

# **Town of Bourne**

## **Finance Committee Report**

for the

### **Annual Town Meeting**

**May 6, 2019**

7:00 P.M. at the Bourne High School

#### Finance Committee Members

Mary Jane Mastrangelo, Chair  
Michele W. Ford, Co-Vice Chair  
Renee Gratis, Co-Vice Chair

Amanda Bongiovanni  
Judy Flynn  
Rich Lavoie  
Kathleen Legacy  
Brian Lemée

George Smith  
James Sullivan  
William Towne  
Robert Wheeler

*Based on Information Available to the Finance Committee as of  
April 11, 2019*

## **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, and this year is no exception.

This year the Board of Selectmen and Finance Committee met jointly with department heads to review department budgets. The Town Administrator, Finance Director and department heads appeared before the Finance Committee to discuss their budgets. 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 at the Town Meeting. The Finance Committee met with groups, individuals, and committees that are either sponsors of articles or whose activities have a financial impact on the Town.

This report is intended to give voters a summary of the overall financial condition of the Town with comments on what we see as the fiscal issues facing us today as well as in the future. It includes a discussion of following financial data: Sources and Uses, Free Cash Analysis, FY20 Capital Plan, and a Long-Term Financial Plan. This report is based on information available as of April 11, 2019.

## **Overview of FY20 Budget**

In a continued effort to keep the Town on a solid financial footing the Finance Committee has examined the budgeting trends and has compared the increase in revenue to the increase in expenses with the goal of keeping the increases in revenues and expenditures in line, looked at the use of free cash for the budget this year compared to last year, and reviewed whether the proposed budget is within financial policy guidelines.

**Revenues:** FY20 Projected General Fund Revenue is \$74,369,430

**Expenditures:** The Proposed Total General Fund Expenditures is \$75,469,430

**Free Cash:** The proposed FY20 General Fund Expenses exceed Revenues by \$1,100,000 and the Town will use \$1,100,000 of Free Cash as a Revenue to balance the budget. This is an 8.02% decrease in the use of Free Cash for the Operating Budget.

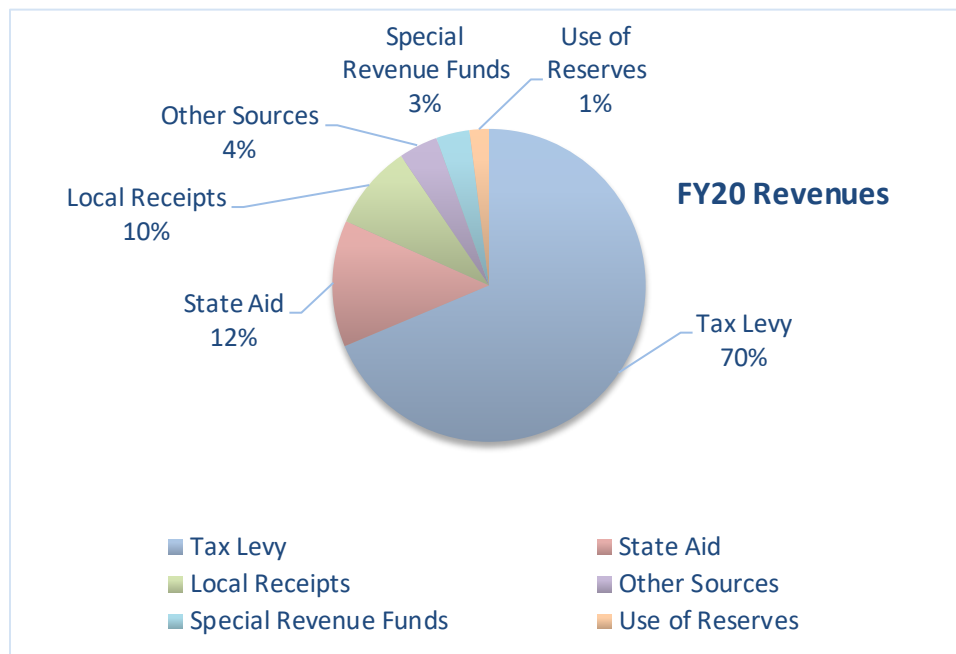
## **FY20 General Fund Revenues**

The major categories of Revenue to the Town are the Property Tax Levy, State Aid, Local Receipts (Excise Taxes, Marinas, Licenses and Permits), Other Sources (ISWM and Sewer administrative fees and the ISWM Host Community Fee), and Special Revenue Funds

(Ambulance, Waterways Fund, CPA Fund, and PL874). All of these sources of revenue are itemized in Sources & Uses in the Voter Handbook.

For FY20 Total General Fund Revenues increased 5.12% and Use of Reserves for the operating budget decreased. Overall Revenues including the use of Free Cash increased \$3,528,736 or 4.91%.

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



The FY20 Property Tax Levy will increase \$2,816,303 or 5.63%:

- The Proposition 2 ½ allowance increase is \$1,168,474.
- The Increase from New Growth (investments in property that increase the property valuation of the Town) is estimated at \$550,000.
- The Debt Exclusions Levy will increase \$1,050,038.

Most other Revenue sources are level funded or have small increases. Some notable increases in revenue are:

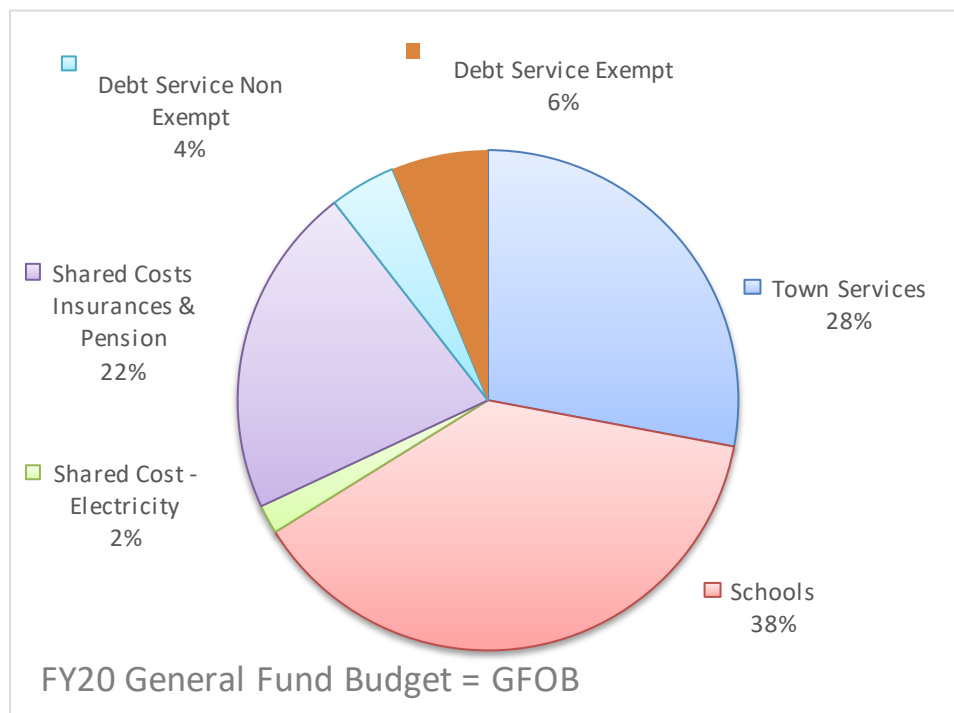
- Motor Vehicle Excise is estimated to increase \$365,000 based on prior history.
- Ambulance Fees used to support the budget will decrease \$175,000. These revenues that are used to support the budget were increased during transition from the SAFER grant staffing for 8 positions to 4 fully funded positions. The Ambulance Fund needs to be managed to support the

purchase of ambulances as well as the costs for Fire Department staff.

More details on General Fund Revenues are shown in Sources and Uses of Funds in the Voter Handbook

## FY20 General Fund Operating Budget (GFOB)

The largest General Fund Operating Expenses of the Town are the Town Departments at 28%, Schools at 38% and Shared Costs for Insurances and Pension at 22%. Other General Fund Expenses include Exempt Debt Service at 6%, Non-Exempt Debt Service at 4%, and Shared Costs for Electricity at 2%.

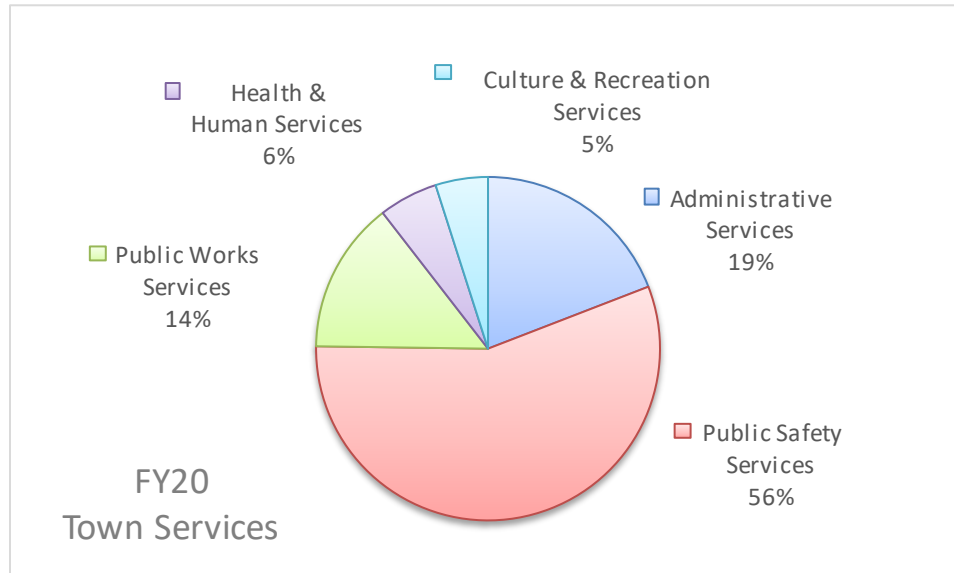


### Town Department Services

Town Department Services which are 28% of the total budget include:

- **Public Safety:** Police, Fire, Inspections, Emergency Preparedness and Natural Resources (DNR).
- **Administrative Services:** Selectmen, Town Administrator, Employment Services, Finance (Assessors, Collectors, Accounting, Treasurer), Audit, Legal, Town Clerk, Elections & Registration, Conservation, Planning, Engineering, Economic Development, Postage, Facilities, and miscellaneous committees.
- **Public Works:** DPW, Snow and Ice and Street & Traffic Lights.

- **Health & Human Services:** Board of Health, Council on Aging, Veterans Services, Memorial Community Building, Human Service Organizations.
- **Culture & Recreation:** Library, Recreation, Historical Commission, Archives Committee.



Public Safety is 56% of the Town Departments budget followed by Administrative Services at 19%, Public Works at 14%, Health and Human Services at 6% and Culture and Recreation at 5%.

Salaries in Town Departments increased \$313,191 which is a 2.2% increase. This increase includes contractual increases based on negotiated contracts with personnel the following small adjustments in personnel:

- One new administrative support position in the Inspections Department.
- Increases in hours for administrative support positions in the Health Department and the Town Clerk’s office.
- A three-month position for a new Building Inspector to shadow the current Building Inspector for three months before his retirement.
- An Economic Development staff person or a contracted services position for economic development.
- Increased hours of administrative support in the Town Clerk’s office for assistance with public records requests under the new law.

The critical need for some additional positions has been discussed. These include a Human Resource Director and a Facilities Director, but these positions are not included in the budget.

Expenses in Town Departments increased by \$270,663 which is a 6.5% increase. A variety of increases contributed to the total increase in expenses. Some worth noting are:

- The cost of dispatch by the County Sheriff's department has increased \$15,000 over the FY19 budgeted amount. For many years the Sheriff's department provided dispatch at no cost to the Town of Bourne based on an agreement when the jail was built in town. In recent years the Sheriff's Department has charged the Town of Bourne for this service. The Town continues to monitor the cost/benefit of using the Sheriff's Department for Fire Dispatch.
- The Fire department has increased supplies for the ongoing replacement of portable radios in the budget.
- There are increased costs in the Police Department for natural gas to heat the new facility and for supplies.
- Asphalt in the DPW is increased to allow for hot box road repairs instead of cold patch.
- DPW increased supplies for maintenance of tennis courts and playgrounds.

Of Note:

- The increase of the Snow and Ice budget to \$338,000 a few years ago has helped to reduce deficit spending in that line item. The Snow and Ice budget is level funded in FY20.

## **Education**

The Bourne School Department budget for FY20 is \$23,357,407 which is a \$789,864 increase or 3.5% over FY19. The Bourne School budget meets the minimum requirements for Foundation Budget and Net School Spending set by the State. The student enrollment in Bourne is steady and it is important to fund education to be competitive with other public education alternatives available to students including Charter Schools and School Choice.

The new Bourne Intermediate School will be opening this year. The major cost increase in the budget is the increase in transportation costs for moving to grade span schools. Bournedale Elementary will house grades Pre-K – 2, Bourne Intermediate School will house grades 3 – 5, the Bourne Middle School will house grades 6 – 8 and the Bourne High School will house grades 9 – 12.

There are a number of students who choose to attend Charter Schools, or use School Choice to either go to a school in a different Town or come to Bourne schools from a different Town. Receipts and Assessments for School Choice and Charter Schools are not in the School Budget but are included in State Aid Revenue and State Aid Assessments on the Cherry Sheet. State aid and assessments have not been finalized and for budgeting are estimated based on the Governor's FY20 Budget. These estimates are subject to change and could have an impact on the final budget.

Bourne currently maintains a positive balance on School Choice receiving more students into the district than it sends out. This year the Bourne Schools are estimated to receive \$992,742 in School Choice Receiving Tuition and will pay \$868,641 in School Choice Sending Tuition. The net School Choice Tuition is positive at \$124,101 which is a \$34,841 increase over last year.

There are a number of Bourne students who choose to attend Charter Schools. FY20 Charter School Sending Tuitions are estimated at \$2,547,916 which is an increased charge of \$196,638 over FY19. In addition, the Charter School Tuition Reimbursement for FY20 is estimated and \$290,271 which is \$56,222 less than FY19. As a result the net amount that Bourne will pay for Charter Schools tuitions after reimbursement is \$2,257,645 which is \$252,860 more than last year.

The Upper Cape Cod Regional Technical School's budget of \$14,946,980 is a 3.183% budget increase. The assessment to Bourne is \$2,808,720 which is \$174,549 lower than the FY19 assessment and represents an 5.85% decrease over last year. Of the 734 students attending UCT there are 157 students from Bourne which is a decrease of 18 students over last year. The assessment formula includes several factors including the number of Bourne students at Upper Cape Tech, the total number of students in the Town of Bourne, property values, per capita income and state aid.

Increases in education expenses continue to be low compared to other expenses. Our educational system is by many standards underfunded. We are challenged by our moral responsibility to provide a standard of education that provides our students the opportunity to compete in an ever more complex world market. Overall our school-age population is declining, while the unfunded state and federal mandates continue. The challenges posed by the demands to provide a high-quality education, meet performance expectations as measured by mandated test scores, keep pace with the changing demographics of our school age population, and do it all cost-effectively, are complex.

## **Shared Costs**

### ***Public Utilities – Electricity***

The Sources and Uses Public Utilities Shared Costs category is for the solar energy contract that was implemented in FY16. The estimated total cost of electricity has been reduced \$44,860 to \$1,255,140. These costs are offset by \$700,000 Energy Credit Revenue for an estimated net Electricity cost to the Town of about \$555,140. Given the rising cost of electricity this arrangement has been beneficial to the Town.

### ***Group Health Insurance***

The cost of Group Health Insurance is up \$342,267 or 4.25% over FY19. The Town self-insures for health insurance and our increases in group insurance have been lower than the

increases faced by many surrounding towns. The Town Administrator and Treasurer monitor the monthly expenditures, trust fund balances, and compare costs of our insurance plan with other available plans.

This budgetary item represents about 12.25% of the Town's budget. Both the increase in the budget and the percentage of the total General Fund Operating Budget are consistent with FY19. Long term trending projections on Group Health Insurance should be monitored as statewide projections indicate that the cost of Group Health Insurance is expected to increase and become a larger percentage of the budget over time.

The Group Health insurance line item includes the cost of group health insurance for active teachers and town employees as well as retired town employees. The cost of health insurance for retired teachers is an assessment on the Cherry Sheet that reduces state aid received by the Town. The cost of insurance for retired teachers is estimated at \$1,175,986 which is an increase of \$22,411 over FY19.

### ***OPEB***

Other (than Pension) Post-Employment Benefits (OPEB) is a liability that the Town needs to fund on an annual basis in order to provide for the future health insurance costs for retired employees. At the end of FY18 the Town had set aside \$1,868,590 in a Trust Fund for this purpose. In accordance with Financial Policy, the Town added \$541,601 to the fund at the Special Town Meeting in the fall.

The FY19 Shared Cost budget also includes \$110,199 to fund the liability in accordance with the Financial Policy of funding the prior year OPEB budgeted amount of \$50,000 plus \$60,199 which is 10% of the prior year's actual new growth. The issue of OPEB funding has been noted in recent Bond rating evaluations and it is important to meet the policy.

There will also be warrant articles proposed at the Fall Special Town meeting for additional funding for the ISWM OPEB liability, for the Sewer Enterprise OPEB liability and for 10% of Excess Free Cash to fund the Town's OPEB Liability. This is an area that the Town needs to continue to address in the future.

### **Debt Service**

The Town has two types of debt Service obligations: Non-excluded Debt and Excluded Debt.

Non-Excluded Debt is the debt service on ongoing Capital Outlay borrowing. The non-excluded debt service of \$2,918,639 a 3.37% increase over FY19. The Town strives to maintain this at a consistent 3 – 5% of the budget in accordance with Financial Policy. Non excluded debt for FY20 is 4.26% of GFOB and is within policy.



Excluded Debt Service is the debt service that has been excluded from Proposition 2 ½ for major projects including: the Bournedale School, the DPW Facility, the replacement of Peebles School with the new Bourne Intermediate School and the new Police Facility. The \$999,852 increase in Excluded Debt Service expense is a 30.5% increase over last year. It is offset by the increase in revenue from the debt exclusion tax levy. This line item has increased over the last few years for the permanent bonding for the Police and replacement of Peebles School.

<b>Excluded Debt Service FY20</b>		Estimated
		Final
<b>Permanent Bonding Principal and Interest</b>		Payment
Bournedale Elementary School	\$669,689	FY32
Community Building	\$257,780	FY23
Community Building Land	\$18,540	FY21
DPW Public Works Bldg	\$560,137	FY39
New Peebles Elementary School	\$1,148,956	FY39
New Police Station	\$1,622,781	FY39
	<u><b>\$4,277,883</b></u>	
<b>Temporary Bonding - Interest Only</b>		
	\$4,500	
<b>Premiums Allocated</b>	<u>(\$69,173)</u>	
<b>Total Excluded Debt Service FY20</b>	<u><b>\$4,213,210</b></u>	

### General Articles

Elected Officials salaries for Town Clerk and Moderator are increasing 2%. The Board of Selectmen salaries and Chair of the Board of Selectmen salary are level funded. Overall, the increase is 1.37%.

The Finance Committee Reserve Fund is increasing \$20,000 to maintain Financial Policy at 5% of the GFOB (General Fund Operating Budget).

### Off Budget Expenditures

These items consist of the Cherry Sheet Assessments that reduce the amount of State Aid received by the Town, Cherry Sheet Offsets that to go directly to Schools or the Library and the Overlay Reserve for tax abatements.

Cherry Sheet Assessments include: County Tax, Retired Teacher's Health Insurance, Mosquito Control Projects, Air Pollution Districts, RMV Non-Renewals, MBTA, Regional Transportation, Charter School Tuitions, School Choice Sending Tuitions,

For budgeting purposes these are based on the Governor's budget could increase or decrease.

### **Grand Total Expenditures**

The 4.91% increase in total General Fund Expenditures is equal to the 4.91% increase in total General Fund Revenues.

### **Reserves and Fiscal Policy**

Our fiscal policy is well documented and has guided the Town for several years. While we have reserves at the Town's policy level, and the numbers seem quite large, it bears reminding that we could spend down all our reserves in 2-3 years' time if we used them to cover the cost of a full complement of services. The Town's reserves help sustain us, as they have in this budget, but use of reserves should be monitored. If there is a trend of increasing use of Free Cash for the budget it should be noted as a danger signal of possible future instability.

A summary of the Town's reserve accounts and their associated policy guidelines follows:

**Free Cash Financial Policy:** Free Cash is the term used for the Certified Unrestricted General Fund Balance of the Town. Free Cash is certified at the beginning of each fiscal year by the Department of Revenue. These funds cannot be spent until certified. Once certified the Cash is "free" because there are no restrictions on what the funds can be used for and the Town can ask Town Meeting to appropriate it for any purpose. Maintaining a balance in Free Cash is important because it provides the funds for expenditures after the tax rate has been set.

The Town implemented a new Free Cash Policy in 2015. The new policy has two parts:

1. Under the new policy the Town is to maintain a Free Cash Balance at 5% the General Fund Operating Budget. The General Fund Operating Budget (GFOB) is defined as the operating budgets of the Town, Schools, Shared Costs and Debt Service. It does not include General Articles, Off – Budget Expenditures, Capital or Enterprise Funds. The proposed General Fund Operating Budget for FY20 is \$68,491,405. This year, in order to be within financial policy guidelines, the Free minimum Free Cash Balance that should be certified as of July 1, 2019 is \$3,424,470 . The proposed FY20 budget maintains Free Cash at this policy.

- 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. The proposed FY20 budget maintains Free Cash at this policy.

## Free Cash Analysis

At the end of the last fiscal year on June 30, 2018 actual revenues for the fiscal year were about \$1,024,510 higher than estimated and actual expenditures for the fiscal year were about \$1,725,894 lower than estimated resulting in of unspent budgets being turn-backed to Free Cash. These actual revenues and expenditures added \$2,750,404 to Free Cash.

In September the Mass. Dept. of Revenue Certified Free Cash which is the unrestricted cash available to the Town as of July 1<sup>st</sup> at \$8,691,073. Certified Free Cash was within policy and had an excess over policy of \$5,266,503.

Over this Fiscal Year it is anticipated that \$3,095,069 of the Certified Free Cash will be used to cover expenses. After the proposed Special and Annual Town meeting expenditures it is anticipated that \$5,596,004 would remain in Free Cash. This is important because it leaves enough Free Cash to cover the budget next year at about the same level of Free Cash as used this year. This leaves the Town in a good position going into FY 21.

The detail of Free Cash actual and proposed expenditures is:

	**FREE CASH ANALYSIS FY2020 Budget	Free Cash Expensed & Proposed FY2019- FY2020	Free Cash Balance	FY20 GFOB	Excess over 5% of GFOB	Policy Allowance FC for Budget
	GFOB = Sources and Uses Operating Budgets plus Debt Service			\$68,491,405.00		
	5% of GFOB			\$3,424,570.25		
	<b>CERTIFIED FREE CASH BALANCE 7/1/2018</b>		\$8,691,073	12.7%	\$5,266,503	\$2,633,251
10/1/18	Unpaid Bills (STM Article 1)	(\$6,832)	\$8,684,241	12.7%	\$5,259,671	\$2,629,835
10/1/18	FY2018 Budget Amendment (STM Article 2)	(\$100,162)	\$8,584,079	12.5%	\$5,159,509	\$2,579,754
10/1/18	STM Article 3	(\$25,000)	\$8,559,079	12.5%	\$5,134,509	\$2,567,254
10/1/18	OPEB Contribution (STM Article 6)	(\$541,601)	\$8,017,478	11.7%	\$4,592,908	\$2,296,454
10/1/18	BHS Roof Feasibility Study (STM Article 7)	(\$150,000)	\$7,867,478	11.5%	\$4,442,908	\$2,221,454
10/1/18	Capital Article (STM Article 9)	(\$46,000)	\$7,821,478	11.4%	\$4,396,908	\$2,198,454
5/6/19	Proposed Unpaid Bills (STM)	(\$1,086)	\$7,820,392	11.4%	\$4,395,822	\$2,197,911
5/6/19	Proposed Free Cash for FY20 Capital Article*	(\$844,772)	\$6,975,620	10.2%	\$3,551,050	\$1,775,525
5/6/19	Proposed Stabilization Article *	(\$118,000)	\$6,857,620	10.0%	\$3,433,050	\$1,716,525
5/6/19	Proposed Compensated Absences Article*	(\$150,000)	\$6,707,620	9.8%	\$3,283,050	\$1,641,525
5/6/19	Proposed Community Events Article *	(\$50,000)	\$6,657,620	9.7%	\$3,233,050	\$1,616,525
5/6/19	Proposed Free Cash for FY20 Budget*	(\$1,100,000)	\$5,557,620	8.1%	\$2,133,050	\$1,066,525
5/6/19	Proposed Closeout Article*	\$38,384	\$5,596,004	8.2%	\$2,171,434	\$1,085,717
	Total Used	(\$3,095,069)				
*	Proposed for ATM and STM May 2019					
**	This is a simple calculation of the possible increases and decreases to free cash but does not include any year end adjustments done to certify free cash.					

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.

Based on the proposed expenditures of Free Cash at this Town Meeting the remaining Free Cash balance will be in excess of Policy. This is important because the Town has used Free Cash to balance the Budget each year. There should be sufficient Excess Free Cash to balance the next Fiscal Year's budget with about the same amount of Free Cash used this year even if there is no excess revenue or budget turn-backs that would increase Free Cash.

If there are excess revenues or unspent expenditures it will strengthen the Town's financial position rather than just bringing it back up to policy.

**Stabilization Fund** – policy calls for 6% of the General Fund operating budget (GFOB). This is a “rainy-day” fund which requires a vote of 2/3 of Town Meeting to spend money from this fund. The balance in Stabilization Fund should be \$4,109,484 to meet policy. A transfer of \$118,000 should be made to bring Stabilization to policy. This transfer is proposed in Article 17 of the Annual Town Meeting. *When the transfer is made the Stabilization Fund will be within policy*

**Capital Stabilization Fund** – a fund established to reserve cash for future capital expenditures. Its primary funding source has been ISWM Host Community Fees. As of June 30, 2018 the balance in the Capital Stabilization account was \$1,128,198. The Capital Improvement Budget requests \$500,080 to fund capital expenditures this year.

It is anticipated that about \$200,000 will be deposited from ISWM Excess Host Community Fees at the end of FY19.

**Employer Health Insurance Trust Fund** – policy is to have either four (4) months of average costs or no less than \$1.6 million. The current balance in the Employer Health Insurance Trust fund is \$3,600,000. The average monthly claim charges for the Employer share has been \$630,000 a month so 4 months of average costs would require \$2,520,000. *The Insurance Trust Fund is within policy.*

**Overlay Reserve** – a reserve fund for tax abatements and exemptions which is established and controlled by the Assessors. It is based on an analysis of historic data and specific circumstances such as a recent property revaluation and pending refunds/abatements. Under the new municipal modernization act the reserve does not need to be specific to a tax year. The current balance in the Overlay Reserve Fund is \$1,078,000. The recommended funding for FY20 is \$300,000. *The Overlay Reserve Fund is within policy.*

**Reserve Fund** – an annual Reserve Fund to be spent under the authority of the Finance Committee for unexpected and unforeseen budget needs. For FY20 this is \$345,000, which increases the Reserve Fund by \$20,000. *This meets the Financial Policy to budget the Reserve Fund at 0.5% of the General Fund Operating Budget.*

## **Capital Expenditures**

According to our Fiscal Policy, the Town is required to establish and maintain a five-year capital improvements plan and to develop capital financing strategies consistent with our fiscal policies. The Capital Outlay Committee has continued its hard work over the last year, working to deliver on the Municipal Facilities Plan for the Town. The plan is the basis for the capital recommendations in the FY20 budget is a model for this type of planning in the town, resulting in well-thought out recommendations. The current year's plan and the long-term capital plan can be found in the Town Meeting handbook.

This year's capital requests are divided between the Special Town Meeting and the Annual Town Meeting based on the timeline for the funds to be available.

Capital Requests this year totaled \$12,171,617 Recommended capital improvements totaled \$10,969,617 with \$5,754,210 at the Special Town Meeting and \$5,215,407 at the Annual Town meeting of which \$4,915,407 is in Article 9 and \$300,000 for additional funding for the Southside Fire Feasibility is in a separate article. \$1,202,000 was deferred for future consideration.

This year's recommendations for capital spending come after exhaustive study by the Capital Outlay Committee. Maintaining the Town's infrastructure is important to the Capital Outlay Committee and \$7,949,975 of the Capital Outlay spending recommended at the May Annual and Special Town Meeting is for infrastructure. The committee has worked with the Finance Director to identify funding to make the best use of all available dollars.

The FY20 Capital Outlay Plan and the Five-Year Capital Plan are included in the Voter Handbook.

## **ISWM**

The Integrated Solid Waste Management (ISWM) operation is a regional landfill and transfer center. It benefits the Town by paying for the pickup and disposal of our 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 the Town a Host Community Fee based on the tonnage flowing through the gate.

With the Covanta contract the ISWM business continues to be stable. The Host Community Fee remains the same at \$600,000. Excess Host Community Fees are deposited into the Capital Stabilization Fund to be used for future capital projects.

## **Community Preservation Act**

The Town adopted the CPA at its April 2005 election, replacing the Open Space Act and allowing the Town to receive matching state funds based on a 3% tax levy surcharge. The provisions of the CPA allow money to be allocated to open space, historic preservation, affordable housing and recreation. The CPA estimated revenue for FY19 is \$1,736,000.

Under the CPA a Community Preservation Committee has been formed and has made the recommendations found in the chart in the Voter's Handbook.

The Finance Committee met with the Community Preservation Committee and reviewed projects for Community Housing, Historic Preservation and Open Space.

## **Long Term Plan**

The Finance Director and Town Administrator have been working with the Finance Committee since FY06 to refine the long term financial plan. The Long-Term Projection in the Voter's Handbook is one piece of the long-term planning puzzle. The Capital Outlay Committee's work to establish our needs, priorities, and funding sources is another piece of the puzzle. However, financial planning cannot be done in a vacuum and must include the additional needs of the community, including personnel. A comprehensive plan will allow voters to see the effect of our debt service, structural deficits, changes in reserves, adjustments to the tax rate and state aid impacts.

The Town Charter changes that were voted at the annual meeting May in 2016 and were recently approved by the State Legislature and the Governor require that the Long-Term Plan be included with the Town Administrator's budget message. This is an important change as it means that the budget is viewed not only in terms of the current year financial picture, but with a long-term view as well. The Finance Committee looks forward to continuing the work with the Board of Selectmen, the Finance Director and the Town Administrator on the refinement of the long-term plan.

The Long Term Plan with 5 years of history and 5 years of projections is included in the Voter Handbook.

## **Summary**

The Town of Bourne has benefited from the prior years of fiscal prudence and financial management. The proposed budget includes some personnel that are needed to provide services expected by the citizens, but there are other critical positions that have been

deferred. Increases for personnel must be prioritized and justified to make sure the budget increases are sustainable in the long run. Many long-term personnel have retired and in the coming years more will do so. The Town must plan for an orderly transition before they leave, taking their institutional knowledge with them. Mandated government operations and public safety need to be considered in order to serve the residents of the Town.

This budget is the result of a thoughtful examination of our town's priorities, as evidenced by where we spend our money. It is our town's values translated into dollars and cents. The Town has undertaken Priority Based budgeting and we will see in the next few years the results of this endeavor as we try to manage the Town's Revenue and prioritize the expenditures in order to provide the services the Town needs most.

The Finance Committee has voted 9 in favor 0 opposed with 1 abstention (from newly appointed member) to recommend the approval of the Selectmen's General Fund Operating Budget of \$68,491,405 as presented to the Finance Committee on April 11, 2019.

Respectfully submitted,  
The Finance Committee, Town of Bourne