

**Town of Bourne
Fiscal Year 2021
Budget Recommendation**

**Respectfully Submitted,
Anthony Schiavi, Town Administrator
January 14, 2020**

Presentation Agenda

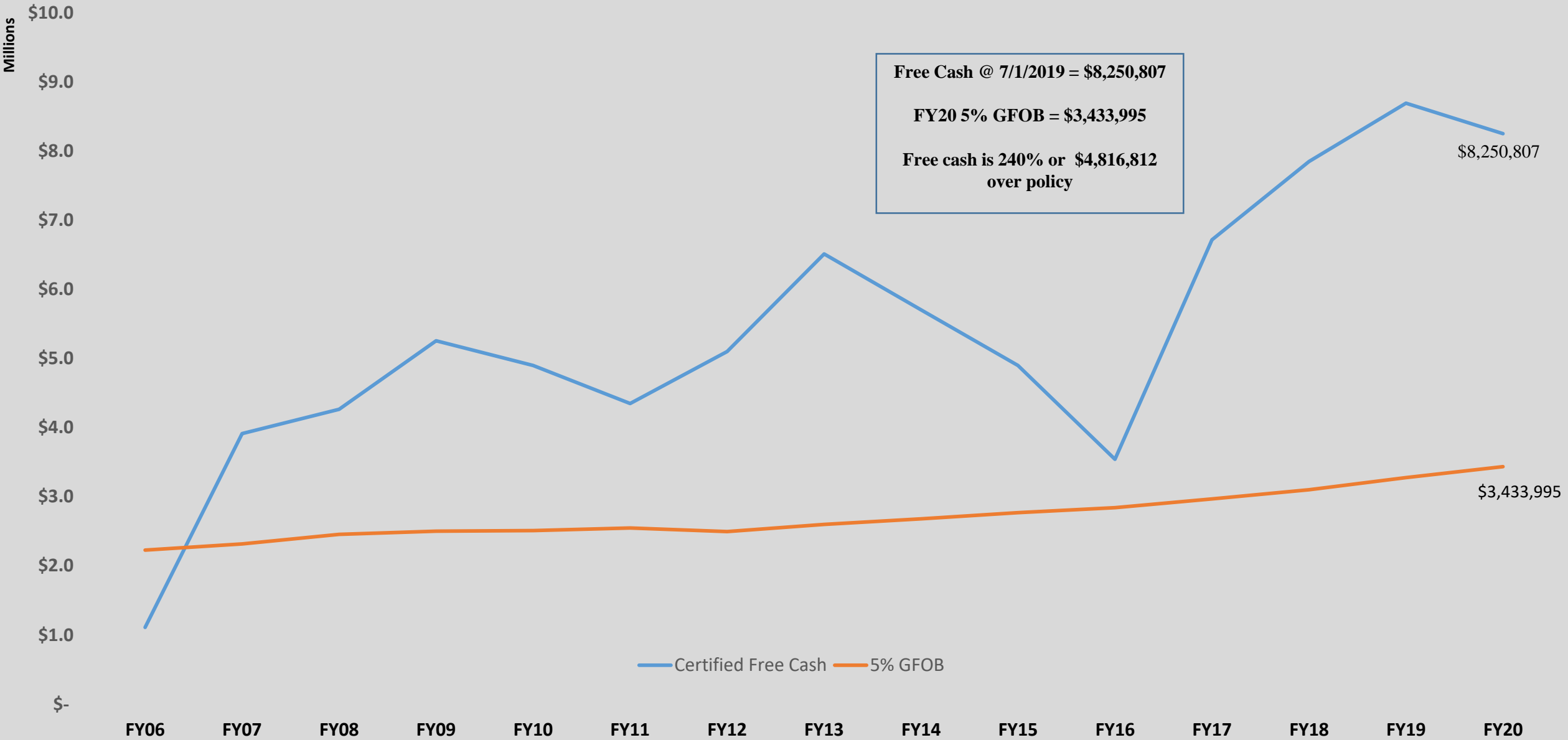
- Current Fiscal Health and Financial Policy Compliance
- Methodology Used
- FY21 Budget Assumptions
- FY21 Budget Constraints/Stressors
- FY21 Budget Recommendation Overview
- Thoughts for the future

Current Fiscal Health and Financial Policy Review

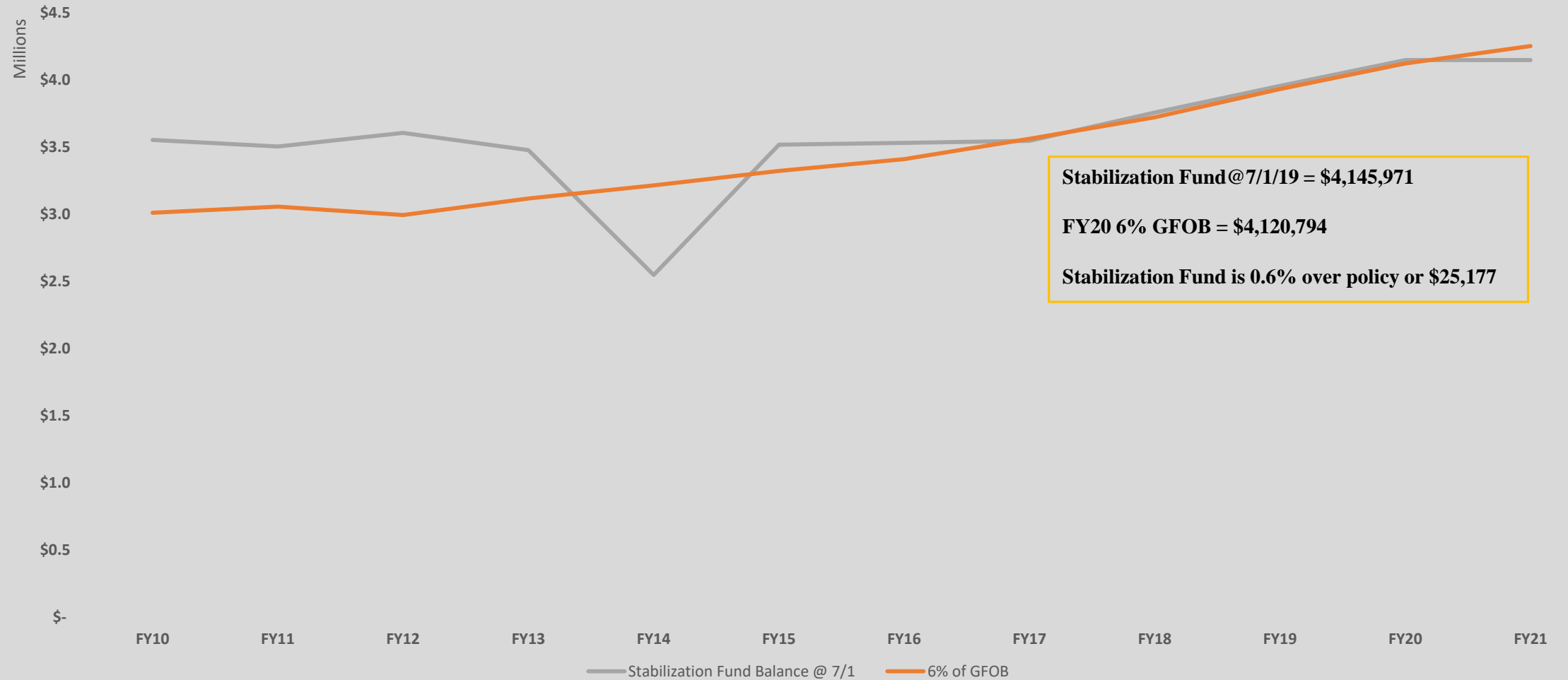
Fiscal Health Defined

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

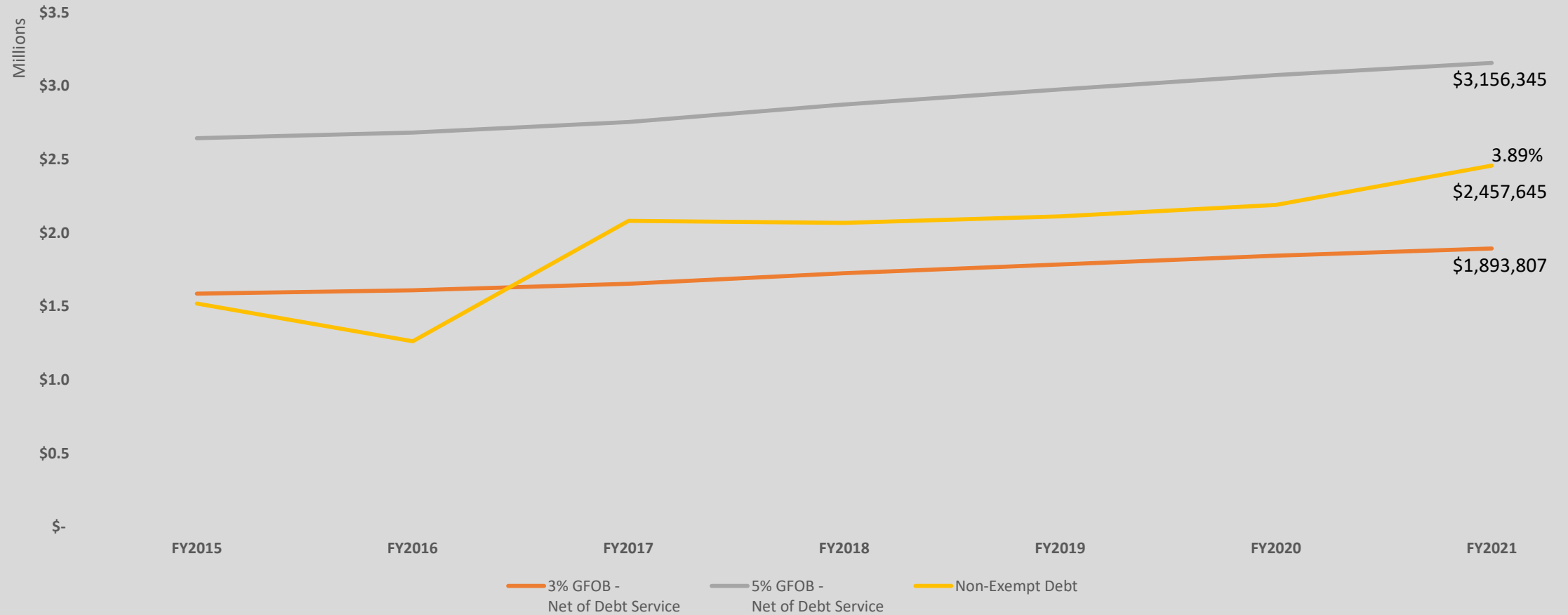
Free Cash to Fiscal Reserve Policy



Stabilization Fund to Fiscal Reserve Policy



Non-exempt Debt Service to Financial Policy



Health Ins Trusts, OPEB Trust & Other Stabilization Funds

Account	Balance
Self Insurance Claims Trust	\$3,865,687
Employees Insurance Withholding Trust	\$1,269,200
OPEB Trust Fund	\$3,323,144
Stabilization Fund-Capital Projects	\$82,348
Future Solid Waste Stabilization	\$522,614
Overlay Reserve	\$1,428,610

FY2021 Budget

Methodology

- Revenue Estimation
 - Proposition 2 1/2
 - New Growth
 - State Aid
 - Local Receipts
 - Other Sources
- Expenditures
 - Shared and Fixed Costs
 - Departmental Expenditures – maintain our core service levels
 - Begin move toward a requirements or outcomes-based model
- Avoid the tendency to chase revenues

FY2021 Budget Assumptions

- State Aid at least level funded
- State Assessments remain an unknown – Charter School & School Choice could have a significant impact
- School Budget Increase – 2%
- General Insurance Increase – 3%
- Health Insurance Costs - 3%

FY2021 Budget Constraints/Stressors

- Collective Bargaining Agreement increases
 - Town - 3%, School - 2.75% year, BFD contract expires 6/30/20.
- UCT enrollment (+22 students) – nearly \$400K increase or 14%
- Barnstable County Retirement Association Assessment – \$359,283 increase or more than 9%
- Capital Financing costs continue to increase - +\$243,059

Big Picture Snapshot

FY21 GFOB	=	\$70,856,022
General Articles	=	\$ 416,003
Off Budget Expense	=	<u>\$ 6,296,384</u>
Grand Total Expenses	=	<u><u>\$77,568,409</u></u>

2.12% or \$1,609,431 Increase from FY2020

Revenue Sources

Property Taxes

State Aid

Local Receipts

Other

Property Taxes

	FY20	FY21	\$ Increase	% Increase
<u>Property Taxes</u>	Budget	Proposed Budget	(Decrease)	(Decrease)
Prior Year Tax Levy Limit	\$ 46,738,964	\$ 48,442,777	\$ 1,703,813	3.65%
PY - Amended New Growth	<u>12,259</u>			
	46,751,223			
2.5% Allowance	1,168,781	1,211,069	42,289	3.62%
New Growth	<u>522,773</u>	<u>450,000</u>	<u>(72,773)</u>	-13.92%
Sub-total	48,442,777	50,103,846	1,661,069	3.43%
Debt Exclusion	4,208,712	4,503,639	294,927	7.01%
Cape Cod Commission Tax	197,615	202,552	4,937	2.50%
Unused Levy Capacity	<u>(20,055)</u>	<u>-</u>	<u>20,055</u>	-100.00%
Total Tax Levy	\$ 52,829,049	\$ 54,810,037	\$ 1,980,988	3.75%

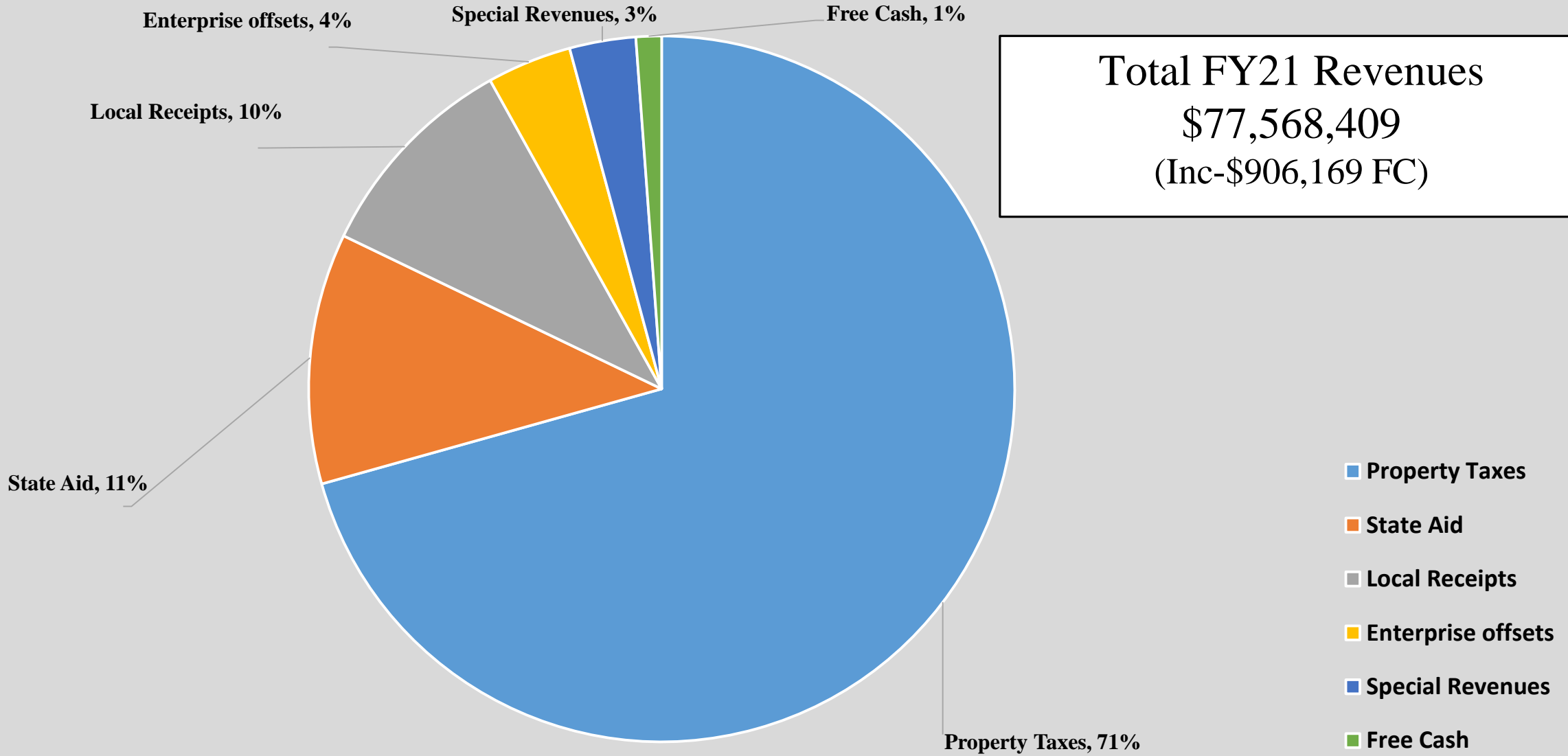
Local Receipts

Local Receipts	FY20 Budget	FY21 Proposed Budget	\$ Increase (Decrease)	% Increase (Decrease)
Motor Vehicle Excise	\$ 3,215,000	\$ 3,200,000	\$ (15,000)	(0.47%)
Other Excise - Boat	74,100	74,100	-	0.00%
Other Excise - Hotel	55,900	85,000	29,100	52.06%
Meals Tax	425,000	460,000	35,000	8.24%
Penalties & Interest	168,896	175,000	6,104	3.61%
Payments in Lieu	20,000	20,000	-	0.00%
Marinas	1,160,000	1,200,000	40,000	3.45%
Other Dept Revenue	300,000	300,000	-	0.00%
Licenses & Permits	700,000	700,000	-	0.00%
Fines & Forfeits	130,000	130,000	-	0.00%
Investment Income	250,000	400,000	150,000	60.00%
Misc-Recurring	30,000	30,000	-	0.00%
Misc-Recurring Energy Credits	700,000	700,000	-	0.00%
Misc-Non Recurring	116,560	116,560	-	0.00%
Total Local Receipts	\$ 7,345,456	\$ 7,590,660	\$ 245,204	3.34%

Other Sources

Other Sources	FY20 Budget	FY21 Proposed Budget	\$ Increase (Decrease)	% Increase (Decrease)
ISWM General Support	\$ 2,195,869	\$ 2,261,996	\$ 66,127	3.01%
Sewer General Support	134,709	140,944	6,235	4.63%
Host Community Fee	600,000	600,000	-	0.00%
Total Other Sources	\$ 2,930,578	\$ 3,002,940	\$ 72,362	2.47%
Conservation Commission	\$ 30,000	\$ 30,000	\$ -	0.00%
PL 874	156,750	156,750	\$ -	0.00%
Ambulance Fee	1,325,000	1,325,000	\$ -	0.00%
CPA Fund Debt Service	699,638	674,259	\$ (25,379)	(3.63%)
Title 5 Loan Repayments	29,915	29,754	\$ (162)	(0.54%)
Waterways Fund for Operating Budget	136,970	136,970	\$ -	0.00%
Total Special Revenue	\$ 2,378,273	\$ 2,352,733	\$ (25,541)	(1.07%)

Estimated Revenues by Source FY2021



General Fund Expenses

Town Services

School Services

Share Costs

Debt Service

Town Expenses

Town Budget	FY20 Budget	FY21 Proposed Budget	\$ Increase (Decrease)	% Increase (Decrease)
Administrative Services-Salaries	\$ 2,480,138	\$ 2,275,321	\$ (204,817)	(8.26%)
-Expenses	1,378,532	1,412,670	34,138	2.48%
Public Safety Services-Salaries	9,236,011	9,346,500	110,489	1.20%
-Expenses	1,525,378	1,569,970	44,592	2.92%
Public Works Services-Salaries	1,844,774	1,864,658	19,884	1.08%
-Expenses	894,746	886,080	(8,666)	(0.97%)
Health & Human Services-Salaries	624,943	650,588	25,645	4.10%
-Expenses	439,318	422,100	(17,218)	(3.92%)
Culture & Recreation Services-Salaries	774,911	766,678	(8,233)	(1.06%)
-Expenses	191,975	201,850	9,875	5.14%
Total Local Receipts	\$ 19,390,726	\$ 19,396,415	\$ 5,689	0.03%

What's included and What is not

- Core town service levels maintained
- Police, Fire and DPW salaries budgeted for full manning
- E-Permitting and Dude Solutions are funded
- No new staff being added in FY21 budget
- Economic Development and Human Resources
 - Requirements need to be fully developed before adding staff
 - Alternative approaches are planned to support both areas

School Expenses

Schools	FY20 Budget	FY21 Proposed Budget	\$ Increase (Decrease)	% Increase (Decrease)
Bourne School Department	\$ 23,357,407	\$ 23,824,555	\$ 467,148	2.00%
Upper Cape Technical School	2,808,720	3,201,495	392,775	13.98%
Total Local Receipts	\$ 26,166,127	\$ 27,026,050	\$ 859,923	3.29%

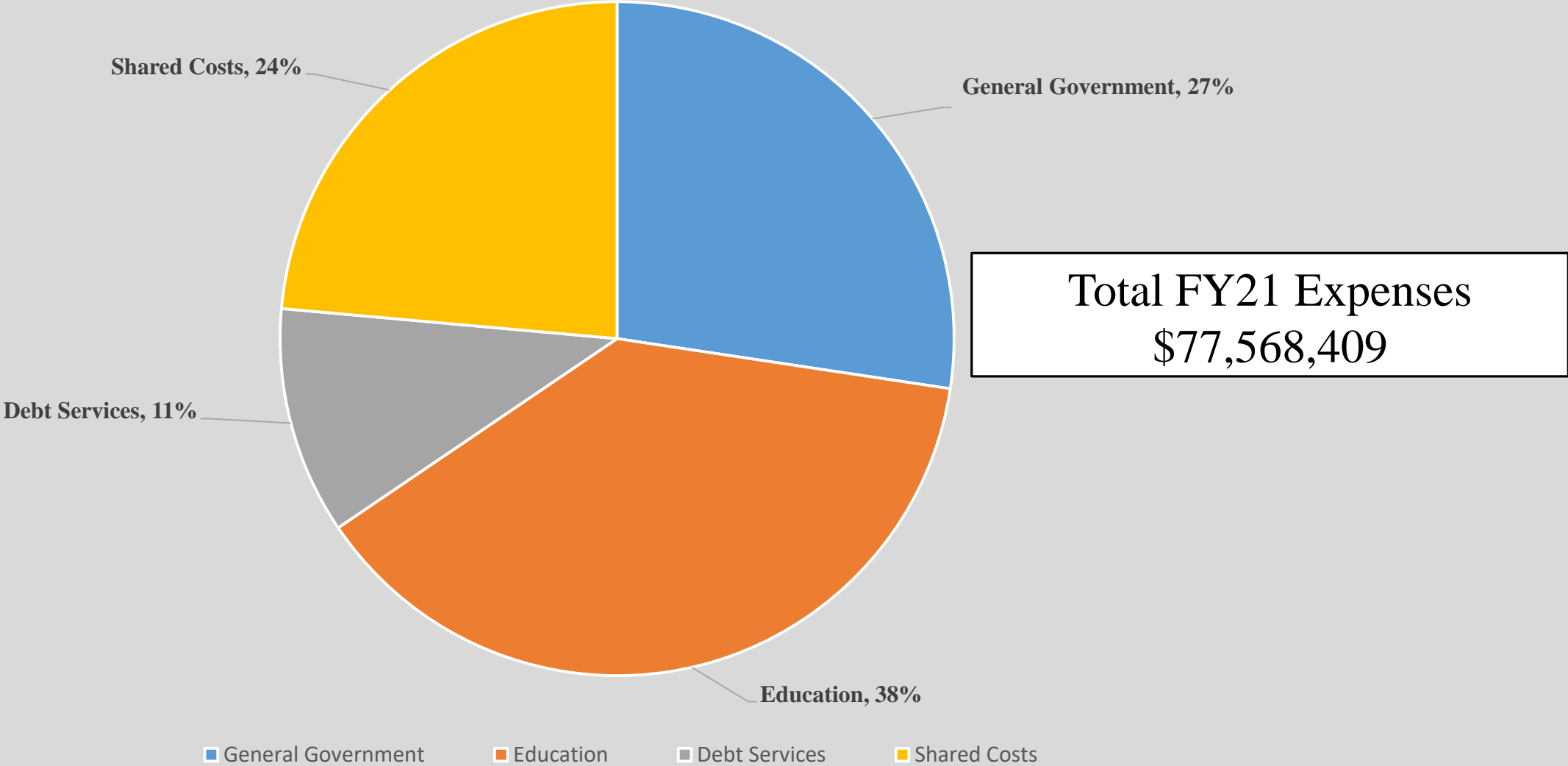
Shared Costs

<u>Shared Costs</u>	<u>FY2020 Budget</u>	<u>FY2021 Proposed Budget</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Public Utilities	\$ 1,233,140	\$ 1,200,000	\$ (33,140)	-2.69%
OPEB	110,199	165,199	55,000	49.91%
Unemployment	60,000	70,000	10,000	16.67%
FICA/Medicare	495,000	520,000	25,000	5.05%
Group Insurance	8,392,267	8,644,035	251,768	3.00%
County Retirement	3,796,947	4,156,230	359,283	9.46%
State Retirement	866	866	-	0.00%
Sepcial Legislation Retirement	69,000	69,000	-	0.00%
Insurance	1,487,110	1,577,110	90,000	6.05%
LIUNA Pension	280,000	300,000	20,000	7.14%
Medicaid Reimbursement	2,000	2,000	-	0.00%
Total Shared Costs	\$ 15,926,529	\$ 16,704,440	\$ 777,911	4.88%

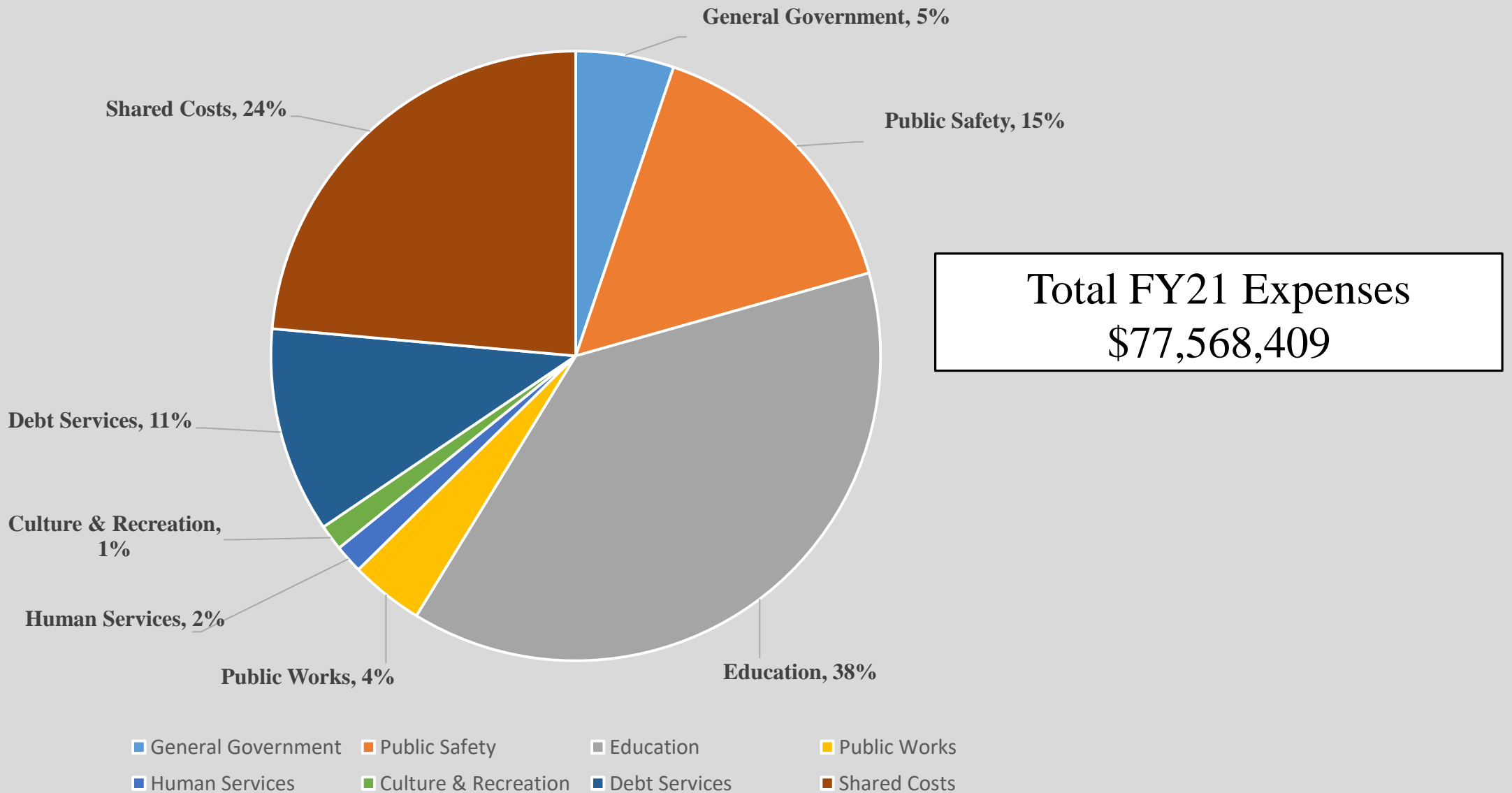
Debt Service

<u>Capital Budgets</u>	<u>FY20</u> <u>Budget</u>	<u>FY21</u> <u>Proposed Budget</u>	<u>\$ Increase</u> <u>(Decrease)</u>	<u>% Increase</u> <u>(Decrease)</u>
Debt Service Budget Non Exempt	\$ 2,918,639	\$ 3,161,698	\$ 243,059	8.33%
Debt Service Budget Exempt	<u>4,277,884</u>	<u>4,567,419</u>	<u>289,535</u>	6.77%
Total Debt Service	\$ 7,196,523	\$ 7,729,117	\$ 532,594	7.40%

Total Expenses



Total Expenses by Function



FY21 Capital Program

- A total of 27 items/projects were approved and forwarded for funding
 - (1) Planning, (13) Infrastructure, (5) Transportation, (1) Technology, (7) Equipment
- The following represents the funding profile for FY21 items/projects
 - Free Cash - \$816,000
 - General Debt borrowing - \$1,787,000
 - Enterprise Debt borrowing - \$729,000
 - Waterways Fund - \$205,000
 - Enterprise Retained Earnings - \$167,000
- Total recommended FY21 Capital purchases is \$3,704,000
- Future considerations

Enterprise Funds - ISWM

ISWM REVENUES				
	Budget	Proposed Budget	\$ Increase / Decrease over	% Increase / Decrease over
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>
<u>Operating Revenues</u>				
Retained Earnings	\$ 2,035,385.00	\$ 1,058,030.00	\$ (977,355.00)	-48.02%
Facility Receipts	11,486,921	11,678,771	191,850	1.67%
Total Revenues	\$ 13,522,306	\$ 12,736,801	\$ (785,505)	-5.81%
<u>Use of Reserves</u>				
Post Closure Reserves			-	
Retained Earnings for Articles			-	
Total Use of Reserves	-	-	-	
Grand Total Revenues	\$ 13,522,306	\$ 12,736,801	\$ (785,505)	-5.81%
ISWM EXPENSES				
<u>Operating Expenditures</u>				
Salaries & Wages	\$ 2,154,189.00	\$ 2,287,580.00	\$ 133,391.00	6.19%
Expenses	7,672,248	6,687,225	(985,023)	-12.84%
General Fund Admin. Fees	2,195,869	2,261,996	66,127	3.01%
Host Community Fee	900,000	900,000	-	0.00%
Total Expenditures	\$ 12,922,306	\$ 12,136,801	\$ (785,505)	-6.08%
<u>Off Budget Expenditures</u>				
Reserve Fund	\$ 600,000	\$ 600,000	-	0.00%
Total Off Budget Expenditures	\$ 600,000	\$ 600,000	\$ -	0.00%
<u>General Articles</u>				
ATM Articles			-	
STM Articles			-	
Total General Articles	-	-	-	
Grand Total Expenses	\$ 13,522,306	\$ 12,736,801	\$ (785,505)	-5.81%

Enterprise Funds - Sewer

SEWER REVENUES				
	Budget	Proposed Budget	\$ Increase /	% Increase /
	<u>2020</u>	<u>2021</u>	Decrease over	Decrease over
			<u>2020</u>	<u>2020</u>
<u>Revenues</u>				
Retained Earnings	\$ 50,000	\$ 50,000	-	0.00%
Retained Earnings for Articles			-	100.00%
Sewer Enterprise Revenues	1,219,079	1,326,305	107,226	8.80%
Total Revenues	\$ 1,269,079	\$ 1,376,305	\$ 107,226	8.45%
SEWER EXPENSES				
<u>Expenditures</u>				
Salaries & Wages	\$ 187,842	\$ 197,680	\$ 9,838	5.24%
Expenses	896,528	937,681	41,153	4.59%
General Fund Admin. Fees	134,709	140,944	6,235	4.63%
Total Operating Budget	\$ 1,219,079	\$ 1,276,305	\$ 57,226	4.69%
<u>Off Budget Expenditures</u>				
Reserve Fund	\$ 50,000	\$ 100,000	\$ 50,000	100.00%
Total Off Budget Expenditures	\$ 50,000	\$ 100,000	\$ 50,000	
<u>General Articles</u>				
ATM Articles	-	-	-	0.00%
STM Articles			-	
Total General Articles	\$0	\$0	\$0	
Grand Total Expenses	\$ 1,269,079	\$ 1,376,305	\$ 107,226	8.45%

A look ahead to the future

- Discuss adjustments to financial policies to reflect the current/future landscape
- Decrease reliance on free cash to support general fund budget-structural deficit
- Monitor expenditures and make sure budget is aligned accordingly
- Increase reserves to 10% to enhance bond rating and yield better investments in the long-term
- Establish a liaison committee to promote year-round visibility
- Implement a requirements or outcomes focused budget model
- Developed current organizational charts and staffing document
- Study new efficiency ideas or ways to generate savings to reinvest back into the budget

QUESTIONS ?