

# The Town of Barnstable

## Comprehensive Financial Advisory Committee (CFAC)

367 Main Street, Village of Hyannis, MA 02601

v. 508.862.4654 • f. 508.862.4717

[www.town.barnstable.ma.us](http://www.town.barnstable.ma.us)

### CFAC Committee:

#### Chairman:

John Curtis, Chair

#### Members:

Bill Brower  
Ralph Krau  
Tom Michael  
Jim Sproul  
Alan Donheiser

#### Staff Liaison:

Mark Milne

#### Councilor Liaison:

Richard Barry

---

### CFAC MEETING MINUTES

01.22.2008

7:00 PM

Growth Management Conference Room

CFAC Members Present: John Curtis, Ralph Krau, Bill Brower, Tom Michael, Alan Donheiser

CFAC Members Absent: Jim Sproul

Councilors Present: None

Staff Present: Mark Milne

---

1. Upon a quorum duly present, Chairman Curtis called the CFAC meeting to order at 7:05 PM in the Growth Management Conference Room.

Upon a motion made and seconded, the minutes of 01.07.08 were approved.  
VOTE: Unanimous

2. Chair Comments: None
3. Staff and Councilor Comments: None
4. Old Business:

Bill B. presented the CIP subcommittee's evaluation and scores on the FY09 capital improvement project requests. Ralph K. commented that many of CFAC's scores were similar to the Town's Task Force scores. Bill B. agreed. The top 25 projects scored were the same. They may have ranked in a slightly different order but the same projects existing on both list.

Alan D. asked why the town would issue general obligation (GO) bonds for the airport terminal project. Mark M. explained that GO bonds are the only type of bonds allowed to be issued in the State of Massachusetts. Many other states allow the issuance of "Revenue Bonds" but MA does not. With revenue bonds, the issuer (town) can pledge certain revenues (other than property taxes) as the collateral to repay the bonds. The Town's other enterprise funds have millions of dollars in loans outstanding that are GO bonds and

The Airport bonds would be the same. It is understood by town officials and has been the management practice for a long time in Barnstable that all enterprise funds repay the principal and interest on their respective debt using their own revenue stream and not general funds taxes. However, as we can implement this practice we cannot legally restrict the repayment to just the enterprise funds revenues.

Ralph K. suggested that CFAC add the dollar amount of the projects to the various spreadsheets prepared by the CIP sub-committee for the top 25 projects. Bill B. will do this.

Bill B. and Ralph K. suggested that the subcommittee complete their first draft of the report by Feb 4<sup>th</sup>. The following timeline and actionable items were suggested:

1. Feb. 4<sup>th</sup> - complete first draft of report
2. Week of Feb. 11<sup>th</sup> to 15<sup>th</sup> - Sub Committee to meet with Town Manager to discuss report.
3. Feb 19<sup>th</sup> - invite Town Manager to regularly scheduled CFAC meeting to discuss final report with full committee.

Bill B. asked if Mark could send the committee the FY08 final report electronically. Bill b. asked committee members to send him bullet items to include in the report and he will complete the “filler” work.

#### 5. New Business

Mark M. reviewed a presentation with the committee that was presented to the joint meeting of the Town Council and School Committee on January 17, 2008. The presentation was on the financial outlook and Fy2009 budget planning. A copy is attached to these minutes.

#### 6. Adjournment

Upon a motion duly made and seconded, it was voted to adjourn at 8:44 PM  
VOTE: Unanimous.

# FINANCIAL OUTLOOK & FY 2009 BUDGET PLANNING



JOINT MEETING OF  
THE TOWN COUNCIL  
&  
SCHOOL COMMITTEE

JANUARY 17, 2008

Presented By Mark A. Milne, Finance Director

## Purpose Of The Meeting

2

### **Town Charter Part VI, Section 6-1**

The President of the Town Council shall call a joint meeting of the Town Council and School Committee to review the financial condition of the town, revenue and expenditure forecasts and other relevant information in order to develop a coordinated budget.



## Financial Condition Of The Town

3

- Bond rating is one of the best indicators
  - ▣ S&P upgraded rating from AA+ to AAA in Feb 2007.
  - ▣ Moody's upgraded rating from Aa3 to Aa1 in Aug 2007.
  - ▣ Does not mean the Town has more money spend.
  - ▣ Does not mean the Town has sufficient resources to provide all services.
  - ▣ It is more a measure of how well you manage what you do have.
    - Strong & proactive administrations<sup>1</sup>
    - Effective debt management policies<sup>1</sup>
    - A vibrant & diverse economy or participation in one<sup>1</sup>
    - A strong track record of managing finances.<sup>1</sup>



1. Standard & Poor's Public Finance Publication, Tax-Based Growth And Strong Reserves Propel 14 U.S. Municipalities To AAA List, January 9, 2008



## Key Financial Ratios

4



	Barnstable	S & P Rank
Total Market Value Per Capita	\$313,143	High
Taxpayer Concentration	2.4%	Low
Quick Ratio	5.05	Average
Total Fund Equity % of Expenses	24.7	Average
Unreserved Fund Equity	23.4	Average
Debt Service % of Expenses	8.7%	Low
Net Direct Debt Per Capita	\$1,619	Low
Net Direct Debt % of Market Value	0.52%	Below Avg.
Overall Net Debt Per Capita	\$2,262	Average
Overall Net Direct Debt % of Market Value	0.72%	Low



## Reserves



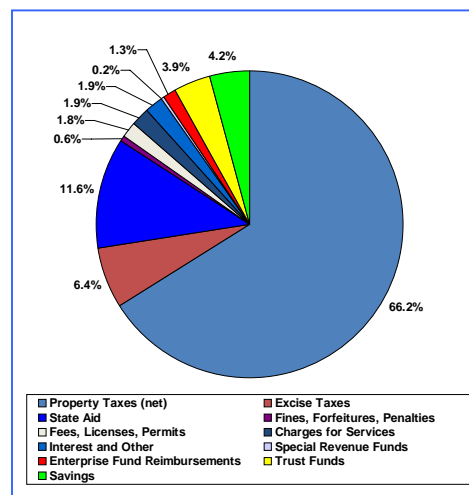
5

Reserve		Liability	
Description	Amount	Amount	Description
Council 4% policy reserve	\$4,770,000	???	Extraordinary & unforeseen events; working capital; program enhancement
Savings account	\$8,051,000	\$4,000,000+	Projected FY09 budget gap and capital improvements
Reserve for A&E	\$3,300,000	\$2,500,000	Outstanding Abatements & potential uncollectible receivables
Sale of Real Estate	\$3,100,000	TBD	School renovations
Capital Trust Fund	\$12,100,000	\$35,000,000	Currently identified capital needs
Enterprise Funds	\$13,200,000	\$45,000,000	Currently identified capital needs & monitoring of landfill
Pension Trust	\$4,100,000	\$44,203,000	County pension liability in excess of plan assets
Insurance Trust	\$560,000	\$100,000,000+	Annual insurance costs + OPEB
<b>Totals</b>	<b>\$49,181,000</b>	<b>\$230,000,000+</b>	

## FY08 General Fund Revenue Structure

6

Property Taxes (net)	\$ 84,637,301
Excise Taxes	8,125,000
State Aid	14,886,676
Fines, Forfeitures, Penalties	725,000
Fees, Licenses, Permits	2,300,000
Charges for Services	2,455,440
Interest and Other	2,444,560
Special Revenue Funds	289,715
Enterprise Fund Reimbursements	1,680,272
Trust Funds	4,971,713
Savings	5,407,631
<b>Total</b>	<b>\$ 127,923,308</b>



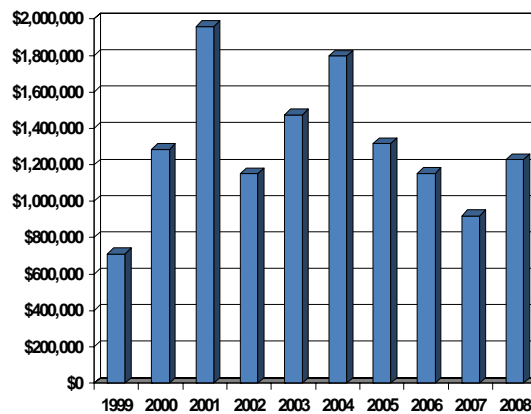
## New Property Tax Growth

7

✓ New growth for FY08 of \$1.2 million consisted of 18 months of new growth.

✓ Projection for FY09 and beyond is \$700,000 per year.

✓ \$700,000 of new property tax growth = \$121 million in new value based on FY08 tax rate of \$5.80.



## Excise Taxes (Stated in Thousands)

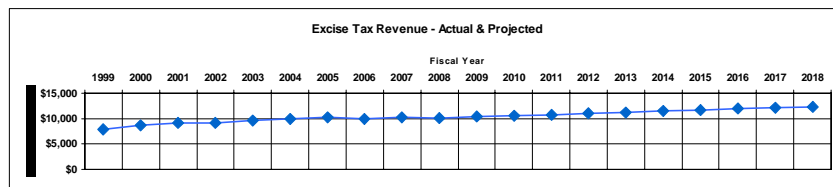
8

### Last 10 Years

FY	MV	Boat	Hotel	Total
1999	\$4,461	\$159	\$1,336	\$5,956
2000	\$4,979	\$141	\$1,519	\$6,639
2001	\$5,566	\$137	\$1,446	\$7,149
2002	\$5,398	\$146	\$1,640	\$7,185
2003	\$5,811	\$133	\$1,667	\$7,611
2004	\$6,204	\$93	\$1,613	\$7,910
2005	\$6,386	\$151	\$1,667	\$8,205
2006	\$6,164	\$153	\$1,644	\$7,961
2007	\$6,565	\$140	\$1,612	\$8,317
2008	\$6,375	\$150	\$1,600	\$8,125

### Next 10 Years

FY	MV	Boat	Hotel	Total
2009	\$6,575	\$150	\$1,625	\$8,350
2010	\$6,775	\$150	\$1,650	\$8,575
2011	\$6,975	\$150	\$1,675	\$8,800
2012	\$7,175	\$150	\$1,700	\$9,025
2013	\$7,375	\$150	\$1,725	\$9,250
2014	\$7,575	\$150	\$1,750	\$9,475
2015	\$7,775	\$150	\$1,775	\$9,700
2016	\$7,975	\$150	\$1,800	\$9,925
2017	\$8,175	\$150	\$1,825	\$10,150
2018	\$8,375	\$150	\$1,850	\$10,375



## Net General Fund Local Aid

(Stated in Thousands)

9

### Last 10 Years

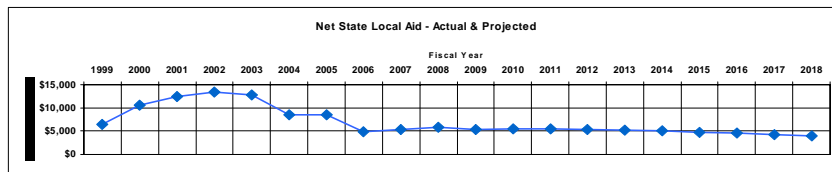
FY	Receipts	Assessments	Net
1999	\$8,470	\$2,027	\$6,443
2000	\$12,651	\$2,053	\$10,597
2001	\$14,725	\$2,177	\$12,548
2002	\$15,726	\$2,361	\$13,365
2003	\$15,356	\$2,579	\$12,777
2004	\$12,652	\$4,049	\$8,603
2005	\$12,907	\$4,418	\$8,489
2006	\$9,620	\$4,711	\$4,909
2007	\$10,634	\$5,306	\$5,328
2008	\$11,315	\$5,511	\$5,804

Source: MA Division of Local Services

### Next 10 Years

FY	Receipts	Assessments	Net
2009	\$11,365	\$5,921	\$5,444
2010	\$11,773	\$6,271	\$5,502
2011	\$12,182	\$6,642	\$5,540
2012	\$12,396	\$7,037	\$5,359
2013	\$12,645	\$7,457	\$5,188
2014	\$12,898	\$7,904	\$4,994
2015	\$13,156	\$8,380	\$4,776
2016	\$13,418	\$8,886	\$4,532
2017	\$13,684	\$9,426	\$4,258
2018	\$13,955	\$10,001	\$3,954

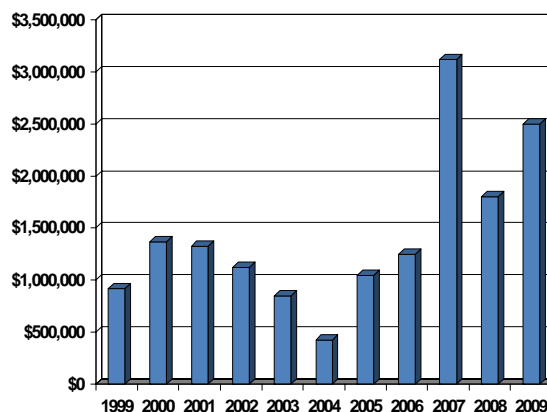
Source: Town Estimates



## Investment Income

10

- ✓ Investment rates have improved.
- ✓ Bond issue in FY07 temporarily increased levels of invested cash.
- ✓ Quarterly tax billing has improved cash flow.
- ✓ FY08 investment rates are declining.



## Expenditure Assumptions Next 10 Years

11

- Salary increases of 2% to 3%.
- Health insurance increases of 10%.
- Operating expense increases of 2%.
- RSD and Commonwealth Charter School assessment increases of 5%.
- Other employee benefit increases of 4%.
- Grant increases of 3%.
- Capital Trust Fund contribution of \$6,725,000.
- Property insurance and other assessments increase 5%.

## 10 Year Forecast Recap

12

- Existing services can continue to be provided if the aforementioned assumptions hold true.
- No new services or program enhancements are included except for the new youth center.
- Savings account will be used annually to fund a portion of operating budget.
- Tax levy contributed to capital program remains at \$6.725 million per year.
- No operating overrides included in projection.



## Property Taxes vs. Personnel Costs

13

	Stated in Thousands									
	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Base tax levy increase under Prop 2 1/2	\$2,083	\$2,152	\$2,224	\$2,297	\$2,372	\$2,449	\$2,528	\$2,608	\$2,691	\$2,776
Estimated new property tax growth from new construction	700	725	700	700	700	700	700	700	700	700
Total new revenue generated from taxes	2,783	2,877	2,924	2,997	3,072	3,149	3,228	3,308	3,391	3,476
Projected salary and benefit increases for all employees	(3,177)	(3,039)	(2,614)	(2,889)	(3,002)	(3,122)	(3,248)	(3,381)	(3,523)	(3,672)
Excess (deficiency)	(\$394)	(\$162)	\$311	\$108	\$70	\$27	(\$20)	(\$73)	(\$131)	(\$196)



Personnel cost for active employees (57%)

All other (43%)

## General Fund Capital Investment

14

	Stated in thousands									
	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Public Roads pay-as-you-go-funding from CTF	\$3,250	\$3,250	\$3,250	\$3,250	\$3,250	\$3,250	\$3,250	\$3,250	\$3,250	\$3,250
Other cash financed capital improvements	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Debt financed capital improvements	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700	\$0	\$0	\$0	\$0	\$0
Operating capital	\$811	\$811	\$811	\$811	\$811	\$811	\$811	\$811	\$811	\$811
Annual commitment to General Fund Capital	\$5,961	\$5,961	\$5,961	\$5,961	\$5,961	\$4,261	\$4,261	\$4,261	\$4,261	\$4,261

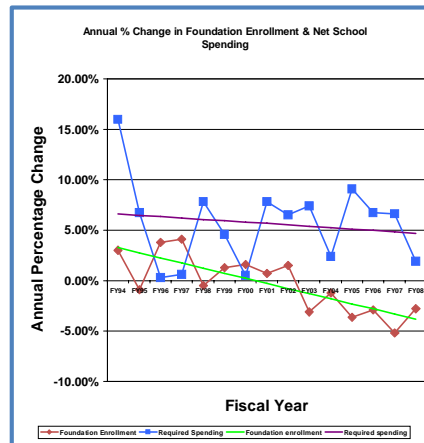


## Foundation Enrollment & Net School Spending Requirements

15

	Foundation Enrollment	State Req. Net School Spending	Per Student Required Spending	Per Student Dollar Incr.
FY93	6104	\$24,708,705	\$4,048	
FY94	6289	\$29,537,398	\$4,697	\$649
FY95	6234	\$31,245,672	\$5,012	\$315
FY96	6470	\$32,515,025	\$5,026	\$13
FY97	6735	\$34,056,202	\$5,057	\$31
FY98	6701	\$36,539,472	\$5,453	\$396
FY99	6786	\$38,692,543	\$5,702	\$249
FY00	6896	\$39,530,658	\$5,732	\$31
FY01	6946	\$42,923,967	\$6,180	\$447
FY02	7049	\$46,373,814	\$6,579	\$399
FY03	6827	\$48,243,729	\$7,067	\$488
FY04	6742	\$48,768,092	\$7,233	\$167
FY05	6501	\$51,296,534	\$7,891	\$657
FY06	6310	\$53,133,177	\$8,420	\$530
FY07	5980	\$53,666,742	\$8,974	\$554
FY08	5814	\$53,193,630	\$9,149	\$175

Source: MA Dept. of Education



## General Fund Reserves Used & Generated

16

### "Savings Account"

Dept. of Revenue	Beginning	Used			Ending
Certification Date	Balance	Operations	Capital	Generated	Balance
July 1, 2000 (FY01)	\$8,796,786	(\$2,162,127)	(\$3,000,000)	\$3,755,841	\$7,390,500
July 1, 2001 (FY02)	\$7,390,500	(\$3,438,258)	\$0	\$2,082,718	\$6,034,960
July 1, 2002 (FY03)	\$6,034,960	(\$2,003,554)	\$0	\$4,923,086	\$8,954,492
July 1, 2003 (FY04)	\$8,954,492	(\$2,908,781)	\$0	\$3,075,360	\$9,121,071
July 1, 2004 (FY05)	\$9,121,071	(\$3,641,549)	\$0	\$5,883,381	\$11,362,903
July 1, 2005 (FY06)	\$11,362,903	(\$4,013,319)	(\$1,235,000)	\$7,326,981	\$13,441,565
July 1, 2006 (FY07)	\$13,441,565	(\$3,577,630)	(\$2,235,000)	\$9,692,548	\$17,321,483
July 1, 2007 (FY08)	\$17,321,483		(\$4,500,000)		\$12,821,483
		(\$21,745,218)	(\$10,970,000)	\$36,739,915	

## Savings Account Revenue Sharing Agreement

17

Total FY08 operating Budget  
FY08 recurring revenue allocation  
Savings used to balance FY08 budget

Municipal	Stated in Thousands				Total
	School	Capital	Fixed		
31,530	58,644	19,286	18,464		127,923
(30,910)	(56,299)	(17,051)	(18,256)		(122,516)
\$ 620	\$ 2,345	\$ 2,235	\$ 207		\$ 5,408
\$ 3,342	\$ 3,223	\$ 2,235	\$ 4,642		\$ 13,442
(620)	(2,345)	(2,235)	(207)		(5,408)
2,721	878	-	4,434		8,034
(100)	(300)	-	(5)		(405)
3,416	4,040	1,895	341		9,693
6,038	4,618	1,895	4,771		17,321
(2,605)	-	(1,895)	-		(4,500)
\$ 3,433	\$ 4,618	\$ -	\$ 4,771		\$ 12,821

Savings account available FY08 budgets  
Savings used to balance FY08 budget  
Balance remaining before FY07 closing  
FY07 & FY08 supplemental appropriations  
FY07 savings generated  
Savings available for remainder of FY08 and FY09  
FY08 Transfer to CTF  
Balance remaining is savings



## FY 2009 Revenue Allocation

18

FY08 recurring revenue allocation  
Projected FY09 revenue growth  
FY09 recurring revenue allocation  
Savings account balance  
FY09 maximum allowable budget

Municipal	School	Capital	Fixed	Total
\$ 30,910	\$ 56,299	\$ 17,051	\$ 18,256	\$ 122,516
858	1,286	1,460	1,583	5,187
\$ 31,767	\$ 57,585	\$ 18,511	\$ 19,839	\$ 127,703
\$ 3,433	\$ 4,618	\$ -	\$ 4,771	\$ 12,821
\$ 35,200	\$ 62,204	\$ 18,511	\$ 24,610	\$ 140,524

FY08 budget

\$ 31,530	\$ 58,644	\$ 19,286	\$ 18,464	\$ 127,923
-----------	-----------	-----------	-----------	------------

