Town of Bourne Fiscal Year 2022 Operating Budget

Capital Program Recommendations to the Honorable Board of Selectmen

Respectfully Submitted,
Anthony Schiavi, Town Administrator
January 5, 2021

Presentation Agenda

- FY22 Budget Process and Timeline
- Current Fiscal Health and Financial Policy Compliance
- Methodology Used
- FY22 Budget Assumptions
- FY22 Budget Constraints/Stressors
- FY22 Budget Recommendation Overview
- Thoughts for the future

FY 22 Budget Process and Timeline

Budget Process Defined

- Charter Article 7 and Bylaw Section 1.2.7
 - TA shall submit the budget and capital plan and capital budget NLT January 15th
 - Also includes the budget message, supporting documentation and 5-year financial forecast
 - The Board of Selectmen as the Executive Branch now controls the budget, etc.
 - BoS reviews, discusses and makes changes as it deems appropriate prior to delivering the operating budget, capital plan and capital budget to the Finance Committee
 - Fincom upon receipt reviews in one or more public meetings
 - Fincom issues its recommendation to Town Meeting via a report which outlines its support or opposition to the budget or portion thereof.
 - The budget acted upon by Town Meeting shall be those approved by the BoS
 - The Board of Selectmen reviewed and approved the budget/TM timeline and milestones for each at its October 6, 2020 meeting

Task Name	Create a Filter		No later than date	Reference	Dur	Start	Finish	% Com	Status
DO0.0 11			10/00/00		05.1	00/40/00	00/05/00	4000/	
BOS Open the	Fall Town Mee	ting Warrant	10/22/20		35d	08/10/20	09/25/20	100%	Complete
Free Cash Ce	tification and A	pproval			7d	09/11/20	09/21/20	100%	Complete
TA and Financ	e Director Deve	elop Budget Instructions			10d	09/21/20	10/02/20	100%	Complete
TA and Financ Forms, etc	e Director Issue	Budget Instructions,			1d	10/08/20	10/08/20	100%	Complete
Departments Departments Discourage Discourage	. •	s and submit to the	12/08/20	Bylaw Sec 1.2.7	16d	10/09/20	10/30/20	100%	Complete
Present Draft \	Narrant Articles	to the BoS			1d	10/06/20	10/06/20	100%	Complete
Special Town I Motions	Meeting Warran	t Finalized with			1d	10/09/20	10/09/20	100%	Complete
BoS vote final	warrant and vo	te to post the Warrant			1d	10/20/20	10/20/20	100%	Complete
Warrant Poste	d by the Consta	able	11/02/20		1d	10/23/20	10/23/20	100%	Complete
Finance Dept i	nputs Departm	ent Data into Softwrite			4d	11/03/20	11/06/20	100%	Complete
NLT date to pu	ıblish Voter Han	idbook			1d	11/06/20	11/06/20	100%	Complete
TA and Financ	e Director hold	Departmental Reviews			13d	11/09/20	11/25/20	100%	Complete
Fall Special To	wn Meeting				1d	11/16/20	11/16/20	100%	Complete
_	ncial review pre inance Director				1d	12/08/20	12/08/20	100%	Complete
Tax Classificat	ion Hearing He	ld			1d	12/01/20	12/01/20	100%	Complete
Finance Dept updates Departmental Budgets					5d	11/30/20	12/04/20	100%	Complete
TA Prepares Budget for Presentation to BoS					19d	12/07/20	12/31/20	100%	Complete
	Open ATM and S s they will close	STM warrants and			1d	01/05/21	01/05/21		

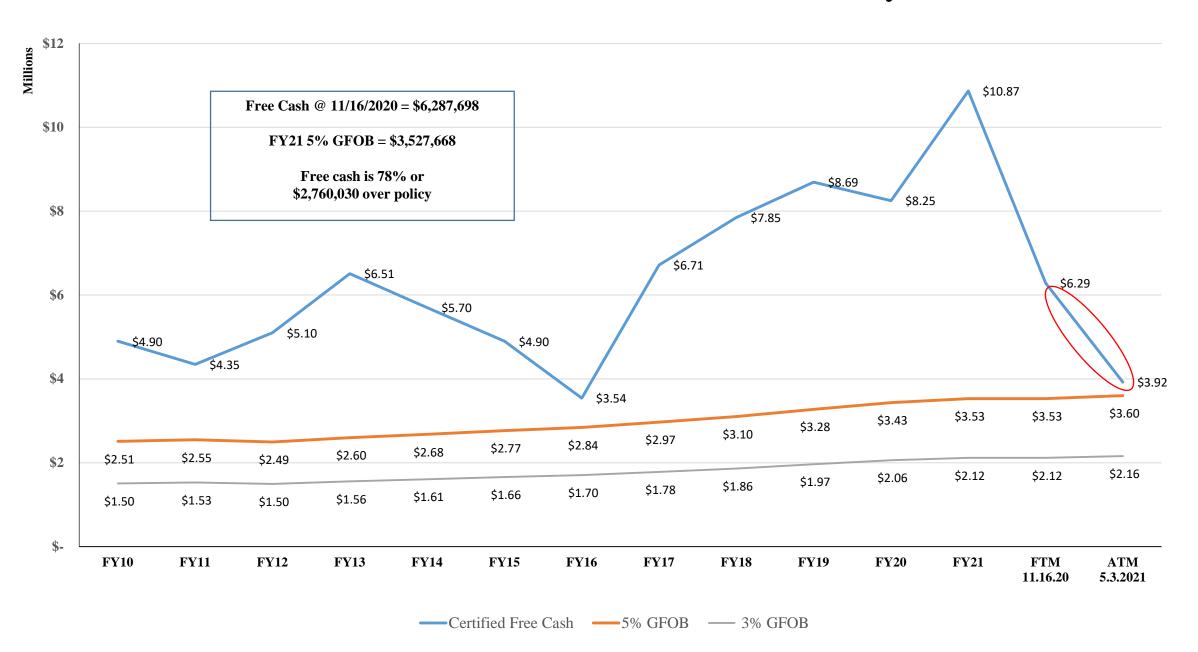
Task Name	No later than date	Reference	Dur	Start	Finish	% Com	Status
•							
TA Presents Operating and Capital Budgets to BoS	01/15/20	Bylaw Sec 1.2.7/Charter 7-1	1d	01/05/21	01/05/21		
Board of Selectmen Budget and Capital Program Review			1d	01/12/21	01/12/21		
Board of Selectmen Budget and Capital Program Review			1d	01/19/21	01/19/21		
Board of Selectmen Budget and Capital Program Review			1d	01/26/21	01/26/21		
BoS forward budget and capital plan to Fincom	02/01/20	Bylaw Sec. 1.2.7	1d	02/02/21	02/02/21		
Warrant Closes - Annual Town Meeting	03/12/21	Charter 2-5;No <50 days	1d	02/26/21	02/26/21		
Warrant Closes - Special Town Meeting	04/08/21	Charter 2-5;No <25 days	1d	02/26/21	02/26/21		
School Budget voted at School Committee Meeting			1d	04/01/21	04/01/21		
Fincom report available at TH and Library	>21 days before ATM	Charter 7-4	1d	04/12/21	04/12/21		
ATM Voter Handbook available at TH and Library	>15 days before ATM	Charter 2-5	1d	04/16/21	04/16/21		
Post Warrant for Special Town Meeting	04/19/21	NLT 14 days prior	1d	03/30/21	03/30/21		
Post Warrant for Annual Town Meeting	04/26/21	NLT 7 days prior	1d	03/30/21	03/30/21		
Annual and Special Town Meeting	First Monday in May	Bylaw Sec 1.1.1	1d	05/03/21	05/03/21		

Current Fiscal Health and Financial Policy Compliance

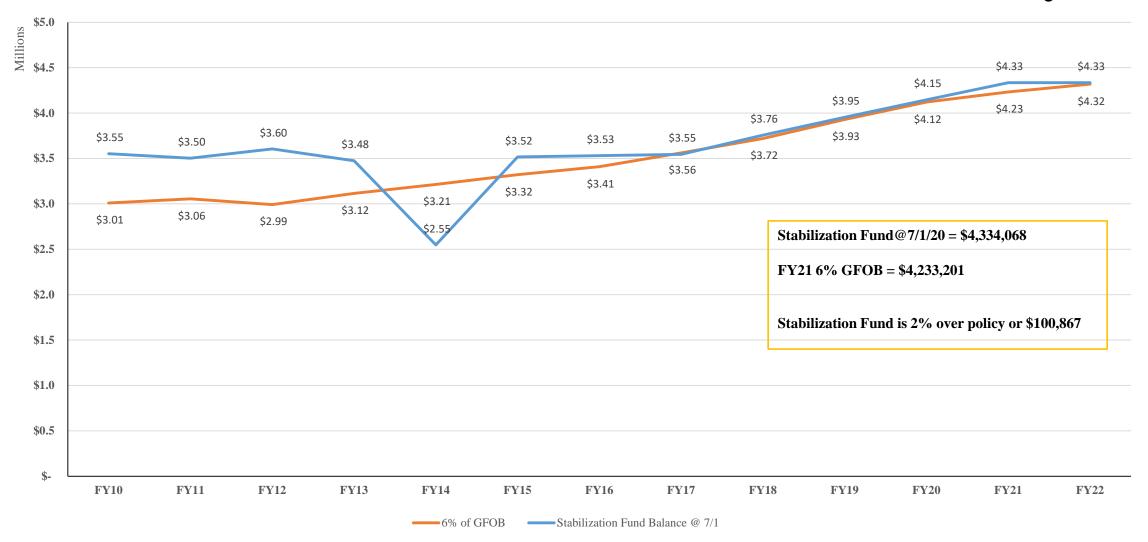
Fiscal Health Defined

- Cash Solvency pay bills in a timely fashion
- Budgetary Solvency annually balance the budget
- Long-term Solvency pay future costs
- Service Level Solvency provide needed services
- Infrastructure Solvency maintain infrastructure

Free Cash to Fiscal Reserve Policy



Stabilization Fund to Fiscal Reserve Policy



Capital Stabilization Fund

Current Balance = \$3,475,424

Will utilize to offset debt payments for future authorizations

Goal is to maintain at least 5 years of debt service payments in the fund – we are essentially collateralizing our own loans

5 years of future debt service = \$2,689,385

Excess Host Community Fee transfers to Capital Stabilization Fund-Fall STM

Free Cash History

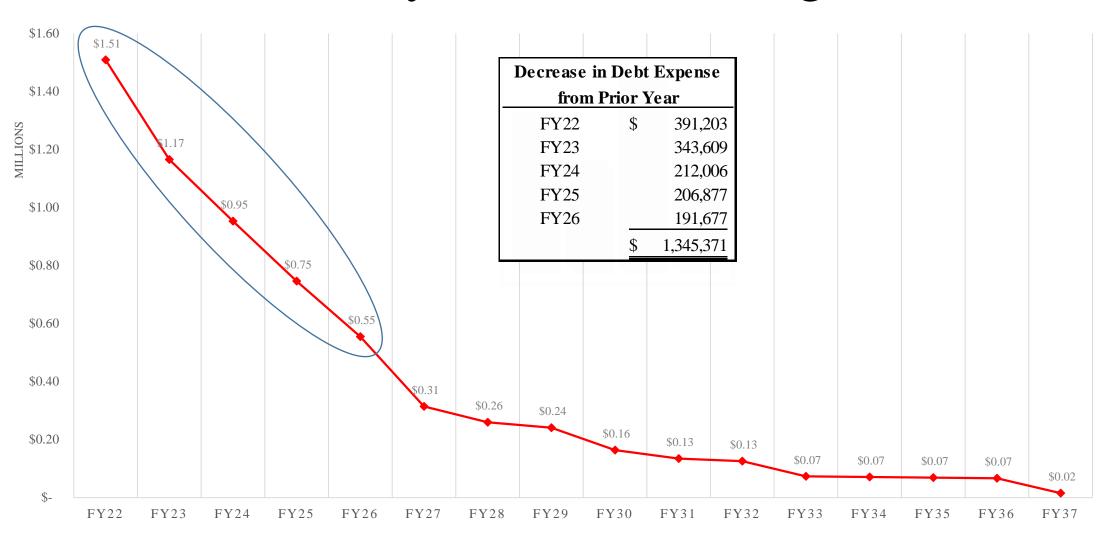
						Used for		Used for						
]	Following		Current						
Fiscal	Certified	l	To	otal Voted During	F	Fiscal Year		scal Year	Used for		Transfer to		τ	U sed for
Year	Free Casl	h As of		Fiscal Year		Budget		Budget	Budget C		St	abilization		Articles
2021	\$ 10,867,18	88 7/1/2020	\$	4,729,490	\$	-	\$	180,088	\$	813,270	\$	-	\$	3,736,132
2020	\$ 8,250,80	07 7/1/2019	\$	2,123,454	\$	838,464	\$	188,500	\$	323,000	\$	10,000	\$	763,490
2019	\$ 8,691,0	73 7/1/2018	\$	3,095,069	\$	1,100,000	\$	100,162	\$	890,772	\$	118,000	\$	886,135
2018	\$ 7,847,73	39 7/1/2017	\$	2,515,150	\$	1,095,696	\$	204,500	\$	511,370	\$	156,000	\$	547,584
2017	\$ 6,714,79	95 7/1/2016	5 \$	2,154,900	\$	795,300	\$	65,680	\$	349,836	\$	580,000	\$	364,083
2016	\$ 3,538,83	36 7/1/2015	\$	846,676	\$	892,405	\$	(648,682)	\$	249,758	\$	-	\$	353,195
2015	\$ 4,897,3	46 7/1/2014	\$	3,429,046	\$	1,792,345	\$	865,000	\$	397,800	\$	-	\$	373,901
2014	\$ 5,700,48	80 7/1/2013	\$	2,422,060	\$	2,004,000	\$	107,800	\$	-	\$	-	\$	310,260
2013	\$ 6,510,3	83 7/1/2012	2 \$	3,216,256	\$	1,400,000	\$	464,500	\$	594,391	\$	-	\$	757,365
2012	\$ 5,099,6	79 7/1/2011	\$	1,908,922	\$	1,400,000	\$	144,395	\$	169,527	\$	-	\$	195,000
2011	\$ 4,347,33	34 7/1/2010	\$	1,340,687	\$	800,000	\$	429,375	\$	8,000	\$	88,312	\$	15,000
2010	\$ 4,897,33	36 7/1/2009	\$	1,854,907	\$	1,780,737	\$	-	\$	-	\$	-	\$	74,170
2009	\$ 5,252,60	03 7/1/2008	\$	2,034,697	\$	859,245	\$	22,500	\$	244,000	\$	887,462	\$	21,490
2008	\$ 4,262,4	71 7/1/2007	\$	1,662,337	\$	650,478	\$	-	\$	181,981	\$	700,000	\$	129,879
2007	\$ 3,911,9	48 7/1/2006	\$	1,459,657	\$	553,850	\$	30,750	\$	205,270	\$	587,685	\$	82,102
	\$ 90,790,0	18	\$	34,793,308	\$	15,962,520	\$	2,154,568	\$	4,938,975	\$	3,127,459	\$	8,609,787
		U	se as	s a % of total votes		45.88%		6.19%		14.20%		8.99%		24.75%

52% of free cash was utilized to balance the operating budget

Non-exempt Debt Service to Financial Policy



Non-Exempt Debt Service Currently Funded in Budget



Health Insurance Trust, OPEB & Other Reserve Funds

Current Balance

Account Description		11/30/2020			
Self Insurance Claims Trust	\$	5,349,875			
Employees Insurance Withholding Trust	\$	1,371,958			
OPEB Trust Fund	\$	4,131,063			
Stabilization Fund	\$	\$ 4,413,427	\$8,420,813		
Stabilization Fund - Capital		3,475,424	12% FY21 GFOB		
Future Solid Stabilization	\$	531,962			
Special Education Reserve Fund	\$	104,719			
Overlay	\$	1,461,078			
Total Reserves	\$	20,839,506			
% of FY21 Budget		29.54%			

FY2022 Budget

"A goal driven and outcomes focused approach"

Structure



Desired Outcome

- Build consensus and stakeholder engagement
- Clarify priorities
- Establish accountability
- Provide a framework for analysis
- Create a system for evaluating progress

Strategic Objectives/Goals – Bourne Will

- Operate as a best practice & customer focused and engaging government
- Support sound and transparent fiscal management practices and policies
- Through thoughtful planning and execution, provide services that enhance and ensure the health, safety and welfare of our citizens, visitors and businesses
- Support and maintain thriving neighborhoods and spaces consistent with the town's Local Comprehensive Plan
- Initiate and support economic development efforts that leverage the town's unique characteristics to create, attract, and retain jobs and businesses that ensure a diverse local economy
- Provide support for high quality education opportunities that support and enhance the well-being of our students and our community
- Embrace, foster and pursue sustainable development practices and initiatives while ensuring environmental stewardship in our unique setting
- Develop and maintain our physical infrastructure in a way that actively supports the town's priorities and maximizes the useful life of both new and existing infrastructure

Goals Drive Initiatives Through the Strategic Plan

- Support sound transparent fiscal management practices and policies
 - Develop annual budget process to achieve Government Finance Officers Association "Distinguished Budget" Presentation Award
 - Strengthen the towns financial position; while posturing the town for an increase to its bond rating
 - Eliminate the town's use of Free Cash to supplement the Operating budget
 - Eliminate the use of the town's operating budget to borrow for capital items
 - Update financial policies in FY21 to reflect accepted best financial management practices
- Operate as a best practice, customer focused and engaging government
 - Analyze the current Organizational structure and consider changes to create "the most efficient" organizational model to meet the town's needs

So How Did We Do?

A Structurally Balanced Budget!

No Use of Free Cash

A shift to pay-as-you go capital

Funding Capital Stabilization Fund to pay future capital borrowing costs

Stay true to conservative revenue estimating

Methodology

- Revenue Estimation
 - Proposition 2 ½, New Growth, State Aid, Local Receipts, Other Sources
- Expenditures
 - Shared and Fixed Costs
 - Departmental Expenditures maintain our core service levels
 - Begin move toward a requirements or outcomes-based model
 - Lead to more accurate and realistic departmental appropriation requests
- Avoid the tendency to chase revenues
- Aligning our business practices with GFOA/municipal finance best management practices
- Departmental and other initiatives aligned with the Strategic Plan Objectives/Goals
- Living within our means maintain fiscal sustainability long-term

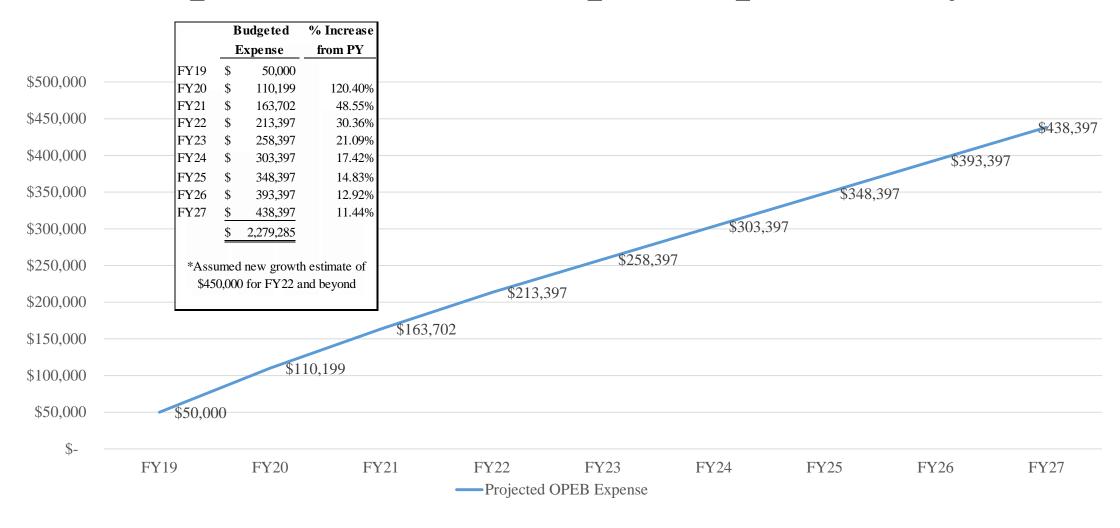
FY2022 Budget Assumptions

- State Aid at least level funded (based on FY2021 Final Budget 12/2020)
- State Assessments remain an unknown Charter School & School Choice fluctuations
- Bourne School Budget Increase 2.57% (Natural Gas to be consolidated with Town, \$300K removed from school department budget)
- General Insurance Increase 3%
- Health Insurance Costs 3%

FY2022 Budget Constraints/Stressors

- Collective Bargaining Agreement increases
 - Town 2%, School (Teachers) & BFD contracts expire 6/30/21
- UCT enrollment fluctuations
- Barnstable County Retirement Association Assessment \$138,534 increase or more than 3.3%
- COVID-19
- OPEB funding in the operating budget

Expected OPEB Expense per Policy



Big Picture Snapshot

FY22 GFOB	=	\$71,990,945
General Articles (Reserve Fund)		\$ 350,000
Off Budget Expense	= _	\$ 5,695,782
Grand Total Expenses	= _	\$78,036,727

1.1% or \$856,529 Increase from FY2021

Revenue Sources

Property Taxes

State Aid

Local Receipts

Other

Property Taxes

	FY 2021	Proposed	\$ Increase	% Increase
Property Taxes	Budget	Budget	(Decrease)	(Decrease)
Prior Year Tax Levy Limit	\$48,442,777	\$ 50,126,269	\$1,683,492	3.48%
PY - Amended New Growth	(23,922)			
	48,418,855			
2.5% Allowance	1,210,471	1,253,157	42,685	3.53%
New Growth	496,943	450,000	(46,943)	-9.45%
Sub-total	50,126,269	51,829,426	1,703,157	3.40%
Debt Exclusion	4,456,287	4,256,077	(200,210)	-4.49%
Cape Cod Commission Tax	202,552	207,616	5,064	2.50%
Unused Levy Capacity	(35,487)	_	35,487	-100.00%
Total Tax Levy	\$54,749,621	\$ 56,293,119	\$1,543,498	2.82%

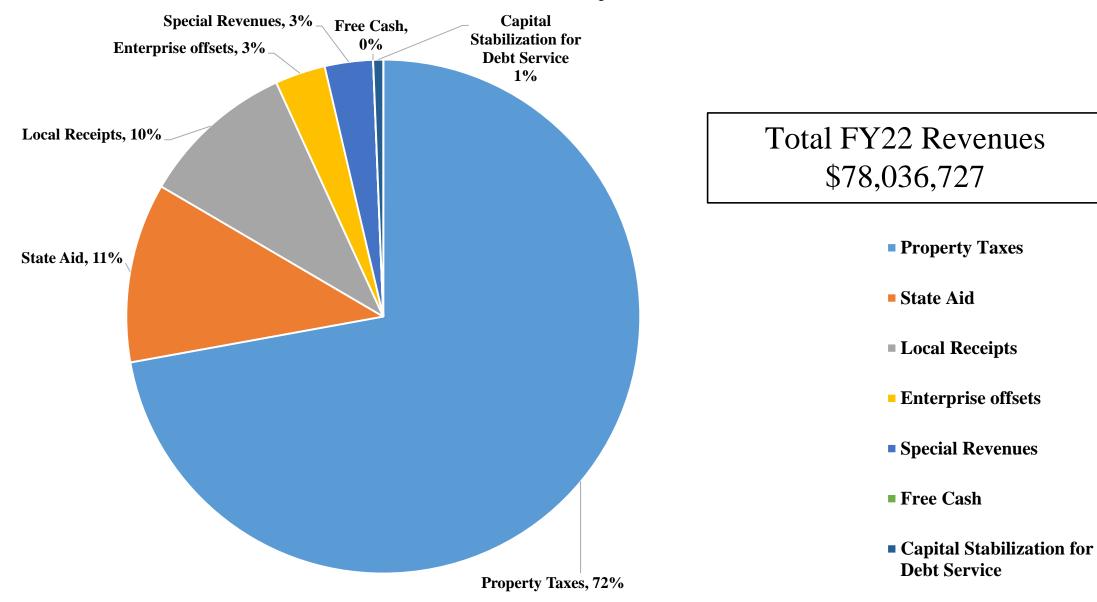
Local Receipts

	FY 2021	FY 2022 Proposed	\$ Increase	% Increase
Local Receipts	Budget	Budget	(Decrease)	(Decrease)
Motor Vehicle Excise	\$ 3,155,894	\$ 3,080,589	\$ (75,305)	(2.39%)
Other Excise - Meals Tax	375,000	300,000	(75,000)	(20.00%)
Other Excise - Room/Hotel	100,000	150,000	50,000	50.00%
Other Excise - Boat	55,000	55,000	-	0.00%
Penalties & Interest	175,000	175,000	-	0.00%
Payments in Lieu	20,000	20,000	-	0.00%
Marinas	1,160,000	1,160,000	-	0.00%
Other Dept Revenue	275,000	275,000	-	0.00%
Licenses & Permits	700,000	700,000	-	0.00%
Fines & Forfeits	130,000	130,000	-	0.00%
Investment Income	100,000	100,000	-	0.00%
Misc-Recurring	30,000	630,000	600,000	2000.00%
Misc-Recurring Energy Credits	700,000	700,000	-	0.00%
Misc-Non Recurring	116,560	116,560		0.00%
Total Local Receipts	\$7,092,454	\$ 7,592,149	\$499,695	7.05%

Other Sources

Other Sources		Y 2021 Budget]	FY 2022 Proposed Budget	·	ncrease ecrease)	% Increase (Decrease)
ISWM General Support	\$ 2	,261,996	\$	2,329,937	\$	67,941	3.00%
Sewer General Support		140,944		148,315		7,371	5.23%
Host Community Fee - Reclass to Local Receipts		600,000			_(600,000)	(100.00%)
Total Other Sources	\$ 3	,002,940	\$	2,478,252	\$ (<u>524,688</u>)	(17.47%)
Conservation Commission	\$	30,000	\$	30,000	\$	-	0.00%
PL 874		156,750		200,000		43,250	27.59%
Ambulance Fee	1	,325,000		1,325,000		-	0.00%
CPA Fund Debt Service		674,259		651,735		(22,524)	(3.34%)
Title 5 Loan Repayments		29,754		19,485		(10,270)	(34.52%)
Waterways Fund for Operating Budget		136,970		140,000		3,030	2.21%
Total Special Revenue	<u>\$ 2</u>	,352,733	\$	2,366,220	\$	13,486	0.57%

Estimated Revenues by Source FY2022



General Fund Expenses

Town Services

School Services

Share Costs

Debt Service

Town Expenses

	FY 2021			FY 2022	\$	Increase	% Increase
Town Budget		Budget		oposed Budget	<u>(</u> E	ecrease)	(Decrease)
Administrative Services-Salaries	\$	2,268,521	\$	2,701,219	\$	432,698	19.07%
-Expenses		1,412,670		1,389,115		(23,555)	(1.67%)
Public Safety Services-Salaries		9,346,500		9,472,380		125,880	1.35%
-Expenses		1,569,970		1,569,005		(965)	(0.06%)
Public Works Services-Salaries		1,864,658		1,907,030		42,372	2.27%
-Expenses		886,080		815,620		(70,460)	(7.95%)
Health & Human Services-Salaries		650,588		698,353		47,765	7.34%
-Expenses		428,900		407,620		(21,280)	(4.96%)
Culture & Recreation Services-Salaries		766,678		805,266		38,588	5.03%
-Expenses		201,850		202,200		350	0.17%
Total Town Expense	\$	19,396,415	\$	19,967,808	\$	571,393	2.95%

Highlights

- Core town service levels maintained
- Police, Fire and DPW salaries budgeted for full staffing
- Elected Officials salaries now reflected in the budget
- Initial Investments HR, Facilities and IT organization/reorganization
 - Opportunities for school/town collaboration/resource sharing
- Consolidation of energy contracts under the town (natural gas)
- Move future capital debt expenses to the capital stabilization fund

School Expenses

	FY 2021			FY 2022			Increase	% Increase
Schools		Budget		Pro	posed Budget	<u>(D</u>	ecrease)	(Decrease)
Bourne School Department	\$	23,644,555	*	\$	24,251,247	\$	606,692	2.57%
Upper Cape Technical School		3,337,063			3,237,063		(100,000)	(3.00%)
Total School Expenses	\$	26,981,618		\$	27,488,310	\$	506,692	1.88%

^{*\$300}K Natural Gas Appropriation Reclassed to shared costs

Shared Costs

	FY2021		FY2022 Proposed		Increase	% Increase (Decrease)	
Shared Costs	Budget	Budget		(Decrease)			
Public Utilities	\$ 1,615,000	\$	1,615,000	\$	-	0.00%	
OPEB	163,702		213,397		49,695	30.36%	
Unemployment	70,000		70,000		_	0.00%	
FICA/Medicare	520,000		530,000		10,000	1.92%	
Group Insurance	8,450,000		8,703,500		253,500	3.00%	
County Retirement	4,156,230		4,294,764		138,534	3.33%	

866

69,000

1,577,110

16,923,908

300,000

2,000

1,755,000

17,555,327

300,000

2,000

866

1,800

177,890

631,419

70,800

0.00%

2.61%

11.28%

0.00%

0.00%

3.73%

Sepcial Legislation Retirement

Total Shared Costs

Medicaid Reimbursement

State Retirement

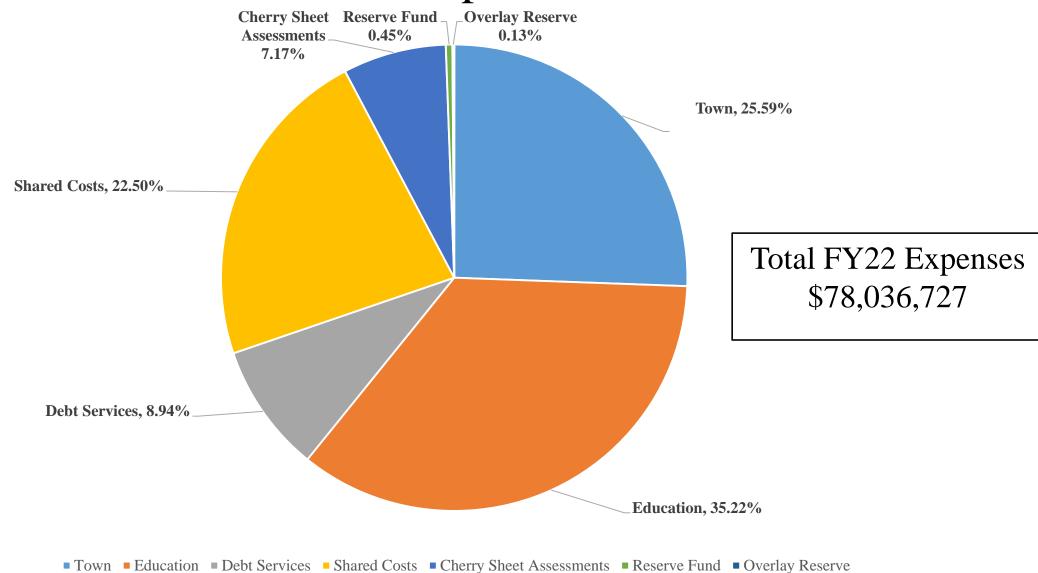
LIUNA Pension

Insurance

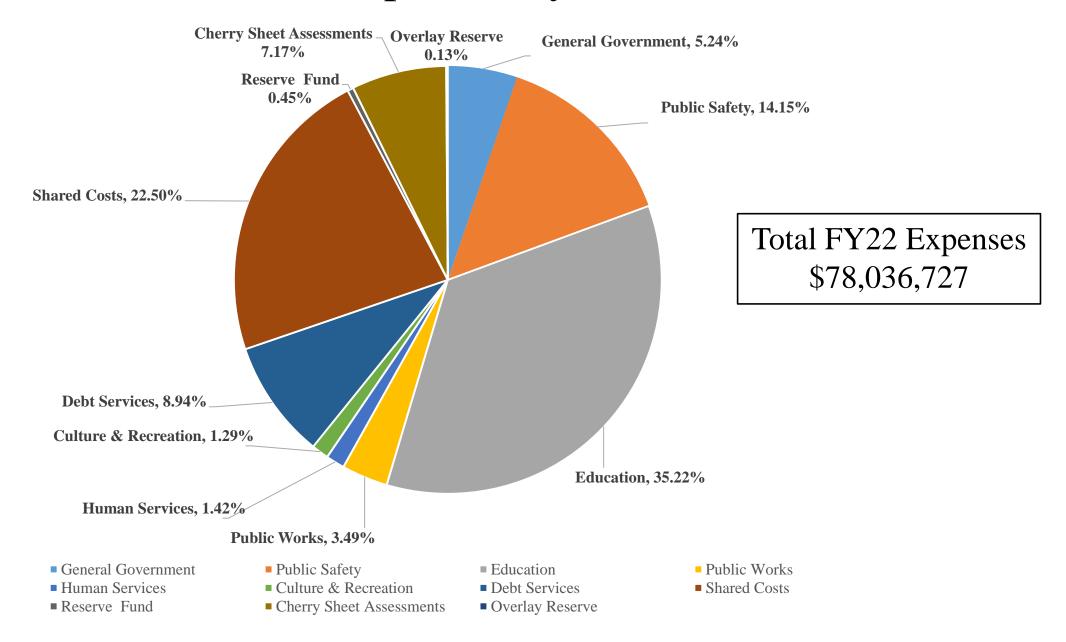
Debt Service

	FY 2021		FY 2022	\$ Increase	% Increase
	Budget	Pro	posed Budget	(Decrease)	(Decrease)
Non-Exempt - Existing	\$ 1,960,290	\$	1,508,743	\$ (451,547)	-23.03%
ST Pay downs/Future Borrowings	-		421,598	421,598	
Exempt	4,619,164		4,299,925	(319,239)	-6.91%
Interest on Temporary Debt	83,000		78,015	(4,985)	-6.01%
Funded Debt - Septic	29,700		19,485	(10,216)	-34.40%
Funded Debt - CPA	674,259		651,734	(22,525)	-3.34%
Total Debt Service	\$ 7,366,413	\$	6,979,500	\$ (386,913)	-5.25%

Total Expenses



Total Expenses by Function



FY 22 Capital Program/Budget

FY22 Capital Program

- A total of 16 items/projects were approved and forwarded for funding
 - (1) Infrastructure, (7) Transportation, (8) Equipment
- The following represents the funding profile for FY22 items/projects
 - Free Cash \$1,664,010
 - Waterways Fund \$200,000
 - Enterprise Retained Earnings \$1,002,500
- Total recommended FY22 Capital purchases is \$2,866,510
- Shift to pay-as-you go capital plan and utilization of reserves outside the operating budget; financing should be secured prior to spending not postponed we end up financing old equipment

Future Capital Considerations

- Initiative for a town/school energy performance contract
 - Savings used to support the cost of improvements
 - Frees up other funds for other capital needs
- Conduct review of proposed vehicle and equipment replacement
 - Maintenance vs. replacement full useful life

Enterprise Funds

Enterprise Funds - Sewer

		SEWER RE	VEN	IUES			
	Budget FY 2021		Proposed Budget FY2022		\$ Increase (Decrease)		% Increase (Decrease)
Revenues						(= 001 0000 0)	(= 00=00000)
Retained Earnings	\$	185,000	\$	50,000		(135,000)	-72.97%
Retained Earnings for Articles		30,000		,		(30,000)	100.00%
Sewer Enterprise Revenues		1,162,355		1,626,888		464,533	39.96%
Total Revenues	\$	1,377,355	\$	1,676,888	\$	299,533	21.75%
		SEWER EX	PEN	ISES			
E		DLWLIK 121	1 12 \	10120			
Expenditures Salaries & Wages	\$	197,680	\$	214,020	\$	16,340	8.27%
Expenses	Ψ	908,731	Ψ	1,264,553	Ψ	355,822	39.16%
General Fund Admin. Fees		140,944		148,315		7,371	5.23%
Total Operating Budget	\$	1,247,355	\$	1,626,888	\$	379,533	30.43%
Off Budget Expenditures							
Reserve Fund	\$	100,000	\$	50,000	\$	(50,000)	-50.00%
Total Off Budget Expenditures	\$	100,000	\$	50,000	\$	(50,000)	
General Articles							
ATM Articles		-		-		-	0.00%
STM Articles		30,000				(30,000)	
Total General Articles		30,000		-		(30,000)	
Grand Total Expenses	\$	1,377,355	\$	1,676,888	\$	299,533	21.75%

Enterprise Funds - ISWM

TCXXA	REVENUES	
12 00 01	KEVENUES	

	ISWM REVE	NUE	<u>S</u>		
	 Budget FY 2021	:	Proposed Budget FY2022	 \$ Increase (Decrease)	% Increase (Decrease)
Operating Revenues					
Retained Earnings	\$ 3,858,649	\$	365,000	\$ (3,493,649.00)	-90.54%
Facility Receipts	 11,680,771		12,045,188	 364,417	3.12%
Total Revenues	\$ 15,539,420	\$	12,410,188	\$ (3,129,232)	-20.14%
Use of Reserves					
Post Closure Reserves				-	
Retained Earnings for Articles	 760,000.00		-	 (760,000.00)	
Total Use of Reserves	760,000.00		-	(760,000.00)	
Grand Total Revenues	\$ 16,299,420	\$	12,410,188	\$ (3,889,232)	-23.86%
	ISWM EXPE	NSES	3		
Operating Expenditures					
Salaries & Wages	\$ 2,287,580.00	\$	2,230,751.00	\$ (56,829.00)	-2.48%
Expenses	9,489,844		6,349,500	(3,140,344)	-33.09%
General Fund Admin. Fees	2,261,996		2,329,937	67,941	3.00%
Host Community Fee	 900,000		900,000		0.00%
Total Expenditures	\$ 14,939,420	\$	11,810,188	\$ (3,129,232)	-20.95%
Off Budget Expenditures					
Reserve Fund	\$ 600,000	\$	600,000		0.00%
Total Off Budget Expenditures	\$ 600,000	\$	600,000	\$ -	0.00%
General Articles					
ATM Articles				-	
STM Articles	 760,000		-	(760,000)	
Total General Articles	760,000			 (760,000)	
Grand Total Expenses	\$ 16,299,420	\$	12,410,188	\$ (3,889,232)	-23.86%

A look ahead to the future

- Revision of financial policies to reflect current business/financial practices
- Maintain operating budgets within our means and structurally balanced
- Monitor expenditures and make sure budget is aligned accordingly
 - Continue to analyze places for internal savings for reinvestment
- Departmental goals, objectives and initiatives aligned to the Strategic Plan
- Establish a liaison committee to promote year-round visibility
- Implement structural changes to achieve the most efficient organization
- Pursue a town/school energy performance contract & other shared resources
- Sewer enterprise fund concerns and future rate impacts
- Assess, recover and reconstitute from effects of COVID-19

QUESTIONS?