



**A REVIEW OF THE FINANCIAL
CONDITION OF THE TOWN &
PROJECTIONS FOR THE FUTURE**

**JOINT
MEETING
OF THE
TOWN
COUNCIL
AND
SCHOOL
COMMITTEE**

January 19, 2017

1/19/2017

Town of Barnstable, MA



FISCAL YEAR 2016 OPERATING RESULTS

FY16 FINANCIAL HIGHLIGHTS

- 97.25% of the FY 2016 tax levy was collected as of June 30, 2016; 98.7% as of December 31, 2016
- Motor Vehicle Excise Tax collections increased by \$475,000 (6.8%) to \$7.376 million
- Meals & Rooms Tax increased 5.2% to \$4.267 million
- Building Division permit revenue increased 17.4%
- Refunding bonds resulted in a budgetary savings of \$589,000
- The town collected \$1,152,000 in renewable energy revenue from its 2 solar arrays
- Snow removal costs totaled \$2.1 million

FY 2016 GENERAL FUND BUDGET PERFORMANCE

Category	Amount
Unspent Municipal Operations Budget	\$1,100,141
Unspent School Operations Budget	\$499,451
Unspent Fixed Costs	\$930,421
Excess Revenue Earned	\$3,311,413
Bond Premium Earned	\$1,000,312
Closed Projects	\$45,643
Snow & Ice Deficit	<u>(\$1,500,049)</u>
Positive Budget Variance	\$5,387,332

FY 2016 ENTERPRISE FUND BUDGET PERFORMANCE

Enterprise Fund	Positive (Negative) Budgetary Variance
Airport	\$238,924
Golf	\$183,545
Solid Waste	(\$193,728)
WPCF	\$1,056,459
Water	\$938,048
Marinas	\$266,780
Sandy Neck	\$261,675
HYCC	\$191,097

CERTIFICATION OF FREE CASH

Fund	July 1, 2015	July 1, 2016	Change
General Fund	\$13,949,203	\$13,131,098	(\$818,105)
Water Enterprise	\$3,336,150	\$3,257,325	(\$78,825)
Sewer Enterprise	\$7,611,524	\$8,661,669	\$1,050,145
Solid Waste Enterprise	\$3,489,420	\$2,409,841	(\$1,079,579)
Airport Enterprise	\$977,186	\$2,793,657	\$1,816,471
Golf Enterprise	\$638,274	\$733,441	\$95,167
Marina Enterprise	\$661,356	\$774,588	\$113,232
HYCC Enterprise	\$318,809	\$502,380	\$183,571
Sandy Neck Enterprise	\$478,853	\$714,332	\$235,479

DETAILS OF CHANGE IN GENERAL FUND FREE CASH

Description	Amount
Beginning Balance, July 1, 2015	\$13,949,203
Used for FY16 Operation Budget	(\$141,877)
FY16 Transfer to Capital Trust Fund	(\$4,000,000)
Used for FY17 Operating Budget	(\$2,585,000)
Increase in Accounts Receivable	(\$1,230,690)
Reduction in Internal Borrowing	\$252,081
Returned Appropriations	\$2,530,013
Revenue in Excess of Budget Estimate	<u>\$4,357,368</u>
Balance Certified, July 1, 2016	\$13,131,098

OTHER RESERVES

Account	Purpose	Current Available Balance
Capital Trust Fund	General Fund Capital Program	\$13.0 Mil
Sewer Construction & Private Ways Special Revenue Fund	Sewer Construction & Maintenance & Improvements to Private Ways	\$11.3 Mil
Community Preservation Fund	Historic Preservation, Open Space, Recreation, Community Housing	\$7.2 Mil
OPEB Trust	Other Post Employment Benefits	\$2.7 Mil
Pension Trust Fund	Non-teaching Retirement Funds	\$2.4 Mil

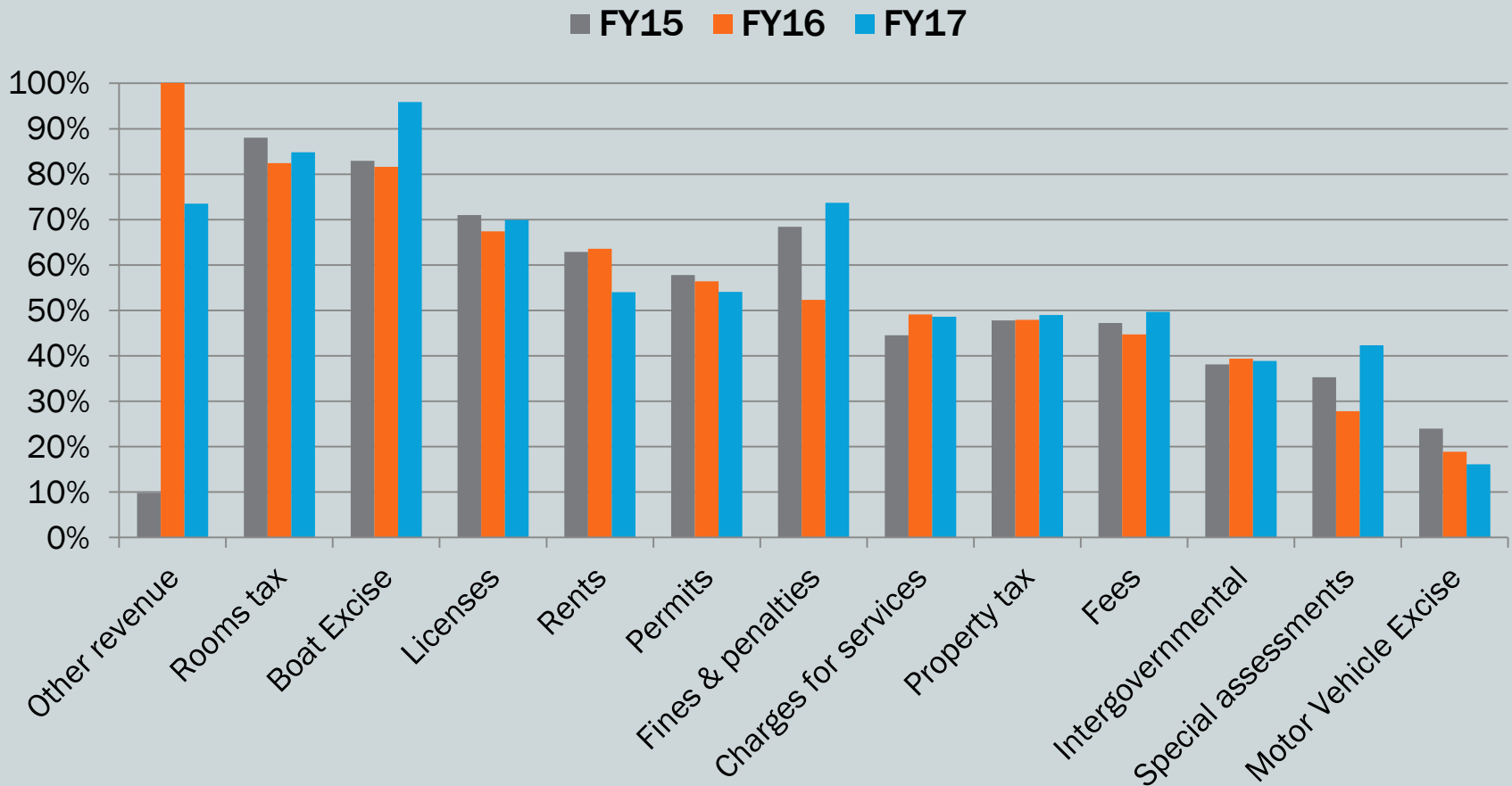
COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) JUNE 30, 2016

- Unmodified audit opinion received
- Town's net position increased by \$10.1 million
- Total governmental fund balances increased to \$101 million; approximately \$30 million is available for appropriation
- General Fund expenses totaled \$148.5 million; \$6.8 million more than last year
- Long-term debt increased \$6.9 million
- Pension and OPEB liabilities total \$93 and \$130 million respectively

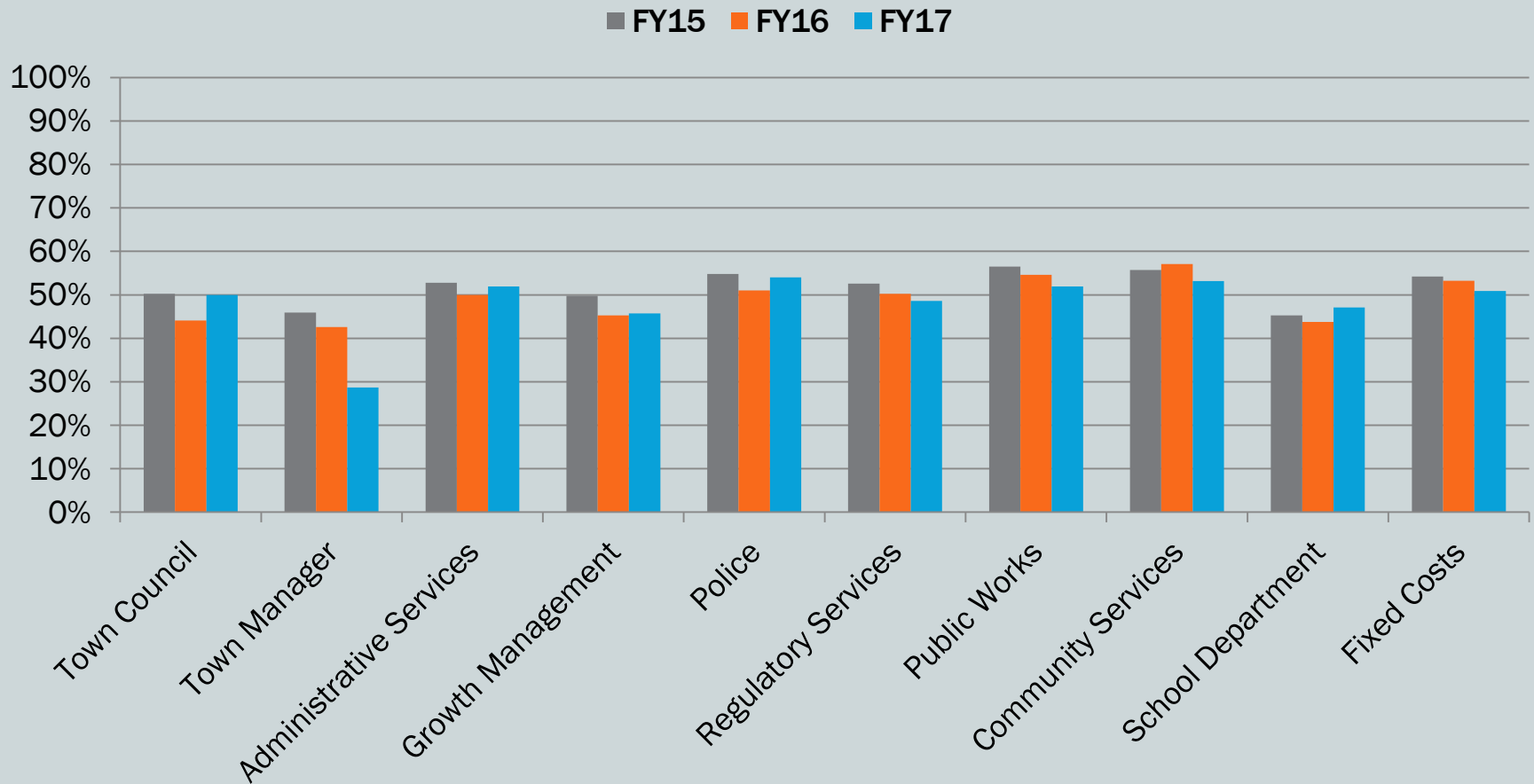


**FISCAL
YEAR 2017
UPDATE**

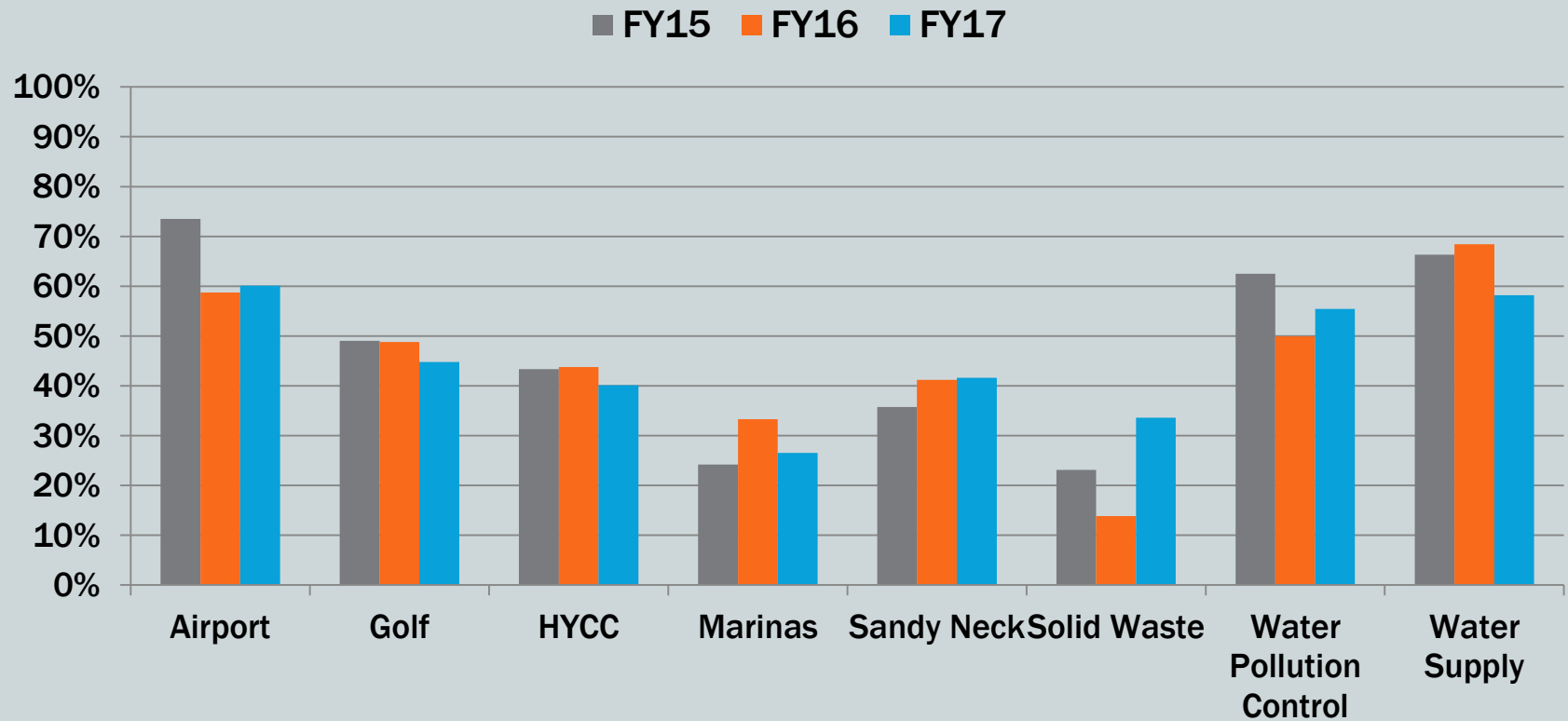
GENERAL FUND REVENUE PERCENTAGE OF BUDGET ESTIMATE COLLECTED THROUGH DECEMBER 31ST



GENERAL FUND EXPENDITURES PERCENTAGE OF BUDGET EXPENDED THROUGH DECEMBER 31ST

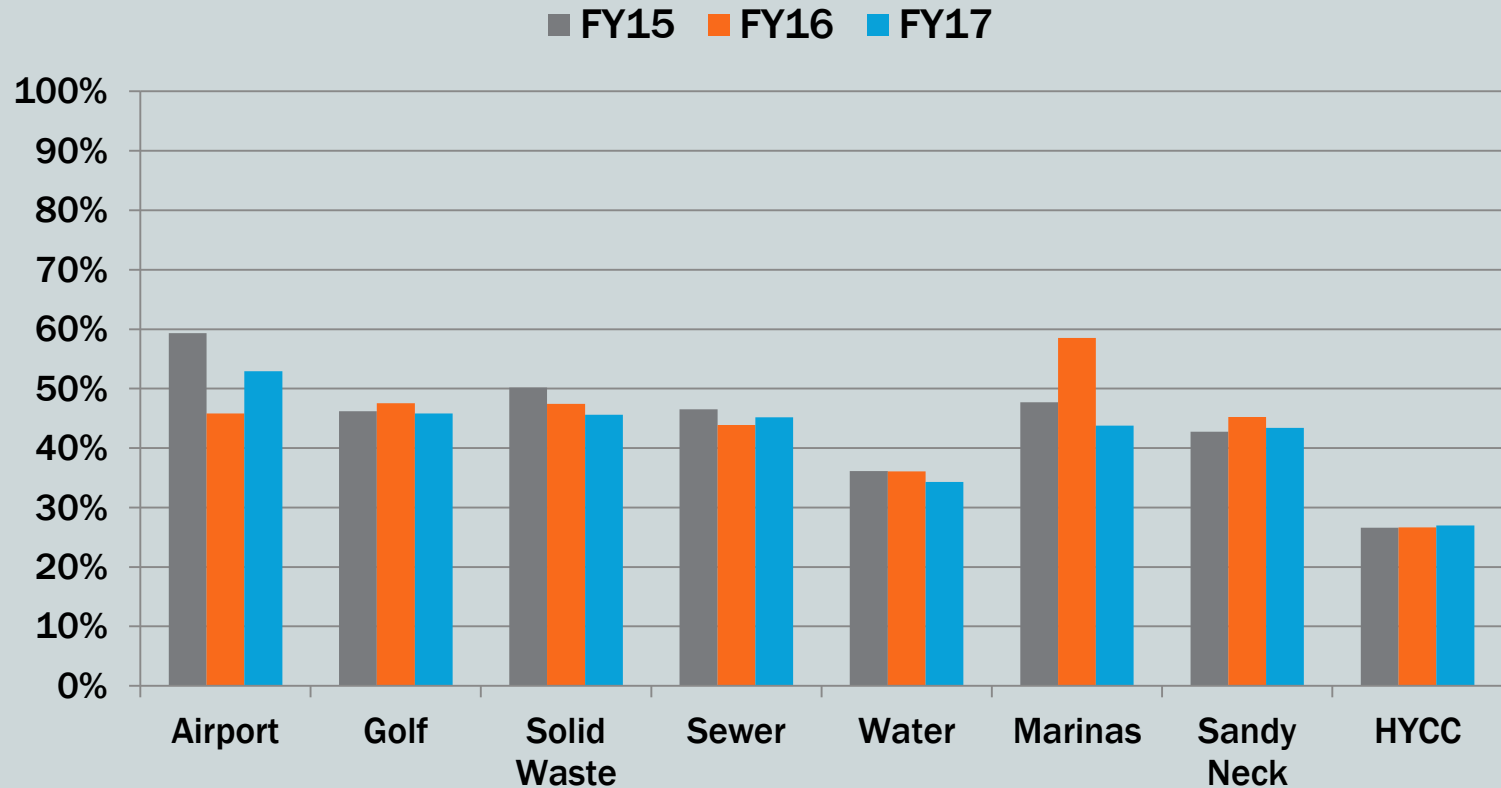


ENTERPRISE FUND REVENUE PERCENTAGE OF BUDGET ESTIMATE COLLECTED THROUGH DECEMBER 31ST



ENTERPRISE FUND EXPENSES

PERCENTAGE OF BUDGET EXPENDED THROUGH DECEMBER 31ST

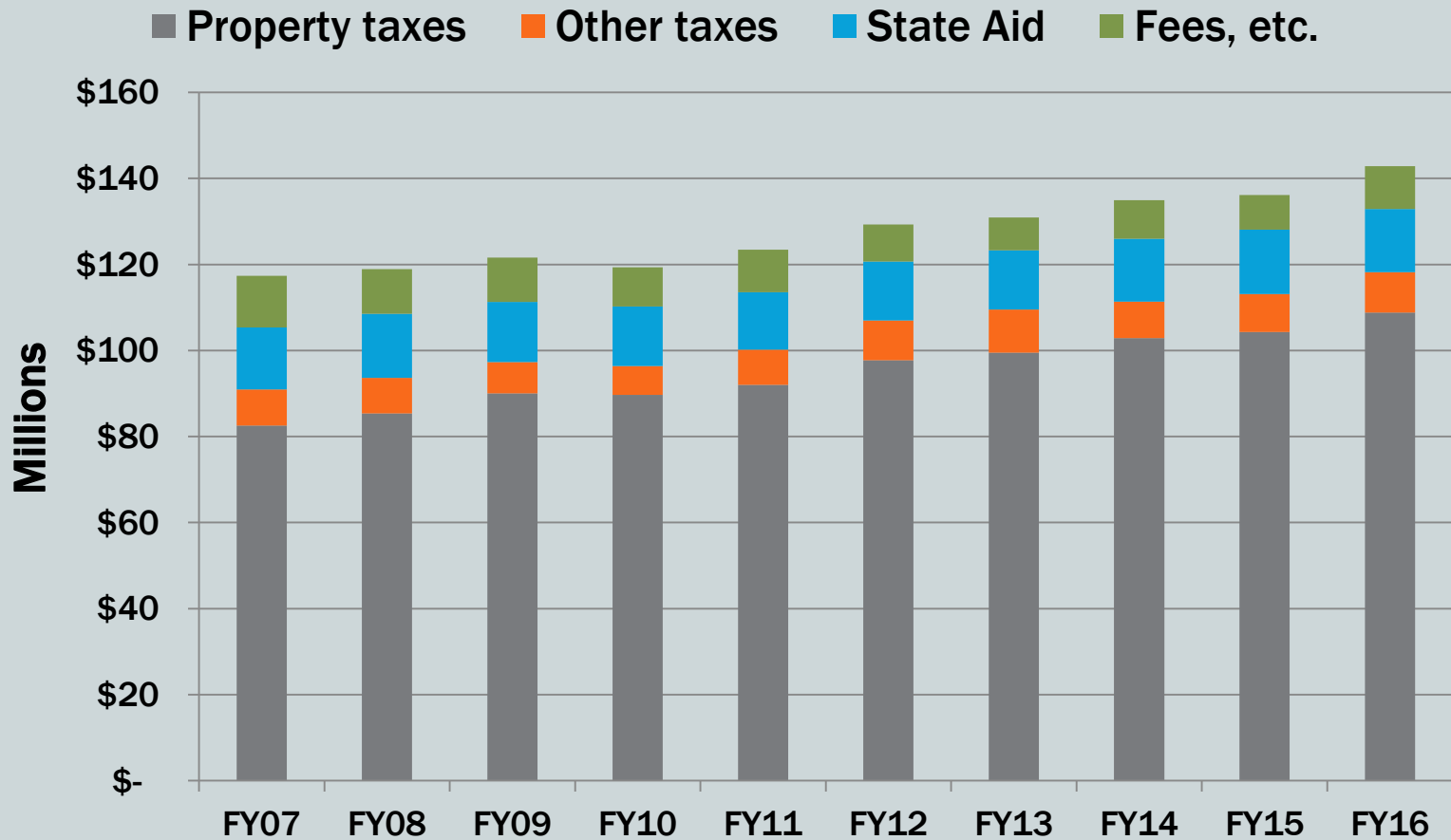




GENERAL FUND HISTORY

History of
Revenues,
Expenses and
Fiscal
Indicators

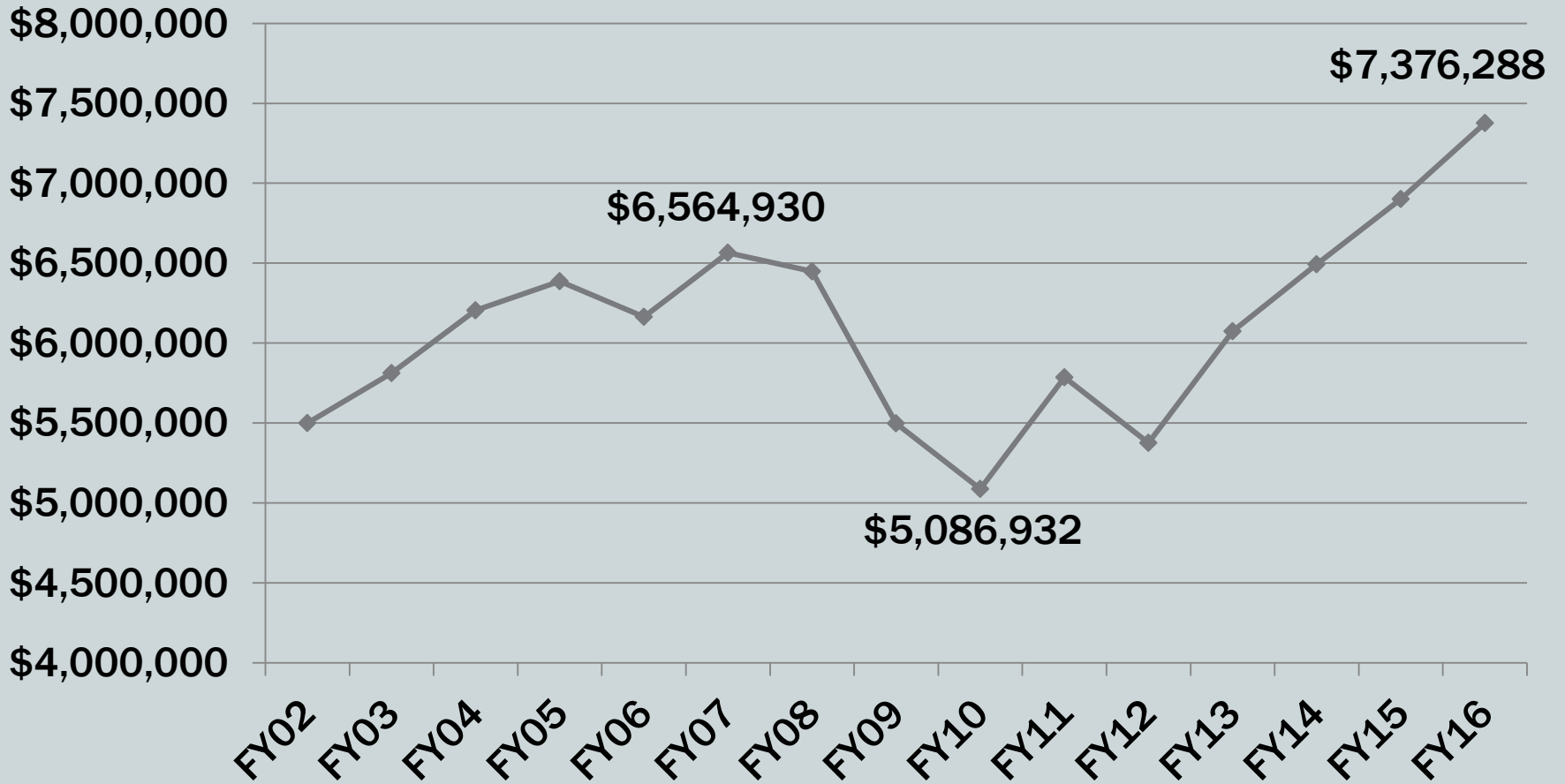
HISTORY OF GENERAL FUND REVENUE



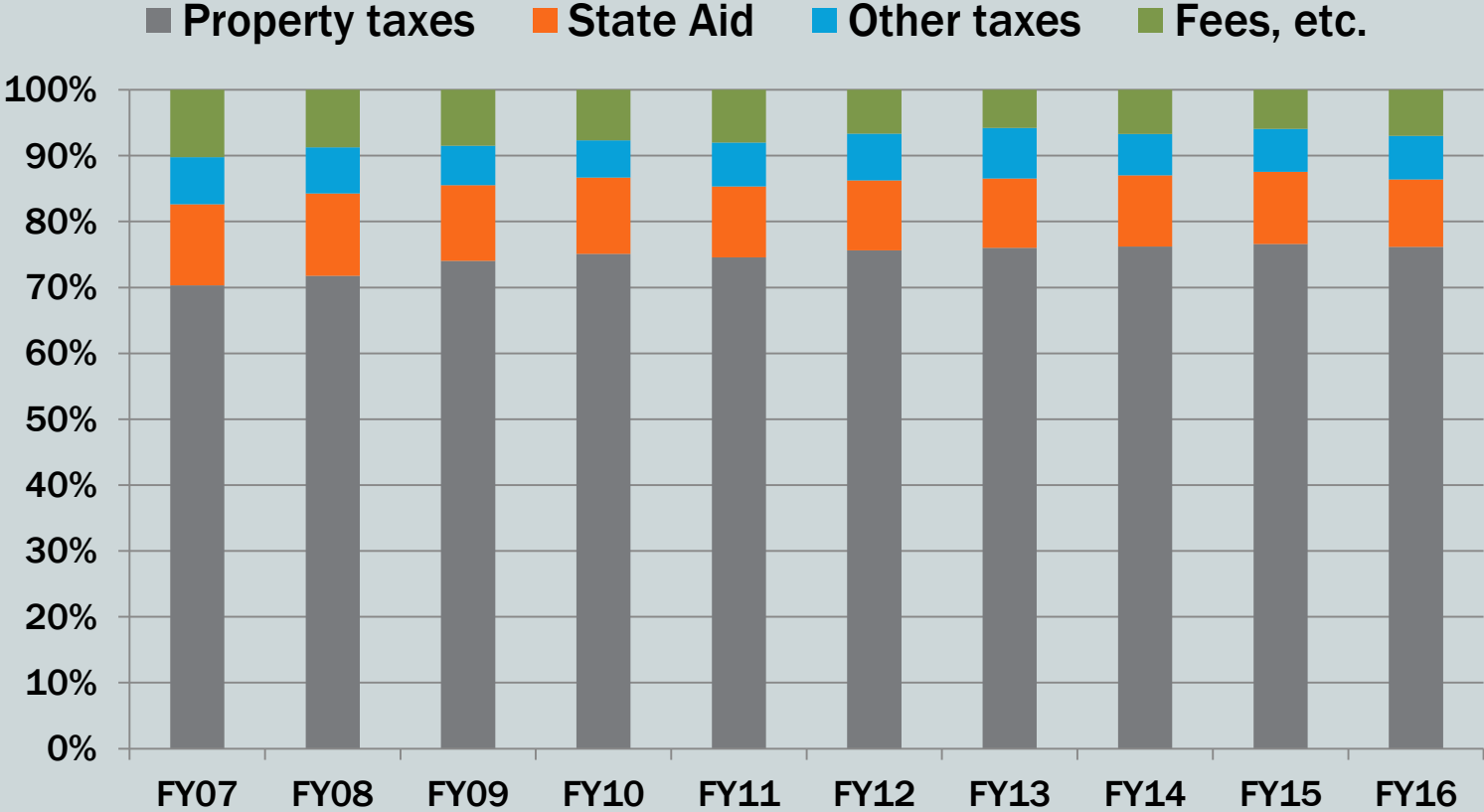
GENERAL FUND REVENUE PROJECTION ACCURACY

Category	FY 2016 Projected 10 Years Ago	FY 2016 Actual	Difference Over (Under)	
Tax Levy	\$110,475,372	\$110,547,068	(\$71,696)	(0.06%)
Motor Vehicle Excise	\$8,175,000	\$7,376,288	\$798,712	9.8%
Rooms Excise	\$1,851,175	\$1,867,950	(\$16,775)	(0.9%)
CH70 Aid	\$10,020,888	\$9,847,098	\$173,790	1.7%
Other State Aid	\$7,133,423	\$6,776,389	\$357,034	5.0%
Other Local Receipts	\$11,740,673	\$11,992,038	(\$251,365)	2.1%
Total	\$149,396,531	\$148,406,831	\$989,700	0.7%

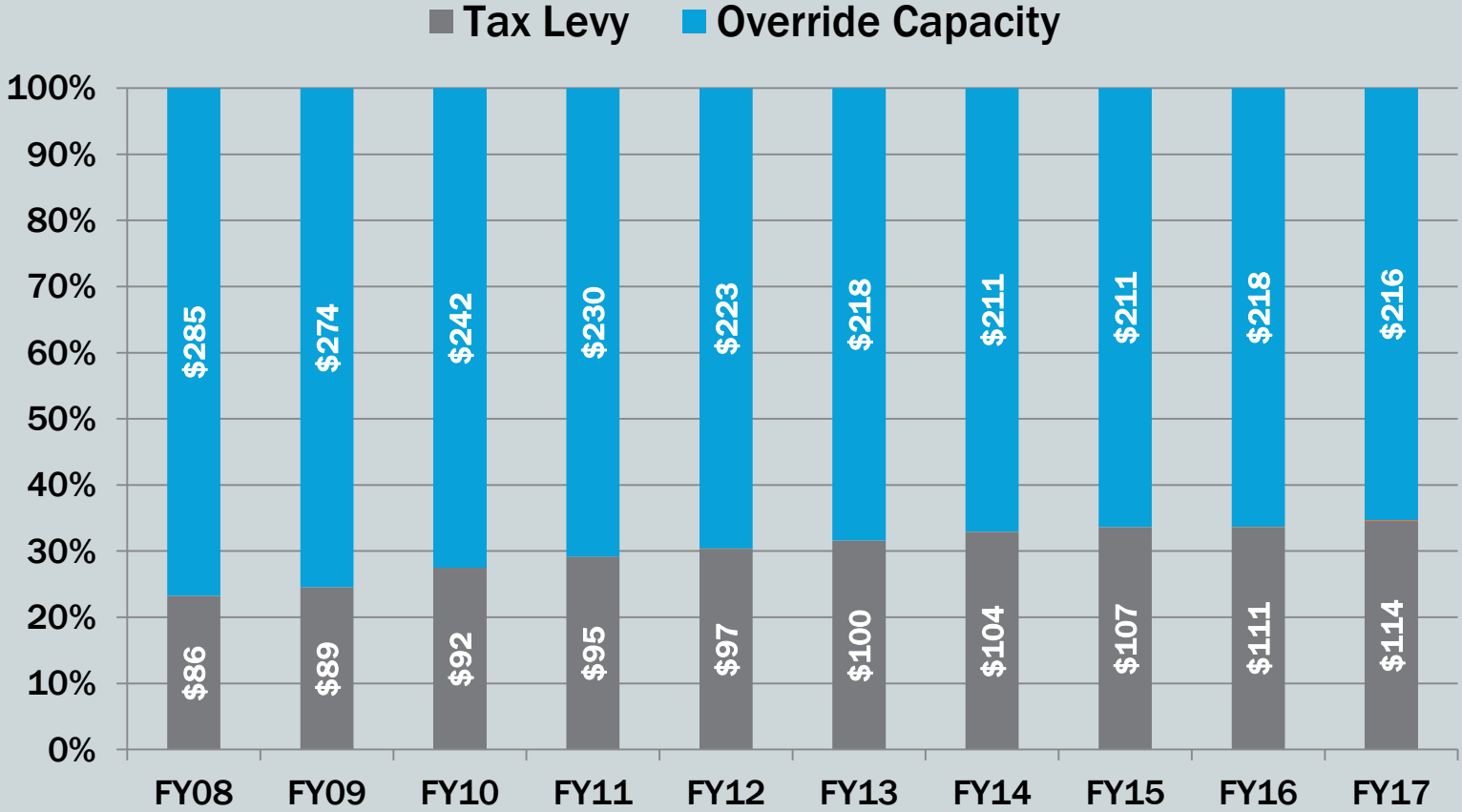
HISTORY OF MOTOR VEHICLE EXCISE REVENUE COLLECTIONS



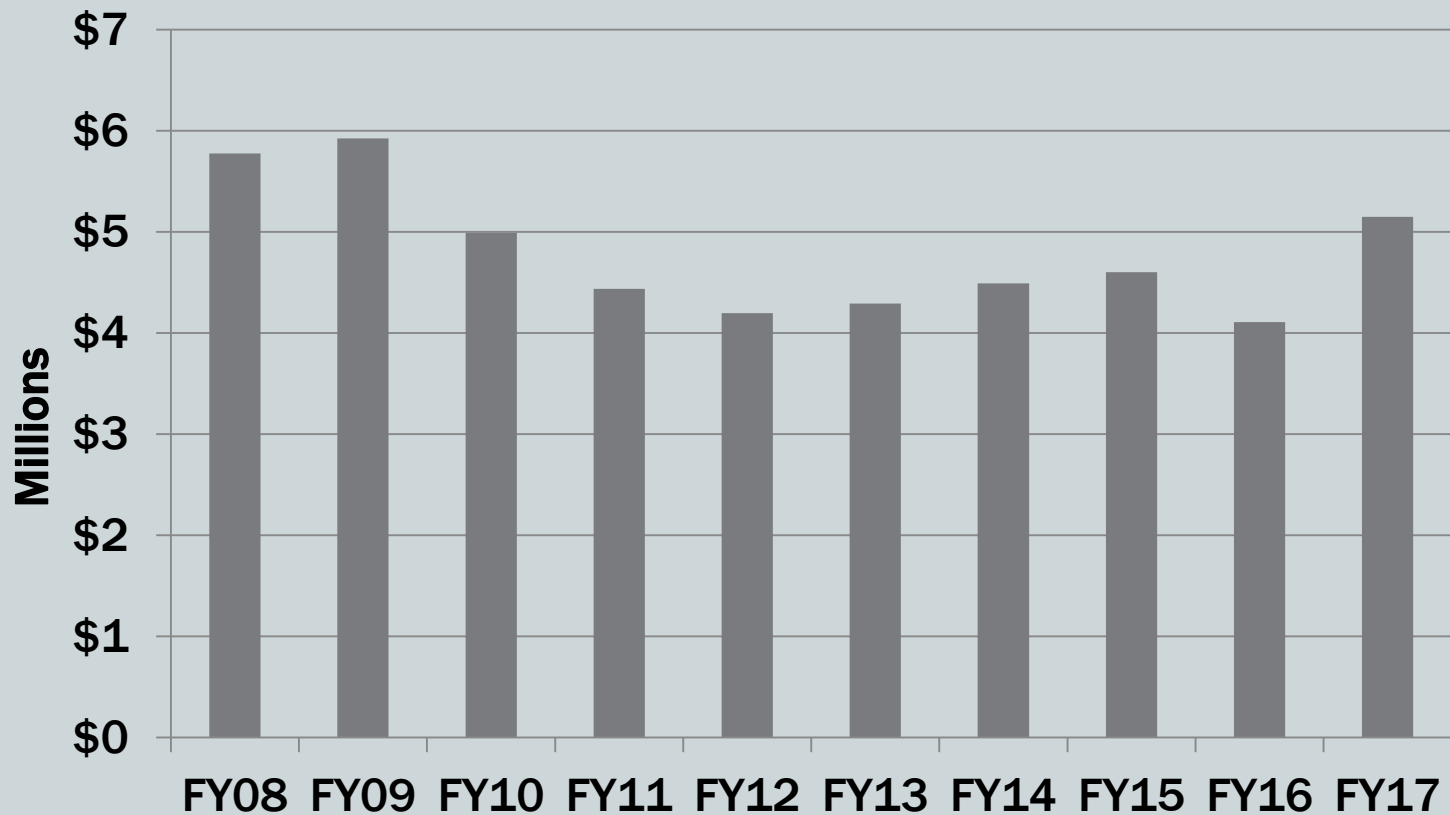
COMPOSITION OF GENERAL FUND REVENUE



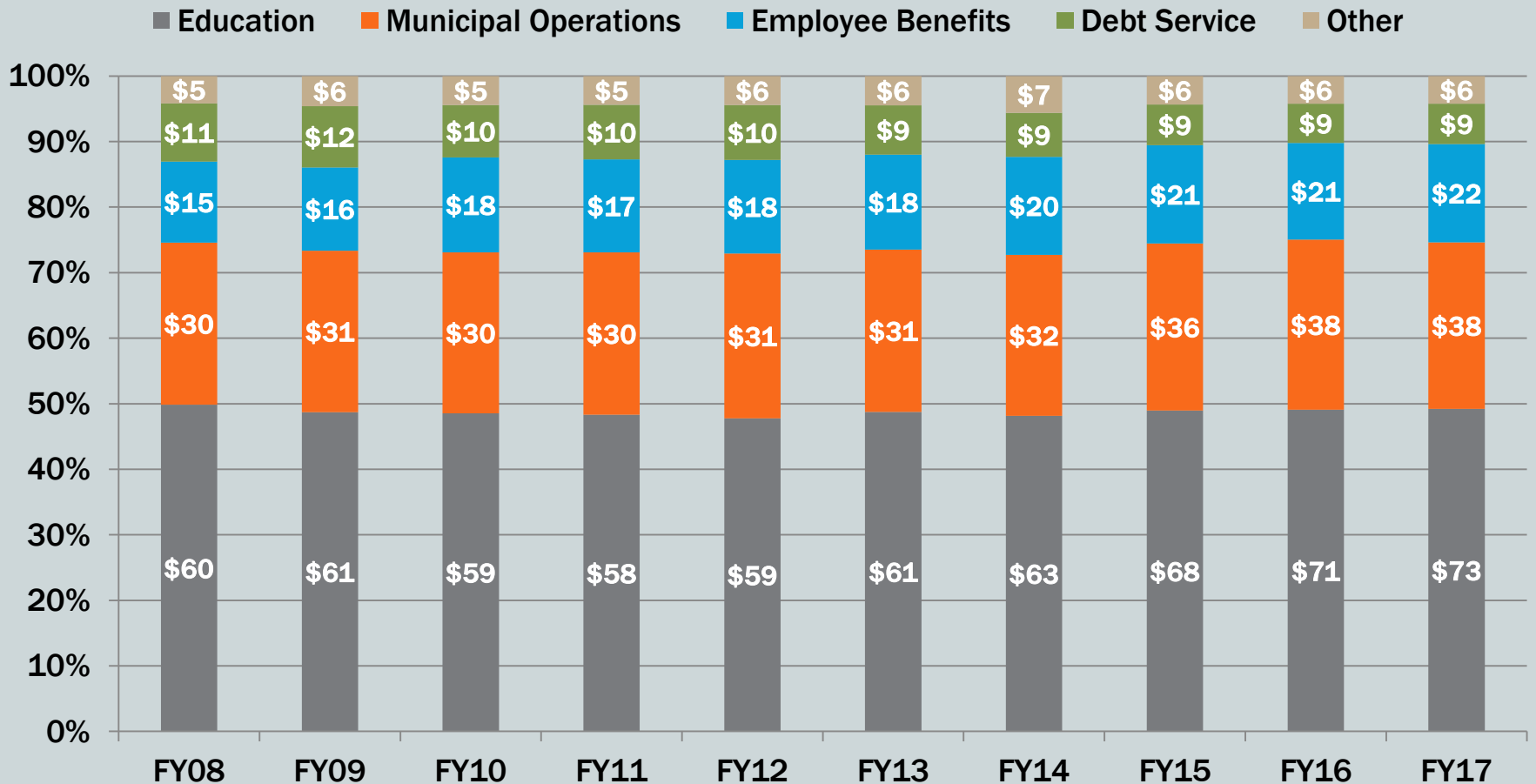
TAXING CAPACITY UNDER PROPOSITION 2½



STATE AID NET OF STATE ASSESSMENTS (CHERRY SHEET)



HISTORY OF GENERAL FUND BUDGETS



NET SCHOOL SPENDING (NSS) REQUIREMENTS

FY	Required NSS	% Change	Actual NSS	% Change	Over (Under)	% Over (Under)
2008	\$53,193,630	-0.9	\$59,936,946	1.5	\$6,743,316	12.7
2009	\$52,377,514	-1.5	\$61,495,507	2.6	\$9,117,993	17.4
2010	\$53,189,694	1.6	\$58,980,446	-4.1	\$5,790,752	10.9
2011	\$52,082,556	-2.1	\$58,620,653	-0.6	\$6,538,097	12.6
2012	\$51,917,318	-0.3	\$60,262,102	2.8	\$8,344,784	16.1
2013	\$53,702,127	3.4	\$61,862,692	2.7	\$8,160,565	15.2
2014	\$55,193,835	2.8	\$65,306,537	5.6	\$10,112,702	18.3
2015	\$54,648,673	-1.0	\$68,052,594	3.9	\$13,403,921	24.5
2016	\$55,521,660	1.6	\$70,624,244*	3.8	\$15,145,043	27.3
2017	\$57,300,645	3.2	\$72,691,702*	2.9	\$15,391,057	26.8

Source: MA Dept. of Elementary & Secondary Education

*Budgeted

NET SCHOOL SPENDING COMPARISON (ACTUAL % OVER REQUIRED)

FY	Barnstable	Falmouth	Sandwich	DY Regional	Mashpee	Plymouth	Arlington	Needham
2007	10.1	16.4	8.5	12.6	24.0	15.8	25.5	35.0
2008	12.7	22.7	15.0	16.6	24.3	18.6	29.6	35.6
2009	17.4	28.4	20.0	20.6	26.6	19.6	26.7	38.3
2010	10.9	30.3	17.5	17.3	24.0	17.1	29.2	44.7
2011	12.6	34.9	19.6	21.4	24.1	16.6	22.1	41.9
2012	16.1	36.7	20.1	20.9	28.9	18.4	32.2	39.8
2013	15.2	35.4	18.7	25.0	26.5	18.4	27.3	41.1
2014	18.3	29.7	22.6	25.2	29.4	18.8	24.5	42.8
2015	24.3	41.4	30.2	30.7	32.8	22.7	28.2	50.1
2016	27.2	45.0	34.8	34.7	41.8	28.5	31.9	55.3

Source: MA Dept. of Elementary & Secondary Education

HISTORY OF GENERAL FUND SURPLUS

Certification Date	Beginning Balance	Used for:		Savings Generated	Ending Balance
		Operations	Capital		
Jul 1, 2007	\$13,441,565	(\$3,577,630)	(\$2,235,000)	\$9,692,548	\$17,321,483
Jul 1, 2008	\$17,321,483	(\$6,390,369)	(\$4,500,000)	\$1,501,616	\$7,932,730
Jul 1, 2009	\$7,932,730	(\$1,930,000)		\$2,408,587	\$8,411,317
Jul 1, 2010	\$8,411,317	(\$1,080,758)		\$3,416,013	\$10,746,572
Jul 1, 2011	\$10,746,572	(\$1,195,000)	(\$2,000,000)	\$4,768,613	\$12,320,185
Jul 1, 2012	\$12,320,185	(\$687,330)		\$5,639,538	\$17,272,393
Jul 1, 2013	\$17,272,393	(\$3,579,836)	(\$7,000,000)	\$4,403,107	\$11,095,664
Jul 1, 2014	\$11,095,664	(\$3,585,000)	(\$807,493)	\$6,666,868	\$13,370,039
Jul 1, 2015	\$13,370,039	(\$4,104,926)	(\$1,037,689)	\$5,721,779	\$13,949,203
Jul 1, 2016	\$13,949,203	(\$2,726,877)	(\$4,000,000)	\$5,908,772	\$13,131,098

\$5.8 million of the \$13.1 million on July 1, 2016 is set aside for Town Council's reserve.



**10 YEAR
FORECAST
FY 2018
THROUGH
FY 2027**

BUDGET INFLUENCES – NEXT 10 YEARS

CURRENT:

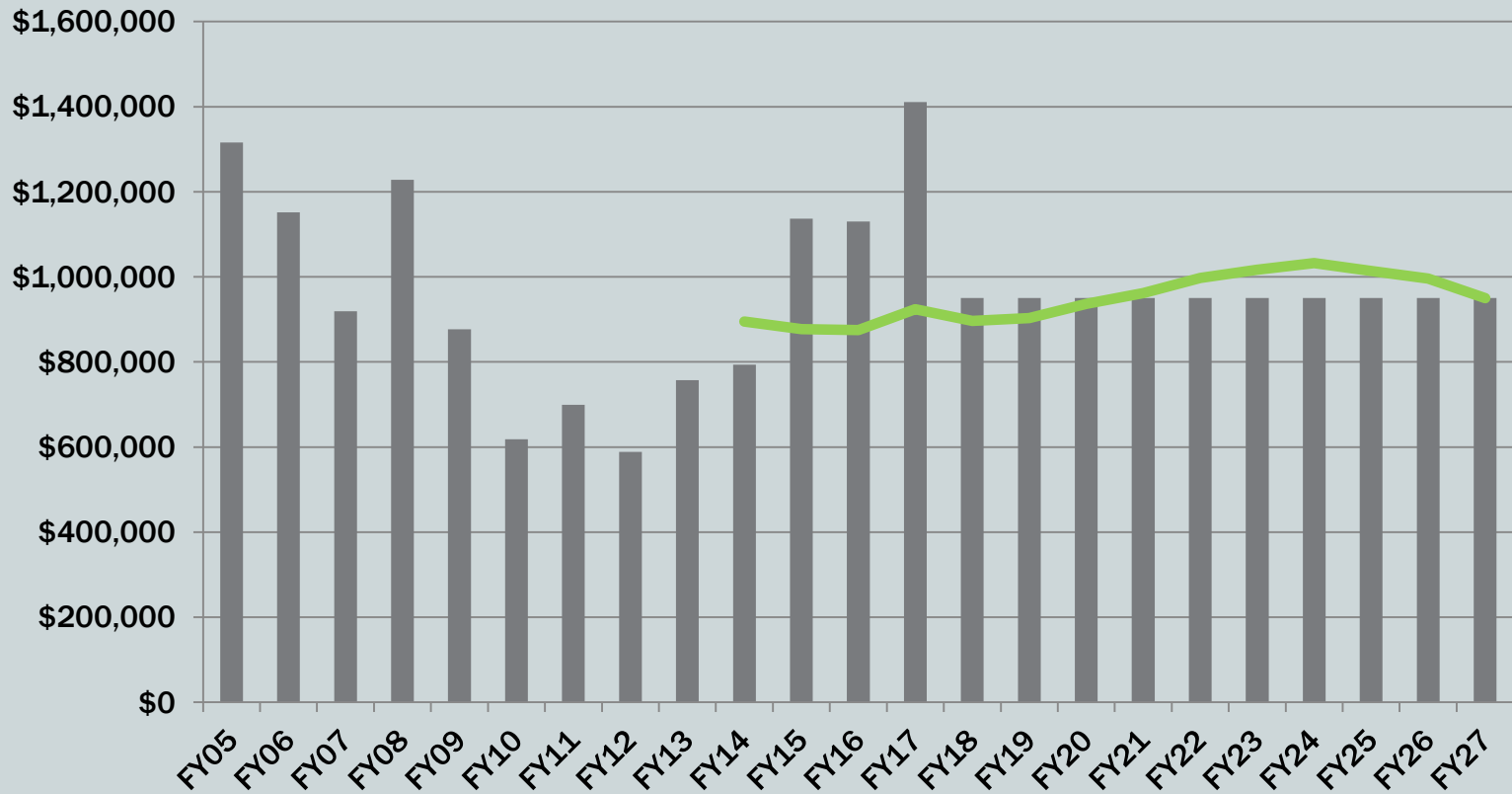
- New administration Jan. 20th
- State tax revenue is projecting downward
- Crude oil remains in the \$50 range
- Automotive sales strong
- Interest rates are still low
- Construction costs rising
- Unemployment down
- Consumer confidence up
- Inflation expectations rising
- Household debt increasing
- Housing prices are rising

PROJECTED:

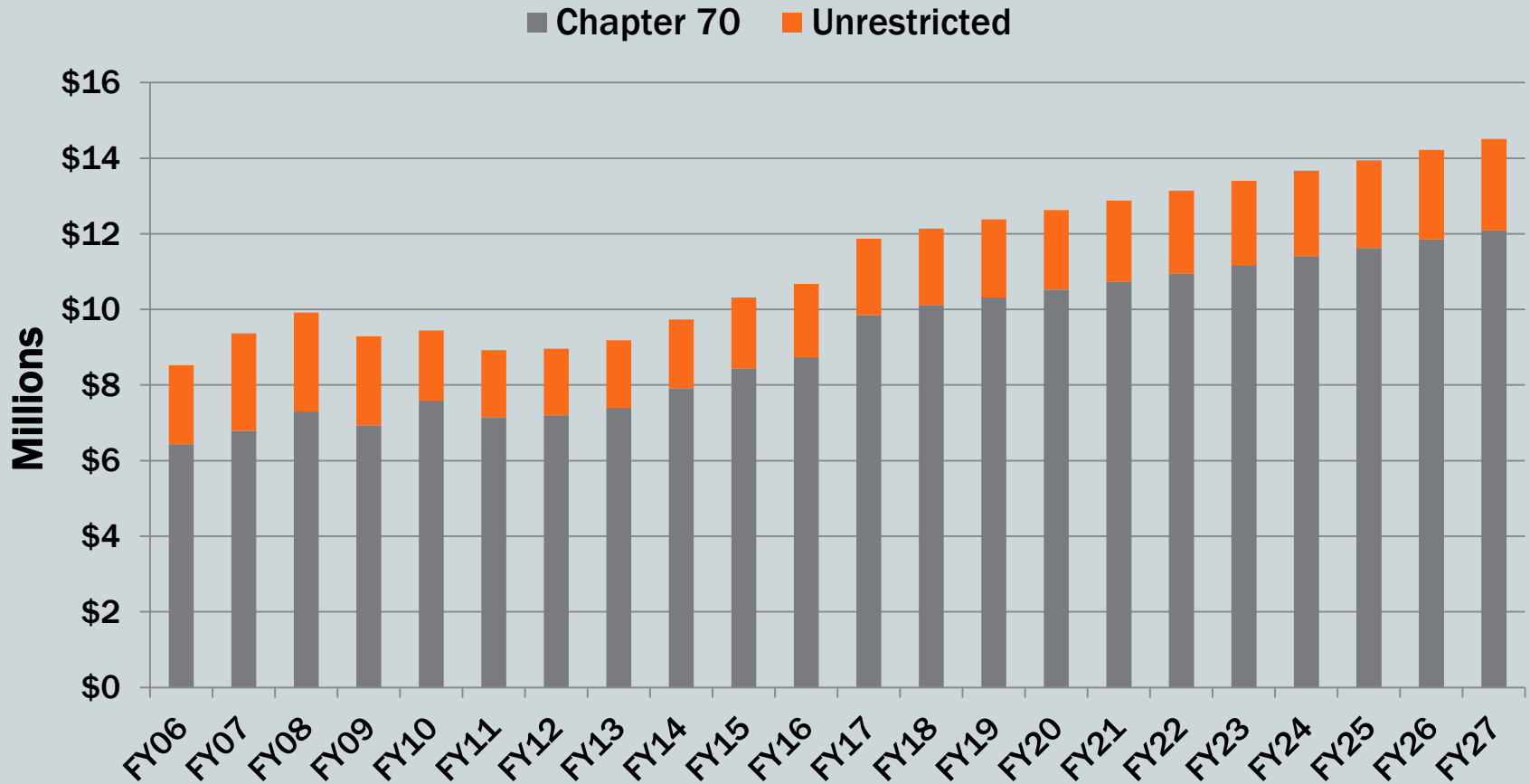
- Tax levy increases under Prop 2½
- Minimal state aid increases
- MVE tax receipts will level off
- Fund balance will decline
- Interest rates will remain low
- Employee benefit costs will rise faster than the rate of inflation
- School transportation costs increase
- Technology will improve
- Increase in spending for clean water
- Increase in spending for facilities
- Maintenance dredging program

KEY OPERATING BUDGET AREAS

New Property Tax Growth



KEY OPERATING BUDGET AREAS CONTINUED - LOCAL AID



KEY OPERATING BUDGET AREAS CONTINUED - UNFUNDED LIABILITIES

- o Town's share of the unfunded liability of the county retirement system @ 12/31/15 = \$94M
- o Other post-employment benefits (OPEB) unfunded liability is \$130 Million @ 6/30/14
- o OPEB liability on the June 30, 2016 balance sheet grew \$4M to \$48M
- o Capital submissions for FY18 - FY22 = \$184 Million
- o Section 208 Plan
- o Private Ways

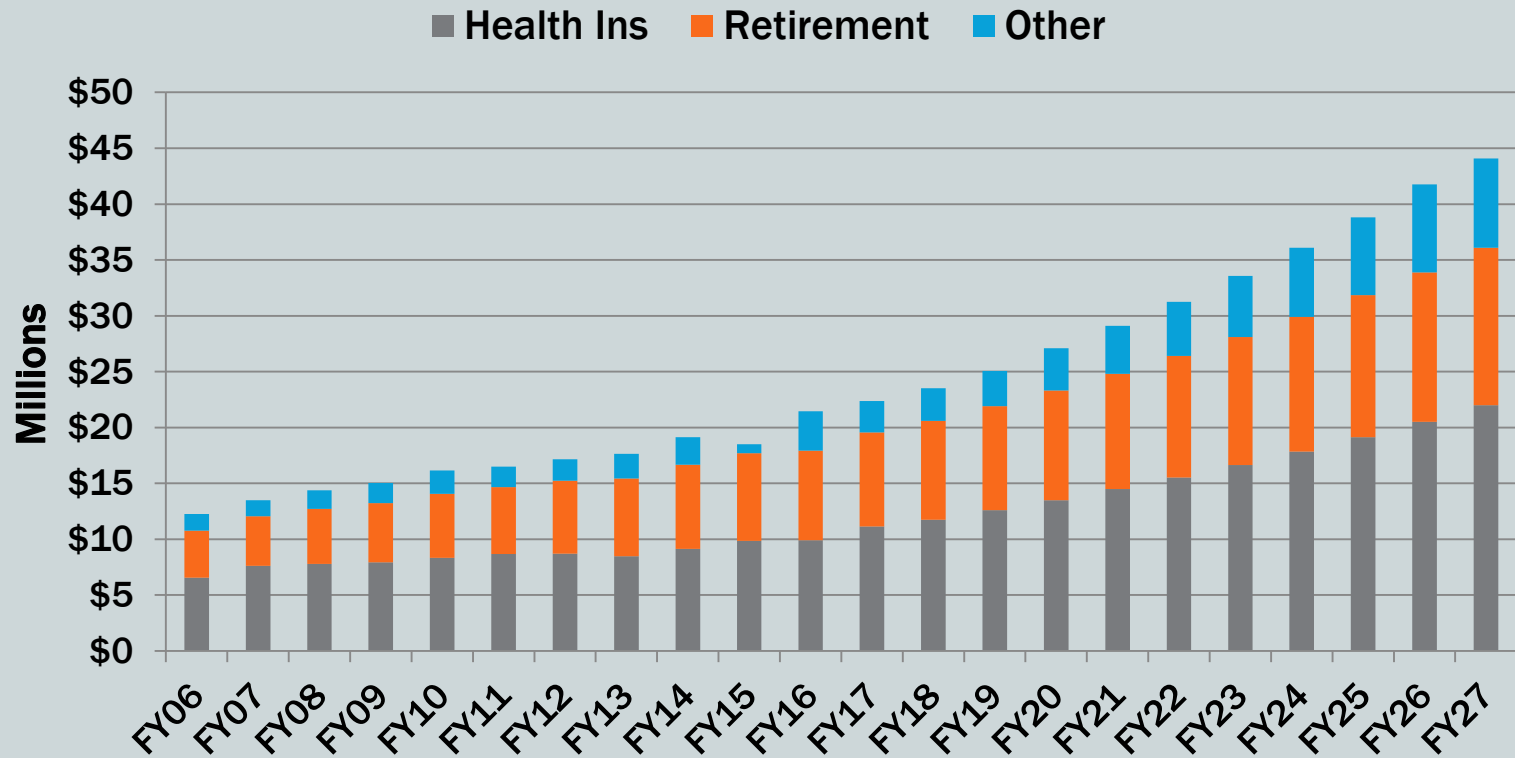
CAPITAL BUDGET CHALLENGES

- **Clean Water**
 - Sewer collection system expansion and plant maintenance
 - Water pipe replacement/expansion
 - New well development
 - Water treatment systems
 - Invasive species eradication
- **Facility & Field Improvements**
- **Roads and Sidewalks**
- **Dredging/Bulkheads/Ways to Water**
- **Technology**
- **Total submissions for next 5 years ~ \$184 Million**
- **\$53 Million received over the last 5 yrs in capital grants & contributions**

CAPITAL TRUST FUND CASH FLOW PROJECTION (MILLIONS)

	Beginning Fund Balance	Resources	Current Commitments	Ending Fund Balance
FY17	13.0	12.0	(9.8)	15.3
FY18	15.3	8.9	(10.3)	13.8
FY19	13.8	9.1	(10.0)	12.9
FY20	12.9	9.2	(9.6)	12.6
FY21	12.6	9.4	(9.1)	12.9
FY22	12.9	11.7	(8.6)	16.0
FY23	16.0	9.9	(8.2)	17.7
FY24	17.7	10.1	(7.7)	20.1
FY25	20.1	10.4	(7.0)	23.5
FY26	23.5	10.7	(6.9)	27.3
FY27	27.3	11.9	(6.4)	32.8

KEY OPERATING BUDGET AREAS CONTINUED - EMPLOYEE BENEFITS



CAPE COD REGIONAL TECHNICAL HIGH SCHOOL

- Cost estimate = \$144 Million
- Mass School Building Authority (MSBA) Reimbursement Rate ~ 42%
- Ballot question in Fall 2017
- Barnstable enrollment 173 (28%)



PROPERTY TAX DEBT EXCLUSIONS (FOR SCHOOL CONSTRUCTION)

Fiscal Year	Loan Payments	Less: MSBA Funding	Net Amount Added to Tax Levy
FY17	\$4,420,803	(\$3,018,706)	\$1,402,097
FY18	\$4,367,609	(\$3,018,706)	\$1,348,903
FY19	\$4,318,972	(\$3,018,706)	\$1,300,266
FY20	\$832,000	(\$859,776)	(\$27,776)



**FY 2018
General Fund
Projections**

FY18 GENERAL FUND REVENUE GROWTH

	FY 2017	FY 2018	\$ Change	% Change
Property taxes	\$112,543,675	\$116,261,520	\$3,717,845	3.3%
Other taxes	\$8,392,547	\$8,989,000	\$596,453	7.1%
State aid	\$15,884,365	\$16,059,480	\$175,115	1.1%
All other	\$13,647,960	\$13,650,060	\$2,100	0.02%
Total	\$150,468,547	\$154,960,060	\$4,491,513	3.0%

CHANGE IN FIXED COSTS

	FY 2017	FY 2018	\$ Change	% Change
School Assessments	\$7,256,946	\$7,611,709	\$354,763	4.9%
Employee Benefits	\$22,362,912	\$23,350,000	\$987,088	4.4%
Debt Service	\$9,172,108	\$9,722,707	\$550,600	6.0%
Other Fixed Costs	\$12,178,389	\$11,667,631	(\$510,759)	(4.2%)
Total	\$50,970,355	\$52,352,047	\$1,381,692	2.7%

FY 2018 PRELIMINARY REVENUE ALLOCATION

	FY 2017	FY 2018	Change	
Revenue	\$150,468,547	\$154,960,060	\$4,491,513	3.0%
Fixed Costs	(\$50,970,355)	(\$52,352,047)	(\$1,381,692)	2.7%
Balance Available For Operations	\$99,498,192	\$102,608,013	\$3,109,821	3.1%
Municipal Operations	\$36,378,307	\$37,622,235	\$1,243,928	3.4%
School Operations	\$63,119,885	\$64,985,778	\$1,865,893	2.9%
Total	\$99,498,192	\$102,608,013	\$3,109,821	3.1%