

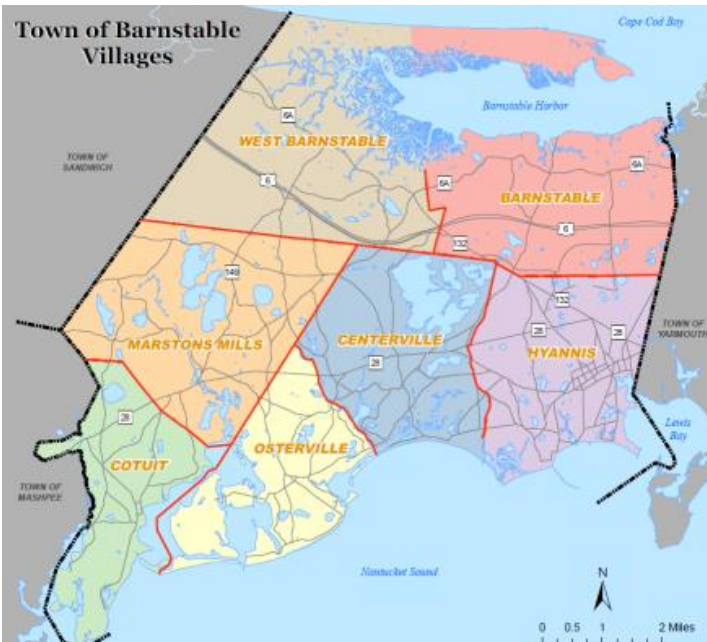


TOWN OF BARNSTABLE

Comprehensive Financial Advisory Committee Financial Overview Report | Fiscal Year 2023



Barnstable Inner Harbor



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

This financial overview for Fiscal Year 2023 (FY 2023), covering the period from July 1, 2022 to June 30, 2023, provides a summary of the Town of Barnstable's finances and operations. The complete 537-page FY 2023 budget is available on the Town's website. The website also includes audited financial statements for the last several years and financial forecasts for the next five years.

COMMUNITY PROFILE

The Town of Barnstable is located in southeast Massachusetts and is the largest community, both in land area and population, on Cape Cod. The Town - composed of seven unique villages - is the commercial and transportation hub of Cape Cod.

Population: 44,497 year-round residents*

Median Household Income: \$77,227*

Estimated Seasonal Population: 135,000

FY 2022 Median Residential Assessed Value: \$412,600

Website www.townofbarnstable.us

Budget Document

[https://www.townofbarnstable.us/Departments/Finance/Budget Information/22Budget/2022-Budget.asp](https://www.townofbarnstable.us/Departments/Finance/Budget%20Information/22Budget/2022-Budget.asp)

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*DataCapeCod

FISCAL ACCOUNTABILITY AND TRANSPARENCY

FINANCIAL ACCOUNTABILITY

Conservative revenue estimates contribute to financial accountability, a long-time core Town budgeting goal. Overestimating revenue can lead to revenue deficits and compromise the continuity of services. The Town's conservative approach to budgeting provides a greater likelihood that surplus can be generated to offset reserves used to balance the budget and the possibility of a softer landing in the event the economy takes a turn for the worse.

The Town has also implemented a web-based application that 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.townofbarstable.us>

AAA BOND RATING

The Town's most recent FY 2022 bond issue was rated AAA by Standard and Poor's (S&P), the highest rating assigned by the credit rating agency. This results in the Town being able to borrow money at more favorable rates, saving significant interest costs on its capital program. The Town has maintained its AAA rating since 2007. S&P cited the following reasons for their AAA rating:

- Coastal residential community, with strong wealth and income indicators, albeit with some exposure to environmental hazards;
- Comprehensive set of formalized financial policies and practices;
- History of strong financial performance with the maintenance of very strong reserves;
- Low overall debt and contingent liability profile; and
- Strong institutional framework.

LESSONS LEARNED FROM COVID

As we write this report in mid-2022, more than 6 million deaths globally and 1 million in the United States have been attributed to the COVID-19 virus ("COVID") that broke out during the 1st quarter of 2020. While the severity of the pandemic has slowed, COVID's impacts continue to be felt globally and locally. COVID has impacted every aspect of our lives: work, home, social and governmental. Among other things, it made 'remote working' the norm, which in turn changed housing demand trends. On-line learning at all educational levels skyrocketed, take out and patio dining became the new way to dine out, online shopping surged (while in-store shopping slumped), and in-home streaming services replaced movie theaters and 'live' events. The world has – by necessity – become more technology- and online-dependent.

Globally and here in the US, economic activity slowed meaningfully on multiple fronts, impacting everything from tourism to manufacturing capacity to retail sales to the delivery of health care services. Federal and state governments responded with expedited vaccine production and financial relief for millions of Americans, the results of which - when combined with supply and demand imbalances caused by production slowdowns around the globe - led to a significant spike in inflation and a full-employment scenario that has put significant pressure on both prices and the ability to attract and retain top workplace talent.

Cape Cod has not been immune to the impacts of the pandemic. Tourism dropped sharply in 2020 but has slowly-but-steadily rebounded since, and restaurants/local businesses struggled to remain open during the economic slowdown at the height of the pandemic (due initially to lack of demand and more recently to a shortage of labor). At the same time, as a desirable place to live in an increasingly remotely-working economy, demand for property on the Cape grew significantly, and housing prices climbed while available housing supply shrank.

The Town of Barnstable received COVID relief grants of more than \$47 million to offset COVID's impact on the Town, its businesses and its residents. Of the \$47.5 million received, the majority came from 3 sources: almost \$18 million from the federal CARES Act, almost \$10 million from Elementary and Secondary School Emergency Relief Funds and more than \$7.5 million from Coronavirus Local Fiscal Recovery Fund (ARPA). The COVID funds were allocated within the Town's departments as follows: Airport 44%, Schools 24%, Public Works 5%; with the remaining 27% allocated Town-wide.

BUDGET HISTORY

Revenue Category	Revenue as a % of Budget Estimate	
	FY 2020	FY 2021
Property Taxes	100.3%	102.4%

Other Taxes:		
Motor Vehicle Excise Tax	115.6%	114.3%
Motel/Hotel Excise Tax	100.0%	82.4%
Boat Excise Tax	134.2%	116.7%
Payments in Lieu of Tax	108.7%	107.4%
Total Other Taxes	112.5%	109.0%

Other Resources:		
Intergovernmental (State Aid) *	101.4%	101.3%
Fines & Penalties	118.1%	156.4%
Charges For Services	100.2%	131.5%
Special Assessments	111.3%	268.6%
Fees, Licenses, Permits	109.7%	159.0%
Interest and Other	117.9%	125.1%
Transfers In	100.3%	100.34%
Total Other Resources	103.2%	109.1%

Total General Fund Resources	101.6%	104.2%
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Expenditure Category	Percentage of Budget Expended	
	FY 2020	FY 2021
Municipal Operations	94.8%	97.1%
Local School Operations*	98.1%	98.6%
Snow & Ice Removal	44.3%	135.0%
Fixed Costs	97.3%	97.3%
Transfers Out	100.0%	100.0%
Total Expenditures	96.9%	98.2%

* Excludes School Choice and Circuit Breaker

Of the total property tax revenue of \$133,951,593 collected in FY 2022, \$130,519,815 represents collections against the Fiscal Year 2022 tax levy (96.6% of the levy). The balance of \$3,431,777 is taxes collected against prior year's levies. This is considered a strong tax collection rate. All other sources of General Fund revenue performed very well in FY 2022 as actual revenue collected exceeded the budget estimate by \$6,581,019 (113.4% of the budget estimate).

Municipal operations have returned on average 3.8% of their appropriations over the past 3 years. Most of the unspent appropriations are due to vacancy savings as a result of staff turnover since the budget assumes full employment. The local school operations budget has returned on average 1.1% of its annual operating budget. Fixed costs return approximately 2.3% of budget, which includes debt service, health insurance, state assessments, retirement, and insurance. Most of the unspent budget in this category is from health insurance as employees have been migrating to less expensive plans.

Snow & ice removal is the one category of spending that cities and towns are allowed to deficit spend due to its unpredictability. As the table above indicates, this category of spending exceeded the budgets in FY 2021 and FY 2022. Any deficit incurred in the prior year must be made up for in the subsequent year's budget. The \$934,821 deficit incurred in FY 2022 will be provided for in the FY 2023 budget.

Budget	Actual+	Surplus/ (Deficit)	% Collected
FY 2022			
\$135,103,415	\$133,951,593	(\$1,151,822)	99.1%

\$7,078,161	\$9,260,999	\$2,182,838	130.8%
\$1,450,000	\$2,241,730	\$791,730	154.6%
\$115,000	\$129,130	\$14,130	112.3%
\$32,000	\$34,704	\$2,704	108.5%
\$8,675,161	\$11,666,563	\$2,991,402	134.5%

\$17,209,863	\$17,881,634	\$671,771	103.9%
\$1,234,000	\$1,588,273	\$354,273	128.7%
\$1,833,500	\$2,538,923	\$705,423	138.5%
\$246,465	\$296,701	\$50,236	120.4%
\$2,650,285	\$3,764,673	\$1,114,388	142.0%
\$1,650,936	\$2,095,003	\$444,067	126.9%
\$15,729,439	\$15,978,898	\$249,459	101.6%
\$40,554,488	\$44,144,105	\$3,589,617	108.9%

\$184,333,064	\$188,475,678	\$4,142,614	102.2%
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Budget	Actual	Balance	% Spent
FY 2022			
\$41,767,027	\$40,364,308	\$1,402,719	96.6%
\$73,520,899	\$72,948,400	\$572,499	99.2%
\$975,000	\$1,909,821	(\$934,821)	195.9%
\$51,396,724	\$50,578,381	\$818,343	98.4%
\$16,673,414	\$16,673,414	-	100.0%
\$184,333,064	\$182,474,324	\$1,858,740	99.0%

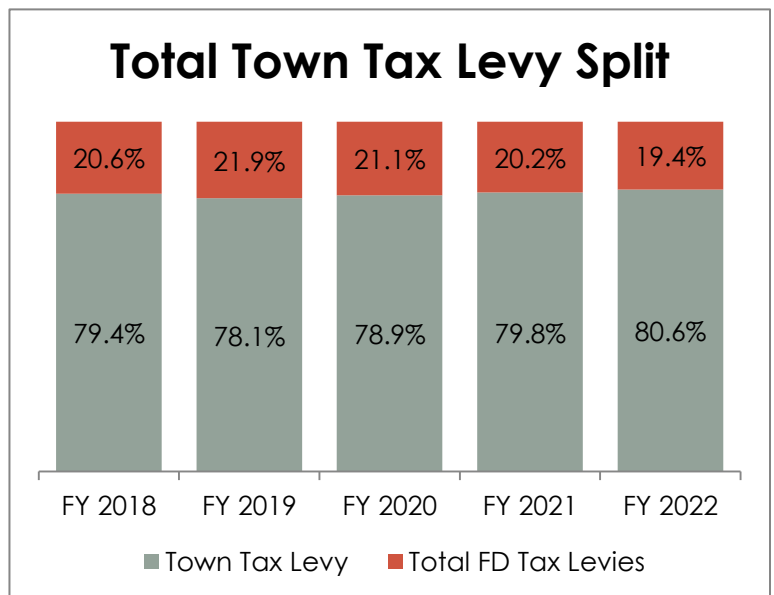
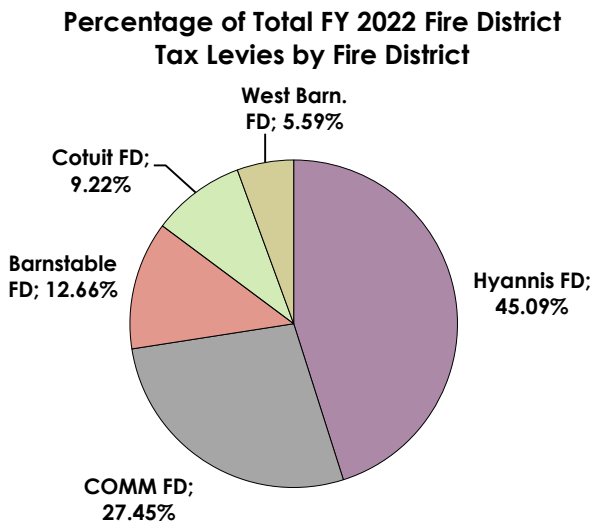
GOVERNMENTAL STRUCTURE

The Town of Barnstable is governed by a council-manager form of government, in accordance with its Home Rule Charter adopted in the spring of 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 Cape Cod Gateway Airport. An elected School Committee and a Superintendent appointed by the School Committee govern the School Department. The Airport Commission, appointed by the Town Council, governs Barnstable's Cape Cod Gateway Airport. An Airport Manager, appointed by the Airport Commission, is responsible for administration and day-to-day operations. The Town has seven libraries, one in each village, which are all 501 (c)(3) organizations and governed by their own boards.

Five separate fire districts provide fire protection and emergency medical services ("EMS") to Town residents. Of those five, three also include a water district.

Districts	Fire & EMS	Water
Barnstable	District	District
Cotuit	District	District
Centerville-Osterville-Marstons Mills (COMM)	District	District
Hyannis	District	Town
West Barnstable	District	Private on-site wells

The districts are not a part of the municipal structure; they set their own tax rates and issue debt in an annual meeting independent of the Town. A Prudential Committee, a Board of Fire Commissioners, or a Board of Water Commissioners is separated from the Town structure to govern the districts. The fire districts have the authority to levy their own taxes. State law requires the Town to bill and collect the fire districts' taxes. Fire district taxes are separated on the real estate tax bills so residents can differentiate between the taxes the Town and fire districts each levy. Policy and budgets are set at annual spring meetings, which are open to any voting residents of the districts. Below is a 5-year history of tax levies for the town and fire districts.

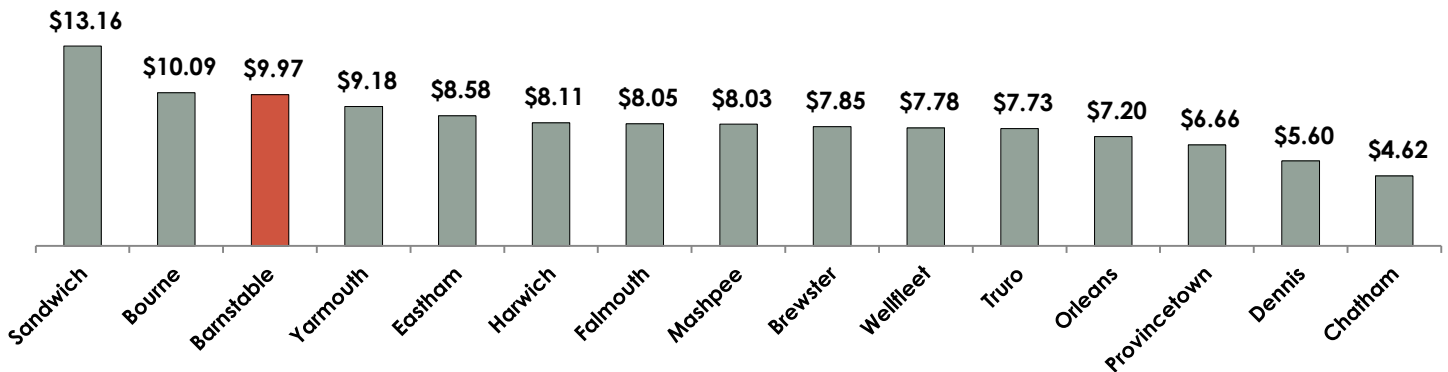


The total of the five fire district tax levies have ranged from 19.1% to 21.9% of the total property taxes levied by all entities over the last five years. In FY 2022, the Hyannis Fire District tax levy comprised 45.09% of the total fire district levies. This is the largest district in terms of population and commercial property, and a regional hospital is located in the village.

PROPERTY TAXES

Proposition 2½ limits property tax levy increases (the “levy limit”) to 2½ percent year-over-year, plus amounts related to newly developed property. The levy limit is the total amount of property taxes that can be raised by the Town (i.e., it does not apply to any individual tax bill). In addition to the levy limit, changes to assessed values and tax levy shifting options adopted by the Town Council can affect tax rates and tax bills. The “single tax rate” (the tax paid per \$1,000 of valuation on residential, commercial, industrial and personal property) for FY 2022 was \$7.85 (excluding residential exemptions, split tax rate adjustments and fire district taxes). The Town Council adopted a 20% residential exemption in FY 2022, which resulted in a residential tax rate of \$8.64 (\$.46 less than the FY 2021 rate). A qualifying homeowner, with a primary residence in Barnstable at the median residential home value of \$412,600, therefore would receive a reduction in their assessed residential taxable value of \$119,119. As a result, the qualifying homeowner would be taxed on a value of \$293,481 (\$412,600 - \$119,119), resulting in a tax bill of \$2,536 (\$293,481 ÷ 1,000 x \$8.64), which is a reduction in tax of \$1,029 due to the residential exemption. There are a total of 25,650 residential parcels in Town, of which 46% (11,792) qualify for the residential exemption.

FY 2022 Single Tax Rate Comparison



Department of Revenue (DOR) Property Tax States (Mass Data Bank)
<https://dls.gateway.dor.state.ma.us/reports/rdPage.aspx?rdReport=Dashboard.Caf3PropTaxStat>

For comparative purposes, the chart above adds the average tax rate for the five fire districts (\$2.12) to each Town’s single tax rate before a residential exemption is calculated. Barnstable and Provincetown are the only towns on Cape Cod with residential exemptions, and the Hyannis Fire District is the only entity that adopts a higher tax rate for non-residential property. Based on this methodology, Barnstable had the third highest tax rate on Cape Cod in FY 2022. The tax rates for FY 2023 will be set in November 2022.

Department	Allocation of the FY 2023 Estimated Town Tax Levy	% Allocated
Education	\$87,384,811	62%
Police	19,405,725	14%
Public Works	10,677,420	8%
Community Services	5,203,485	4%
Administration Services	4,855,794	4%
Planning & Development	3,077,924	2%
Inspectional Services	1,810,389	1%
Marine & Environ. Affairs	1,773,067	1%
Unallocated*	1,725,354	1%
Property Tax Abate. & Exempt.	1,600,000	1%
Enterprise Fund Support	1,392,830	1%
Town Manager	1,246,709	1%
Town Council	359,916	>1%
Total Tax Levy	\$140,513,424	100%

*Unallocated includes employee benefit costs that are not yet known to which operation it will apply

The table on the left illustrates the distribution of property taxes after all fixed costs are allocated to the operating departments and revenue generated by each operation, along with excise taxes and intergovernmental aid, is credited against the fully allocated costs. The result is the net amount of operating costs that need to be covered with property taxes. This only includes the Town’s property tax levy. It does not include Community Preservation Fund taxes or fire district taxes.

As the table illustrates, about 62 cents of every tax dollar funds education, while 22 cents funds Police and Public Works operations. The balance funds all other operations.

New Property Tax Sources

Two notable new property tax revenue sources are the Vineyard Wind project and the redevelopment of the Cape Town Plaza. Vineyard Wind will come online in FY 2023, and the property tax revenue it generates will increase in FY 2024. Vineyard Wind’s cabling and transformers will be taxed as personal property. The other large project is the anticipated redevelopment of the Cape Town Plaza. The current land lease holder continues to pay property taxes which will increase in the future.

GENERAL FUND RESOURCES \$193 Million

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. At 12%, intergovernmental revenue (state aid) is the second largest General Fund resource. A significant increase in Chapter 70 Aid for education of \$5.5 million in FY 2023 is a result of the implementation of the Student Opportunity Act and a larger percentage of Barnstable students being classified as low income. Approximately 81% of intergovernmental aid goes towards funding the Town's education-related expenses. Local receipts comprise 9% of General Fund resources, which includes charges for services, fees, permits, licenses, fines and interest. 5% is derived from other taxes (see table below), and about 1% of the General Fund budget is provided from reserves. Reserves are typically used for one-time expenditure items and the capital program. The use of reserves in FY 2023 is down \$1.2 million from FY 2022 and is budgeted to cover the FY 2023 snow & ice removal deficit and anticipated unemployment costs.



Village Green, Hyannis

	Approved Budget	Approved Budget	Change	%
Resource Category	FY 2022	FY 2023	FY2022 - FY2023	Change
Tax Levy	\$136,243,968	\$140,513,424	\$4,269,456	3.1%
Reserved for Abatements and Exemptions	(1,140,553)	(1,600,000)	(459,447)	40.3%
Property Taxes Available for Operations	135,103,415	138,913,424	3,810,009	2.8%
Other Taxes:				
Motor Vehicle Excise Tax	7,078,161	6,839,333	(238,828)	(3.4%)
Boat Excise Tax	115,000	130,000	15,000	13.0%
Motel/Hotel Excise Tax	1,450,000	1,800,000	350,000	24.1%
Payments in Lieu of Tax	32,000	32,000	-	0.00%
Total Other Taxes	8,675,161	8,801,333	126,172	1.5%
Other Resources:				
Intergovernmental (State Aid)	17,209,863	23,165,871	5,956,008	34.6%
School Circuit Breaker, Choice & Transp.	2,301,352	3,007,409	706,057	30.7%
Fines & Penalties	1,234,000	1,190,000	(44,000)	(3.6%)
Fees, Licenses, Permits	2,650,284	2,738,750	88,466	3.3%
Charges For Services	1,833,500	1,838,500	5,000	0.3%
Interest and Other	1,897,401	1,782,500	(114,901)	(6.1%)
Special Revenue Funds	736,340	736,340	-	0.0%
Enterprise Funds	3,036,889	3,238,029	201,140	6.6%
Trust Funds	6,515,178	7,008,286	493,108	7.6%
Reserves	2,227,123	1,050,000	(1,177,123)	(52.9%)
Total Other Resources	39,641,930	45,755,685	6,113,755	15.4%
Total General Fund Resources	\$183,420,505	\$193,470,442	\$10,049,937	5.5%



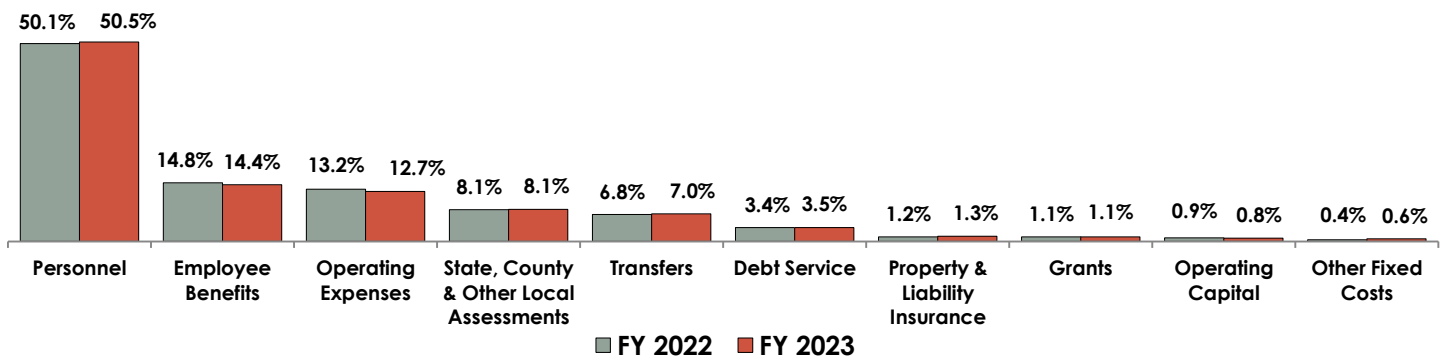
GENERAL FUND EXPENDITURES \$193 Million

When governments or administrators talk about “balancing the budget”, they typically mean balancing their General Fund budget. The General Fund is the largest of the Town’s funds and directly finances government operations such as education, police, public works and administration. This fund also covers town-wide fixed costs including employee benefits, debt service, state assessments and insurance. The Town Council approved budget for FY 2023 includes a 5.5% increase in education expenditures, an increase in the municipal operations budget of 4.9%, and an increase in fixed costs of 4.9%. Transfers to other funds are increasing \$1 million as the Town is committing all of the projected property tax growth from new construction to the Capital Trust Fund. The overall budget is increasing \$10 million (5.5%) compared to FY 2022.

A detailed breakdown of the Town’s budget changes can be found within the FY 2023 Operating Budget document.

Municipal Operations:	Approved Budget FY 2022	Approved Budget FY 2023	Change	% Change
Police Department	\$15,373,934	\$16,423,417	\$1,049,483	6.8%
Public Works Department	10,470,034	10,859,063	389,029	3.7%
Administrative Services Department	6,471,364	6,645,590	174,226	2.7%
Community Services Department	2,395,834	2,392,497	(3,337)	(0.1%)
Inspectional Services	2,353,579	2,400,693	47,114	2.0%
Planning & Development	2,135,301	2,203,860	68,559	3.2%
Marine & Environmental Affairs	1,261,370	1,439,303	177,933	14.1%
Town Manager	1,192,788	1,348,165	155,377	13.0%
Town Council	282,975	285,992	3,017	1.1%
Total Municipal Operations	\$41,937,179	\$43,998,580	\$2,061,401	4.9%
Education:				
Local School System Appropriation	\$73,520,899	\$76,781,611	\$3,260,712	4.4%
Local School System – Circuit Breaker	1,336,352	2,107,409	771,057	57.7%
Local School System – School Choice	765,000	700,000	(65,000)	(8.5%)
Local School System – Transportation	200,000	200,000	-	0.0%
Regional School District	5,106,410	5,229,756	123,346	2.4%
Commonwealth Charter Schools	5,384,510	6,025,534	641,024	11.9%
School Choice Assessment	1,410,264	1,511,358	101,094	7.2%
Total Education	\$87,723,435	\$92,555,668	\$4,832,233	5.5%
Fixed Costs:				
Employee Benefits	\$27,128,305	\$27,806,282	\$677,977	2.5%
State & County Assessments	2,858,997	2,922,540	63,543	2.2%
Debt Service	6,320,128	6,798,286	478,158	7.6%
Grants	2,075,000	2,162,660	87,660	4.2%
Property & Liability Insurance	2,150,000	2,500,000	350,000	16.3%
Snow & Ice Removal Deficit	341,107	800,000	458,893	134.5%
Town Council Reserve Fund	350,000	250,000	-	0.0%
Celebrations, Rent & Other	172,000	186,000	14,000	8.1%
Total Other Requirements	\$41,395,537	\$43,425,768	\$2,030,231	4.9%
Transfers to Other Funds	\$12,464,354	\$13,490,426	\$1,026,072	8.2%
Total General Fund	\$183,420,505	\$193,470,442	\$10,049,937	5.5%

Budget By Major Expense Category



65% of all costs in the General Fund budget are directly attributable to personnel and employee benefits.

ENTERPRISE FUND BUDGETS \$34 Million



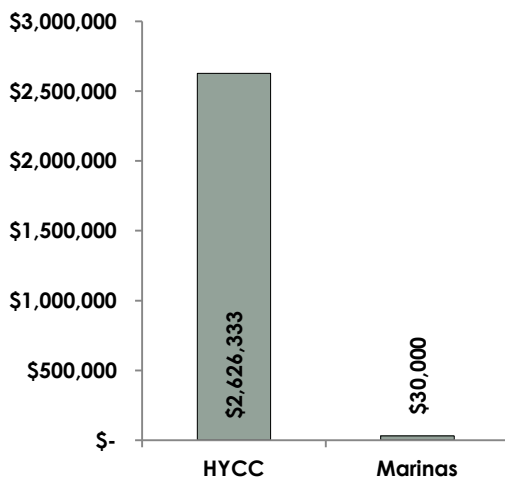
Bismore Park Docks

Municipalities are permitted to manage certain operations – utilities, transportation and certain recreation facilities – as enterprise funds. This mechanism enables a local government to separately monitor costs, set user fees and measure subsidies, assess a charge for support received from its general fund, and manage investment income for each such operation. The Town of Barnstable operates nine Enterprise Funds, summarized in the lower left chart, including two that are subsidized: Hyannis Youth and Community Center (HYCC) and Marinas.

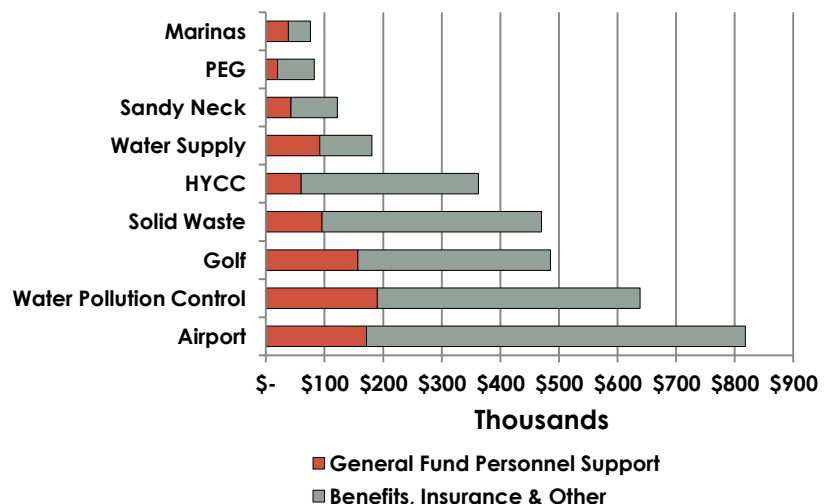
Enterprise Fund	Approved FY 2022*	Approved FY 2023*	\$ Change	% Change
Airport Enterprise Fund	\$6,612,196	\$8,936,473	\$2,324,277	35.2%
Golf Enterprise Fund	3,368,382	3,469,498	101,116	3.0%
HYCC Enterprise Fund	2,891,546	3,362,110	470,564	16.3%
Marina Enterprise Fund	742,051	785,442	43,391	5.8%
PEG Enterprise Fund	799,097	870,427	71,330	8.9%
Sandy Neck Enterprise Fund	984,812	973,203	(11,609)	(1.2%)
Solid Waste Enterprise Fund	3,407,469	3,373,191	(34,278)	(1.0%)
Water Pollution Control Enterprise Fund	4,299,130	4,404,025	104,895	2.4%
Water Supply Enterprise Fund	7,385,062	7,910,121	525,059	7.1%
Total All Budgeted Funds	\$30,489,745	\$34,084,490	\$3,594,745	11.8%

*This represents the direct operating costs of the Enterprise Funds. Indirect costs are budgeted in the General Fund and reimbursed by the enterprise operation.

FY 2023 General Fund & Special Revenue Fund Subsidy Received



General Fund Costs Allocated to Enterprise Funds Total = \$3.2 Million



PUBLIC EDUCATION OVERVIEW

Funding. Public elementary and secondary schools in the Commonwealth of Massachusetts are funded by a combination of two main sources: state money (Chapter 70) and state required minimum local school district expenditure. The statewide system of school funding is known as the Foundation Budget. It is predicated on the principle of providing an adequate spending level for every school district and is tied to student enrollment. The Foundation Budget uses a formula that determines the amount that Chapter 70 provides to Barnstable and the amount that Barnstable must locally contribute. Stated as an equation:

$$\text{Foundation Budget} = \text{Barnstable contribution} + \text{Chapter 70 state aid}$$

Annual increases or decreases of the Foundation Budget are based on 1) the number of students (foundation enrollment) that a school district is responsible for educating financially as of October 1 each year, 2) the costs of various educational programs, grade levels, and student needs, 3) demographics, and 4) the inflation factor used by the state. The October 1 count determines the enrollment on which the following year's Foundation Budget will be calculated. For example, the count for FY 2023 will be done in October 2022.

Chapter 70. The Town of Barnstable has consistently exceeded the state's annual minimum spending requirements. The headcount of English Learners and Students with Disabilities increased between October 2021 and March 2022. If these students are still enrolled during the October 2022 headcount, their numbers will be included in the Massachusetts Foundation Budget formula. **Actual Net School Spending** includes all local funds that were expended to comply with the state's required annual net school spending. Barnstable continues to range between 120-130% of the state's required spending level. Planned expenditures during the budget development process estimated per student expenditures of \$16,990 for FY 2022 (134% of the required state spending level). Source: <http://www.doe.mass.edu/finance/chapter70/>

Barnstable	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022*	% Change FY 2013-FY 2022
% of Foundation	117.5%	121.2%	125.9%	126.6%	127.2%	129.4%	127.9%	129.4%	129.3%	134.0%	126.8% Avg.
Actual NSS	\$11,395	\$12,018	\$12,509	\$12,800	\$13,271	\$13,709	\$14,096	\$15,105	\$15,736	\$16,990	49.1%
Chapter 70 Aid	\$1,363	\$1,456	\$1,557	\$1,591	\$1,794	\$1,829	\$1,929	\$2,246	\$2,407	\$2,558	87.7%
Foundation Budget	\$9,697	\$9,920	\$9,934	\$10,110	\$10,437	\$10,594	\$11,021	\$11,669	\$12,169	\$12,675	30.7%
Foundation Enrollment	5,429	5,434	5,423	5,492	5,490	5,475	5,480	5,444	5,405	5,147	-5.2%

* Budgeted

Massachusetts	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022*	% Change FY 2013-FY 2022
% of Foundation	119.1%	120.5%	123.2%	125.0%	128.7%	130.8%	130.7%	114.0%	116.5%	128.7%	123.7% Avg.
Actual NSS	\$12,062	\$12,474	\$12,919	\$13,383	\$13,863	\$14,418	\$14,962	\$13,774	\$14,442	\$15,802	31.0%
Chapter 70 Aid	\$4,462	\$4,585	\$4,677	\$4,789	\$4,922	\$5,042	\$5,212	\$5,508	\$5,632	\$6,064	35.9%
Foundation Budget	\$10,128	\$10,352	\$10,486	\$10,710	\$10,774	\$11,026	\$11,448	\$12,088	\$12,394	\$13,142	29.8%
Foundation Enrollment	934,763	938,083	940,831	942,120	940,103	941,303	941,411	939,683	938,085	907,506	-2.9%

Source: Massachusetts Department of Elementary and Secondary Education (DESE) <https://www.doe.mass.edu/finance/chapter70/compliance.html>

Grade Level	Number of Students in Barnstable Schools															
	PK	K	1	2	3	4	5	6	7	8	9	10	11	12	SP	Total
October 2021	149	360	370	352	364	368	344	326	356	373	363	347	335	330	14	4750
March 2022	167	371	387	346	373	388	361	342	369	382	383	342	317	345	10	4883
Change	18	11	17	-6	9	20	17	16	13	10	20	-5	-18	15	-4	133

Grades 11 & 12 reflect mid-year grade promotions, not new enrollments/exits

	English Learners	Students with Disabilities	Immigrant
October 2021	756	818	370
March 2022	904	836	427
Change	148	18	57
	19.6%	2.2%	15.4%

COMPREHENSIVE WASTEWATER MANAGEMENT PLAN (CWMP)

The Comprehensive Wastewater Management Plan (CWMP) is the biggest and most far-reaching project ever undertaken by the Town of Barnstable. This project is required as part of the Cape Cod Commission's Area-wide Water Quality Management Plan (The Section 208 Plan) which directs all 15 Cape Cod towns to mitigate pollution and restore water quality. The plan is also required by the U.S. Clean Water Act, the Commonwealth of Massachusetts, and the Massachusetts Estuaries Project (MEP).

Water is Barnstable's source of existence and vitality. Because it is bounded by Cape Cod Bay on the north, Nantucket Sound on the south, and has 8 watersheds and more than 70 ponds, Barnstable's waters have always made it attractive as a residential and vacation venue. The Town has enjoyed steady economic and population growth since 1978, but that success has created a major water problem. Its bodies of water now have excessive pollution and nitrogen levels (eutrophication). The major pollution source is nitrogen from septic systems, which are installed in roughly 90% of residences in Barnstable. It is estimated that 80% of septic system nitrogen seeps into the ground water, overloads pollutants in estuaries, rivers, and ponds, and causes eutrophication: increased plant growth in water bodies, algal blooms, hypoxia, and fish kills. These pollutants also adversely affects water quality and presents hazards to beachgoers.

Barnstable's CWMP was approved in 2021 by the Massachusetts Secretary of Energy and Environmental Affairs. Its 30 year sewer construction plan is divided into three 10 year phases. The sewer expansion is designed to reduce nitrogen seepage and to restore embayment water quality. The CWMP's total estimated cost exceeds \$1 billion. The plan is available on the Town's website at https://www.townofbarnstable.us/WaterResources/CWMP_Final.asp. Additional information can be found in the Town of Barnstable Water Resources guide: <https://barnstablewaterresources.com/>

The present CWMP plan will extend sewer service to nearly 12,000 properties. The scheduled sewer construction phases will be based on the watersheds that have the highest concentrations of nitrogen. The projects in each phase will address nitrogen removal as well as management of storm water runoff and water quality standards in our seven villages.

The FY 2023-2027 capital improvement plan budget includes 16 CWMP projects with a total cost of \$215 million. (Source: Fiscal Year 2023 Operating Budget page 103.)

The Town has taken multiple steps to prepare for the cost of the CWMP project.

- In 2012 the Town established a sewer construction fund that is funded by 100% of the local meals excise tax and 1/3 of the local rooms excise tax on traditional lodging
- In 2018 the state legislature expanded the rooms excise tax to include short term rentals of properties exceeding 14 days in a calendar year. 100% of the taxes collected by the Town on short term rentals are dedicated to CWMP
- The state legislature also enacted a 2.75% excise tax on both traditional and short term lodging. Proceeds from this tax, known as the Cape Cod and Islands Water Protection Fund, will be distributed to Cape Cod towns based on where the short term rental takes place. Barnstable will receive its first award of \$11 million from this fund to be paid out over the next four years.
- In 2021 the Town Council approved a \$10,000 sewer assessment per residential and commercial unit.

Using the funds generated by the taxes cited above, the Town has been able to pay for more than 50% of the total costs of the CWMP so far. The Town has already invested approximately \$60 million to reduce nutrient levels in its estuaries. In the coming months the Town Council will determine the most feasible method to finance the FY2023-FY2027 CWMP projects.

The CWMP is critical for the future of Barnstable. It will remediate the Town's impaired water quality and will help ensure continued economic growth, viability, and quality of life for its residents and visitors.

CWMP FINANCIAL QUESTIONS & ANSWERS

Why does the Town of Barnstable have to have this plan?

The Commonwealth of Massachusetts directed the Cape Cod Commission to update the 1978 Area Wide Water Quality Management Plan with a focus on resolving nitrogen impacts on coastal water quality. On Cape Cod, septic systems are the primary source of nitrogen to coastal waters. The 208 Plan Update is a framework to restore embayment water quality on Cape Cod. It provides for a watershed-based approach and recommends strategies, regulatory reforms, and a process for communities to reduce or eliminate excess nitrogen.

What is the estimated total cost of this plan?

It is difficult to estimate the total cost of this project over the next 30 years. Regulatory and technology changes, along with inflation trends and changes in the financial markets make such an exercise impractical. The Town's approach estimates the plan's costs in 5 year increments so as to better prepare a financial plan to meet more near-term fiscal needs. Knowing that overall costs of the plan will result in the largest capital program the Town has ever implemented, dedicated resources have been created already and there are plans to continue to identify new resources.

How is the Town going to finance individual phased projects in the plan?

Most projects will need to be financed with the issuance of a bond (loan) due to the significant cost involved. It is anticipated that most projects will be eligible for funding through the Massachusetts Clean Water Trust (MCWT) for financing, as it operates a revolving loan fund with competitive borrowing rates and, in some cases, principal subsidies. The Trust will also administer the distributions from the Cape Cod & Islands Water Protection Fund (CCIWPF) which will be in the form of principal subsidies. Due to the limited funding capabilities of the MCWT and CCIWPF some projects will need to be financed with General Obligation Bonds (GOBs) which will be competitively bid in the capital markets.

How will the Town repay the loans issued to finance the construction costs of the plan?

The Town and other agencies have been working on creating several sources to repay the loans. These include the following:

1. All of the local meals tax generated in the Town of Barnstable.
2. One-third of the local rooms tax on traditional lodging.
3. All of the local rooms tax on short-term rentals (dedicated for comprehensive water and wastewater projects).
4. The Cape Cod & Islands Water Protection Fund (CCIWPF), which was created with a new tax that went into effect in July 2019.
5. Principal subsidies on loans issued through the Mass Clean Water Trust (MCWT).
6. Sewer Assessments: The Town Council has adopted an ordinance that caps sewer assessments at \$10,000 per dwelling unit.
7. User Rate Charges: As properties are brought on to the sewer system they will begin paying a quarterly user fee.
8. Targeted federal and state grants that may become available. Currently, federal funds for this type of program are managed through the State Revolving Loan Fund overseen by the MCWT. This will likely continue.
9. Property taxes. Property taxes could be allocated to offset a portion of the costs of the program.

How many years are anticipated for this sewer project to be completed?

The current plan is to construct the sewer system over a 30-year period. The last loan for construction will be issued in year 30. This will have a 30-year amortization period resulting in a total of 60 years to finance the project from the first construction project to the last loan payment.

Will this CWMP current project sewer all properties?

No. The Town's parcel count is currently 29,315, with 4,342 currently part of the existing sewer system. This program has identified an additional 12,000 parcels to be tied into the public sewer system, which will result in approximately 56% of the Town's parcels being tied into the public sewer system upon completion.

What is the financial impact on a property owner that is being tied into the sewer system?

There could be 4 distinct financial components: a sewer assessment, the cost to connect the property to the sewer line in the street, an annual sewer user fee once a residence is tied into the system, and a property tax component. The amount of each component has not yet been determined; however, sewer assessments are currently capped at \$10,000 per dwelling unit.

How can a property owner pay for this?

A property owner has three payment options for the sewer assessment: 1) pay the entire assessment when it is billed; 2) pay a portion of the assessment and apportion the balance over future tax bills for up to 30 years, or 3) have the entire assessment apportioned over future tax bills for up to 30 years. The Town may also be able to allow the property owner to apportion the additional cost of connecting to the public sewer over 30 years. A lien on the property will be recorded for any costs apportioned over future tax bills and is usually paid in full if the property is sold, per a financial institution's requirements.

A complete list of CFAC Questions about sewerage and CWMP can be found at the Comprehensive Financial Advisory Committee (CFAC) webpage here: <https://www.townofbarnstable.us/boardscommittees/CFAC>

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, have experience in financial matters, and want to make a difference, please consider submitting an application to the Town Council.

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

COMMITTEE MEMBERS

Lillian Woo, Chair
Hector Guenther, Vice Chair
Chuck McKenzie, Clerk
Tracey Brochu
Melanie Powers
John Schoenherr
Wendy Solomon

Contact: CFAC@town.barnstable.ma.us

GFOA AWARDS

The Town has received both the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award (20 consecutive years) and the Certificate of Excellence in Financial Reporting for 19 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.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
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For the Fiscal Year Beginning

July 01, 2021

Christopher P. Morill
Executive Director



Government Finance Officers Association

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Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill
Executive Director/CEO