

Town of Bourne

Finance Committee Report

for the

Annual Town Meeting and Special Town Meeting

May 2, 2022

at the Bourne High School Auditorium

7:00 PM

Finance Committee Members

Renee Gratis, Chair

Amanda Bongiovanni, Vice Chair

James Sullivan, Clerk

Katherine Jones

Thomas Joyce

Rich Lavoie

Kathleen Legacy

Arthur Wayne Sampson

William Towne

This report is based on information available to the Finance Committee as of April 4, 2022.

Since the Finance Committee will not be taking votes until after the publishing of this report, recommendations will appear in the voter handbook.

For record of roll call votes, please refer to the corresponding appendix within the voter handbook.

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Introduction

It is the Finance Committee's primary responsibility to advise Town Meeting on warrant articles and to give a report stating an opinion of agreement or concern regarding the proposed budgets, which include operating budgets and capital outlay. In addition, the Finance Committee often comments on general issues surrounding the budget.

This year the Finance Committee met independently with department heads to review department budgets beginning in February. While mask restrictions were lifted in the Town of Bourne in January 2022, the Finance Committee continued to utilize the Governor's Public Health COVID-19 guidelines and held meetings virtually via ZOOM. All meetings were attended by the Finance Director, Town Accountant, and the new Town Administrator and/or Acting Town Administrator, and each department head appeared before the Finance Committee to discuss their respective budgets.

There was turnover in the Town Administrator position during the budget and Annual/Special Town Meeting review; the Assistant Town Administrator was Acting Town Administrator until a new Town Administrator began in late February 2022, and the Assistant Town Administrator left mid-March 2022. This is a very difficult time for a Town Administrator to not only take a position but also have immediate supporting staff transition out of town, but there have been no hiccups in the Finance Committee's process.

The Finance Committee independently determined its support or opposition to any or all parts of the Selectmen's budget, and will communicate the Committee's recommendations to the Town Meeting. The Finance Committee also met with the groups, individuals, and committees that were either sponsors of or had a role in the proposed articles.

In addition to monitoring the economic impacts of COVID-19 (that should be ending soon), the Finance Committee will also be keeping an eye on the upcoming replacements of the Bourne Bridge and Sagamore Bridge, expected to begin within five years. And while there are no expected economic impacts from the Russian-Ukraine conflict that began in February 2022, fuel line items for FY23 were increased in March 2022 from the original budget proposed in January 2022 in anticipation of rising costs. Budgets will be monitored for other possible impacts.

The intention of this report is to provide voters a summary of the overall financial condition of the Town, and highlight what the Finance Committee sees as the fiscal issues facing the citizens of Bourne. This report also includes insight to the Sources and Uses, Free Cash Analysis, FY23 Capital Plan, and a Long Term Financial Plan.

This report is based on information available as of April 4, 2022.

Overview of FY23 Budget

To ensure Bourne is maintained on solid financial ground, the Finance Committee examined budgeted trends and compared the proposed increases in revenue to the increases in expenses. Monitoring increases in revenues, ensuring expenditures are kept in line, looking at the current use of Free Cash compared to prior years are all ways to ensure finances are within policy guidelines.

The Assistant Town Administrator, in the role of Acting Town Administrator, continued following the prior Town Administrator's approach to budgeting. For the second year in a row, the Operating Budget is balanced without the use of Free Cash. In addition, the Capital Stabilization Fund will continue to be used as Revenue to pay for debt service.

General Fund Revenues: FY23 Projected General Fund Revenue is expected to increase 1.46% to \$78,962,853.

Capital Stabilization: \$631,500 will be transferred from the Capital Stabilization Fund Reserves as revenue for Debt Service.

Grand Total of Revenues with the use of Capital Stabilization is \$79,594,353.

Expenditures: The Proposed General Fund Expenditures for the 2022 Annual Town Meeting are \$73,371,341.

Free Cash: For a second year in a row, Free Cash will not be used as a revenue source. This is a positive trend as the use of Free Cash to balance the budget should be avoided.

FY23 General Fund Revenue

The major categories of Revenue to the Town itemized in the Sources & Uses are as follows :

- Property Taxes – Based on Prior Year Levy Limit, 2.5% Allowance, Estimated New Growth, as includes Debt Exclusion, and Cape Cod Commission Tax

- State Aid – Based on the Preliminary FY23 Governor's Budget Proposal until FY23 Cherry Sheet is finalized

- Local Receipts – Excise Taxes, Marinas, Licenses & Permits, Investment Income

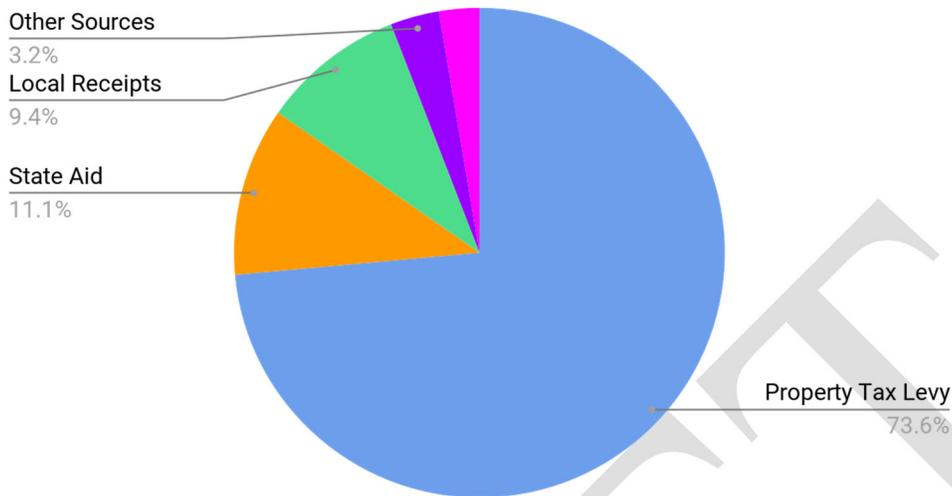
- Other Sources – ISWM & Sewer Administrative fees

- Special Revenue Funds – Conservation Commission, PL874 (Annual Federal Impact Aid Survey), Ambulance Fees, CPA Fund, Title 5 Loan Repayments, and Waterways Fund

For FY23 Total General Fund Revenue increased to \$78,962,853.

The Property Tax Levy continues to be the largest source of revenue, followed by State Aid and Local Receipts.

FY23 General Fund Revenue



Property Tax Levy: The Property Tax Levy for FY23 is estimated at \$52,038,832

Proposition 2 ½ Allowance is estimated to increase \$47,813 to \$1,300,970, (3.82%)

New Growth is estimated to decrease \$274,406 to \$385,000 (-41.61%)

Debt Exclusions is estimated to decrease \$96,302 to \$4,161,726 (-2.26%)

Cape Cod Commission Tax is estimated to increase \$5,145 to \$210,940 (2.50%)

State Aid: State Aid is an uncertain revenue source until the state finalizes their FY23 budget and releases the FY23 Cherry Sheet. For budgeting purposes, the amounts from the Preliminary FY23 Governor’s Budget Proposal have been used, and the total is a projected \$313,811 decrease from FY22 to \$8,791,405 (-3.45%). This total includes :

Chapter 70 total increase of \$51,510 to \$5,320,393 (0.98%), which is calculated using –

Cherry Sheet Assessments – \$165,305 decrease to \$5,181,035 (-3.09%)

Cherry Sheet Net Revenue – \$216,815 increase to \$139,358 (-279.92%)

Charter School Reimbursement – \$157,203 decrease to \$323,081 (-32.73%)

School Choice Receiving Tuition – \$249,082 decrease to \$559,642 (30.80%)

Unrestricted General Government Aid – \$43,000 increase to \$1,654,697 (2.70%)

Veterans Benefits – \$1,937 decrease to \$137,000 (-1.39%)

Exemptions: Vets, Blind & Surviving Spouse – \$2,351 decrease to \$91,133 (-2.51%)

State Owned Land – \$372 decrease to \$673,214 (-0.06%)

Public Libraries – \$2,124 increase to \$32,335 (7.03%)

Local Receipts: Overall revenue from Local Receipts is estimated at \$7,435,174 which is a \$19,580 increase over FY22 (0.26%), and the estimated increases FY23 include :

Rooms/Hotel Excise – \$150,000 increase to \$300,000 (100.00%)

Meals Excise – \$100,000 increase to \$400,000 (33.33%)

Marinas – \$100,000 increase to \$1,260,000 (8.62%)

The estimated decreases for FY23 are :

Investment Income – \$75,000 decrease to \$25,000 (-75.00%)

Non-Recurring – \$96,292 decrease to \$64,116 (-60.03%)

Motor Vehicle Excise – \$159,128 decrease to \$2,701,058 (-5.56%)

Other sources within Local Receipts are estimated to be level.

Other Sources: Revenue from other sources is estimated to be \$2,544,583, increasing \$66,331 over FY22 (2.68%).

ISWM General Fund Support – \$61,059 increase to \$2,390,996 (2.62%)

Sewer General Fund Support – \$5,272 increase to \$153,587 (3.55%)

Special Revenues: Special Revenues are estimated at \$2,094,223, a decrease of \$271,997 (-11.50%)

While the Conservation Commission and Waterways Fund are level funded, the other sources expected to decrease are :

PL 874 (Annual Federal Impact Aid Survey) – \$50,000 decrease to \$150,000 (-25.00%)

Ambulance Fees – \$25,000 decrease to \$1,300,000 (-1.89%)

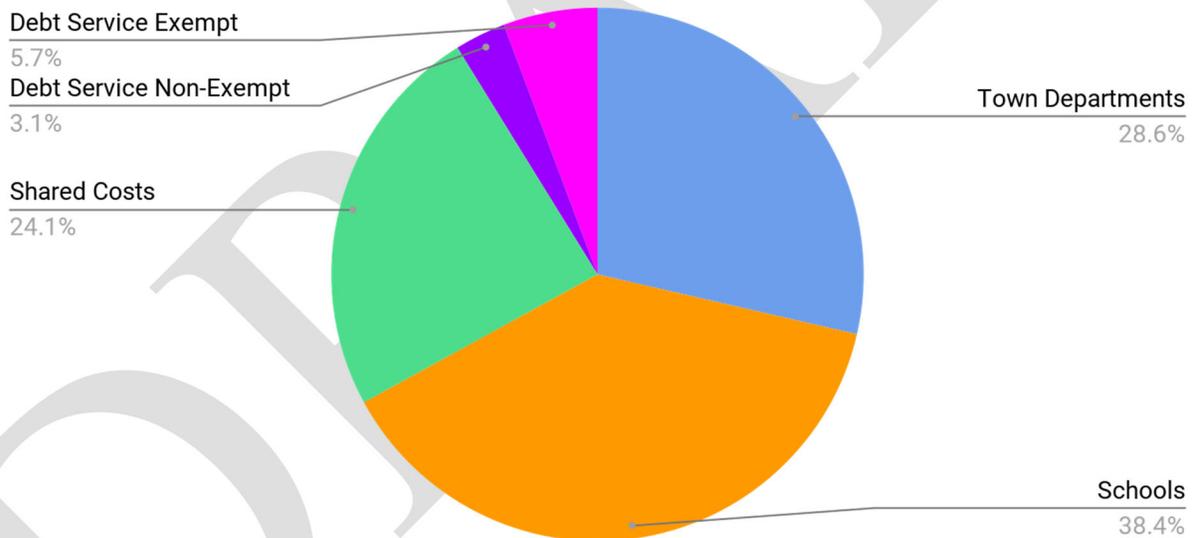
CPA Fund Debt Service – \$196,982 decrease to \$454,753 (-30.22%)

Title 5 Loan Repayments – \$15 decrease to \$19,470 (-0.08%)

FY23 General Fund Operating Budget

The General Fund Operating Budget of the Town (GBOB) includes Town Department Budgets, Schools, Shared Costs and Debt Service, and is budgeted for \$73,371,341. This is a 2.28% increase over FY22.

FY23 General Fund Operating Budget



The largest General Fund Operating Expenses of the Town are the Schools at 38.4%, the Town Departments at 28.6%, and Shared Costs at 24.1% Exempt Debt Service at 5.7% and Non-Exempt Debt Service at 3.1%.

GFOB - Town Department Services

Town Department Services comprise 28.6% of the total budget, and those include :

Administrative Services – Town Meeting, Selectmen, Town Administrator, Human Resources, Finance (Assessors, Treasurer/Collector, Accounting), Employment Services, Independent Audit, Legal, Management Info Systems, Town Clerk, Elections & Registration, Conservation Commission, Planning, Engineering, Board of Appeals, Facilities Management, Telephone, Postage and Copy Machine, Finance Committee, and the Buzzards Bay Action Committee

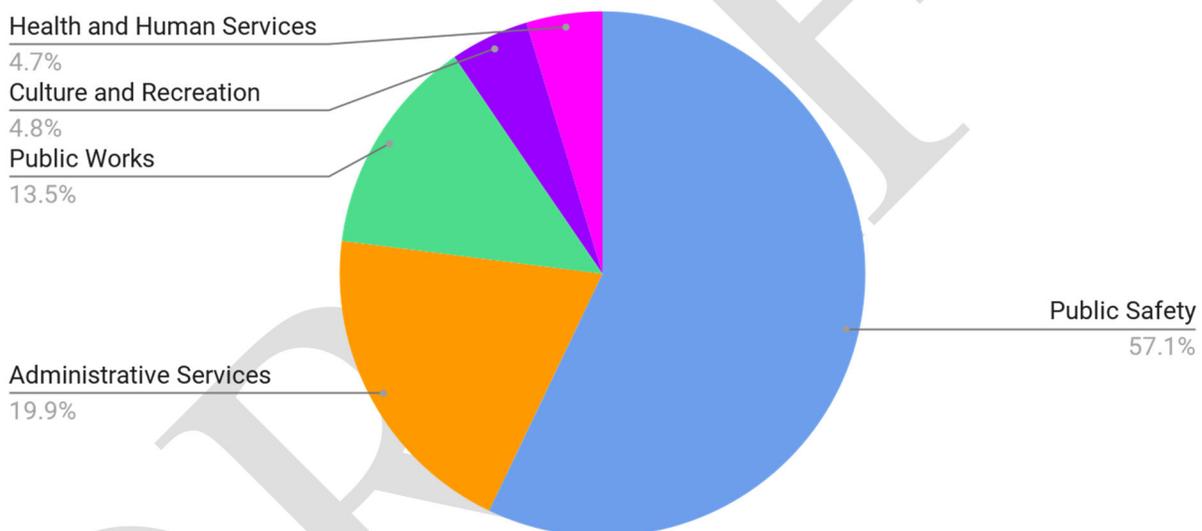
Public Safety – Police, EMS, Fire, Inspections, Emergency Preparedness, Natural Resources, and Gnat Fly Control

Public Works – DPW, Snow Removal, and Street & Traffic Lights

Human Services – Board of Health, Special Workshop Opportunity Program, Council on Aging, Veterans’ Services, Visiting Nurses of Cape Cod

Culture & Recreation – Library, Recreation, Historical Commission, and Archives Committee

FY23 Town Departments



Of all town departments, Public Safety is the largest at 57.1%, followed by Administrative Services at 19.9%, Public Works at 13.5%, Culture and Recreation at 4.8% and Health and Human Services at 4.7%. Salaries make up 77.31% of town department expenditures, and expenses are 22.69%.

FY23 salaries in Town Departments are \$16,222,339 which is an increase of \$638,091 increase over FY22. This increase is due to the addition of new positions, contractual increases, and an amount set aside in the Town Administrator’s budget for contracts that are in negotiations.

In FY22 funds were appropriated to create a Human Resources department, however as of the date of this report funds have not been expended and the position remains vacant. The budget is level-funded for FY23, as the position and department are still needed.

The Director of Police Services has reviewed the Police Department needs and determined the structure should be updated, as it has not evolved much over the past 40 years. After review it was suggested five positions should be added, but after negotiating with the Acting Town Administrator just one sergeant position was created for FY23. Additional positions will be requested for the department in future years. A School Resource Officer position was considered to be added for the Upper Cape Cod Vocational

Tech School, however that has been tabled until the terms of agreement can be negotiated.

It should be noted that Facilities Management also wanted to create additional positions, however it was decided the Facilities Director position should be filled before additional staffing positions are created. The Acting Town Administrator did adjust the Facilities Management budget to absorb the Memorial Community Building budget for the custodial position, which was previously under the Human Services budget. It is undetermined if this change will continue in future fiscal years.

The Conservation Commission had previously requested adding an Administrative Assistant to help with the workload, and the position is being added in FY23. MS4 Storm Water is being moved to the Engineering Department budget, since they have taken the lead, but Conservation will still provide support as needed.

The Finance Department saw a turnover in staff this past year, which allowed them to evaluate the structure. It was decided to eliminate an Account Clerk II position which was previously shared with the Assessor's office and Treasurer's/Collector's office. The position was no longer working efficiently within the department, especially with the increased utilization of online payments.

The estimated costs associated with the additional positions in the FY23 budget are detailed below, subject to agreement.

Additional Department Positions	Wages	FICA/ Benefits	Total
Police, Sergeant	\$96,027.00	\$28,629.61	\$124,656.61
Conservation, Admin Assistant	\$42,734.00	\$26,258.07	\$68,992.07
Finance, Account Clerk II	(\$40,623.00)	(\$26,164.13)	(66,787.13)
TOTAL FOR ALL POSITIONS	\$98,138.00	\$28,723.55	\$126,861.55

In addition to added positions in FY23, the Acting Town Administrator wanted to follow through with position reclassifications that had been discussed in previous years. After review, the new Town Administrator did not follow-through with one of the reclassifications. These reclassifications, listed in the chart on the next page, do not result in a change to the department full time employees, and are subject to agreement.

Position Reclassifications	Wages	Fringe Benefits	Total	Difference
Assistant Assessor (M5-3) to Data Collector (G4-3)	(\$75,069.00) \$47,009.00	(\$3,340.57) \$2,091.90	(\$78,409.57) \$49,100.90	 (\$29,308.67)
Building/Inspection Secretary II (A2-4) to Administrative Assistant (A3-1)	(\$41,537.00) \$42,741.00	(\$1,848.40) \$1,901.97	(\$43,385.40) \$44,642.97	 \$1,257.57
Health Inspector (A8-4) to Assistant Health Agent (M4-1)	(\$63,595.00) \$75,983.00	(\$2,829.98) \$3,381.24	(\$66,424.98) \$79,364.24	 \$12,939.26
Health Dept Secretary II (A2-4) to Administrative Assistant I (A3-1)	(\$41,537.00) \$42,741.00	(\$1,848.40) \$1,901.97	(\$43,385.40) \$44,642.97	 \$1,257.57
Information Technology Director (Contract) to Information Tech Manager (M5-3)	(\$98,052.48) \$75,071.43	(\$4,363.34) \$3,340.68	(\$102,415.82) \$78,412.11	 (\$24,003.71)
Information Tech Manager (M6-2) to Computer Network Technician (G6-3)	(\$88,939.00) \$49,383.81	(\$3,957.79) \$2,197.58	(\$92,896.79) \$51,581.39	 (\$41,315.40)
Outreach Coordinator (A6-9) to Assistant Council on Aging Director/Outreach Coordinator (M4-1)	(\$63,663.00) \$66,483.00	(\$2,833.00) \$2,958.49	(\$66,496.00) \$69,441.49	 \$2,945.49
TOTAL FOR RECLASSIFICATIONS	(\$72,980.24)	(\$3,247.65)	(\$76,227.89)	(\$76,227.89)

The total expenses in Town Departments is \$4,761,314, an increase of \$268,639 over FY22. While there were increases in some line items and decreases in other line items, the most significant change in town department expenses was moving the Memorial Community Building budget from Human Services budget to Facilities Management. Also, as mentioned in the summary, fuel budgets were increased 20% in March 2022 over the originally proposed FY23 in anticipation of rising oil costs.

GFOB - Education

Education is the largest component of the total budget at 38.4%, and FY23 is estimated to be \$28,200,984 which is a 2.45% increase over FY22.

Bourne School Department

The public schools are grade span schools :

- Bournedale Elementary - Pre-Kindergarten through 2nd Grade
- Bourne Intermediate School - 3rd Grade through 5th Grade
- Bourne Middle School - 6th Grade through 8th Grade
- Bourne High School - 9th Grade through 12th Grade

The Bourne School Department budget request for FY23 is \$24,938,159 which is a \$686,912 increase over FY22. While the actual budget for Bourne Schools is \$4,639,979 higher than the budgeted amount, there are budget offsets from :

- Federal/State Grants
- Revolving Funds (Transportation Fees and Athletic Fees)
- Military Mitigation
- School Choice Incoming Tuitions
- Special Education Circuit Breaker

These offsets reduce the budget paid by the General Fund because they are received by the School Department directly. Additionally, Chapter 70 State Aid is distributed to the Town for Bourne Public Schools. FY23 State Aid is estimated to be \$5,320,393.

Just as with the school year for 2020-2021, the current school year has been maneuvering the challenges associated with COVID-19, except this year the goal was to continue with sustained in-person learning.

Off Budget Expenses and Revenues for Bourne Students Education

Students from Bourne have the option to attend Charter Schools or a school in another town through School Choice, and these can create Off Budget Expenses. Similarly, students from other districts can choose to attend Bourne Public Schools.

These choices result in Receipts and Assessments for Charter Schools and School Choice that are outside of the school budget, however they are included in State Aid Revenue and State Aid Assessments on the Cherry Sheet. Because State Aid and assessments have not yet been finalized, budgeting is estimated based on the Preliminary FY23 Governor's Budget Proposal. These estimates are subject to change, resulting in an impact on the final FY23 budget. Funding education to be competitive with other public education alternatives available to students is important to maintain a positive balance.

In regards to School Choice, Bourne Public Schools receives less students into the district than it receives. For FY23 budgeting purposes it is estimated that the Bourne Schools will receive \$559,642 in School Choice Receiving Tuition, and \$906,870 is estimated to be paid by Bourne in School Choice Sending Tuition.

In regards to Charter Schools, Bourne saw a decrease in student enrollment which is unlike the trend from prior years. For FY23 budgeting purposes, Charter School Sending Tuition is estimated at \$2,383,140. Charter School Tuition State Aid Reimbursement to offset tuition is estimated at \$323,081. While Charter School Tuition State Aid Reimbursement is expected to be supplemented at a higher level, it is important to reiterate the FY23 Cherry Sheet has not been finalized and the final impact of Charter Schools on FY23 State Aid will remain to be seen.

Upper Cape Cod Regional Technical School

Upper Cape Cod Regional Technical School (UCT) provides important technical education for students in Bourne and surrounding communities, and is an excellent school that Bourne is proud to have. UCT assesses towns based on the number of Bourne students enrolled at Upper Cape Tech, the total number of students enrolled in the Town of Bourne, property values, per capita income, and State Aid. Any adjustments in student enrollment will create a major impact on the assessment to the Town.

The gross operating budget for UCT saw a 2.939% increase over FY22, totaling \$18,498,579. In FY23

total enrollment for UCT increased from 762 students to 772 students, however Bourne's enrollment remained the same as FY22 at 180 students. This puts Bourne's assessment at \$3,262,825, a decrease of \$11,847 (-0.36%) over FY22.

GFOB - Shared Costs

Shared Costs are town-wide expenses consolidated so as not to be considered the responsibility of any individual department. The total of these expenses makes up 24.1% of the operating budget. These items include :

- Public Utilities
- Other Post-Employment Benefits
- Unemployment Compensation
- FICA/Social Security
- Group Insurance
- Insurance (Worker's Compensation, Building, Liability, Automobile, and Athletic)
- Retirement for County, State, and Special Legislation
- LIUNA Pension Fund
- Medicaid Reimbursement Program

Public Utilities

Public Utilities are estimated to be \$1,566,607 in FY23, a 2.60% increase, and encompasses shared costs for electricity, natural gas, and water.

Electricity is estimated to be \$1,111,607, a decrease of -0.02%, and is offset by an estimated \$700,000 Energy Credit Revenue in Local Receipts. This brings the estimated net cost for electricity to the Town to about \$411,607. The solar energy contract implemented in FY16 has shown to be extremely beneficial in offsetting the rising costs of electricity.

Natural gas estimate for FY23 is level-funded at \$415,000. In FY22 natural gas was established as part of the shared costs for public utilities and combined all of the natural gas expenditures for Town and Bourne Public Schools into one shared cost account. The goal of combining costs was to improve contractual terms for natural gas and explore Energy Performance Contracts that fund Capital Projects with energy savings.

Water is estimated to be \$40,000, and is a new budget beginning in FY23. Budget lines from individual departments and the school have been consolidated into one shared cost for public utilities.

There has been an ongoing effort to centralize all utility billing into the shared costs budget, and has been supported by the department heads.

Other Post-Employment Benefits

Other (Than Pension) Post-Employment Benefits (OPEB) shared cost is budgeted at \$279,338, a 30.90% increase over FY22.

OPEB is a liability the state requires towns to fund on an annual basis. This pre-funding budget item provides future health, dental and life insurance benefits for retired town and school employees.

The Town established a financial policy in 2018 to pre-fund OPEB, and that calculation takes the prior year budgeted amount and adds 10% of the prior year's growth. This slowly increases the funding

needed to meet this liability when it comes time to pay out these required benefits. This policy limits impact on the operating budget and has no impact on the taxpayers, and is a practice that should be continued.

FY22's OPEB budgeted amount is \$213,397 and the prior year's actual new growth is \$659,406. 10% of the prior year's growth rounds off to \$65,941. To be in accordance with the OPEB financial policy : $\$213,397 + \$65,941 = \$279,338$

Unemployment Compensation

Unemployment Compensation is a placeholder budget for any unemployment claims that may come up, and is level-funded from FY22 at \$70,000. No significant claims are expected to be made.

FICA Expense

FICA Expense is a 1.45% Medicare match provided by the town. There is a 2.07% increase to align with the salaries, and is budgeted at \$541,000.

Group Insurance

Group Insurance includes health insurance, dental insurance, and life insurance for all town and school employees. The FY23 cost is budgeted at \$8,711,270, an increase of \$72,770 over FY22 (0.84%).

A 3% increase is expected for health insurance, and dental insurance and life insurance are expected to remain flat. Also note that there is a Retired Teachers Health Insurance assessment on the Cherry Sheet, which is estimated at \$1,142,630 for FY23.

County Retirement

Country Retirement is paid to the Barnstable County Retirement Association and covers most town employees, both current and accrued from prior years. The budgeted amount for FY23 is \$4,415,874, a 4.61% increase over FY22.

The rate is discounted when a single payment is made on July 1st, and the town will be saving \$76,900 for FY23.

State Retirement

State Retirement is budgeted for a single, non-contributory surviving spouse of a state employee, per MGL Chapter 32 Section 59A. It is level-funded at \$866.

Special Legislation Retirement

Special Legislation Retirement is budgeted for a single, non-contributory employee. Voters at the 2016 Annual Town Meeting approved disability retirement for a police officer injured in the line of duty. Each year this retirement is budgeted at a pay increase if the individual were still working. This is budgeted at \$72,215, a 2% increase, until contract negotiations are settled.

Insurance

Insurances for the town which includes :

- Worker's Compensation – Level-funded at \$400,000
- Building Insurance – Level-funded at \$682,874
- Liability Insurance – Increased \$50,000 to \$500,000 (11.11%)
- Automobile Insurance – Level-funded at \$160,000

Athletic Insurance – Level-funded at \$9,160

Exact numbers will not be known until year end, and costs could change depending on changes to wages, insurance claims, and additions of buildings and vehicles. For now, there is an estimated \$50,000 increase budgeted for FY23, totaling \$1,752,034.

LIUNA Pension Fund

LIUNA Pension Fund is for additional pensions for employees within the LIUNA union, and the town contributes a percentage. LIUNA has been working towards funding the pension obligation so there are no anticipated increases for FY23. FY23 is level-funded at \$300,000.

Medicaid Reimbursement Program

Medicaid Reimbursement Program is to cover the administrative costs directly associated with processing any school Medicaid reimbursements. FY23 is level-funded at \$300,000.

GFOB - Debt Service

Debt Service has two categories of obligations :

Non-Excluded Debt is ongoing Capital Outlay borrowing, paid within Proposition 2 ½ limits

Excluded Debt is major projects excluded from Proposition 2 ½ limits

Non-Excluded Debt Service of \$2,274,380 is a \$282,695 decrease over FY22 (-11.06%). The town’s financial policy is to maintain Non-Exempt Debt Service between 3-5%, and FY23 is 3.10% of GFOB and is within current financial policy.

Excluded Debt Service includes the Bournedale School, the DPW Facility, the Bourne Intermediate School and the Police Facility. FY23 is budgeted for \$4,201,120, a \$98,805 decrease over FY22 (-2.3%).

Based on the Long-Term Debt Schedule provided to the Finance Committee :

Excluded Debt Service FY23		
Permanent Bonding Principal and Interest		Est Final Payment
Bourne Veteran's Memorial Community Center	\$159,580	FY23
Bournedale Elementary School	\$615,574	FY32
DPW Public Works Building	\$497,862	FY39
Bourne Intermediate School Building	\$1,486,281	FY39
Police Station	\$1,367,858	FY40
Total Permanent Bonding Principal and Interest	\$4,127,155	
Temporary Bonding - Interest Only	\$73,965	
Total Excluded Debt Service FY23	\$4,201,120	

Overall debt and debt service ratios continue to be a concern for bond rating agencies, and the Town Administrator and Finance Director are looking for ways to reduce the Town's debt to improve the Town's bond rating.

Off Budget Expenditures

Off-Budget Expenditures show an estimated decrease of -5.81% to \$5,873,012 in FY23, and are made up of Cherry Sheet Assessments, Cherry Sheet Offsets, and Overlay Reserve.

Cherry Sheet Assessments and Offsets

These items consist of the Cherry Sheet Assessments that reduce the amount of State Aid received by the Town and Cherry Sheet Offsets that go directly to Bourne Public Schools or the Jonathan Bourne Public Library.

The Cherry Sheet Assessments for Bourne include :

- County Tax
- Retired Teachers Health Insurance
- Mosquito Control Projects
- Air Pollution Districts
- RMV Non-Renewal Surcharge
- Massachusetts Bay Transportation Authority
- Regional Transportation
- School Choice Sending Tuitions
- Charter School Sending Tuitions

Cherry Sheet Assessments and Offsets are based on the Preliminary FY23 Governor's Budget Proposal until FY23 Cherry Sheet is finalized. These budgets are subject to increase or decrease.

Overlay Reserve

Overlay Reserve is a reserve fund that covers tax abatements, and is maintained at the level recommended by the Assessor.

To be consistent with prior Finance Committee reports, all reserve accounts are in one section, and a full description can be found within the Reserves and Fiscal Policy section, specifically on page 16.

Reserves and Fiscal Policy

Bourne's fiscal policies are well documented and continue to guide the Town for several years. While the numbers seem large, they are within the policy level. Reserves are a mechanism to set aside funds to meet future financial obligations, including expenses that arise unexpectedly. If financing these accounts was not maintained, they could be depleted within 2-3 years. With continued monitoring, Reserves help sustain Bourne. For example, when the use of Free Cash is used to balance the budget, this is a possible signal of possible financial instability. The Acting Town Administrator continued the prior Town Administrator's practice of not utilizing Free Cash to subsidize the budget, and this puts Bourne in a much better financial position.

The recent Financial Management Policies & Guidelines is dated 2018 and does not include all reserve accounts. For the purpose of transparency all reserve accounts will be listed, and the accounts included in the Financial Management Policies & Guidelines will have their "*documented policies italicized under the headers of each fund and in quotes for visibility.*"

Bourne's reserve accounts and policies are categorized as follows :

- Stabilization Fund
- Capital Stabilization Fund
- ISWM Stabilization Fund
- Employer Health Insurance Trust Fund
- Overlay Reserve
- Reserve Fund
- OPEB Trust Fund
- Climate Resiliency & Infrastructure Stabilization Fund
- Special Education Reserve Fund
- Free Cash Reserves

Stabilization Fund

"To maintain a long term Stabilization Fund for unforeseen emergency expenses and capital projects in accordance with Mass. General Laws Chapter 40 Section 58. To maintain a Stabilization Fund balance of at least 6% of the General Fund Operating Budget. The Town may appropriate funds from the Stabilization Fund for any lawful purpose with a two-thirds vote of Town Meeting."

Per the policy, FY22 6% GFOB is \$4,304,135

The Stabilization Fund balance was certified at \$4,472,719 as of July 1, 2021.

This puts the Stabilization Fund \$468,585 (1.04%) over policy.

Since the FY23 6% GFOB is \$4,413,068, no contribution is required to meet policy in FY23. However, Article 10 of the annual town meeting will transfer \$100,000 from Free Cash to the Stabilization Fund, which will bring the total to \$4,572,719.

The Stabilization Fund is above policy.

Capital Stabilization Fund

"To maintain a Capital Stabilization Fund for large capital items and to support the annual capital plan. Once the Stabilization Fund reaches 6% of the General Fund Operating Budget funds may be accumulated in the Capital Stabilization Fund."

As of November 30, 2021, the balance in the Capital Stabilization account was \$3,343,995.

Article 2 of the annual 2022 town meeting will utilize \$631,500 of Capital Stabilization to support debt service.

Article 11 of the annual 2022 town meeting will transfer \$428,000 from Free Cash to the Capital Stabilization.

The goal is to maintain 3-5 years of debt service payments in the fund. Five years of future debt service is \$2,500,638. If approved, two annual town articles listed above will bring the balance of the Capital Stabilization Fund to \$3,140,495.

The Stabilization Fund is within policy.

ISWM Stabilization Fund

“Funds set aside to cushion the impact on the Operating Budget after the landfill closes.”

While the policy seems simple it is very straight forward, there is currently no specified guideline for providing or maintaining funds.

As of November 30, 2021, the balance in the ISWM Stabilization Fund was \$533,997.

Employer Health Insurance Trust Fund

“It shall be the policy of the Town of Bourne to hold a reserve in the Health and Dental dedicated fund an amount to be less than four (4) months of average costs of Health and Dental assessments including all administrative fees. Additionally, at no time shall the fund hold less than one million six hundred thousand dollars (\$1,600,000) in reserves at the close of any fiscal year. The Town Administrator shall report the status of the Trust Fund to the Board of Selectman in February of each year and make the necessary adjustments in conjunction with the Town Finance Director. Should an appropriation be necessary, the Town Administrator shall bring forth an article for a Special or Annual Town Meeting for approval by the Board of Selectmen.”

As of February 28, 2022 the balance in the Employer Health Insurance Trust fund was \$7,462,130.

Employees contribution is \$2,066,985 and the town’s contribution is \$5,395,235.

The Insurance Trust Fund is within policy.

Overlay Reserve

“To establish an annual Overlay Reserve for abatements and exemptions at an appropriate level based on an analysis of historical data and specific circumstances such as a property revaluation project. The Board of Assessors will recommend annually in December the amount required to be kept in the Overlay Reserve for next Fiscal Year.”

As of November 30, 2021 the balance in the Overlay Reserve Fund was \$1,241,493.

The recommended funding for FY22 is \$100,000, an increase of \$50,000 over FY21 (100.00%).

The Overlay Reserve Fund is within policy.

Reserve Fund

“To budget an annual Reserve Fund under the authority of the Finance Committee for unexpected and unforeseen budget needs of at least 0.5% of the General Fund Operating Budget”

Last year’s Finance Committee’s report stated :

“Funding of the Reserve fund under Article 1 is slightly less than the funding required in the current Financial Policy. However, the Town Administrator has recommended a change in policy as a Reserve Fund in excess of \$350,000 should not be needed. The Finance Committee has concurred with this recommendation. Financial policy discussion on the policy to maintain the Reserve Fund at 0.5% of the General Fund Operating Budget is planned.”

This discussion did not take place during FY22; however the Finance Committee will bring this discussion to the new Town Administrator in FY23.

To stay consistent with the prior Town Administrator's recommendation, FY23 is level-funded at \$350,000. If the Reserve Fund were to be funded at the policy's 0.50% of GFOB, the budgeted amount would have been \$366,967, a difference of \$16,967.

While the Reserve Fund is not within policy stated policy, the Finance Committee is comfortable with the recommended amount.

OPEB Trust Fund

"To maintain an OPEB Trust Fund to accumulate funds for Other than Pension Post-employment benefits. The long term goal for the Trust Fund is to fully fund the OPEB Liability."

In accordance with the stated financial policy, \$805,000 was added to the fund at the fall 2021 special town meeting. As of November 30, 2021, the OPEB Trust Fund was funded at \$6,709,483.

Based on the analysis of **Segal Consulting**, the total 30-year OPEB liability as of June 30, 2021 was **\$\$\$ and xx.xx%** of the liability was funded. This liability is sensitive to both future interest rates and future health insurance costs.

Bond rating evaluations have noted the OPEB liability and the plans for addressing this liability are important for improving the bond rating of the Town. It is good to note that significant progress has been made since its implementation.

The OPEB Trust Fund is within policy.

Climate Resiliency & Infrastructure Stabilization Fund

The Climate Resiliency & Infrastructure Stabilization Fund was established by voters in Article 6 at the fall 2021 special town meeting. This fund supports planning to identify key climate-related hazards, vulnerabilities and strengths, as well as to develop future adaptation actions.

As of November 30, 2021, the balance in the Climate Resiliency & Infrastructure Stabilization Fund was \$150,000.

There is currently no financial policy for this fund.

Special Education Reserve Fund

The Special Education Reserve Fund is used to assist in providing funding for expenses related to the special education program at Bourne Public Schools.

As of November 30, 2021, the balance of the Special Education Reserve Fund was \$204,910. Article 13 of the annual 2022 town meeting will transfer \$150,000 from Free Cash to the Special Education Reserve Fund. This will bring the balance to \$354,910. When a student transfers unexpectedly into the district, the funds can quickly be depleted.

There is currently no financial policy for this fund.

Free Cash Reserves

“To have a certified Free Cash balance of at least 5% the current Fiscal Year General Fund Operating Budget at the beginning of each Fiscal Year. The Free Cash Balance will be maintained at 5% of the General Fund Operating Budget during the Fiscal Year.”

The calculation of Free Cash incorporates :

- Surplus revenue - Revenue collections in excess of estimated revenues
- Budget turn backs - Unexpended appropriations
- Prior year’s free cash - The fund balance from last June 30 that has not been appropriated for the current year’s budget or other expenditures
- Outstanding property taxes - Taxes collected from prior years or outstanding

Funds in the Free Cash reserves cannot be spent until certified, and once certified the funds are “free” because there are no restrictions on what they can be used for. The town can ask voters at Town Meeting to appropriate Free Cash for any purpose. However, it is important to remember that depleting Free Cash, especially to balance the annual budget, may suggest a community will face tighter financial constraints in the future. Free Cash should not supplement annual revenues, and a drawdown for this purpose might also have a negative impact on the town’s credit rating.

Free Cash Financial Policy:

In 2015 a new Free Cash policy was implemented, consisting of two parts :

1. The town is to maintain a Free Cash Balance at 5% of the General Fund Operating Budget (GFOB). The proposed GFOB for FY23 is \$73,371,341. To be within financial policy guidelines, the minimum Free Cash Balance expected to be certified as of July 1, 2022 is \$3,668,567.

The proposed FY23 budget maintains Free Cash at this policy.

2. To appropriate no more than 50% of the Free Cash balance that is in excess of the 5% policy as operating revenue to balance the budget.

Like in FY22, the proposed FY23 budget uses no Free Cash for the budget and maintains Free Cash at this policy.

Free Cash Analysis

According to the information provided by the Acting Town Administrator and the Finance Director, at the end of the prior fiscal year (June 30, 2021) actual revenues for FY21 came in \$740,426 over budget and break down as follows :

- New Growth Revenue - \$659,406. A \$289,406 increase over the \$370,000 budget
- State Aid Revenue - \$8,814,960. A \$90,911 decrease over the \$8,905,871 budget
- Local Receipts Revenue - \$7,634,385. A \$541,931 increase over the \$7,092,454 budget

The actual expenditures for the fiscal year were about \$2,749,448 lower than budgeted. This resulted in unspent budgets being turned back to Free Cash. While turn backs to Free Cash is a hotly debated topic, this trend is a welcome sight after facing the unknown financial impacts of COVID-19.

Mass DOR Certified Free Cash available to the Town as of July 1, 2021 at \$8,739,080, which was within policy and had an excess over policy of \$3,953,113.

At the end of each fiscal year, any appropriated funds that have not been spent are turned back to the general fund and certified as Free Cash, and projected revenues are reconciled with actual revenues. Just

like with FY22, no Free Cash will be used for the FY23 budget. Free Cash will continue to be monitored and discussion around its policy should be considered for the town's future financial stability.

Over FY22-FY23 it is anticipated that \$\$\$ of the Certified Free Cash will be used to cover expenses and \$\$\$ will be transferred to the Capital Stabilization Fund. After the proposed Special and Annual Town meeting expenditures from Free Cash, \$\$\$ is anticipated to remain in Free Cash.

The chart below, that continues onto the next page, shows both the actual Free Cash expended at the 2021 fall special town meeting and proposed Free Cash expenditures for the 2022 annual town meeting.

FREE CASH ANALYSIS						
\$73,393,416.00 = FY23 General Fund Operating Budget		Free Cash Expended & Proposed FY22-FY23	Free Cash Balance	% of FY23 GFOB	Excess over 5% of GFOB	Policy Allowance Free Cash for Budget
\$3,669,670.80 = 5% of GFOB						
CERTIFIED FREE CASH BALANCE 07/01/2021			\$8,739,080.00	12.2%	\$5,152,301.20	\$2,576,150.60
11/15/21	STM Article 1 Unpaid Bills	(\$2,688.45)	\$8,736,391.55	12.2%	\$5,149,612.75	\$2,574,806.38
11/15/21	STM Article 3 Capital Stabilization Fund	(\$310,000.00)	\$8,426,391.55	11.7%	\$4,839,612.75	\$2,419,806.38
11/15/21	STM Article 4 Special Education Reserve Fund	(\$150,000.00)	\$8,276,391.55	11.5%	\$4,689,612.75	\$2,344,806.38
11/15/21	STM Article 5 Other Post-Employment Liability	(\$515,000.00)	\$7,761,391.55	10.8%	\$4,174,612.75	\$2,087,306.38
11/15/21	STM Article 6 Climate Resiliency & Infrastructure Stabilization Fund	(\$150,000.00)	\$7,611,391.55	10.6%	\$4,024,612.75	\$2,012,306.38
11/15/21	STM Article 8 Investment Grade Energy Audit	(\$71,500.00)	\$7,539,891.55	10.5%	\$3,953,112.75	1,976,556.38
05/02/22	STM Article 1 - Proposed Unpaid Bills	(\$2,931.85)	\$7,536,959.70	10.5%	\$3,950,180.90	\$1,975,090.45
05/02/22	STM Article 3 - Proposed Funding for Old Bridge Road	(\$45,113.69)	\$7,491,846.01	10.4%	\$3,905,067.21	\$1,952,533.61
05/02/22	STM Article 4 - Proposed Funding for 229-239 Main Street	(\$50,000.00)	\$7,441,846.01	10.4%	\$3,855,067.21	\$1,927,533.61
05/02/22	ATM Article 1 - Proposed Consent Articles	(\$100,000.00)	\$7,341,846.01	10.2%	\$3,755,067.21	\$1,877,533.61
05/02/22	ATM Article 5 - Proposed Capital Expenditures	(\$1,905,300.00)	\$5,436,546.01	7.6%	\$1,849,767.21	\$924,883.61
<i>(continued to the next page...)</i>						

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05/02/22	ATM Article 10 - Proposed Stabilization Fund	(\$100,000.00)	\$5,336,546.01	7.4%	\$1,749,767.21	\$874,883.61
05/02/22	ATM Article 11 - Proposed Capital Stabilization Fund	(\$428,000.00)	\$4,908,546.01	6.8%	\$1,321,767.21	\$660,883.61
05/02/22	ATM Article 12 - Proposed Human Services Grant	(\$20,000.00)	\$4,888,546.01	6.8%	\$1,301,767.21	\$650,883.61
05/02/22	ATM Article 13 - Proposed Special Education Reserve Fund	(\$150,000.00)	\$4,738,546.01	6.6%	\$1,151,767.21	\$575,883.61
05/02/22	ATM Article 15 - Proposed COLA for Local Union 1717	(\$)	\$	%	\$	\$
05/02/22	ATM Article 16 - Proposed Wireless Electronic Voting System	(\$)	\$	%	\$	\$
	Total Used	(\$)				
Note:	This is a simple calculation of the possible increases/decreases to Free Cash, and does not include any year end adjustments done to certify Free Cash.					

Long Term Plan

The Long Term Plan, per the Town Charter, is included with the Town Administrator's budget message. It is important that the budget not only be considered in terms of the current year financial position, but with a long-term vision as well.

The Long Term Plan is in the corresponding appendix in the voter's handbook, and is based on estimated revenues and expenditures for this fiscal year, and projections of revenues and expenditures for the next four fiscal years. The projected reserves are shown within financial policy for guidelines FY23.

While the proposed budget and current service levels show there is no need for an override for at least five years, those projections could always change if economic conditions change. This is not expected to happen, and it is important to continue monitoring the Long Term Plan.

Summary

The Town of Bourne has greatly benefited from improved financial management in prior years. Last year the Human Resource Director and a Facilities Director were added back into the budget that had been previously cut in 2015–2016 . Both positions are still seen to be filled. The addition of an Interim Director of Police Services (until a Police Chief is hired) has seen increases in personnel training, and as well as bringing in a consultant to propose structural changes within the Police Department. Residents should expect to see more personnel requests from the Police Department in the future. The South Side Fire Station Committee was disbanded and reformed so the committee would report to the Board of Selectmen instead of the Town Administrator. The Fire Chief did state staffing and operations would need to be assessed once the new station was built, but that is not expected to be this coming year.

It is important for staffing requests that could not be added into the budget to be communicated to the Finance Committee, as it enables members to take measure of the town’s anticipated growth.

Mandated government operations and public safety were priorities for most of FY22, but society is closer to being completely open. Even with the COVID-19 mandates, the town has been able to serve residents.

The proposed FY23 budget is the result of thorough examination of our town’s priorities by town staff, as well as reviews by volunteers on boards and committees. This report isn’t just to inform residents of the financial standing of Bourne, but is also a way to express the pride Finance Committee members have in serving. Members have proven they can work as a committee while simultaneously expressing our individual ideas and opinions. The underlying objective of balancing budgets, prioritizing capital projects, and properly funding reserves is to ensure Bourne continues to move onwards and upwards. The budget is not just monetary values, it is about the people that live in Bourne, work in Bourne, and dedicate their time to serve Bourne.

Respectfully submitted,

The Finance Committee, Town of Bourne

Special Town Meeting Articles

Special Town Meeting Article 1

Unpaid Bills

This article transfers \$2,993.09 to fund the payment of bills that arrived after the close of the previous fiscal year.

UNPAID BILLS				
Department	Vendor	Amount	Funding Source	Purpose
Finance	Hobin & Hobin	\$1,262.25	Free Cash	XXX
Fire	Convenient MD	\$400.00	Free Cash	XXX
Fire	Convenient MD	\$270.00	Free Cash	XXX
Fire	Stryker	\$666.40	Free Cash	XXX
Fire	Stryker	\$333.20	Free Cash	XXX
ISWM	WB Mason	\$61.24	ISWM Retained Earnings	XXX
	Total	\$2,993.09		

Special Town Meeting Article 2

Integrated Solid Waste Management (ISWM) Enterprise Funds

This article transfers \$\$\$ from ISWM Enterprise Fund retained earnings to fund the amendment to Article 6 voted at the November 16, 2020 Special Town Meeting, specifically to fund development, installation and operational costs associated with a Pilot Leachate Treatment System to be installed at the ISWM Facility. This appropriation is to continue important ongoing work.

Special Town Meeting Article 3

Funding for Old Bridge Road

This article transfers \$45,113.69 from Free Cash to fund the amendment to Article 9 voted at the October 27, 2014 Special Town Meeting, specifically for repairing and replacing the roadway and retaining wall on Old Bridge Road in Buzzards Bay.

The project was approved but the work was never completed as the contract had never been signed, so the money remained set aside for this project. The contract was signed in August 2021 and the contractor began work in fall 2021, however the costs of the project have not been updated since the original quote. The funds requested in this article will cover the difference between the original quote and the current cost.

Special Town Meeting Article 4 Funding for 229-239 Main Street

This article appropriates \$50,000 from Free Cash for the purpose of assessing, monitoring, regulatory reporting, clean up and remediation in connection with 229-239 Main Street, pursuant to General Laws, Chapter 21E.

This is to create and file a Phase IV Assessment response to Mass DEP and to begin work on the identified remediation efforts. Once the Phase IV report is completed, we will understand the full scope of the project.

Special Town Meeting Article 5 Establish Bylaw for the Departmental Revolving Funds

This article will establish the proposed town bylaw to govern departmental revolving funds.

Specifically referencing Chapter 44, § 53E½ :

“A revolving fund shall be established pursuant to this section by by-law or ordinance. The by-law or ordinance shall specify for each fund: (1) the programs or activities for which the revolving fund may be expended; (2) the departmental receipts in connection with those programs or activities that shall be credited to the revolving fund; (3) the board, department or officer authorized to expend from such fund; and (4) any reporting or other requirements the city or town may impose.”

This statute was amended when the Municipal Modernization Act in 2016 was adopted, and required towns to establish a bylaw that specifies each revolving fund along with the required information. Bourne had continued its prior practice of annually reauthorizing by Town Meeting vote, without establishing a bylaw. Town counsel has deemed this to be a simple oversight error that should be corrected.

It should be noted that the warrant closed on March 17th and the Finance Committee was notified on March 30th of an additional article. As of April 4th, the proposed bylaw has not yet been drafted. While the bylaw should appear before the Bylaw Committee for approval before being brought to voters at Town Meeting, the new Town Administrator has requested both the Board of Selectmen and the Finance Committee to support this article if it is not approved by the Bylaw Committee. Though it has been explained by town counsel to be a straightforward article, one of the responsibilities of the Finance Committee is to ensure the checks and balances on all matters proposed to voters at Town Meeting have been met.

Annual Town Meeting Articles

Annual Town Meeting Articles 1

Consent Articles

Article 1 combines six housekeeping articles that are voted at each Annual Town Meeting into one article. This way only one vote is required instead of six separate votes.

1. Regular Required Authorizations :
 - a. Chapter 91 of the General Laws
 - b. Road Contracts
 - c. Grant Program Authorization
 - d. Contracts in Excess of Three Years
 - e. Authorize the Treasurer and Town Collector to enter into agreements with banking institutions
 - f. Authorize the Board of Selectmen to allocate funds received from Medicaid
2. Elected Official Salaries : Fixes the salaries and compensation of all elected officials to begin on July 1, 2022, for a total of \$64,079.00.
 - a. \$644.00 Town Moderator
 - b. \$14,280.00 Board of Selectmen Members - level-funded, 4 members @ \$3,570 each
 - c. \$4,590.00 Board of Selectmen Chair - level-funded
 - d. \$44,565.00 Town Clerk - increasing \$2,607.51
3. Chapter 90 : Appropriates funds received from Chapter 90 State Aid Highway
4. Reserve Fund : \$350,000 to fund the Finance Committee Reserve Fund. This Reserve Fund is appropriated annually, and further explanation can be found in the Reserves and Fiscal Policy section, specifically page 16.
5. Revolving Funds : Annual authorization of Revolving Funds. These funds were set up to receive program fees and to pay program expenses from those fees collected. Total funding proposed is \$590,000. For complete analysis please refer to the table within the article, but an overview of these include :
 - a. \$175,000.00 - Recreation Programs Fund
 - b. \$75,000.00 - Shellfish Propagation Fund
 - c. \$50,000.00 - Transportation Revolving Fund
 - d. \$20,000.00 - Public Library Book Fund
 - e. \$100,000.00 - Council on Aging (COA) Supportive Day/Bridging the Years
 - f. \$100,000.00 - COA Programs
 - g. \$10,000.00 - Community Building Rental Fund
 - h. \$60,000.00 - Tax Title Collection Fund
6. Accrued Contractual Compensated Absences : \$100,000 will be transferred from Free Cash to fund costs related to the payment of contractual obligations for compensated absences when certain employees retire.

Annual Town Meeting Article 2 FY23 General Fund Operating Budget

The General Fund Operating Budget of the Town (GBOB) includes Town Department Budgets, Schools, Shared Costs and Debt Service, and is budgeted for \$73,371,341. This is a 2.28% increase over FY22.

For a complete analysis, please refer to FY23 General Fund Operating Budget on page **6**.

Annual Town Meeting Article 3 Sewer Department Budget

Article 3 funds the sewage collection and disposal system servicing Buzzards Bay. User fees are collected for the Sewer Enterprise Fund that pay system expenses on the sewer system.

Revenues

Revenues are estimated at \$1,488,138, a \$8,700 increase over FY22 (0.59%) and include:

- Retained Earnings – \$24,000, increase of \$24,000 (48.00%)
- Sewer Enterprise Revenues – \$1,414,138, decrease of \$15,300 (-1.07%)

Expenditures

The proposed Sewer Department operating budget of \$1,488,138 is a \$8,700 increase over FY22 (0.61%) and includes :

- Salaries and Wages – decreased \$24,579 to \$189,441 (-11.48%)
- Expenses – increased \$28,007 to \$1,095,110 (2.62%)
- General Fund Administration Fees – increased \$5,272 to \$153,587 (3.55%)

Salaries and wages will have a slight increase in FY23, but it should be noted the department is less a part-time administrative secretary, and the overtime wages were increased to bring the budget closer to actual expenditures seen in FY21 and FY22.

The new Town Administrator proposed an electricity increase for when the new wastewater facility comes online, and the Board of Sewer Commissioners decided to offset that cost by increasing the use of Retained Earnings. In the original proposed budget, the use of Retained Earnings was level-funded over FY22. The new Town Administrator plans to get Sewer's electricity locked into the contract, as well as analyze actual invoices received and assess expenses to ensure charges are correctly categorized.

Last year's Finance Committee report noted one of the impacts on the sewer rates this year has been the delay in the Calamar project in Buzzards Bay that should bring. There have been more delays with the project, but the facility is expected to open in September 2022. This project will bring 122 senior housing units and will bring an estimated annual revenue of about \$140,000 to the Sewer Enterprise Fund. Because the building will not be occupied until September 2022, next year's actual revenue will be lower and not the full amount.

The Sewer Commissioners have had discussions to develop a policy around Sewer Retained Earnings, but nothing has been finalized or approved.

Annual Town Meeting Article 4

ISWM Budget

The Integrated Solid Waste Management (ISWM) operation is a regional landfill and transfer center. Fees charged to pay expenses are put into the ISWM Enterprise Fund. ISWM pays for the curbside pickup and disposal of household trash, curbside recycling collection, the cost of the recycling center at the landfill, and disposal of hazardous materials and waste generated by our DPW. Additionally, ISWM pays Bourne a Host Community Fee based on the tonnage flowing through the gate.

Under the Covanta contract, ISWM business continues to be stable. The proposed operating budget increased \$312,855 to \$12,663,043 (2.53%).

Revenues

Revenues are estimated at \$13,263,043 a \$312,855 increase over FY22 (2.42%).

Retained Earnings will not be used in FY23, whereas \$365,000 was used in FY22

Facility Receipts – Increased \$677,855 to \$13,263,043 (5.42%)

Expenditures

The proposed ISWM operating budget of \$113,263,043 is a \$312,855 increase over FY22 (2.53%) and includes :

Salaries and Wages – increased \$3,386 to \$2,234,137 (0.15%)

Expenses – increased \$248,410 to \$7,137,910 (3.61%)

General Fund Administration Fees – increased \$61,059 to \$2,390,996 (2.62%)

Host Community Fee – level-funded at \$900,000

The Reserve Fund is considered an Off-Budget Expenditure, and that being level-funded at \$600,000.

The largest decrease in ISWM expenses in FY23, like in FY22, is related to ISWM debt. At the fall 2021 special town meeting, \$365,000 was paid off to reduce the outstanding balance on ISWM's debt and lessened future debt service expenses. Also like in FY22, the largest increase was \$250,000 in Other Contracted Services, which relates to leachate disposal. Expenses related to leachate are expected to continue to increase as they continue to develop different procedures to fine-tune the leachate for disposal.

For the past five years, the staff at ISWM has continued to work towards extending the life of the landfill operation. They are in the final stages of the permitting process to extend the life of the landfill, and held a successful public hearing in March 2022 where the Board of Health approved the presented plans for expansion.

Annual Town Meeting Article 5 Capital Expenditures

According to our Fiscal Policy, the town is required to establish and maintain a five-year capital improvements plan, as well as develop capital financing strategies consistent with established fiscal policies. The Capital Outlay Committee reviews the town's proposed capital improvements and helps assess the capital plan for not only the current fiscal year but the next five years as well.

Total FY23 Capital Requests = \$17,857,601

Total FY23 Capital Requests recommended for the Annual Town Meeting = \$4,509,101

Funding sources for these capital requests are as follows :

Total Free Cash utilized is \$1,905,300

Total Waterways Fund utilized is \$200,000

General Debt utilized is \$450,000

Total ISWM Retained Earnings utilized is \$1,808,130

Other Funding utilized \$95,671

Please refer to the corresponding appendices in the voter handbook for the FY23 Capital Outlay Plan and the Five-Year Capital Plan.

Annual Town Meeting Article 6 Reports and Recommendations

This article allows for Reports and Recommendations to be presented by representatives of committees and town officers. **As of April 4, 2022, no committees or town officers have informed the new Town Administrator of a report to be submitted to town meeting.**

Annual Town Meeting Article 7 Close Out Transfers

This article allows unused funds approved at prior town meetings to be returned to the funding sources they were previously transferred. The purposes for which these funds were originally voted have been completed and these funds are no longer needed.

As of April 4, 2022, there are no expected close out transfers, except a possible CPA project.

Annual Town Meeting Article 8 Community Preservation Act

At the April 2005 election Bourne voters adopted the Community Preservation Act (CPA). This replaced the Open Space Act and allowed the town to receive matching state funds based on a 3% tax levy surcharge. The provisions of the CPA created a Community Preservation Committee, and annually allows funds to be allocated for open space, historic preservation, affordable housing, and recreation.

A complete list of proposed projects can be found in Article 8 of the voter handbook.

The CPA estimated revenue for FY23 is \$1,921,899.

Annual Town Meeting Article 9 Community Preservation Act Operating Expenses

This article funds the operating expenses of the Community Preservation Committee for \$75,000 from Free Cash, which is the same as voted at the 2021 annual town meeting. CPA allows up to 5%, which would be \$83,000, however the Chair of the committee believes \$75,000 is sufficient.

Annual Town Meeting Article 10 Stabilization Fund

This article transfers \$100,000 from Free Cash into the Stabilization Fund.

To be consistent with prior Finance Committee reports, all reserve accounts are in one section, and a full description can be found within the Reserves and Fiscal Policy section, specifically on page 15.

Annual Town Meeting Article 11 Capital Stabilization Fund

This article transfers \$428,000 from Free Cash into the Capital Stabilization Fund.

To be consistent with prior Finance Committee reports, all reserve accounts are in one section, and a full description can be found within the Reserves and Fiscal Policy section, specifically on page 15.

Annual Town Meeting Article 12 Human Services Grant

The Human Services Grant supports funding provided to the Human Services Committee. This used to be an expense line item within the annual budget, however it was removed in the prior fiscal year by the prior Town Administrator because this was not in compliance with Mass DOR regulations. To ensure funding to the Human Services Committee, the prior Town Administrator created a Human Services Grant program.

Article 12 of the 2022 annual town meeting will transfer \$20,000 from Free Cash into the Human Services Grant. Since the fund is spent in its entirety every year, this will bring the fund to \$20,000 and no balance is expected to carry over.

Annual Town Meeting Article 13 Special Education Reserve Fund

This article transfers \$150,000 from Free Cash into the Special Education Reserve Fund.

To be consistent with prior Finance Committee reports, all reserve accounts are in one section, and a full description can be found within the Reserves and Fiscal Policy section, specifically on page 17.

Annual Town Meeting Article 14A Energy Savings Performance Contract

This article has been withdrawn, and is expected to be brought back in the fall for a Special Town Meeting.

Annual Town Meeting Article 14B Finance Agreement Relating to Article 14A

This article has been withdrawn, and is expected to be brought back in the fall for a Special Town Meeting.

Annual Town Meeting Article 15 COLA for Local Union 1717 Firefighters

This article appropriates \$\$\$ from Free Cash to provide for wage, salary and other contractual adjustments for town employees following an agreement between Local Union 1717, International Association of Fire Fighters and the Town of Bourne.

The firefighters have been working outside of their contract for FY22. Because of that they have not received their COLA increase, estimated at 2%, this will be a retroactive payment back to July 1, 2021 and will also cover through June 30, 2022. This will not be processed until the Collective Bargaining Agreement has been finalized with the Union. Any funds leftover will be returned back for future appropriation.

Annual Town Meeting Article 16 Wireless Electronic Voting System

This article appropriates \$\$\$ from Free Cash to implement a secure wireless electronic voting system configuration for registered voters to use at annual and/or special town meetings. This cost includes handheld devices, software, hardware, training for all persons involved in conducting town meetings, and voter education. This also includes the cost of necessary supplies, equipment and personnel to operate the system at the town meetings.

Annual Town Meeting Article 17 Establish Shellfish Mitigation Fund

This article authorizes the Board of Selectmen to seek special legislation allowing the town to establish a Shellfish Mitigation Fund. Mitigation payments are paid to the Bourne Conservation Commission to offset environmental projects, and this will allow those monies to be deposited and held in a separate fund to be used exclusively for shellfish resource enhancements, shellfish habitats or capital improvements specific towards the propagation of shellfish.

Annual Town Meeting Article 18

Bylaw Amendment of Temporary Repairs of Private Ways, Section 3.1.28

This article will amend the Town of Bourne Bylaws, Article 3.1 Public Safety and Good Order, Section 3.1.28 – Temporary Repairs of Private Ways. The current section will be deleted and replaced with the proposed language in the article. The purpose of this bylaw is to clearly define how temporary repairs to private ways will be made. It is key to note these pertain to private ways that have not been accepted by the Town but have been continuously open to public use for six years and which will remain open to public use. Private ways posted as restricted in use to only owners and/or their guests will not be maintained under this bylaw.

This bylaw also defines :

- A. Owners Responsible for Private Ways
- B. Emergency Temporary Repairs
- C. Temporary Repairs
- D. Scope of Authorized Temporary Repairs
- E. Liability of the Town

Annual Town Meeting Article 19

Establish Revolving Fund for Adult Education and Continuing Education Programs

This article will establish a revolving fund for adult education and continuing education programs at Bourne Public Schools, as within the provisions of MGL Chapter 71, Section 71E.

Once the fund is created, it will become part of the annual consent article.