Minutes of the Meeting of the Norfolk County Advisory Board Finance Committee
Wednesday, April 29, 2020
via GoToMeeting Teleconference
2:00 p.m.

Welcome/Call to Order

Chairman Joseph Reardon of Milton called the Meeting of the Norfolk County Advisory Board Finance Committee to order at 2:07 p.m. Mr. Paul Connors, Chairman of the Norfolk County Advisory Board, opened the meeting with the Pledge of Allegiance to the Flag.

Chairman Reardon explained that given the global COVID-19 pandemic the meeting was being held via teleconference. He noted that in a public meeting all participants would be seen but given the nature of the proceedings he would request all participants identify themselves.

Chairman Reardon then called the roll of Norfolk County Finance Committee members:

Joseph Reardon of Milton - Present
Carl Balduf of Plainville - Present
Elizabeth Childs of Brookline - Present
Paul Connors of Randolph - Present
Owen Dugan of Wellesley - Present
Helen Donohue - Absent

Chairman Reardon then identified other individuals on the call:

Peter Padula, Advisory Board Member for Franklin
Norfolk County Commissioner Peter Collins
Norfolk County Commissioner Joseph P. Shea
Norfolk County Director Michael Mullen
Assistant County Director William Buckley
Manager of Personnel Services Michelle Labadini
County Veterans Advocate Dale Kurtz
County Accountant Joe D’Auria
NCAHS Trustee Michael McFarland
NCAHS Superintendent/Director Tammy Quinn
NCAHS Business Manager Rick Fitzpatrick
Register of Deeds Bill O’Donnell
Unidentified
Unidentified
Chairman Reardon noted that 2 participants on the conference call declined to identify themselves.

Chairman Reardon explained the meeting format. He said the Finance Committee will receive a presentation on the Commissioners’ budget recommendation by the Commissioners and the County Director as their designee, followed by Finance Committee questions for the Commissioners and County Director. He said that only those on the Agenda, unless recognized by the Finance Committee, will speak during the meeting.

He outlined a process for department heads wishing to make a presentation before the Finance Committee during next Wednesday’s 2:00 p.m. Finance Committee Meeting. He asked department heads to contact the County Director by 10:00 a.m. on Monday, May 4, 2020 with their request to present. This will ensure the departments are listed on the agenda in accordance with Open Meeting Law requirements.

He then invited the County Commissioners to begin their presentation.

**Review and Discussion of FY21 Commissioners’ Budget Recommendation**

Norfolk County Commissioner Joseph P. Shea of Quincy spoke on behalf of the County Commissioners explaining that they were proud of the work being undertaken by all County departments, but also have real worries about the conditions about the County’s fiscal position. He stated that the Commissioners in their FY21 budget seek to preserve core County functions despite no overall increase in revenues.

Commissioner Peter Collins concurred with Commissioner Shea and turned the presentation over the County Director.

County Director Mullen thanked the Commissioners and members of the Finance Committee The County Commissioners approved a $31,841,209 FY21 Budget Recommendation to the Finance Committee. He recapped the previous week’s Finance Committee meeting which went through FY20 budget shortfalls and underscored that the FY21 budget will be impacted by FY20 and FY21 revenues. He noted that the budget was prepared responsibly understanding the structural issues within the County’s budget.

Director Mullen began his presentation as outlined in the attached PowerPoint presentation. He said that downgraded revenues projected by the County for FY21 point to $121,357 less in overall available revenues. He recommended a $500,000 draw on the Stabilization Fund in FY21
due no unexpended balance expected to be available given the current climate, but cautioned that the County’s structural deficit must also be considered and dealt with.

Mr. Mullen said that this year’s budget process draws upon best-practice frameworks from Bristol and Plymouth County budgets and revenue assumptions as outlined in the PowerPoint. Specifically, the County is proposing to restructure its Deeds Excise revenues and indirect cost process. He said that years of Registry of Deeds funding being appropriated in excess of actual expenses has meant that the County historically has not realized the Dedicated Revenue and Indirect Funding revenue as represented in prior fiscal year operating budgets.

Director Mullen noted that resetting this whole process with these numbers resets the County’s entire budgeting and accounting process to a true budgeting and County mandate process. He also discussed the County Registry of Deeds mandate as outlined in the presentation, followed by proposed increases and cuts to balance the FY21 County operating budget.

Chairman Joseph Reardon thanked Mr. Mullen for his presentation, noting the depth and amount of data before the Finance Committee to examine in the coming weeks. He then called upon members of the Finance Committee for comment and questions.

Dr. Childs of Brookline praised the presentation as delivered by Director Mullen and noted that on top of lost revenue there seems to be a structural deficit of nearly $500,000 with which the County must contend.

Director Mullen concurred and noted that using the unexpended balance year after year to year is much like a community using their free cash for operating expenses.

Dr. Childs noted how helpful the PowerPoint was and described the budget as a huge step forward.

**FY21 Budget Process and Timeline**

Chairman Joseph Reardon and Advisory Board Chairman Connors then had a discussion about moving the Norfolk County Advisory Board Public Budget Hearing from the 20th to the 27th of May given continued restrictions on public meeting. Dr. Childs asked for the final date by which a budget must be produced.

Mr. Balduf stated that theoretically a budget could be passed on the 30th of June.

County Director Mullen explained that given the pandemic the County could also pass a 1/12th budget based on FY20 appropriations.
A consensus of the members was reached to have the Advisory Board Public Budget Hearing on May 27th at the Norfolk County Agricultural High School.

There being no further business before the Finance Committee, Mr. Balduf made a motion to adjourn the meeting. Dr. Childs seconded the motion. Chairman Reardon called the roll:

On a roll call vote:

Joseph Reardon of Milton “yes”
Carl Balduf of Plainville “yes”
Elizabeth Childs of Brookline “yes”
Paul Connors of Randolph “yes”
Owen Dugan of Wellesley “yes”

It was then:

Voted: to adjourn the meeting at 3:12 pm.
Norfolk County
Fiscal Year 2021
Operating Budget

Preserving core County functions for Norfolk County residents, students and communities during a time of great uncertainty.
Norfolk County Revenues – Fiscal Years 2018 to 2021

<table>
<thead>
<tr>
<th>General County Revenues</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY20 Update</th>
<th>FY20 Variance</th>
<th>FY21 EST</th>
<th>DIFFERENCE FY18-FY21</th>
<th>DIFFERENCE FY21-FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registry Transaction Fees</td>
<td>2,900,000</td>
<td>2,400,000</td>
<td>2,400,000</td>
<td>2,183,529</td>
<td>216,471</td>
<td>2,300,000</td>
<td>-600,000</td>
<td>-100,000</td>
</tr>
<tr>
<td>Recreational Receipts</td>
<td>1,155,000</td>
<td>1,170,000</td>
<td>1,350,162</td>
<td>1,175,162</td>
<td>175,000</td>
<td>1,350,162</td>
<td>195,162</td>
<td>0</td>
</tr>
<tr>
<td>Court Rentals</td>
<td>3,560,000</td>
<td>4,100,000</td>
<td>4,215,300</td>
<td>4,170,300</td>
<td>45,000</td>
<td>4,100,000</td>
<td>540,000</td>
<td>-115,300</td>
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<tr>
<td>Interest Earnings</td>
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<td>14,000</td>
<td>125,000</td>
<td>60,000</td>
<td>65,000</td>
<td>60,000</td>
<td>50,500</td>
<td>-85,000</td>
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<tr>
<td>Miscellaneous Receipts</td>
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<td>250,000</td>
<td>295,000</td>
<td>200,000</td>
<td>95,000</td>
<td>295,000</td>
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<td>6,463,339</td>
<td>6,463,339</td>
<td>0</td>
<td>6,624,922</td>
<td>475,949</td>
<td>161,583</td>
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<td>Deeds Excise Estimate**</td>
<td>2,600,000</td>
<td>2,300,000</td>
<td>2,300,000</td>
<td>1,961,288</td>
<td>338,712</td>
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<td>-300,000</td>
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<tr>
<td>Dedicated Deeds Excise-MOE</td>
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<td>1,500,000</td>
<td>1,500,000</td>
<td>1,500,000</td>
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<td>1,600,000</td>
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<tr>
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<td>280,000</td>
<td>310,000</td>
<td>180,000</td>
<td>130,000</td>
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<td>0</td>
<td>0</td>
<td>73,000</td>
<td>73,000</td>
<td>73,000</td>
</tr>
<tr>
<td>Reimbursements/Shared Services Income</td>
<td>60,000</td>
<td>70,000</td>
<td>70,000</td>
<td>70,000</td>
<td>0</td>
<td>154,360</td>
<td>94,360</td>
<td>84,360</td>
</tr>
<tr>
<td>Appropriated from Unexpended Balance</td>
<td>550,000</td>
<td>250,000</td>
<td>500,000</td>
<td>500,000</td>
<td>0</td>
<td>0</td>
<td>-550,000</td>
<td>-500,000</td>
</tr>
<tr>
<td>Appropriated from Prior Year Deeds Excise</td>
<td>200,000</td>
<td>130,000</td>
<td>130,000</td>
<td>130,000</td>
<td>0</td>
<td>0</td>
<td>-200,000</td>
<td>-130,000</td>
</tr>
<tr>
<td>From Stabilization Fund*</td>
<td>0</td>
<td>198,838</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>19,400,923</td>
<td>18,965,535</td>
<td>19,658,801</td>
<td>18,593,618</td>
<td>1,065,183</td>
<td>19,537,444</td>
<td>136,521</td>
<td>-121,357</td>
</tr>
</tbody>
</table>

*Difference in available revenues between FY20 and FY21 is -$621,357 without a Stabilization Fund withdrawal

**Total projected FY20 Deeds Excise Revenue is $3,833,000, but revenue increase is offset by absorbing $1,533,200 of Registry indirect costs.
FY21 Norfolk County Revenue Projections

- Downgraded revenues projected by the County for FY21 point to $121,357 less in overall available revenues

  - $100,000 reduction in Registry Transaction Fees
  - $115,000 reduction in Court Rental Reimbursements
  - $65,000 reduction in Interest Earnings
  - $130,000 reduction in Registry Online Fees
  - $500,000 reduction in Unexpended Balance carryover
  - $130,000 reduction in Prior Year Deeds Excise carryover
  - $161,583 increase in County Assessment
  - $100,000 increase in available funding from Sheriff’s MOE
  - $73,000 increase in projected new parking revenues
  - $84,360 increase in Reimbursements/Shared Services income

- $500,000 draw on Stabilization Fund in FY21 due no unexpended balance expected to be available
**County Absorbing Deeds Excise Revenues & Registry Indirects**

### COUNTY OF NORFOLK
**FISCAL YEAR 2021 ESTIMATED COUNTY REVENUES**

<table>
<thead>
<tr>
<th>Description</th>
<th>FY21 EST</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL COUNTY REVENUES:</strong></td>
<td></td>
</tr>
<tr>
<td>Registry Transaction Fees</td>
<td>2,300,000</td>
</tr>
<tr>
<td>Recreational Receipts</td>
<td>1,350,162</td>
</tr>
<tr>
<td>Court Rental Reimbursement</td>
<td>4,100,000</td>
</tr>
<tr>
<td>Interest Earnings</td>
<td>60,000</td>
</tr>
<tr>
<td>Miscellaneous Receipts</td>
<td>205,000</td>
</tr>
<tr>
<td>County Tax Assessment</td>
<td>0.624,925</td>
</tr>
<tr>
<td>Deeds Excise Estimate</td>
<td>3,833,000</td>
</tr>
<tr>
<td>Dedicated Deeds Excise - Sheriffs MOE</td>
<td>1,600,000</td>
</tr>
<tr>
<td>County Share Internet Revenue</td>
<td>180,000</td>
</tr>
<tr>
<td>Parking Revenues</td>
<td>73,000</td>
</tr>
<tr>
<td>Reimbursements/Shared Services Income</td>
<td>154,360</td>
</tr>
<tr>
<td>Appropriated from General Unexpended Balance</td>
<td>0</td>
</tr>
<tr>
<td>Appropriable from Prior Years Deeds Excise</td>
<td>0</td>
</tr>
<tr>
<td>From Stabilization Fund</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>TOTAL APPROPRIATIONS FROM REGISTRY OF DEEDS REVENUES:</strong></td>
<td>21,070,444</td>
</tr>
</tbody>
</table>

| Description                                                                 |            |
| Appropriations                                                             | 3,663,660  |
| Plus: Dedicated Deeds Revenue                                              | 112,123    |
| Less: Mandated County Spending                                              | (3,663,660) |
| **APPROPRIATE FROM AGRICULTURAL SCHOOL REVENUES:**                         | 112,123    |

| Description                                                                 |            |
| Agricultural School Dept. Appropriations                                  | 11,127,426 |
| Plus: Est. Dept. Indirects                                                | 3,661,508  |
| Less: Mandated County Spending                                             | (4,127,277) |
| **TOTAL ANTICIPATED REVENUES**                                             | 31,642,224 |

| Description                                                                 |
| FY21 COMMISSION APPROVED                                                   | 31,642,200 |
| VARIANCE                                                                   | 3,015      |

- First arrow---Increase to full 100% Deeds Excise Estimate (from $2.3 million); this results in an increase of $1,533,200 in projected Deeds Excise Revenues at 100%. (60%=$2.3 million; 40%=$1.53 million). This is how Plymouth & Bristol Counties approach their revenues

- Second arrow---Normally we’d also be able to realize 100% of the Prior Years Deeds excise under this scenario (we carried over $252,000 at the 60% County Share from FY19). However, we are significantly decreasing (to zero) our carryover from FY20 based on the current health pandemic

- Third arrow---The Registry’s FY21 projected indirects currently total $1,645,323 in FY21. The difference between $1,645,323 and $1,533,200 is $112,123. This will be the amount of money in Dedicated Deeds revenue (coming from the Registry’s dedicated accounts) that will be needed to fully pay the Registry indirect costs. You will see on the next page, however, that the Registry always proposes using its Dedicated Revenues to pay for more their indirect costs
Budgeting process

Resets the entire budgeting and accounting process to a "true"

Numbers received that 5252.679, 75259, 679, 9, 679 in funding.

This means that the County's historically has not realized the
Dedicated Revenue and Indirect Funding Revenue as represented
those numbers historically never materialize

First arrow, looking at the same line, you can see how the Registry has always submitted budgets proposing that they spend
accounts that will be needed to pay the Registry indirect costs
5252, 679, 679.

First arrow--The Registry proposals totals 5252, 679, 679.

County Absorbing Deeds Excise Revenues & Registry Indirects
Chapter 64D, Section 12: Disbursement of funds

Section 12. (a) Notwithstanding any general or special law to the contrary, of that portion of the amounts deposited in the Deeds Excise Fund for each county from revenues collected pursuant to this chapter which represents 10.625 per cent of the taxes collected: (1) not more than 60 per cent of the deposits shall be disbursed and expended for meeting the costs of the operation and maintenance of the county; and (2) not less than 40 per cent shall be disbursed and expended for the automation, modernization and operation of the registries of deeds.

(b) Notwithstanding any general or special law to the contrary, with respect to funds appropriated for the purposes designated in clause (2) of subsection (a) and which are not dedicated to the Deeds Excise Fund in each county under section 11, the county budget shall provide a continuing amount of expenditure of not less than 102.5 per cent of the amount expended for that purpose in the preceding fiscal year.
Cost Increases in FY21 Operating Budget

- $70,000 increase in overall group insurance costs
- $171,000 increase in NCRB assessment for active County employees, not including Sheriff’s MOE
- $162,000 County increase in debt service for FY21 capital needs improvements, including initial assessment on Norfolk County Superior Court Dome
- $112,162 increase in County employee COLA increases
- $35,700 increase in auditing and risk management insurance premiums
- $139,690 increase for NCAHS Net School Spending obligation
- $25,000 one-time cost for financial policies/best practices
- $15,000 increase for Emergency Reserve
Reductions and Cuts to Balance FY21 Operating Budget

- $175,000 reduction to OPEB appropriation (savings realized in indirect offsets)
- $20,000 savings in Workers’ Compensation & Employment Charges
- $7,200 cut in funding in Regional Services line-items
- $85,000 cut in funding for Presidents Golf Course irrigation repair analysis and tennis court repairs
- $8,400 reduction from proposed Commissioners Office expenses
- $5,000 reduction from proposed Commissioners’ IT Department expenses
- $3,400 reduction from proposed Treasurer’s Office expenses
- $55,000 reduction in Maintenance Department Personnel budget
- $111,000 reduction from proposed Engineering Department budget
- $742,561 reduction in proposed Registry funding, including $461,811 for 9 vacant positions
  - $548,696 in reduced County appropriations
- $300,000 in across-the-board reductions at the Norfolk County Agricultural High School (absorbed in Aggie budget)
FY21 Norfolk County Agricultural High School Operating Budget

- Commissioners’ FY21 budget includes continued support for the Aggie and is the product of months of work by Finance Subcommittee of the Aggie Board of Trustees and school administration.

- Not unlike any other school district challenges, limited revenues causing overreliance on reserves, employee contractual obligations reflecting statewide averages, increases in special education, increases in school safety costs have placed various challenges on school’s fiscal position

- Increases have prompted $300,000 in across-the-board reductions; maintaining current staffing levels has remained a priority
Going forward from here...

- Conservatively downgraded revenues, but hard to completely predict economic impacts of the next fiscal year. Budget and revenues may require additional action by the Commissioners, Finance Committee and Advisory Board going forward.

- Structural deficit of $500,000 also needs to be resolved.

- Integral to continue working with state and legislative leaders around County relief and modernization efforts.

- Continue working with Aggie to address funding challenges.

- Establishing written financial policies and best-practices implementation will help to guide efforts, (i.e. unexpended balance, capital planning, reserves, etc.).