



# The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)  
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## CFAC Committee:

### Chair:

John Schoenherr

### Members:

Robert Ciolek  
Cynthia Crossman  
Ralph Krau  
Gregory Plunkett  
Lillian Woo  
Joseph Mladinich

### Staff Liaison:

Mark Milne

### Councilor Liaison:

John T. Norman

## MEETING MINUTES

08.22.16

7:00 PM

### Growth Management Conference Room

CFAC Members Present: Joseph Mladinich, Robert Ciolek, Lillian Woo, Cynthia Crossman, John Schoenherr, Gregory Plunkett, and Ralph Krau

CFAC Members Absent:

Councilors Present:

Staff Present: Mark Milne, Director of Finance, Nathan Empey, Finance/Budget Analyst

### 1. Call to Order

John Schoenherr called the CFAC meeting to order at 7:00 PM in the Growth Management Conference Room of Town Hall.

### 2. Act on Minutes

The following minutes were approved by unanimous vote:

07.18.2016

### 3. New Business

Director of Finance Mark Milne reviewed the town's unaudited statement of revenues and expenditures on a budgetary basis fiscal 2016 for both the general fund and enterprise funds.

It was indicated that some line items within the general fund had generated record high revenues based on historical norms. Motor vehicle excise tax, charges for services, and department and other all showed favorable budgetary variances. Major contributing factors to these favorable variances include a strong auto industry which has trickled down to the local level, a \$5 increase in beach sticker fees, bond premiums, and conservative revenue estimates for renewable energy projects. License and permits had also shown positive variances with significant renovations and expansions to car dealerships throughout Barnstable contributing to the growth in revenue. Expenditures also experienced favorable budgetary variances, mostly due to utility savings within the school department. Overall, the Director of Finance sees little change in the general fund's free cash from the previous fiscal year of \$13 million.

Enterprise funds have also shown favorable budgetary variances for fiscal 2016. Every enterprise fund is expected to show some increase or leveling in surplus from the previous year. The airport was able to generate a surplus even with the loss of a major customer. Solid Waste showed a deficit for the year because of timing with renewals in residential transfer station stickers as majority significant number of renewals were processed in July. Adjusting for this timing, the fund showed a surplus. Water Pollution showed a surplus for the fiscal year. Water Supply had also shown a surplus; however, it anticipates a large bond issue to support future capital projects, therefore, current rates had been adjusted for this future cost. This rate adjustment was the contributing factor to the large surplus in the fiscal year; however, these reserves will cover the large future bond payments. The weather has had a positive impact on several enterprise funds dependent on weather conditions. For example, golf courses combined generated a surplus, marina has shown a positive trend in transient and slip fees, thus contributing to its surplus, and sandy neck had a surplus this fiscal year, however, the operation has potentially reached its maxed user capacity with recreational vehicles usage. Mark did note staffing levels at sandy neck appeared to be stretched thin, and that future staffing levels may be need to be examined for safety monitoring to meet the increased demand. Hyannis Youth and Community Center showed a surplus because of utility savings.

Bob C. asked if town council will also receive this presentation. Mark noted this is discussed with town council in conjunction with the joint meeting with the School Committee. There are future economic factors and liabilities to consider with fiscal years that have highly favorable budget surpluses. For example, water quality investments with the 208 plan or economic contractions. Therefore, building up rainy day funds and capital project funds reserves for future investment cost, or create buffers in order maintain level services to taxpayers during economic contractions.

Mark also presented the towns Community Preservation Fund (CPF) financial status. Barnstable is 1 of 161 towns in Massachusetts to adopt the Community Preservation Act (CPA). This allows Barnstable to assess a 3% tax surcharge against real estate tax bills. The money must be used for specific purposes; open space preservation/outdoor recreation enhancements, community housing, and historical preservation. The state run CPA Trust Fund had received a transfer of \$10 million from the state budget surplus in fiscal 2017.

Barnstable can potentially receive matching monies annually from the state CPA Trust Fund up to the 3% of the tax levy Barnstable receives from local taxpayers.

Barnstable's CPF administration costs include one part-time employee and a \$30,000 indirect charge from the general fund for administration services. Furthermore, the CPF requires a minimum of 10% of the estimated revenue to be allocated to each program area. Each program area is estimated to receive \$393,660 in funding for fiscal 2017. Originally, the Cape Cod Land Bank (CCLB) was established in 1998-99 through state legislation with the purpose of acquiring lands for the protection of public drinking water, open space, and conservation land. The CCLB was converted into the CPF in 2005, and the majority of bonds outstanding within the CPF are mainly due to the original land bank acquisitions. There has only been one bond issued since the creation of the CPF for the exterior renovations at town hall. There is currently \$14 million in bonds payable still outstanding for the CPF.

Mark noted he would be meeting with the CPF chair and project managers to review outstanding projects within the fund in order to return unappropriated balances back into the fund for future project needs.

#### 4. Other matters not reasonably anticipated by the chair

Committee members inquired about Barnstable's uncollected property taxes as noted in previous CFAC meetings. Mark M. responded that he is working with the treasury division to create a database for uncollected properties taxes, which will then be used to assess properties that met specific criteria to be sold to third parties specializing in receiverships. The value of uncollected properties taxes is just over \$3 million.

#### 5. Discussion of topics for the next meeting

The next meeting is September 12, 2016. Potential topics for discussion at the next meeting include department performance measures, free cash and audited financial statements, reorganization of divisions and programs, and major changes covered under the Municipal Modernization Act recently signed by the Governor.

#### 6. Adjournment

##### List of documents handed out

1. 07.18.16 Draft Minutes
2. Community Preservation Fund financial condition handout
3. Town of Barnstable statement of Revenue and Expenditures - Budgetary Basis (Unaudited)