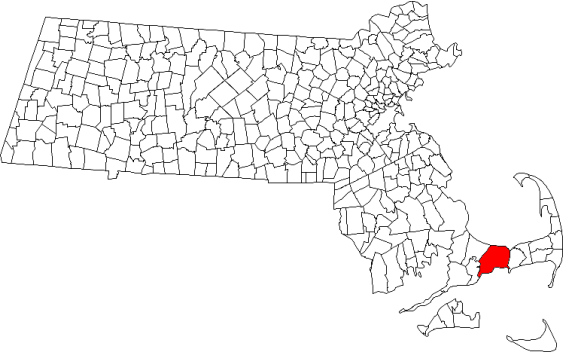




TOWN OF BARNSTABLE

Comprehensive Finance Advisory Committee
Financial Overview Report | Fiscal Year 2017



This financial overview for fiscal year 2017 (FY17) is intended to provide a summary of the town's finances and operations. The complete FY17 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.

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

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 44,529 year-round residents*
- Median Household Income is \$58,933*
- Median Residential Property Value is \$318,700
- Website www.townofbarnstable.us
- Facebook www.facebook.com/townofbarnstable/
- Twitter @BarnstableMA

*US Census 2014

A COMMITMENT TO EXCELLENCE AND TRANSPARENCY

GFOA AWARDS

The town has received both the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award and the Certificate of Excellence in Financial Reporting for 14 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

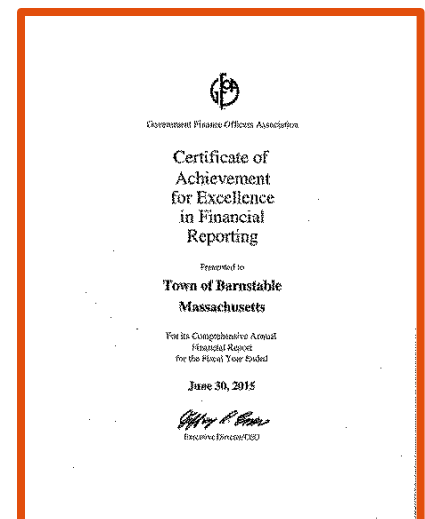
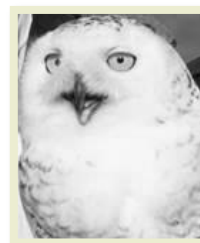
In fiscal year 2016 the town implemented a new web based application which allows residents and other interested groups to monitor the current year operating budget; both revenue and expenditures; as well as the town's capital program. Multiple fiscal years are provided for comparison purposes. This 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
- Very strong budget flexibility & liquidity
- Strong economy
- 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



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.

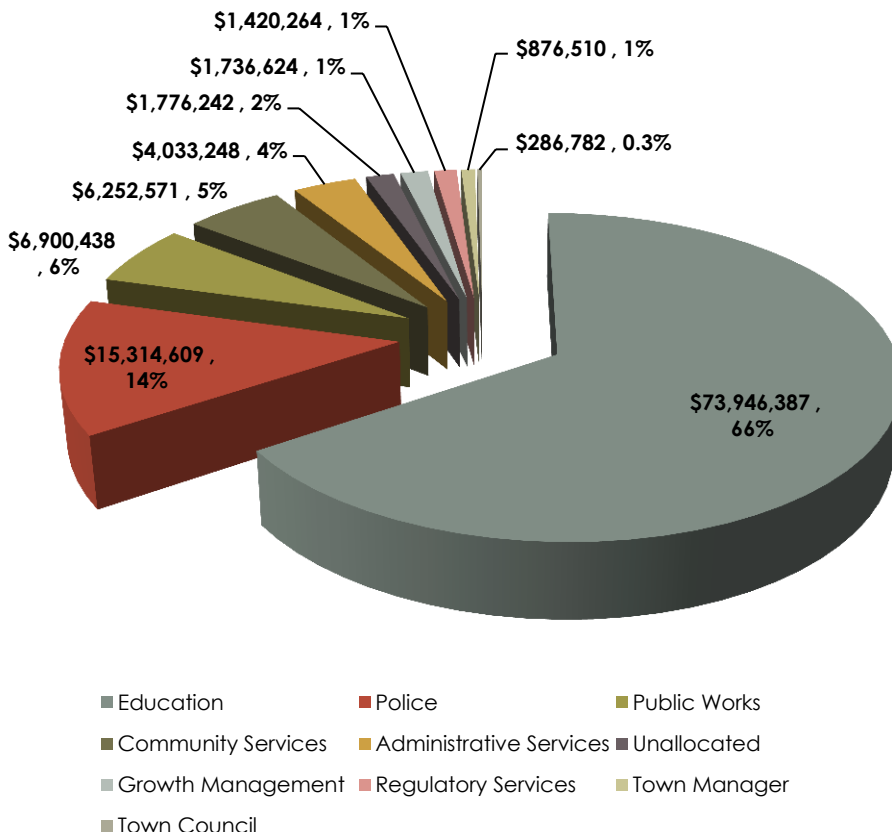
PROPERTY TAXES



By law, 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 single tax rate for the town in FY16 was \$8.41 per \$1,000 in valuation. This single rate is before any exemptions and any tax levy shifts between property classes. The Town Council

adopted a 20% residential exemption in FY16, which resulted in the residential tax rate increasing to \$9.31. Qualifying homeowners whose primary residence is in Barnstable receive a reduction in their assessed taxable value of \$90,000. The tax reduction is valued at \$838 ($\$90,000 \div 1,000 \times \9.31). The median price of a home in FY16 was \$318,700. A median priced home qualifying for the residential exemption would be taxed on a value of \$228,700, resulting in a tax bill of \$2,129. This does not include the Community Preservation Fund tax or fire district tax, which varies by district. There are a total of 25,688 residential parcels in town of which 48% (12,398) qualify for the residential exemption. The projected residential tax rate for FY17, before any adjustment for property value changes and assuming a 20% residential exemption is approved again, is \$9.48. This would equate to a tax bill increase of \$38.88 for a median valued property qualifying for the residential exemption.

FY 2017 Estimated Town Property Tax Allocation
Total = \$112,543,675



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.

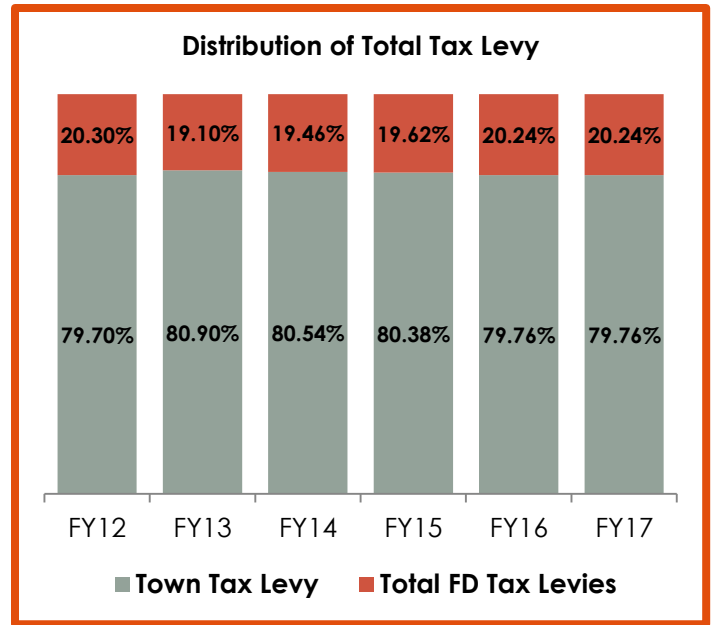
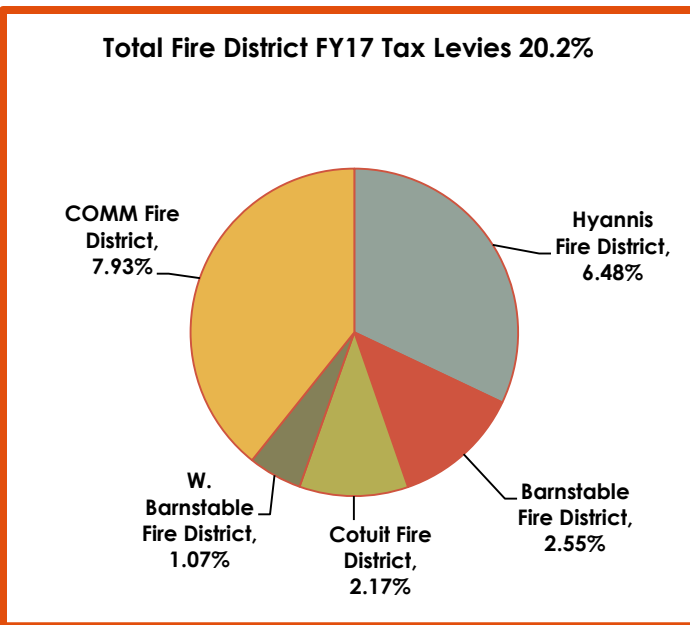
As the chart illustrates, about 66 cents of every tax dollar goes towards funding education. 20 cents goes towards funding the Police and Public Works operations.

FIRE AND WATER DISTRICTS



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, which is done in partnership with the town of Barnstable's tax office. 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-Marstons Mills (COMM), Hyannis and West Barnstable. Four of the five districts also manage their own water supply operations. The one

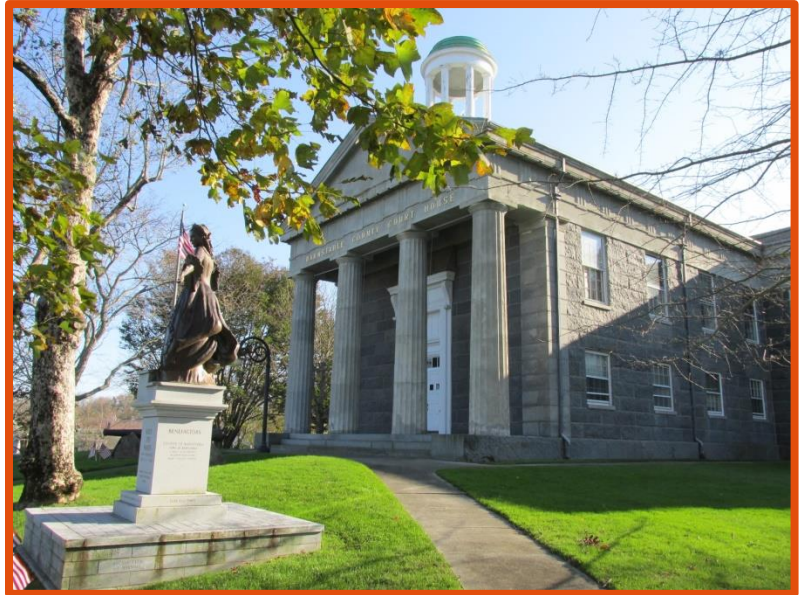
exception is Hyannis, which manages its water through the Water Supply Division; a division of town government. The Water Departments bill their customers directly. In addition to the property taxes levied in FY17 by the town of \$114,243,675, the estimated property taxes levied by the five districts totaled \$28,931,439; or 20.2% of the total taxes levied.



Town and Fire District Tax Levy Growth							
	FY 2015		FY 2016		FY 2017		Growth in Levy FY16 to FY17
Town tax levy	\$106,676,485	80.4%	\$110,547,068	79.8%	\$114,243,675	79.8%	\$3,696,607 3.3%
Hyannis FD tax levy	8,109,789	6.1%	8,979,002	6.5%	9,270,887	6.5%	291,885 3.3%
Barnstable FD tax levy	3,273,149	2.5%	3,648,926	2.6%	3,655,943	2.6%	7,017 0.2%
Cotuit FD tax levy	2,886,739	2.2%	2,955,621	2.1%	3,110,000	2.2%	154,379 5.2%
W. Barnstable FD tax levy	1,468,780	1.1%	1,509,369	1.1%	1,537,000	1.1%	27,631 1.8%
COMM FD tax levy	10,296,979	7.8%	10,958,772	7.9%	11,357,609	7.9%	398,837 3.6%
Total FD tax levies	26,035,436	19.6%	28,051,690	20.2%	28,931,439	20.2%	879,749 3.1%
Grand total	\$132,711,921	100.0%	\$138,598,758	100.0%	\$143,175,114	100.0%	\$4,576,356 3.3%



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 this 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, 5% comes from other taxes, and about 2% of the general fund budget is provided for from the town's reserves. General fund reserves are generated when actual revenues exceed budget estimates and from unspent appropriations from prior years. These reserves are typically used for one-time expenditure items and the capital program. The use of reserves is down \$5.6 million from FY16 due to a one-time \$4 million transfer into the Capital Trust Fund in FY16, which supports the capital improvements plan (see page 9).



	Budget FY 2016	Budget FY 2017	Change FY16- 17	Percent Change
Property Taxes:				
Tax Levy	\$ 110,547,068	\$ 114,243,675	\$ 3,696,607	3.34%
Reserved for Abatements and Exemptions	(1,724,851)	(1,700,000)	24,851	-1.44%
Property Taxes Available for Operations	\$ 108,822,217	\$ 112,543,675	\$ 3,721,458	3.42%
Other Taxes:				
Motor Vehicle Excise Tax	6,082,645	6,485,683	403,038	6.63%
Boat Excise Tax	130,000	130,000	-	0.00%
Motel/Hotel Excise Tax	1,790,000	1,790,000	-	0.00%
Payments in Lieu of Tax	28,000	28,000	-	0.00%
Total Other Taxes	\$ 8,030,645	\$ 8,433,683	\$ 403,038	5.02%
Other Resources:				
Intergovernmental	17,741,040	18,782,718	1,041,678	5.87%
Fines & Penalties	1,300,000	1,250,000	(50,000)	-3.85%
Fees, Licenses, Permits	3,205,000	3,144,100	(60,900)	-1.90%
Charges For Services	1,720,000	1,910,000	190,000	11.05%
Interest and Other	821,800	1,298,500	476,700	58.01%
Special Revenue Funds	670,053	738,853	68,800	10.27%
Enterprise Funds	2,579,351	2,560,007	(19,344)	-0.75%
Trust Funds	280,000	270,000	(10,000)	-3.57%
Reserves	8,190,035	2,585,000	(5,605,035)	-68.44%
Total Other Resources	\$ 36,507,279	\$ 32,539,178	\$(3,968,101)	-10.87%
Total General Fund Resources	\$ 153,360,141	\$ 153,516,536	\$ 156,395	0.10%

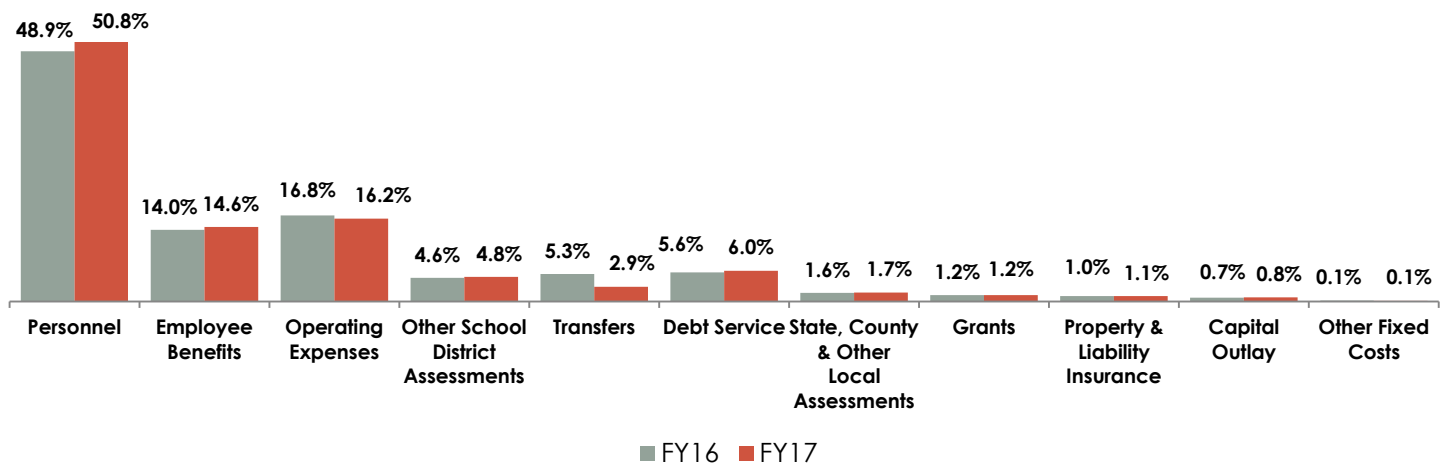




Government finances are a make-up of multiple funds, and each fund supports a distinct purpose. The general fund is the largest of all funds and directly finances government operations such as, education, police, public works, administration etc. This fund also covers town-wide fixed costs that include employee benefits, debt service, state assessments, insurance, and so on. The Town Council approved budget for FY17 includes a 2.98% increase in education expenditures, an increase in the municipal operations budget of 0.57%, and an increase in fixed costs of 4.42%. The overall budget is up 0.10%. This modest increase is a result of a one-time \$4 million transfer to the Capital Trust Fund in FY16 and a reduction in snow removal expenses of \$1.1 million. Removing these non-recurring expenses from the FY16 budget amount would result in a net year-over-year spending increase of \$5.2 million or 3.5%.

	Approved	Approved	CHANGE FY16 - 17	
	FY 2016	FY 2017	\$	%
Police Department	\$ 13,299,119	\$ 13,392,590	\$ 93,471	0.70%
Public Works Department	11,384,164	10,627,159	(757,005)	-6.65%
Administrative Services Department	5,739,396	5,990,289	250,893	4.37%
Community Services Department	2,857,738	3,262,086	404,348	14.15%
Regulatory Services Department	2,632,848	2,805,050	172,202	6.54%
Growth Management Department	904,585	904,137	(448)	-0.05%
Town Manager	596,116	633,153	37,037	6.21%
Town Council	250,759	263,842	13,083	5.22%
Total Municipal Operations	\$ 37,664,725	\$ 37,878,306	\$ 213,581	0.57%
Education:				
Local School System	64,250,000	66,050,000	1,800,000	2.80%
Regional School District	3,195,407	3,302,096	106,689	3.34%
Commonwealth Charter Schools	2,912,261	3,111,749	199,488	6.85%
School Choice	918,231	934,327	16,096	1.75%
Total Education	\$ 71,275,899	\$ 73,398,172	\$ 2,122,273	2.98%
Fixed Costs:				
Employee Benefits	21,439,410	22,362,912	923,502	4.31%
Debt Service	8,647,981	9,172,108	524,127	6.06%
State & County Assessments	2,521,092	2,602,504	81,412	3.23%
Grants	1,838,250	1,900,990	62,740	3.41%
Property & Liability Insurance	1,580,000	1,620,000	40,000	2.53%
Celebrations, Rent & Other	172,000	172,000	-	0.00%
Abatements & Exemptions Deficits	32,030	-	(32,030)	-100.00%
Total Other Requirements	\$ 36,230,763	\$ 37,830,514	\$ 1,599,751	4.42%
Total General Fund Before Transfers	\$ 145,171,387	\$ 149,106,992	\$ 3,935,605	2.71%
Transfers to Other Funds	8,188,754	4,409,544	(3,779,210)	-46.15%
Grand Total General Fund	\$ 153,360,141	\$ 153,516,536	\$ 156,395	0.10%

Budget By Major Expense Category

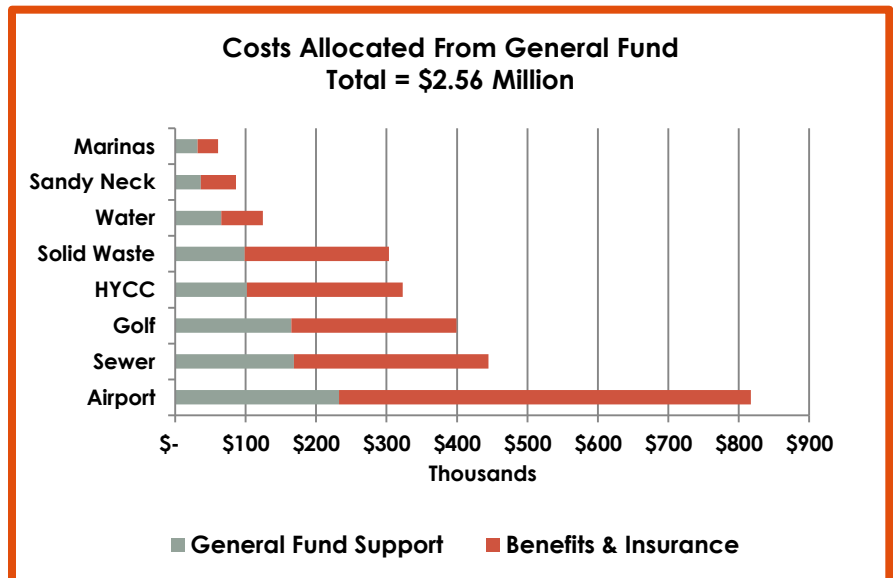
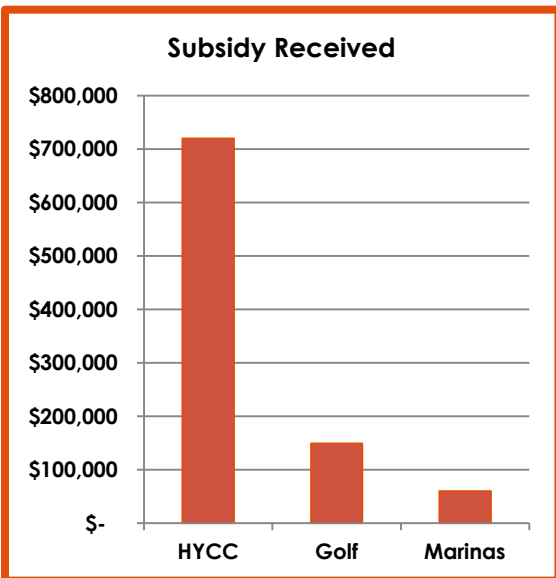




Municipalities have the option under state law to account for certain operations as enterprise funds. These include utilities, certain recreation facilities and transportation facilities. The town accounts for eight enterprise funds using this model. This model provides several benefits, including: identifying 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 Airport is the largest enterprise fund operation. Due to the loss of one of its largest customers in FY16, this

fund's budget has decreased by 23% in FY17. All other enterprise fund budgets are increasing based on the increase in costs to provide services.

Enterprise Fund	Approved	Approved	FY 2016 - 2017	
	FY 2016	FY 2017	\$ Change	% Change
Airport	\$ 7,915,852	\$ 6,093,528	\$(1,822,324)	-23.02%
Water Pollution Control	4,463,158	4,692,412	229,254	5.14%
Water Supply	4,389,768	5,270,312	880,544	20.06%
Solid Waste	3,362,811	3,403,815	41,004	1.22%
Golf	3,242,906	3,431,181	188,276	5.81%
Hyannis Youth & Community Center (HYCC)	3,185,270	3,221,011	35,742	1.12%
Marina	703,731	797,403	93,672	13.31%
Sandy Neck	865,717	937,998	72,281	8.35%
Total All Budgeted Funds	\$28,129,212	\$27,847,660	(\$281,552)	-1.00%



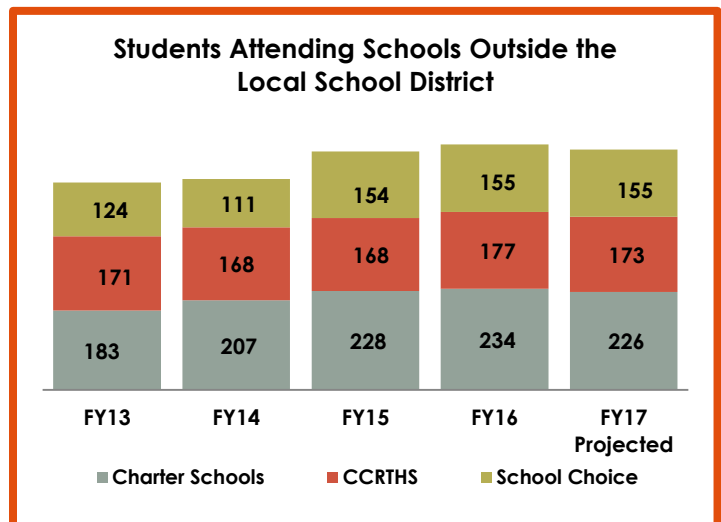
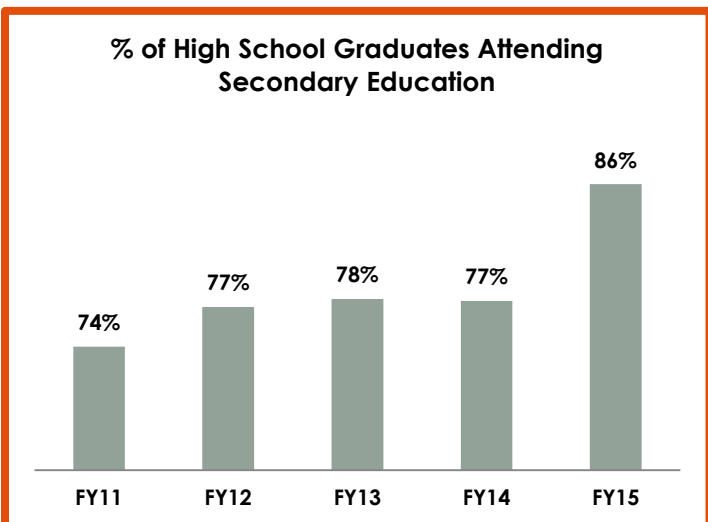
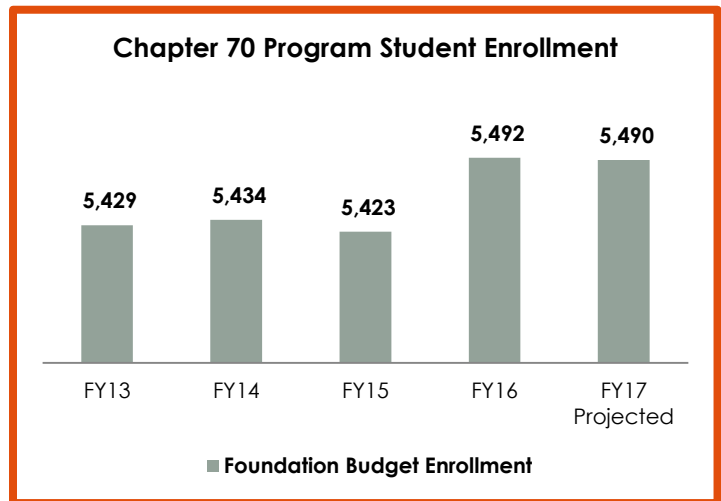
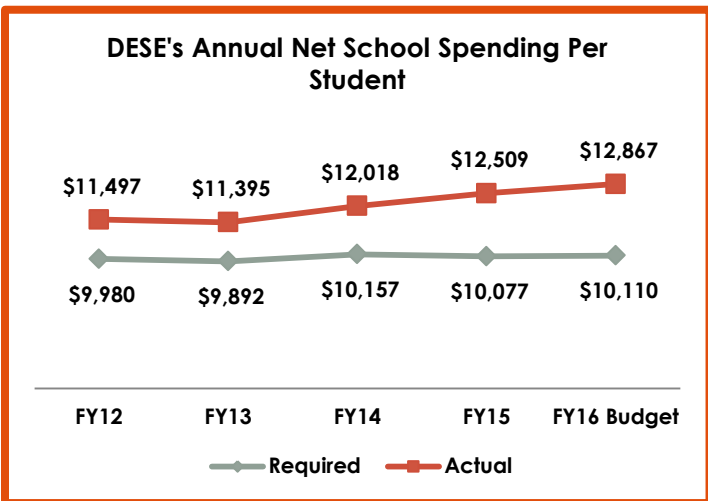
PUBLIC EDUCATION OVERVIEW

The **Chapter 70 program** is the major program of 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/>



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 FY17, these assessments total \$7,348,172.



CAPITAL IMPROVEMENT PLAN (CIP)

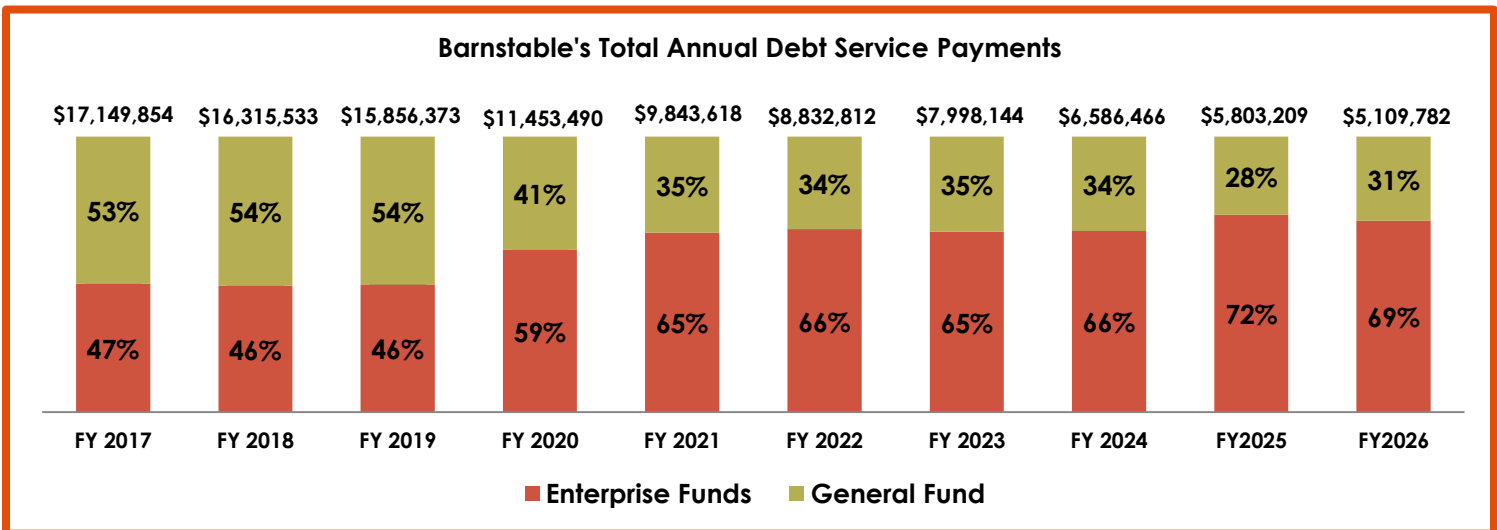


The Capital Improvement Plan (CIP) itemizes the town's capital needs. The town estimates \$195 million in capital improvements over the next five years. This includes \$125 million for the general fund and \$70 million for the enterprise funds. The plan includes cost estimates, recommended time schedules, methods of financing, and operating budget impacts. Projects are rated against ten evaluation criteria by a task force comprised of town managers across departments to provide an objective priority ranking. The Town Manager uses this ranking in determining which projects to bring forward for Town Council approval. In FY17, the Town Council approved funding for 34 capital

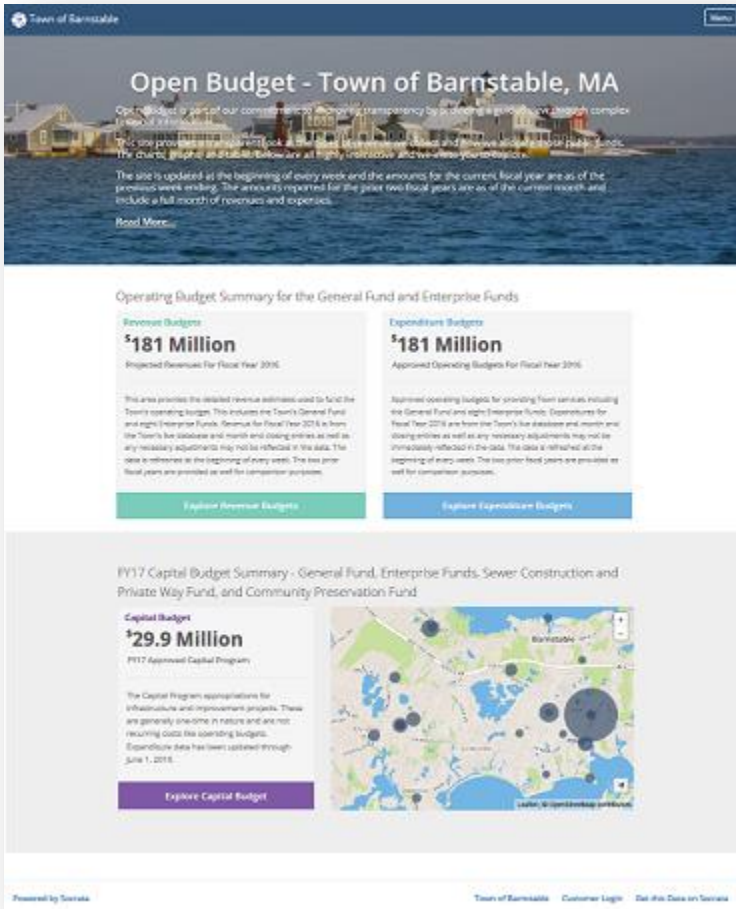
projects totaling \$29.8 million. Many of the town's capital projects are financed with bond issues. The annual debt service to repay the bonds is illustrated in the chart at the bottom of the page. A list of the largest projects funded in FY17 is provided below. A full detailed listing can be accessed on the town's website at:

http://www.townofbarnstable.us/Finance/17Budget/17%20CIP%20BOOK-Entire%20Booklet_small.pdf

	Reserves	Bond Issue	Grants	Other Fund Reserves	Total
BCHMCPS Roof & Façade	\$ 50,000	\$ 4,236,000			\$ 4,286,000
Lombard Field Improvements		936,000		750,000	1,686,000
Blish Point Access Channel	91,788	988,000			1,079,788
Public Roads Maintenance	3,250,000				3,250,000
Other Capital Projects	1,113,951	3,343,000		839,710	5,296,661
Total General Fund Program	\$ 4,505,739	\$ 9,503,000	\$ -	\$ 1,589,710	\$ 15,598,449
Airport Design & Construct Runway		318,650	6,054,350		6,373,000
Pipe Replacement & Upgrade Program	150,000	900,000			1,050,000
Clarifiers Rehab	89,505	1,200,000			1,289,505
Solid Waste Facility Master Plan	500,000	2,000,000			2,500,000
Other Capital Projects	1,007,000	1,969,000	95,000		3,071,000
Total Enterprise Funds Program	\$ 1,746,505	\$ 6,387,650	\$ 6,149,350		\$ 14,283,505



BARNSTABLE'S OPEN BUDGET WEBSITE



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

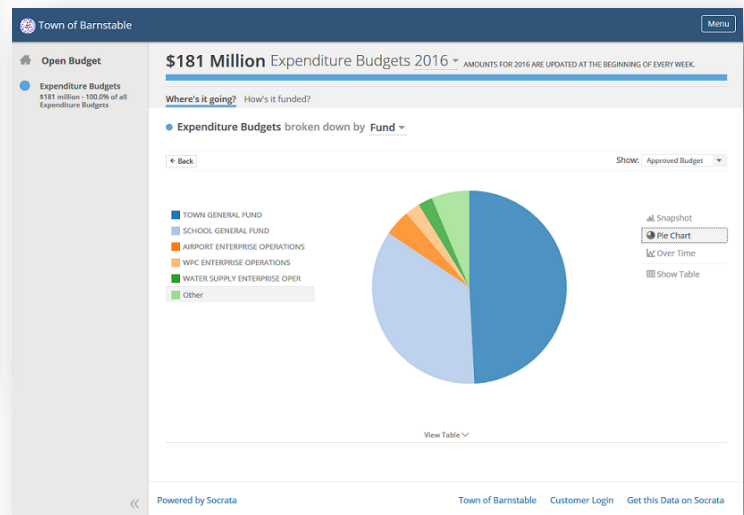
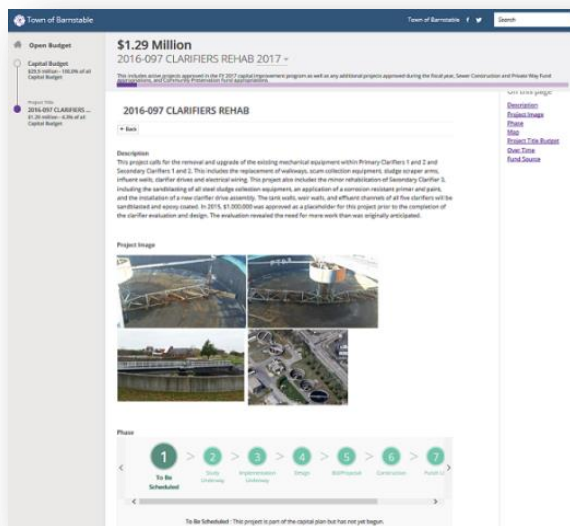
- Revenue & Expenditures

Town-wide finances by,

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

Capital Improvements Plan (CIP)

- Project Status
- YTD Expended
- Locations
- Pictures



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

BARNSTABLE HAS MAJOR RECREATION AREAS

- 12 COASTAL AND 6 FRESHWATER BEACHES
- 2 MUNICIPAL GOLF COURSES
- HYANNIS YOUTH & COMMUNITY CENTER INCLUDING 2 ICE RINKS
- 1,400 ACRE WEST BARNSTABLE CONSERVATION AREA WITH HIKING AND BIKING TRAILS
- 4 TOWN MARINAS & 2,500 MOORINGS
- OVER 80 PUBLIC ACCESS WAYS TO WATER
- 5 TENNIS COURTS & 6 BALL FIELDS

BARNSTABLE IS A REGIONAL TRANSPORTATION CENTER

- BARNSTABLE MUNICIPAL AIRPORT
- MARSTONS MILLS AIRFIELD
- HY-LINE CRUISES & STEAMSHIP AUTHORITY (FERRY SERVICE TO THE ISLANDS)
- CAPE COD REGIONAL TRANSPORTATION AUTHORITY (BUS SERVICE)
- SUMMER TRAIN TO/FROM BOSTON (OPERATED BY MBTA) – CAPEFLYER

COMMITTEE MEMBERS

1. John Schoenherr, Chair	CFAC' charge is to provide the Town Council and Town Manager financial advice on the annual operating and capital budgets as well as long-range financial planning. CFAC does not prepare or propose annual operating and capital budgets.
2. Robert Ciolek, Vice Chair	
3. Cynthia Crossman	
4. Ralph Krau	
5. Joseph Mladinich	
6. Gregory Plunkett	
7. Lillian Woo	
8. Vacant	
9. Vacant	

Contact: CFAC@town.barnstable.ma.us

GET INVOLVED!

The Comprehensive Financial Advisory Committee is seeking candidates to join our committee. This is an exciting opportunity to become involved in your town's government, if you are a resident of Barnstable and believe you have something to offer the committee, please consider submitting an application to your local council member.

<http://www.townofbarnstable.us/TownCouncil/vacancies.asp>