

Janice O'Connell

From: Jack Yunits Jr.
Sent: Wednesday, February 27, 2019 11:51 AM
To: Janice O'Connell; Mary McIsaac; Justyna Marczak; Stephen Tebo
Subject: FY 20 Budget Cover letter
Attachments: General Approval_BRC_Budget Message_FY20_20181017.pdf

Madame Speaker and members of the Assembly ;

Please see the attached Budget Message that formed an outline for the FY 20 Goals and Objectives and was approved and executed by the Board of Regional Commissioners in October.

Our Budget summary is quite simple. Three Ordinances and Our Capital Ordinance were timely referred to the Assembly for review. The Budget is balanced with an increase of 1.5% over FY 19. Compare that favorably with last years .05% increase and we carry forward a third consecutive balanced budget , with no reserves being invested, holding firmly with reasonable fiscal constraint.

Please keep in mind that we are a revenue based economy and not an appropriation based economy unlike the Towns. Note further that with the exception of Grants we live on a fixed income with a revenue source extremely reliant on the deeds excise tax set by the Legislature in our Charter in 1988 as a fixed funding formula and never adjusted. Through FY 16 the County lived loose often times relying on reserves to balance the budget until those reserves were exhausted. We committed to addressing this challenge over these last three years by basing appropriations and expenditures on a measured but conservative revenue formula. Thus in order to avoid fiscal mismanagement we examined a 10 year historical review of revenue projections and "drilled down" those estimates in our budget to reflect in reality, anticipated budget revenue projections.

Consistent with the Budget Message, this years budget is an attempt to address needs and responsibilities that have not been properly addressed historically, such as our OPEB responsibility and the paramount need to rise above the challenge of responding to the next real estate depression by building reserves, establishing a capital reserve fund and setting aside a predictable stream of income to address our environmental response needs.

The County has created internally a Financial Management Advisory Committee and we will establish a set of Financial Management Policies including bur not limited to, Revenue Policy, Financial Planning, Debt Management, New Hiring Policies, and a fixed rule that expenditures will not exceed budget appropriations.

We continue to process and evaluate the Early Retirement Incentive Plan and when the fiscal analysis is complete we will prepare a supplemental budget request with recommended adjustments. It is imperative that our staffing levels reflect actual present needs as determined by municipal priorities. Recognizing that existing staffing levels are not sustainable without new sources of revenue and accepting that new requests for funding are likewise precluded without new revenue sources we are currently analyzing departmental reorganization and collaboration. We are also working towards expanding our efforts to partner with the Towns in pursuit of new revenue sources to support regional needs in the field of waste water management, fiber deployment coastal resiliency and dredging and much more. Although we intend to move forward with tight fiscal controls we will always work with our constituencies to assist and create new sources for addressing our needs such as the newly approved police academy.

That being said the FY 20 Operating Budget is \$22,317,410. Dredge Service is \$2,232,144. Cape Cod Commission , now funded under its own ordinance is \$6,049,370. The Capital Budget request is\$975,000.

In summary the granular analysis performed by Finance during the budget process, which examines increases in revenue and expenditures from the prior year against the requests for FY20 resulted in a finding that the FY20 requests increased just over \$326,000. That represents a 1.53% increase over FY 19 adopted budget.

Thank you and we look forward to working with you over these next few weeks. Please feel free to contact Mary and I should you have any questions.

Jack Yunits



BARNSTABLE COUNTY

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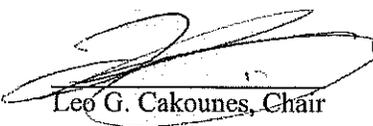
MEMORANDUM

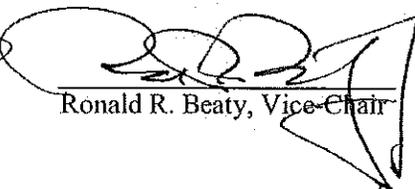
DATE: October 17, 2018
TO: County Commissioners
FROM: Owen Fletcher, Executive Assistant
RE: Barnstable County Commissioners' FY20 Budget Message

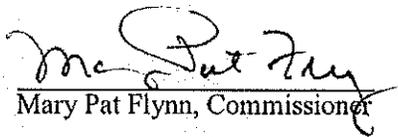
Please approve the Barnstable County Board of Regional Commissioners Fiscal Year 2020 Budget Message.

Approved:

Board of Regional Commissioners


Leo G. Cakounes, Chair


Ronald R. Beaty, Vice-Chair


Mary Pat Flynn, Commissioner

10/17/18
Date

Barnstable County Commissioners FY 2020 Budget Message

voted Oct 17th, 2018

The Barnstable County Commissioners, in preparation of the Barnstable County Regional Government FY 2020 Annual Budget, would like to take this opportunity to thank the County Administrator, Finance Director, Staff and Department Directors for their efforts in maintaining the outstanding Standard and Poor's (S&P) Bond Issuance Rating of AA.

Much work lies ahead to maintain this excellent rating and continue, as promised to S&P during their review, to establish standards, policies, procedures and practices that will assure a long future for Barnstable County Government.

The Commissioners along with Staff have instituted a multitude of new Policies and Procedures. Some were required by State and Federal Laws, while others by reducing the duplication of efforts and promoting consistency in personnel policies improve the working environment at the County.

As we begin to prepare our Fiscal 2020 Budget, we are faced with many decisions that may impact the services we provide. With continuing level funding of revenue, changing grant opportunities along with rising costs associated with grant performance, the County is faced with financial challenges similar to all the Towns across the Commonwealth such as increasing health insurance costs, establishing OPEB funding and environmental remediation demands.

It is for these reasons the County Commissioners have compiled the following Budget Development Guidelines for our Administration and Departments.

As we move forward with our space allocation and fulfilling the space requirements for our tenants, the County is poised to review all its units of government and services, adjusting staffing requirements where necessary and analyzing the true cost associated with it.

The past County Commissioners' budget message strongly recommended that County budget be no longer balanced with expenditures from reserves. However, since the Early Retirement Incentive Program (ERIP) has not been adopted by the State and reorganization of Departments and Staffing has been put on hold, the Board of County Commissioners, to avoid Layoffs, may need to consider the utilization of unrestricted reserves to balance the budget.

Nonetheless, the FY20 Budget shall be first balanced with projected Revenues, any consideration of the use or transfers of Reserves, or new Tax increase shall be debated and utilized only as a last resort.

In the event the Early Retirement Incentive Program is offered to eligible employees, the Barnstable County Hiring Policy shall be followed for all rehiring purposes. Reorganization of staffing will become apparent and staff should continue to consolidate areas that can better be served under one Department to minimize redundant services and expenses.

Proposed FY20 Budget Message & Budget Development Guidelines

1. All Departments shall follow the guidelines of the Hiring Policy, adopted by the County Commissioners in July of 2017. All new hires shall be subject to the policy and recommendation by the Reviewing Committee for the final approval of the Commissioners.

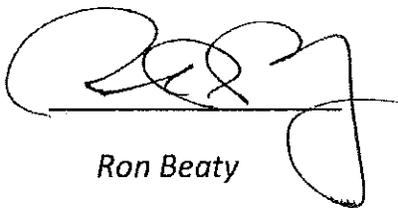
2. Any proposed increase of hours for a part-time employee should be supported by a direct increase in Department Revenue to cover all related personnel costs.
3. All departments shall submit their FY20 budget requests by following the established process created and required by Finance Department. No other "Narrative" is needed.
4. All Capital Budget requests with funding sources shall be submitted on a separate form with all projected cost. These requests, if approved, will be included in the FY20 Capital Budget as a separate Capital Budget Ordinance itemizing each project, the anticipated cost and the source of funding. Any authorized capital bonding shall be issued following Mass General Laws and best practices.
5. Each Department shall identify and allocate an estimate of their own unique costs including utilities, phone service, custodial services as relates to the space allocated to their Department. Direct cost allocation is critical to budget forecasting, both short term and long term, and is necessary to create a gateway to sustainability.
6. The FY20 Budget shall contain a separate line item addressing the County Debt obligations, i.e. principal and interest on debt. A recurring, matching revenue source should be detailed for this continuing expense. Staff is requested to attempt to address this allocation for future bonding expenses.
7. Finance Staff shall continue to address the remaining capital deficit, the result of projects that have been completed with county funds, through resolutions by Ordinances and/or State Legislation.

8. The Budget shall reflect any legislative changes pertaining to personnel, health insurance, reimbursements, etc. Staff shall continue to keep the Commissioners informed as to any changing laws and their effect on County operation.
9. The County Commissioners have adopted the Commissioners' Goals and Objectives; this process will be transformed into a Strategic Plan for Barnstable County. Staff shall review all services related to their Departments and establish the Cost Effectiveness of these services. This exercise will aid the Commissioners in establishing the new Strategic Plan.
10. Projected Revenues shall reflect, along with other projection tools and practices, a three-year average of actual revenue collected. Consideration of unusual years may be noted.
11. Each Department shall be prepared to identify a reduction within their respective budgets in the event the Commissioners are faced with a potential budget deficit stemming from rising fixed cost such as health and operating costs and potential revenue reductions, i.e. excise tax.
12. Finance Staff shall continue to identify a fixed funding source to be allocated to OPEB reserve account. The Commissioners shall begin allocating funds into this Special OPEB Reserve account.

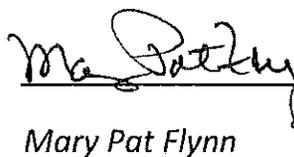
13. Staff shall evaluate all positions which have been established using a grant funding source and each position and grant shall be reviewed to determine that the County still receives Grant funding that is adequate to cover the expense of the position. Once the grant ends, each position will be evaluated to determine the cost and value of that position, following the established process. New funding sources shall be identified for the continuing support of those positions.

14. Each Department shall evaluate all services under its jurisdiction and explore possibilities of reorganization within the Department, County Government and other State and Federal agencies to limit the County's Liability and provide better services.

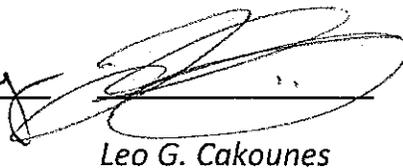
Respectfully submitted Barnstable County Commissioners



Ron Beaty



Mary Pat Flynn



Leo G. Cakounes