REVIEW**

General Fund

# FY 2025 General Fund Budget Performance

Property taxes include outstanding amounts collected from prior levies as well as FY25.

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	
Revenues:				
Property taxes	\$ 149,017,962	\$ 156,643,255	\$ 7,625,293	105.1%
Motor vehicle and boat excise	8,876,783	10,421,202	1,544,419	117.4%
Hotel/Motel tax	2,100,000	2,283,433	183,433	108.7%
Charges for services	2,536,500	2,667,653	131,153	105.2%
Fines and penalties	1,575,000	2,635,873	1,060,873	167.4%
Fees	1,103,000	1,286,152	183,152	116.6%
Licenses and permits	2,744,600	3,279,243	534,643	119.5%
Intergovernmental	30,607,900	30,881,695	273,795	100.9%
Department and other	1,997,000	2,483,173	486,173	124.3%
Special assessments	261,000	298,638	37,638	114.4%
Investment income	1,957,171	4,475,929	2,518,758	228.7%
Total Revenues	202,776,916	217,356,246	14,579,330	107.2%

# FY 2025 General Fund Budget Performance

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	
Expenditures:				
Town Council	264,092	246,830	17,262	93.5%
Town Manager	1,575,299	1,491,946	83,353	94.7%
Education	89,375,780	89,126,554	249,226	99.7%
Administrative Services	8,230,658	7,640,160	590,498	92.8%
Planning & Development	2,394,019	2,039,785	354,234	85.2%
Police	18,774,709	18,206,221	568,488	97.0%
Inspectional Services	2,584,392	2,397,049	187,343	92.8%
Public Works	10,409,511	9,422,091	987,420	90.5%
Snow and Ice Removal	975,000	1,318,484	(343,484)	135.2%
Marine & Environmental Services	1,638,527	1,556,266	82,261	95.0%
Community Services	2,887,734	2,713,001	174,733	93.9%
Other Requirements (Fixed Costs)	62,601,775	59,304,172	3,297,603	94.7%
Total Expenditures	201,711,496	195,462,559	6,248,937	96.9%

# General Fund Balance Trend (Savings)

Certification Date:	Beginning Balance	Used For:		Generated	Ending Balance
		Operations	Capital		
July 1, 2016	13,949,203	(2,726,877)	(4,000,000)	5,908,772	13,131,098
July 1, 2017	13,131,098	(2,572,316)	(350,000)	5,988,373	16,197,155
July 1, 2018	16,197,155	(3,587,352)	(4,260,175)	4,293,608	12,643,236
July 1, 2019	12,643,236	(2,442,899)	(264,000)	4,752,407	14,688,744
July 1, 2020	14,688,744	(2,870,726)	(233,554)	6,939,912	18,524,376
July 1, 2021	18,524,376	(2,227,123)	(2,359,460)	10,489,342	24,427,135
July 1, 2022	24,427,135	(1,050,000)	(4,086,306)	7,478,398	26,769,227
July 1, 2023	26,769,227	(250,000)	(4,090,251)	10,293,456	32,722,432
July 1, 2024	32,722,432	(6,688,715)	(9,374,782)	14,242,053	30,900,987
'July 1, 2025 * Estimate Pending Certification	30,900,987	(8,656,068)	(4,971,415)	18,909,354	36,182,858
	<b>Total</b>	<b>(33,072,076)</b>	<b>(33,989,943)</b>	<b>89,295,674</b>	
	<b>10 Year Average</b>	<b>(3,307,208)</b>	<b>(3,398,994)</b>	<b>8,929,567</b>	

# Savings Distribution

	Municipal	School	Council	Opioid	Hyannis Golf	
	Savings	Savings	Reserve	Settlement	Ins Reimb.	Total
Certified as of July 1, 2024	\$ 10,541,369	\$ 11,295,207	\$ 8,101,859	\$ 379,312	\$ 583,241	\$ 30,900,988
FY25 Capital	(2,797,000)				(583,241)	(3,380,241)
FY25 Operations	(90,381)					(90,381)
FY26 Capital	(1,481,715)	(852,700)				(2,334,415)
FY26 Operations	(4,429,855)	(3,725,832)	(250,000)			(8,405,687)
FY25 Returned Appropriations	3,045,593	249,226				3,294,819
FY25 Fixed Costs Returned Appropriations	2,733,808	563,795				3,297,603
Trust Fund Reimbursement	260,000					260,000
FY25 Revenue Surplus	4,747,580	7,121,369	771,224			12,640,173
Estimated Balance as of July 1, 2025	\$ 12,529,399	\$ 14,651,064	\$ 8,623,083	\$ 379,312	\$ -	\$ 36,182,858

# FY26 General Fund Expenditure Budget

A similar 4.9% increase in the FY27 operating budget would require \$11 million in revenue growth.

Category	FY25	FY26	\$ Change	% Change
Municipal Operations	\$49,733,941	\$52,284,391	\$2,550,450	5.13%
School Operations	\$89,375,780	\$93,622,700	\$4,246,920	4.75%
Other Requirements	\$74,737,968	\$78,511,770	\$3,773,802	5.05%
Total	\$213,847,689	\$224,418,861	\$10,571,172	4.94%



# Budget Drivers and Pressures

Key expenditure pressures:

1. Labor contracts
2. Health insurance and pension assessments
3. School assessments (Charter, Regional, School Choice)
4. Property, casualty & liability insurance
5. Aging infrastructure
6. CWMP



# FY26 Tax Levy Growth

DESCRIPTION	AMOUNT
Prop 2 ½ Allowable Increase	\$3,722,861
Estimated New Growth from Improved Property	1,250,000
Growth in Tax Levy for Exclusions	33,354
Total increase in Tax Levy	5,006,215
Decrease in Set-aside for Abatements & Exemptions	858,050
Growth in Tax Levy Available for Operations & Capital	\$5,864,265

## FY26 General Fund Revenue Budget

Increased the use of general fund reserves by \$2 million as revenue growth could not keep up with expenditure growth.

CATEGORY	FY25	FY26	\$ CHANGE	% CHANGE
Tax Levy	\$149,017,962	\$154,882,227	\$5,864,265	3.94%
State Aid	30,607,900	31,083,417	475,517	1.55%
Excise Tax	10,976,783	11,286,101	309,318	2.82%
Fees, Licenses, Permits	11,235,250	11,689,332	454,082	4.04%
Investment Income	1,957,171	3,000,000	1,042,829	53.28%
Enterprise Fund Chargebacks	3,729,155	4,072,097	342,942	9.20%
General Fund Reserves	6,323,469	8,405,687	2,082,218	32.93%
Total	\$213,847,690	\$224,418,861	\$10,571,171	4.94%

# Local Receipt Analysis

- If local receipt estimates were maximized for FY26 budget it would still require \$4,549,860 (\$8,405,687 - \$3,855,827) in General Fund reserves to balance the budget.
- Increasing local receipt estimates to maximum level increases chance of a General Fund revenue deficit if a downturn in economy or activity levels occur.
- Represents 1.7% of General Fund revenue budget.

CATEGORY	FY25 ACTUAL	FY26 BUDGET	POTENTIAL GROWTH
Excise Tax	\$12,704,635	11,286,101	\$1,418,534
Fees, Licenses, Permits	12,650,696	11,689,332	961,364
Investment Income	4,475,929	3,000,000	1,475,929
Total	\$29,831,260	\$25,975,433	\$3,855,827

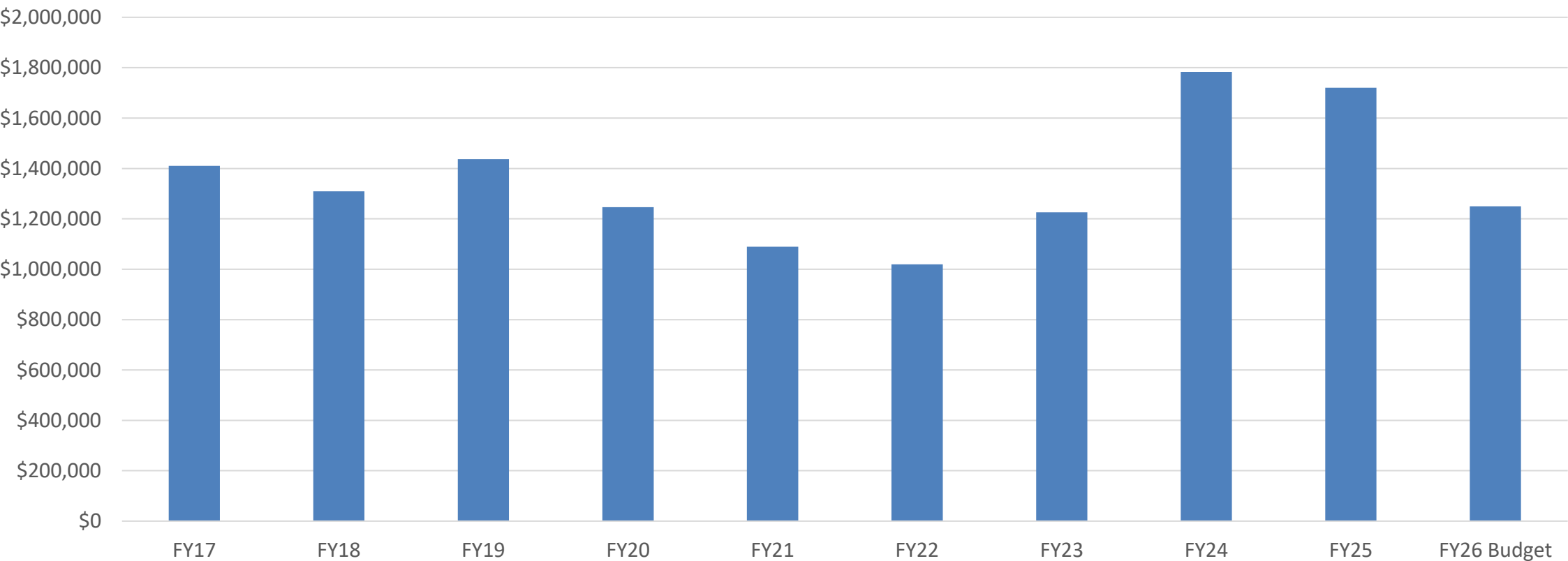
# 5 Year General Fund Budget Targets

\$2,000,000 in new property tax growth represents \$328 million in new property value.

		FY26	FY27	FY28	FY29	FY30	FY31
1	Budget (net of transfers)	\$ 213,907,937	\$ 222,999,024	\$ 231,918,985	\$ 240,615,947	\$ 249,037,505	\$ 257,753,818
2	Budget Increase Percentage		4.25%	4.00%	3.75%	3.50%	3.50%
3	Budget Increase		\$ 9,091,087	\$ 8,919,961	\$ 8,696,962	\$ 8,421,558	\$ 8,716,313
	<b>Revenue Growth Needed:</b>						
4	Prop 2 1/2		\$ 3,850,933	\$ 3,997,206	\$ 4,147,136	\$ 4,300,815	\$ 4,458,335
5	State Aid		\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
6	Local Receipts		\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
7	New Growth		\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
8	Total Growth in Revenue		<b>\$ 8,850,933</b>	<b>\$ 8,997,206</b>	<b>\$ 9,147,136</b>	<b>\$ 9,300,815</b>	<b>\$ 9,458,335</b>
9	Additional savings used (generated)		\$ 240,154	\$ (77,245)	\$ (450,174)	\$ (879,257)	\$ (742,022)
10	Savings balance, beginning of year	\$ 31,000,000	\$ 36,000,000	\$ 31,359,846	\$ 26,796,936	\$ 22,684,201	\$ 19,450,723
11	Savings generated	18,400,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
12	Savings used for operations	\$ (8,400,000)	\$ (8,640,154)	\$ (8,562,909)	\$ (8,112,735)	\$ (7,233,478)	\$ (6,491,456)
13	Savings used for capital program	\$ (5,000,000)	\$ (1,000,000)	\$ (1,000,000)	\$ (1,000,000)	\$ (1,000,000)	\$ (1,000,000)
14	Savings balance, end of year	\$ 36,000,000	\$ 31,359,846	\$ 26,796,936	\$ 22,684,201	\$ 19,450,723	\$ 16,959,267
15	Town Council Reserve Requirement		\$ 8,919,961	\$ 9,276,759	\$ 9,624,638	\$ 9,961,500	\$ 10,310,153

# Recent History of New Property Tax Growth

FY24 and FY25 include the addition of Vineyard Wind and Wilkens I – now 2 of the top 10 taxpayers in Barnstable.



# Operating Budget Funding

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- **Policy Questions**

- How do we maximize new property growth revenue to reduce the reliance on reserves to balance the budget?
- Should General Fund resources be redirected from the capital budget to the operating budget?
- If the Municipal Empowerment Act is approved should the town implement the changes and direct revenue to operations or capital?
- Should an operating budget override question be considered to maintain current service levels and reduce reliance on reserves?

# **CAPITAL PROGRAM REVIEW**

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# Capital Program Funding

- 8% of the General Fund budget is allocated to the capital program (\$17.2MM)
- A combination of debt service and pay-as-you-go (PAYGO) financing for capital improvement – about 4% each
- Rule of thumb – keep debt service  $\leq 10\%$  and total capital commitment 7–12%, you'll maintain flexibility for operating budgets while still investing adequately in infrastructure
- CWMP places significant upward pressure on this
- Capital Trust Fund can fund \$15MM of new debt for next 5 years

**Policy Question – Should larger capital projects be financed with debt exclusions?**



# CWMP Financing

- Current General Fund commitment is \$5 million annually
- FY27 includes another planned increase of \$750,000
- Funding has been identified for all projects approved through FY26
- FY27 planned projects can go forward under current assumptions and commitments
- FY28 and beyond will require additional resources

# CWMP Financing

**Policy Question: What mechanism(s) do we utilize going forward to continue plan implementation?**

Options:

- Debt Exclusion Override
- Municipal Water Infrastructure Investment Fund
- Redirect more General Fund operating budget resources
- Revisit a System Development Charge
- Assess on User Rates
- Municipal Empowerment Act – still waiting for approval

# Tax Levy Shifting Options

- Adopt a split tax rate – little benefit to residential taxpayer with significant detriment to commercial taxpayer
- Residential Exemption – Can go as high as 35%; 50% if designated a seasonal community
- Current exemption rate is 25%

**Policy Question – Should any increase in the residential exemption be tied to a tax levy increase ballot question to help minimize or eliminate impact on median value property owner?**

Note: Neither of these options affect the tax ley amount – just who pays it

# Q&A / Discussion

