

# Town of Bourne Finance Committee

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## Meeting Minutes

Bourne Veterans Memorial Community Center

239 Main Street, Bourne, MA 02532

February 3, 2020

**Finance Committee Members Present:** Chairman Mary Jane Mastrangelo, Amanda Bongiovanni, Judith Flynn, Dr. William Towne, Robert Wheeler, Kathleen LeGacy, George Smith, Richard Lavoie, Vice Chairman Renee Gratis, James Sullivan and Aaron Tobey.

**Also present:** Anthony Schiavi, Town Administrator, Glenn Cannon, Town Assistant Administrator, Erica Flemming, Finance Director, Mike Ellis, Town Accountant

**Documents:** Agenda, Finance Committee Workshop-FY21 presentation, Fiscal 2020 & 2021 Sources and Uses of Funds, Town of Bourne Long Term Debt Schedules & Town of Bourne Financial Management Policies & Guidelines

### I. Call to order

Mary Jane Mastrangelo called to order the meeting of the Finance Committee at 7:00 PM on February 3, 2020.

### II. Note any absent or excused members – Vice Chairman Michele Ford.

### III. Reserve Fund Transfers– None.

### IV. Workshop Discussion on Finances and the FY21 Operating and Capital Budgets – Potential Topics:

Erica Flemming went through the handouts that she gave out – Finance Committee Workshop-FY21 presentation, Fiscal 2020 & 2021 Sources and Uses of Funds, Town of Bourne Long Term Debt Schedules & Town of Bourne Financial Management Policies & Guidelines. Chairman Mastrangelo said that the Financial policy is the one that established the OPEB policy that is being followed now which is to increase the budget amount with 10% of new growth plus the prior years budget number.

Chairman Mastrangelo then explained that the workshop is intended to be gone through slowly with as many questions that the committee wants to get answered. The workshop is based on information available at this time. Chairman Mastrangelo then read aloud the slides of the presentation:

- An overview of the workshop – it is meant to be an interactive and more in-depth discussion about the Town’s financial policies and position in terms of policy, some recent history, trends, revenues, expenditures and the tax rate.

- Financial Management and Guidelines – The policies are designed to ensure the Town’s sound financial condition now and in the future. Chairman Mastrangelo gave some examples on solvency in the Town.
- Budget Guidelines – Chairman Mastrangelo read the definition of a balanced budget according to the Town. She spoke about how the Town of Bourne does their budgeting for just the fiscal year. She talked about General Fund Operating Budget (GFOB). She explained to the committee where to find the GFOB within the Sources and Uses spreadsheet that was handed out.
- Fiscal Reserve Guidelines – Chairman Mastrangelo explained how the free cash budget is determined and she spoke about how the free cash policy has changed since 2015. The Town should strive to appropriate no more that 50% of the Free Cash Balance that is in excess of the 5% policy as an operating revenue with a majority vote of Town Meeting.

Mr. Lavoie had questions about the 5% standard. Chairman Mastrangelo explained that overall the bond rating agencies want 12% to 15% of reserves. The Town of Bourne has split that up with having 5% in free cash and 6% in stabilization as the minimum standards.

Town Administrator Schiavi said that he would prefer that Town not spend any free cash because it can be held against the Town by the bond rating agencies.

Mr. Sullivan asked if the Town can borrow to cover the deficit for a year. Mr. Schiavi said that things would have to be pretty bad before a Town should go and borrow money. There was some discussion about borrowing and situations in which a Town might borrow.

- Free Cash History – Chairman Mastrangelo talked about the past few years of the free cash spending.
- Revenue Over/Under Budget & Expenditure Turn Back History – Chairman Mastrangelo said the State revenue is mixed, with it being \$557,695.00 under what was projected in 2019. Local Receipts, which is motor vehicle, boat and hotel excise tax, penalties and interests, etc., came in at \$925,707.00 over what was projected in 2019. Budget turn backs were \$1,866,23.00 over what was projected for 2019, and it is being looked at as to why it has been occurring over the past few years.
- Budget vs. Actual Local Receipts – Chairman Mastrangelo talked about motor vehicle, hotel and meals tax and the budgets for each.
- Appropriation and Expenditures FY2019 and FY 19 Turn-backs – Chairman Mastrangelo talked about the turn back amounts for FY19 and about the reserve fund. Town Administrator Schiavi expanded on what Chairman Mastrangelo said. He also talked about revenues and free cash, state aid and OPEB.
- FY20 Debt Exclusion Taxpayer Impact – Chairman Mastrangelo explained where the .23 increase in the FY 20 tax rate came from. Ms. Bongiovanni asked a question about the tax rate and the time to file an abatement. Ms. Flemming explained the rate and when the assessed values are determined and when the tax rate is determined. There was some discussion on the tax rate and trying to keep it low. Mr. Tobey asked about other revenue sources other than the taxpayers. Mr. Schiavi talked about meals and hotel tax and how they can help in the tax rate. Chairman Mastrangelo said that in the last few years the Town has done many things to increase revenue. There was also discussion on educating the general public. Ms. Flemming stated that when the property tax values go up, the tax rate goes down, and vice versa.

- Tax Rate Debt Exclusion – Chairman Mastrangelo talked about the schools and some community buildings and their debt.
- Capital Stabilization Fund – Chairman Mastrangelo said there is only about \$75,000.00 in the fund currently. This fund was used last year for the designing of the fire station and for a couple of capital projects.
- OPEB – The Town has been making an assertive effort on OPEB. In FY 18 there was only 1.8 million dollars for the OPEB balance and by FY 19 the OPEB balance went up to 2.5 million. At FTM they have been putting in 10% of excess free cash.
- Stabilization Fund – The balance as of 6/30/19 was \$4,145,971.00. The financial policy calls for 6% of GFOB.
- Budget Review – The general fund operating budget is 3.36% over FY 20 and is at a 3.06% increase. Snow and Ice is level funded for this year.
- Overall Budget Trend- Chairman Mastrangelo said the trend needs to be monitored at fall Special Town Meeting.
- Budget Process – The budget presented at Town Meeting is the Selectmen’s Budget. Chairman Mastrangelo explained the budget process.
- Budget Book Columns – Chairman Mastrangelo explained the columns in the budget books.
- Tips on reviewing department budgets – Chairman Mastrangelo went over some tips on reviewing department budgets. She asked the committee to send her emails ahead of the meeting time so she can get the questions or concerns emailed to the department head so the department is prepared at the meeting to be able to explain or answer the questions.

Chairman Mastrangelo stated that the Board of Selectmen voted to increase the ambulance rates. There was some more discussion on other sources of revenue. Mr. Sullivan brought up the Special Education Circuit Breaker program. Mr. Schiavi talked about special education and tuitions and every year is different. There was some discussion on the possibility of a fund to be prepared for special education costs. Dr. Towne brought up that there is a timing issue with the moving in of a student and the time that the budget is approved.

- State Aid – Chairman Mastrangelo went over the state aid on the Sources and Uses spreadsheet.

## V. Adjournment

**Richard Lavoie moved to adjourn the meeting. Dr. William Towne seconded.** With no discussion, the motion carried. 11-0. The meeting adjourned at 9:00 PM.