

Town of Berkley, Massachusetts Finance Committee Report for Fiscal Year 2016



June 1, 2015

Committee Members:

Joseph Freitas, Nancy Gajoli, Michele Hamilton (Secretary), Edgar S Hoak (Chairman)



FY2016 Budget Presentation to the Town of Berkley June 1, 2015

Today we present for the fourth consecutive year a balanced budget at our Town Meeting. This budget is based on the Massachusetts Senate FY16 budget proposal and has the Finance committee's unanimous recommendation. We continue to struggle to balance the budget and provide the minimum service level expected for schools, highway, public safety and support of our seniors and veterans driven by our limited ability to generate revenue.

Before we get into the details of the FY16 budget let's first speak to the current economic conditions. Since our last town meeting, the Federal Reserve elected to end the Quantitative Easing program. This program, which consisted of monthly bond purchases, was aimed at keeping interest rates low and encouraging investment. While the program's success was questionable, the Federal Reserve decided that it was no longer needed. The Federal Reserve continues to monitor economic conditions carefully and is considering raising the federal funds rate from its current target of 0% - .25%. The goal of an unemployment rate under 6% has been achieved, but inflation still remains under the Federal Reserve's target of 2%. Recent increases in fuel costs should cause inflation to rise, and currently an interest rate hike is expected in the 3rd quarter.

Here in Massachusetts, the difficult winter we all enjoyed has reared its ugly head in the economic data from the 1st quarter. However there is optimism for a rebound this quarter and beyond. The unemployment rate is lower than the national average, and business activity remains solid. Many are optimistic that economic conditions, both here and nationally, will continue to strengthen in the months and years ahead. The State House proposed FY16 budget shows increased spending 2.8%



FY2016 Budget Presentation to the Town of Berkley June 1, 2015

while local aid, namely Chapter 70 education aid and unrestricted local aid remain flat. This is the 7th consecutive year of token or zero growth in our state aid profile and continues to place an unprecedented burden on local taxation revenues to cover those services provided to our residents.

The total proposed budget for FY16 is \$17.775M. While you will see total revenue has increased 6.7% this is largely attributable to voter approved debt exclusions for our new high school, town hall, and fire department tanker truck. Factoring out revenues for new debt service, revenue growth is just 2% or \$338,438. This growth in revenue was nearly entirely consumed by fixed costs such as pensions, health care and other assessments. As an example, the assessment from Bristol Plymouth Regional High School increased nearly \$68,000, an 8.3% increase over FY15 or 20% of FY16's new revenues. This significantly hinders our ability to strengthen our town's budget and our ability to maintain a level amount of services.

Going forward the pressures of fixed and contracted costs will continue to squeeze our limited revenues. Municipalities across Massachusetts are confronting the reality that all 3 major sources of revenue consisting of property taxes, local aid and local receipts are experiencing only modest growth, if any at all, and likely not to change in the near future. Seeking alternative and creative revenue sources must become a priority immediately. By FY18, just 2 years from now, we project a significant revenue shortfall. The funding profile approved by the town when we regionalized our high school will no longer sustain the anticipated growth in high school education costs. As it is now, in this budget presented tonight, there are incredible pressures which are impacting



FY2016 Budget Presentation to the Town of Berkley June 1, 2015

every department in town and have forced extremely difficult decisions.

As we enter fiscal 2016 Moody's maintained our positive credit rating of A2, our high school students have nearly completed their first year in the beautiful new high school and we will soon be moving into our new town hall. The budget presented tonight maintains the status quo of the past several years with increases for contracted items only.

This year there is a significant amount of free cash – primarily the result of revenues from the 3 solar farms in town. Going forward the solar farm revenues will become part of the tax base. Unfortunately, we don't expect this level of free cash to continue going forward. Free cash appropriations of \$433,467 are proposed in Article 1. The primary drivers are to pay snow and ice costs in excess for this past winter which exceeded our snow and ice budget by over \$180,000, replace 1 of 2 plow sander combo units which had to be taken out of service at a cost of over \$150,000 and we must make our final installment to replace the roof of the public safety building that we've been setting aside money for the past 3 years. Lastly we must continue to rebuild our stabilization reserves with a small contribution.

With reference to tonight's warrant articles, the Finance Committee unanimously supports and recommends your approval of Articles 1 and 5-12 which raise and appropriate funds for all town functions.

Lastly I'd like to thank the volunteers who serve on your Finance Committee and those who participate in our town's budgeting and finance process. Thank you for the opportunity to address you.

5/12/2015

Fiscal Year	FY15 Final	FY16 Senate Budget
PROPERTY TAXES		
Fiscal Base	\$7,763,009	\$8,071,495
Prop 2 1/2	\$194,075	\$201,787
New Growth	\$114,411	\$60,000
Excludable Debt	\$649,846	\$1,240,208
TOTAL	\$8,721,341	\$9,573,490
STATE AID		
Chapter 70	\$3,875,013	\$3,893,088
MSBA School Bld Reimbursement	\$891,336	\$891,336
School Lunches	\$5,062	\$0
School Choice Receiving	\$334,467	\$368,289
Charter Tuition Reimbursement	\$7,431	\$21,759
Unrestricted Local Aid	\$541,410	\$560,901
Verterans Benefits	\$32,357	\$25,610
Exempt Elderly	\$26,309	\$28,843
State Owned Land	\$24,062	\$24,062
Public Library	\$7,571	\$7,647
TOTAL	\$5,745,018	\$5,821,535
LOCAL RECEIPTS		
Motor Vehicle Excise	\$627,000	\$654,000
Payment in Lieu of Taxes	\$73,620	\$89,989
Meals Tax	\$28,000	\$20,000
Penalties and Inerest on Excise	\$45,000	\$45,000
Other Charges for Services	\$80,000	\$80,000
Fees	\$45,000	\$45,000
License & Permits	\$95,000	\$95,000
Fines and Forfits	\$10,605	\$10,605
Investment Income	\$8,000	\$8,000
TOTAL	\$1,012,225	\$1,047,594
OTHER AVAILABLE FUNDS		
Ambulance User	\$160,000	\$160,000
High School Stabilization	\$1,649,175	\$1,836,351
TOTAL AVAILABL	\$1,809,175	\$1,996,351
TOTAL RECEIPTS	\$17,287,759	\$18,438,970
CHARGES AGAINST RECEIPTS		
Regional & County Assessments	\$192,600	\$170,446
Assessors Overlay	\$82,280	\$82,280
Library	\$7,571	\$7,647
School Lunch	\$5,062	\$0
School Choice Receiving	\$334,467	\$368,289
Charter School Sending	\$11,794	\$25,222
TOTAL CHARGES AGAINST RECEIPTS	\$621,980	\$653,884
TOTAL NET RECEIPTS	\$16,665,780	\$17,785,086

5/12/2015

#	Dept	Account	FY15 STM - Final	FY16 ATM - Final
114	Moderator	Salary	\$74	\$74
		Expense	\$400	\$400
			\$474	\$474
122	Select	Salary	\$9,460	\$9,460
		Personnel	\$47,493	\$52,323
		Janitor	\$0	\$0
		Expense	\$3,400	\$3,400
		Sealer of Weights and Measures	\$1,000	\$1,000
			\$61,353	\$66,183
131	FINCOM	Expense	\$1,500	\$1,500
			\$1,500	\$1,500
132	Reserve	Reserve	\$5,898	\$2,804
			\$5,898	\$2,804
135	Acct	Personnel	\$50,245	\$51,991
		Expense	\$900	\$900
			\$51,145	\$52,891
141	Assessor	Salary	\$10,933	\$10,933
		Personnel	\$18,545	\$15,730
		Expense	\$9,500	\$9,500
		CAMA	\$2,750	\$3,350
		Recertification	\$9,000	\$7,000
		Tax Maintenance	\$6,000	\$6,000
			\$56,728	\$52,513
145	Treas	Salary	\$28,850	\$28,850
		Personnel	\$23,778	\$24,600
		Expense	\$14,000	\$14,000
			\$66,628	\$67,450
146	Collect	Salary	\$28,850	\$28,850
		Personnel	\$16,162	\$16,401
		Expense	\$10,430	\$10,430
			\$55,442	\$55,681

5/12/2015

#	Dept	Account	FY15 STM - Final	FY16 ATM - Final
151	Counsel	Town Counsel	\$32,500	\$32,500
			\$32,500	\$32,500
158	Tax Title	Tax Title Expense		
		Collector Tax Title Expense	\$2,500	\$2,500
		Treasurer Tax Title Expense	\$4,750	\$4,750
			\$7,250	\$7,250
161	Twn Clrk	Salary	\$28,850	\$28,850
		Personnel	\$15,288	\$15,730
		Expense	\$4,100	\$4,100
			\$48,238	\$48,680
162	Elections	Elections	\$18,000	\$15,000
			\$18,000	\$15,000
163	Registration	Registration	\$5,100	\$5,100
			\$5,100	\$5,100
175	Plan Brd	Salary	\$924	\$924
			\$924	\$924
192	Twn Ofc Bld	Town Hall Maint Expense		
		Maintenance Personnel	\$17,000	\$34,000
		Emergency Roof Repair	\$15,000	\$0
		Expense	\$35,780	\$28,310
			\$67,780	\$62,310
193	Twn Water	Public Water Supply	\$750	\$750
			\$750	\$750
210	Police	Personnel	\$591,009	\$626,990
		Expense	\$46,900	\$53,460
		Union Contract	\$50,406	\$51,667
		Contracted Services	\$4,445	\$4,445
		Critical Incident Training	\$5,000	\$5,000
		Equipment		\$0
			\$697,760	\$741,562

5/12/2015

#	Dept	Account	FY15 STM - Final	FY16 ATM - Final
220	Fire	Personnel	\$115,500	\$136,112
		Expense	\$26,000	\$30,000
		Turnout Gear (2); Oxygen Bottles	\$6,000	
		Contracted Services	\$6,000	\$6,000
			\$153,500	\$172,112
230	Ambulance	Personnel	\$226,971	\$238,128
		Expense	\$16,500	\$24,233
		Union Contract	\$20,000	\$20,000
		Contracted Services	\$12,000	\$20,000
			\$275,471	\$302,361
241	Bld Dept	Personnel	\$23,488	\$25,058
		Expense	\$2,043	\$1,800
			\$25,531	\$26,858
250	Pub Safety Bld	Expense	\$35,437	\$41,256
			\$35,437	\$41,256
290	Tree	Salary	\$3,300	\$3,300
		Expense	\$3,000	\$3,000
		Emergency Tree Work	\$5,000	\$5,000
			\$11,300	\$11,300
292	ACO	Personnel	\$7,200	\$8,240
		Expense	\$2,500	\$2,900
			\$9,700	\$11,140
299	Comm	Personnel	\$213,405	\$237,184
		Expense	\$5,500	\$8,000
		Union Contract	\$15,157	\$16,117
			\$234,062	\$261,301
300	Schools	Sch Cmtee Salary	\$924	\$924
		Berkley School	\$8,334,843	\$7,470,070
		K-8 Health Coverage		\$827,579
		K-8 Insurance Premiums		\$70,351
		Homework Pilot Program	\$11,250	\$0
		SBRSD	\$130,000	\$200,000

5/12/2015

#	Dept	Account	FY15 STM - Final	FY16 ATM - Final
		Transfer High School	\$1,649,175	\$1,836,312
		Bristol Cty Aggy	\$22,321	\$18,887
		Bristol Plymouth	\$817,496	\$885,222
			\$10,966,008	\$11,309,345
420 Hwgy / DPW		Salary, Surveyer	\$63,336	\$63,336
		Personnel	\$338,989	\$362,175
		Expense	\$155,040	\$171,292
		Contracted Service	\$43,260	\$45,423
		Union Contract	\$12,000	\$14,000
		Snow Removal	\$55,000	\$60,000
		Stormwater Management	\$5,000	\$5,500
			\$672,625	\$721,726
425 Lights		Street Lights	\$2,200	\$2,200
			\$2,200	\$2,200
491 Cem		Salaries	\$366	\$366
		Expense	\$4,000	\$4,000
			\$4,366	\$4,366
510 Board of Hlth		Salary	\$2,258	\$2,258
			\$2,258	\$2,258
541 COA		Council on Aging	\$6,253	\$6,253
			\$6,253	\$6,253
543 Veterans		Personnel	\$7,878	\$7,878
		Veteran's Benefits	\$43,000	\$40,000
		Expense	\$4,000	\$4,000
		Training/Certification	\$500	\$500
			\$55,378	\$52,378
610 Library		Library Trustees Salary	\$605	\$605
		Salary	\$45,239	\$45,918
		Personnel	\$44,607	\$46,716
		Expense	\$26,448	\$26,448
			\$116,899	\$119,687

5/12/2015

#	Dept	Account	FY15	FY16
			STM - Final	ATM - Final
710	Vet Graves	Care Vets Graves	\$250	\$250
		Memorial Day & Vets	\$700	\$700
			\$950	\$950
711	Exempt Debt			
		Middle Sch Debt Service	\$845,000	\$885,000
		Middle Sch Interest Service	\$238,050	\$200,025
		Sch Renovation Debt 2	\$10,000	\$10,000
		Sch Renovation Interest 2	\$2,925	\$2,045
		Town Well Debt	\$20,000	\$20,000
		Town Well Interest	\$5,850	\$4,089
		Multi-Use Land debt	\$80,000	\$80,000
		Multi-Use Land Interest	\$22,625	\$15,636
		Town Office Bldg Debt	\$0	\$120,000
		Town Office Bldg Interest	\$4,800	\$125,450
		SBRSD High School Debt	\$89,225	\$242,799
		SBRSD High School Interest	\$222,707	\$280,500
		Fire Tanker Truck Debt	\$0	\$134,000
		Fire Tanker Truck Interest	\$0	\$12,000
			\$1,541,182	\$2,131,544
830	Assessments	Bristol Cty Retirement	\$609,190	\$657,245
		SRPEDD	\$1,036	\$1,088
			\$610,226	\$658,333
910	Insurance	Health Ins-Town	\$217,620	\$212,298
		Medicare	\$135,000	\$135,000
			\$352,620	\$347,298
940	Misc	Insurance Premium Town	\$107,031	\$114,468
		Audit	\$35,400	\$30,000
		Software Maintenance	\$24,000	\$23,300
		IMC-CJS Software	\$17,305	\$17,305
		Town Fuel Account	\$120,000	\$120,000
		Municipal Lease	\$68,500	\$68,176
		Internet/Telephone Service	\$15,000	\$15,000
		Historic Commission	\$100	\$100
		Contract Negotiation	\$2,000	\$500
			\$394,336	\$388,849

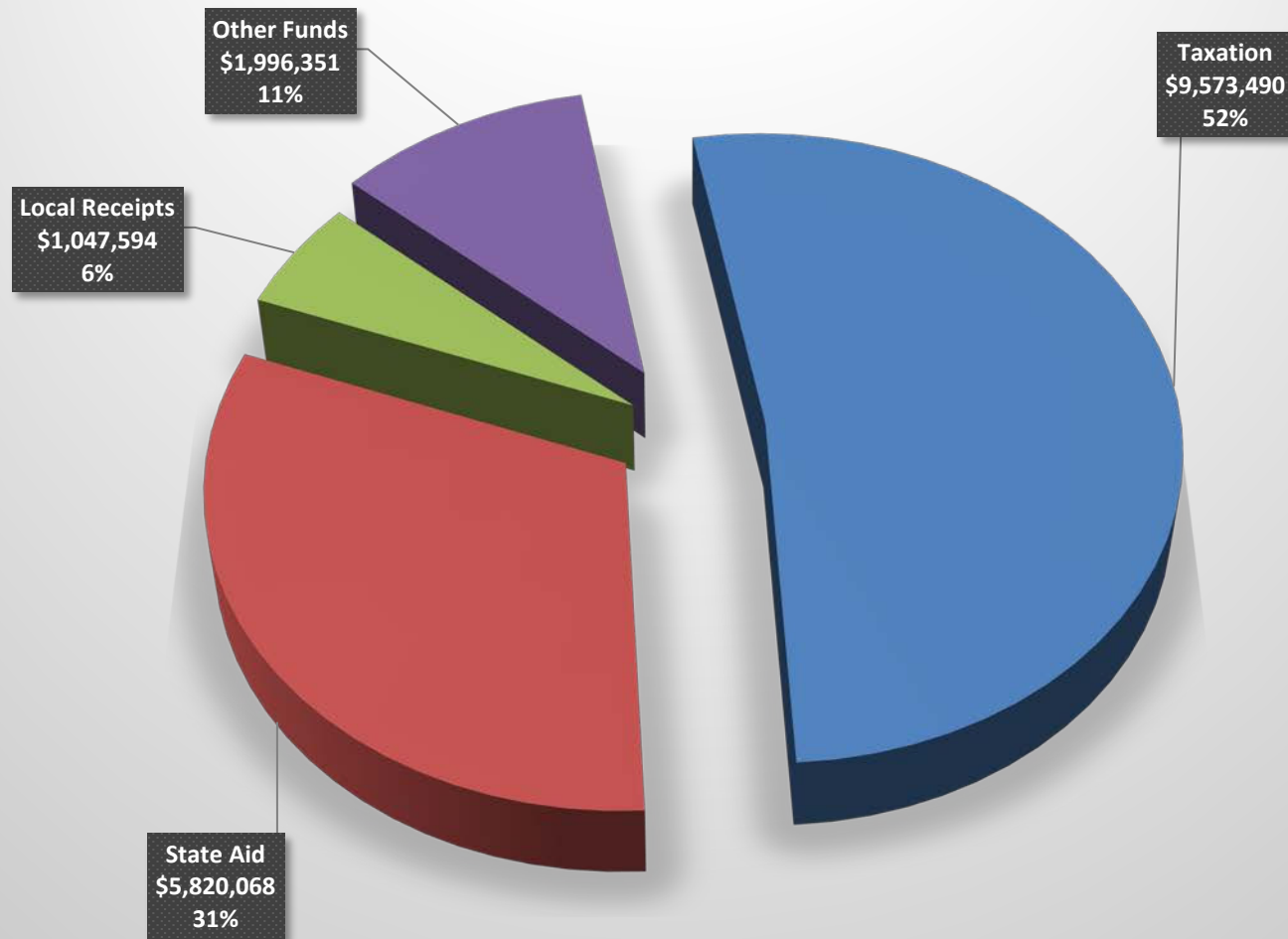
5/12/2015

#	Dept	Account	FY15 STM - Final	FY16 ATM - Final
LINE TOTALS			\$16,647,771	\$17,785,086
		Ambulance User Fee	\$160,000	\$160,000
		Stabilization	\$1,649,175	\$1,836,351
		Free Cash	\$0	\$0
		Taxation & State Aid	\$14,856,605	\$15,788,735
TOTAL AVAILABLE FUNDS			\$16,665,780	\$17,785,086
SURPLUS / (DEFICIT)			\$18,008	\$0

Free Cash Appropriations

Item	Amount
Snow & Ice in excess of appropriation	\$188,721
Highway Plow Sander Combo Unit	\$150,446
Public Safety Building Roof / Maintenance	\$35,000
Fire Equipment	\$18,000
Town Hall Paving	\$12,000
To General Stabilization	\$10,000
Highway Roof Replacement	\$8,000
Police Equipment	\$4,800
Consulting Services	\$4,000
Public Safety Building Fencing	\$2,500
Total Appropriations	<u><u>\$433,467</u></u>

FY2016 Town Of Berkley Revenue Sources



FY2016 Town Of Berkley Budget Distribution

