

Town of Berkley, Massachusetts Finance Committee Report for Fiscal Year 2017



June 6, 2016

Committee Members:

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



FY2017 Budget Presentation to the Town of Berkley June 6, 2016

Today we present for the FY17 budget which is based on the Massachusetts Senate Ways and Means FY17 budget proposal and has the Finance committee's unanimous recommendation. While the budget presented today is balanced we anticipate a significant structural deficit in FY18 for which you will hear more later. This budget does achieve a goal of this Finance Committee which was to achieve fairness and parity across all town departments.

First, let's discuss current federal and state economic conditions. As the economy continues to expand and recover from the devastating Great Recession, we currently have an unemployment rate hovering around 5% and an expected 2016 GDP of between 2.0-2.5%. While economists are pleased to see the economy expanding and the labor markets improving, the GDP growth is lower than in previous economic recoveries and the labor force participation rate, a broader measure of employment, remains near levels last seen in the late 1970's. For these reasons, and additionally due to economic weakness in Asia and Europe and turmoil in oil prices, the Federal Reserve has altered their plans to raise interest rates this year. Originally, it was expected that the Fed would raise rates 4 times in 2016 to 1.5% from the .25% to .50% range they are at now. Now it appears that only one or two interest rate hikes are possible. As the summer progresses, the 2016 Presidential Election will take center stage and any changes in political policies may effect economists' forecasts as we approach 2017.

In Massachusetts, GDP growth has been stronger than national numbers, and the unemployment rate is reported at 4.6%, better than its pre-recession low. However, taking into account workers who are part time but would rather be full time and those who have given up looking



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for work the rate grows to 9.3%, higher than it was pre-recession. The business climate remains good, but certainly locally and nationally economic conditions are better than they were just a few years ago but they remain fragile.

The Senate Ways and Means proposed FY17 budget shows increased spending of 3%. Our Chapter 70 education aid rose by just 1% and unrestricted local aid rose for the first time in 8 years of any significance by 4.3%. Even with these increases this is the 9th 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. I would like to draw your attention to the chart provided with the FY17 budget which shows a history of our revenue sources. As can be seen over the past 8 years we have had a significant shift in revenue in the form of aid to local taxation.

The total proposed budget for FY17 is \$18.6M. While you will see total revenue has increased 3.93% this is largely attributable to voter approved debt exclusions for our new high school and town hall. The growth in revenue was nearly entirely consumed by fixed costs such as pensions, health care and other assessments. For FY17 we are seeing insurance premiums increasing nearly 13% compared to prior years of 3-4%.

Last year we reported that in fiscal year 2018 we projected a significant revenue shortfall. The funding profile approved by the town when we regionalized our high school can no longer sustain the anticipated high school education costs. Going into fiscal year 2017 nothing has changed. We project a budget deficit in excess of \$500,000 for FY18.



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The funding profile for our schools must urgently be addressed now. Committees have been formed within the Berkley Public Schools and the Somerset Berkley Regional School District to address this problem. Additionally, at the recommendation of the Finance Committee the Board of Selectmen has formed the Economic Development Committee to seek economic opportunities in Berkley. This effort is just beginning and will take several years before the benefits can be seen.

We also addressed urgent public safety concerns with regard to opiate addiction and emotionally disturb persons for which Berkley is not immune. It is prudent given what we are seeing in and around our community to add a full time police officer.

This year's amount of free cash available while not insignificant has decreased from recent years. Free cash appropriations of \$151,805 are proposed in Article 2. The primary drivers are to pay snow and ice costs in excess for this past winter which exceeded our snow and ice budget by \$74,246 (less than half of FY2015 thanks to a mild winter), investing in our school's successful after school program in the amount of \$24,000, capital expenditures in public safety totaling \$30,599 and contributing to our stabilization reserves with a small contribution of \$12,500.

With reference to tonight's warrant articles, the Finance Committee unanimously supports and recommends your approval of Articles 2 and 5-12 which raise and appropriate funds for all town functions.

As we go into difficult times ahead the committee encourages everyone to get involved and have a voice in how we address the challenges ahead.

5/2/2016

Fiscal Year	FY16 Final	FY17 SWM Budget
PROPERTY TAXES		
Fiscal Base	\$8,071,495	\$8,347,814
Prop 2 1/2	\$201,787	\$208,695
New Growth	\$60,000	\$90,000
Excludable Debt	\$1,230,208	\$1,292,598
TOTAL	\$9,563,490	\$9,939,107
STATE AID		
Chapter 70	\$3,893,088	\$3,934,448
MSBA School Bld Reimbursement	\$891,336	\$891,336
School Lunches	\$0	\$0
School Choice Receiving	\$396,688	\$582,114
Charter Tuition Reimbursement	\$11,739	\$0
Unrestricted Local Aid	\$560,901	\$585,020
Verterans Benefits	\$25,610	\$28,513
Exempt Elderly	\$28,843	\$29,510
State Owned Land	\$24,062	\$29,954
Public Library	\$7,662	\$7,685
TOTAL	\$5,839,929	\$6,088,580
LOCAL RECEIPTS		
Motor Vehicle Excise	\$654,000	\$654,000
Payment in Lieu of Taxes	\$89,989	\$89,989
Meals Tax	\$20,000	\$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	\$1,047,594	\$1,047,594
OTHER AVAILABLE FUNDS		
Ambulance User	\$160,000	\$160,000
High School Stabilization	\$1,836,351	\$2,190,551
Other Revolving Accounts		\$40,000
TOTAL AVAILABLI	\$1,996,351	\$2,390,551
TOTAL RECEIPTS	\$18,447,364	\$19,465,832
CHARGES AGAINST RECEIPTS		
Regional & County Assessments	\$165,446	\$169,368
Assessors Overlay	\$82,280	\$82,280
Library	\$7,662	\$7,685
School Lunch	\$0	\$0
School Choice Receiving	\$396,688	\$582,114
School Choice / Charter School Sending	\$35,242	\$10,000
TOTAL CHARGES AGAINST RECEIPTS	\$687,318	\$851,447
TOTAL NET RECEIPTS	\$17,760,046	\$18,614,385

5/16/2016

#	Dept	Account	FY16 ATM - Final	FY17 FINCOM
114	Moderator	Salary	\$74	\$74
		Expense	\$400	\$1,100
			\$474	\$1,174
122	Select	Salary	\$9,460	\$9,460
		Personnel	\$52,323	\$53,800
		Expense	\$3,400	\$3,519
		Sealer of Weights and Measures	\$1,000	\$1,000
			\$66,183	\$67,779
131	FINCOM	Expense	\$1,500	\$1,500
			\$1,500	\$1,500
132	Reserve	Reserve	\$2,804	\$36
			\$2,804	\$36
135	Acct	Personnel	\$51,991	\$53,278
		Expense	\$900	\$900
			\$52,891	\$54,178
141	Assessor	Salary	\$10,933	\$10,933
		Personnel	\$15,730	\$17,900
		Expense	\$9,500	\$9,500
		CAMA	\$3,350	\$5,350
		Recertification	\$7,000	\$5,000
		Tax Maintenance	\$6,000	\$6,000
			\$52,513	\$54,683
145	Treas	Salary	\$28,850	\$28,850
		Personnel	\$24,600	\$15,400
		Expense	\$14,000	\$14,000
			\$67,450	\$58,250
146	Collect	Salary	\$28,850	\$28,850
		Personnel	\$16,401	\$22,336
		Expense	\$10,430	\$10,430
			\$55,681	\$61,616
151	Counsel	Town Counsel	\$32,500	\$32,500
			\$32,500	\$32,500
158	Tax Title	Tax Title Expense		\$7,250

5/16/2016

#	Dept	Account	FY16 ATM - Final	FY17 FINCOM
		Collector Tax Title Expense	\$2,500	
		Treasurer Tax Title Expense	\$4,750	
			\$7,250	\$7,250
161	Twn Clrk	Salary	\$28,850	\$28,850
		Personnel	\$15,730	\$17,412
		Expense	\$4,100	\$4,100
			\$48,680	\$50,362
162	Elections	Elections	\$15,000	\$15,000
			\$15,000	\$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	\$34,000	\$34,971
		Expense	\$28,310	\$28,310
			\$62,310	\$63,281
193	Twn Water	Public Water Supply	\$750	\$750
			\$750	\$750
210	Police	Personnel	\$626,990	\$734,489
		Expense	\$53,460	\$60,262
		Union Contract	\$51,667	\$52,700
		Contracted Services	\$4,445	\$4,445
		Critical Incident Training	\$5,000	\$5,000
			\$741,562	\$856,896
220	Fire	Personnel	\$136,112	\$136,112
		Expense	\$30,000	\$30,000
		Turnout Gear (2); Oxygen Bottles		\$0
		Contracted Services	\$6,000	\$8,000
			\$172,112	\$174,112
230	Ambulance	Personnel	\$238,128	\$242,000
		Expense	\$24,233	\$25,000
		Union Contract	\$20,000	\$20,000

5/16/2016

#	Dept	Account	FY16 ATM - Final	FY17 FINCOM
		Contracted Services	\$20,000	\$20,000
			\$302,361	\$307,000
241	Bld Dept	Personnel	\$25,058	\$24,726
		Expense	\$1,800	\$1,800
			\$26,858	\$26,526
250	Pub Safety Bld	Expense	\$41,256	\$44,315
			\$41,256	\$44,315
290	Tree	Salary	\$3,300	\$3,300
		Expense	\$3,000	\$8,000
		Emergency Tree Work	\$5,000	
			\$11,300	\$11,300
292	ACO	Personnel	\$8,240	\$9,360
		Expense	\$2,900	\$2,500
			\$11,140	\$11,860
299	Comm	Personnel	\$237,184	\$247,688
		Expense	\$8,000	\$8,000
		Union Contract	\$16,117	\$19,672
			\$261,301	\$275,360
300	Schools	Sch Cmtee Salary	\$924	\$924
		Berkley School	\$7,470,070	\$7,604,971
		K-8 Health Coverage	\$827,579	\$861,396
		K-8 Insurance Premiums	\$70,351	\$76,222
		SBRSD	\$200,000	\$150,000
		Transfer High School	\$1,836,312	\$2,190,551
		Bristol Cty Aggy	\$18,887	\$18,887
		Bristol Plymouth	\$885,222	\$927,754
			\$11,309,345	\$11,830,705
420	Hwgy / DPW	Salary, Surveyer	\$63,336	\$63,336
		Personnel	\$362,175	\$378,602
		Expense	\$171,292	\$172,000
		Contracted Service	\$45,423	\$47,000
		Union Contract	\$14,000	\$14,500
		Snow Removal	\$60,000	\$65,000
		Stormwater Management	\$5,500	\$5,000
			\$721,726	\$745,438

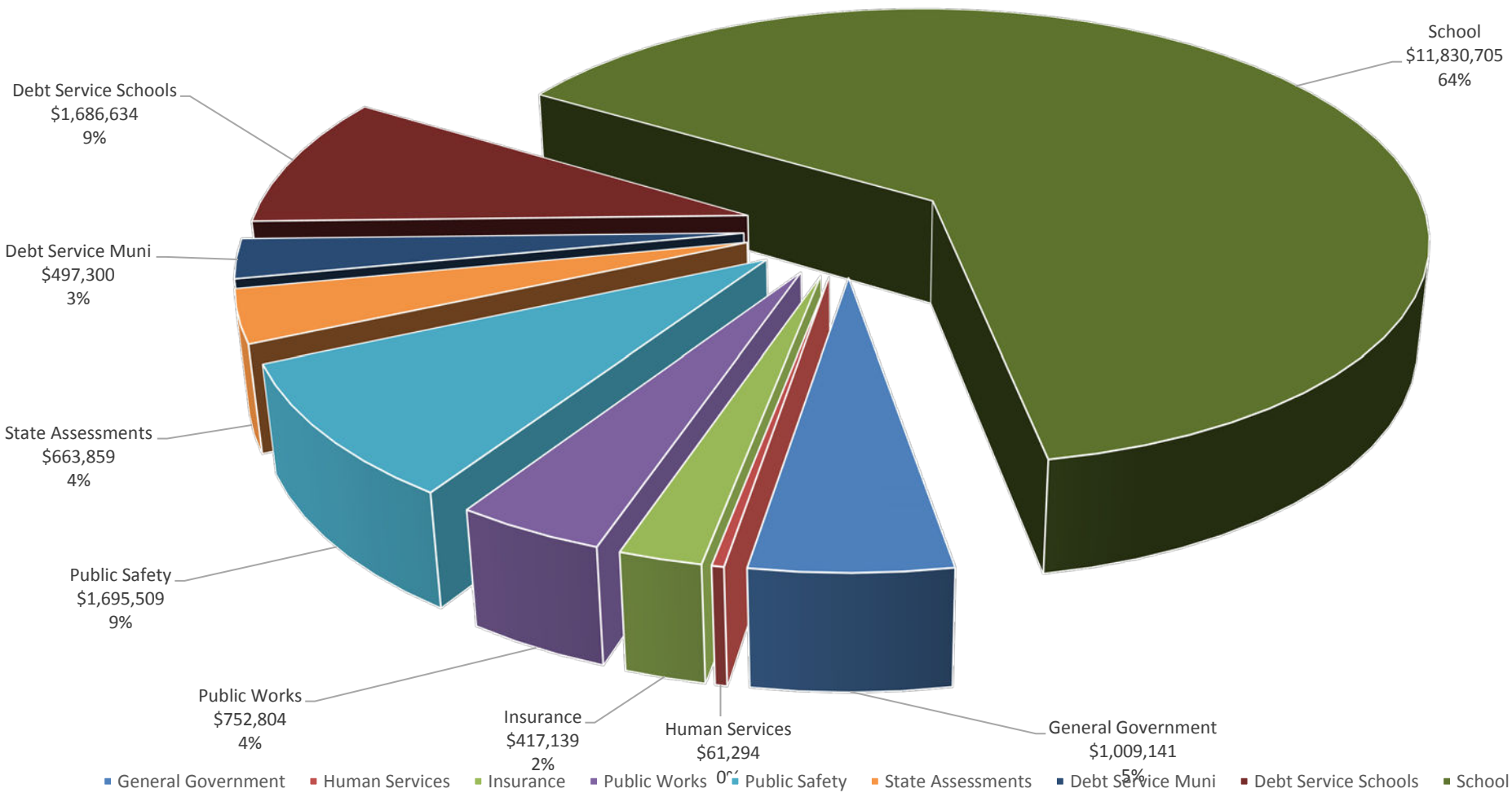
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#	Dept	Account	FY16 ATM - Final	FY17 FINCOM
425 Lights		Street Lights	\$2,200	\$3,000
			\$2,200	\$3,000
491 Cem		Salaries	\$366	\$366
		Expense	\$4,000	\$4,000
			\$4,366	\$4,366
510 Board of Hlth		Salary	\$2,258	\$2,258
			\$2,258	\$2,258
541 COA		Council on Aging	\$6,253	\$6,500
			\$6,253	\$6,500
543 Veterans		Personnel	\$7,878	\$8,036
		Veteran's Benefits	\$40,000	\$40,000
		Expense	\$4,000	\$4,500
		Training/Certification	\$500	\$0
			\$52,378	\$52,536
610 Library		Library Trustees Salary	\$605	\$605
		Salary	\$45,918	\$46,836
		Personnel	\$46,716	\$46,830
		Expense	\$26,448	\$27,298
			\$119,687	\$121,569
710 Vet Graves		Care Vets Graves	\$250	\$250
		Memorial Day & Vets	\$700	\$700
			\$950	\$950
711 Exempt Debt		Middle Sch Debt Service	\$885,000	\$930,000
		Middle Sch Interest Service	\$200,025	\$160,200
		Sch Renovation Debt 2	\$10,000	\$10,000
		Sch Renovation Interest 2	\$2,045	\$1,500
		Town Well Debt	\$20,000	\$20,000
		Town Well Interest	\$4,089	\$3,000
		Multi-Use Land debt	\$80,000	\$85,000
		Multi-Use Land Interest	\$15,636	\$11,400
		Town Office Bldg Debt	\$120,000	\$140,000
		Town Office Bldg Interest	\$125,450	\$101,900
		SBRSD High School Debt	\$242,799	\$300,256

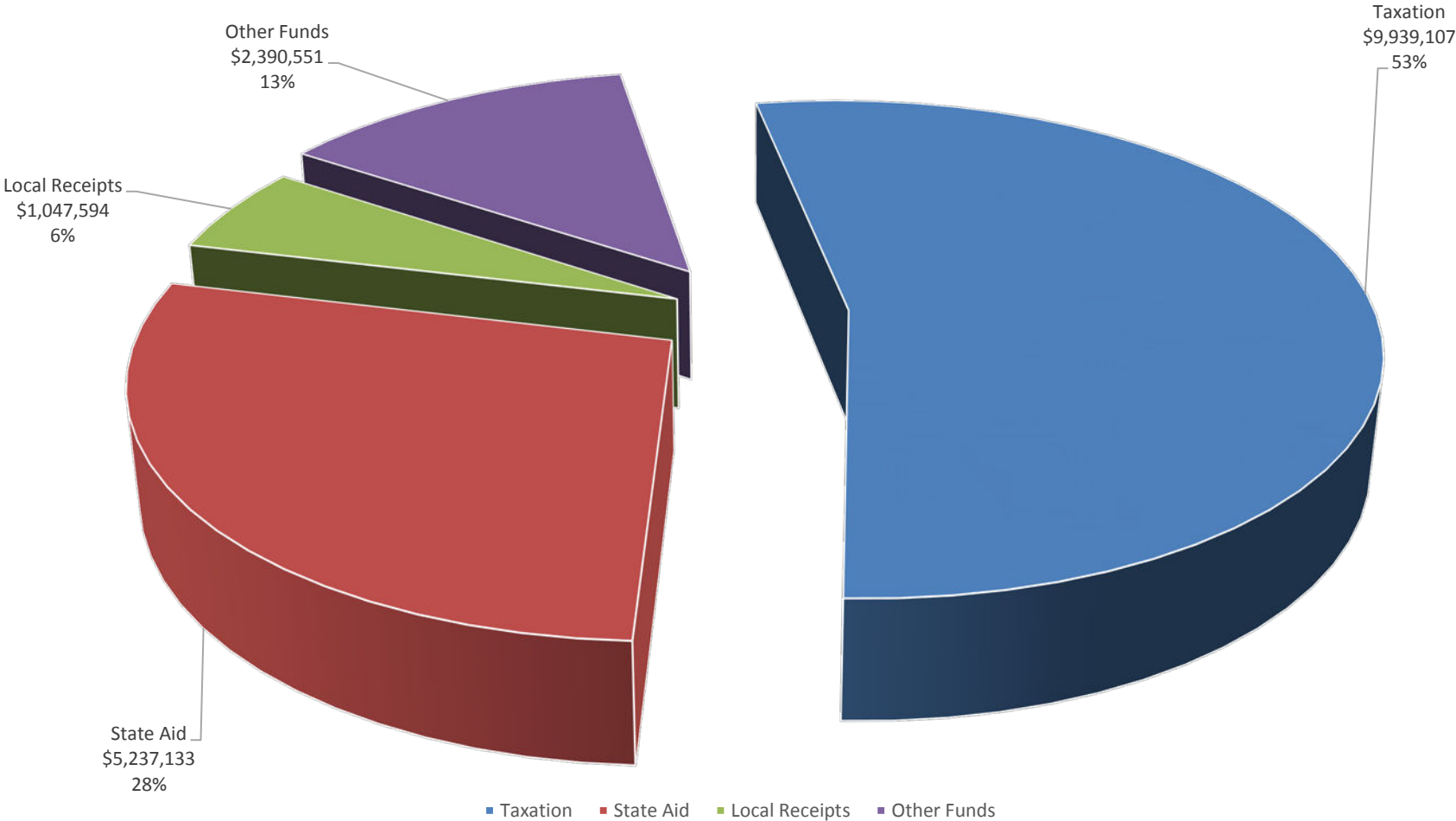
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#	Dept	Account	FY16 ATM - Final	FY17 FINCOM
		SBRSD High School Interest	\$280,500	\$284,678
		Fire Tanker Truck Debt	\$134,000	\$134,000
		Fire Tanker Truck Interest	\$2,000	\$2,000
			\$2,121,544	\$2,183,934
830 Assessments		Bristol Cty Retirement	\$657,245	\$662,771
		SRPEDD	\$1,088	\$1,088
			\$658,333	\$663,859
910 Insurance		Health Ins-Town	\$212,298	\$277,139
		Medicare	\$135,000	\$140,000
			\$347,298	\$417,139
940 Misc		Insurance Premium Town	\$114,468	\$116,779
		Audit	\$30,000	\$30,000
		Software Maintenance	\$23,300	\$24,500
		IMC-CJS Software	\$17,305	\$18,000
		Town Fuel Account	\$120,000	\$120,000
		Municipal Lease	\$68,176	\$75,000
		Internet/Telephone Service	\$15,000	\$15,000
		Historic Commission	\$100	\$100
		Contract Negotiation	\$500	\$1,000
			\$388,849	\$400,379
LINE TOTALS			\$17,775,086	\$18,614,386
		Ambulance User Fee	\$160,000	\$160,000
		Stabilization	\$1,836,351	\$2,190,551
		Other Revolving Funds		\$40,000
		Taxation & State Aid	\$15,778,735	\$16,223,834
TOTAL AVAILABLE FUNDS			\$17,775,086	\$18,614,385
SURPLUS / (DEFICIT)			\$0	\$0

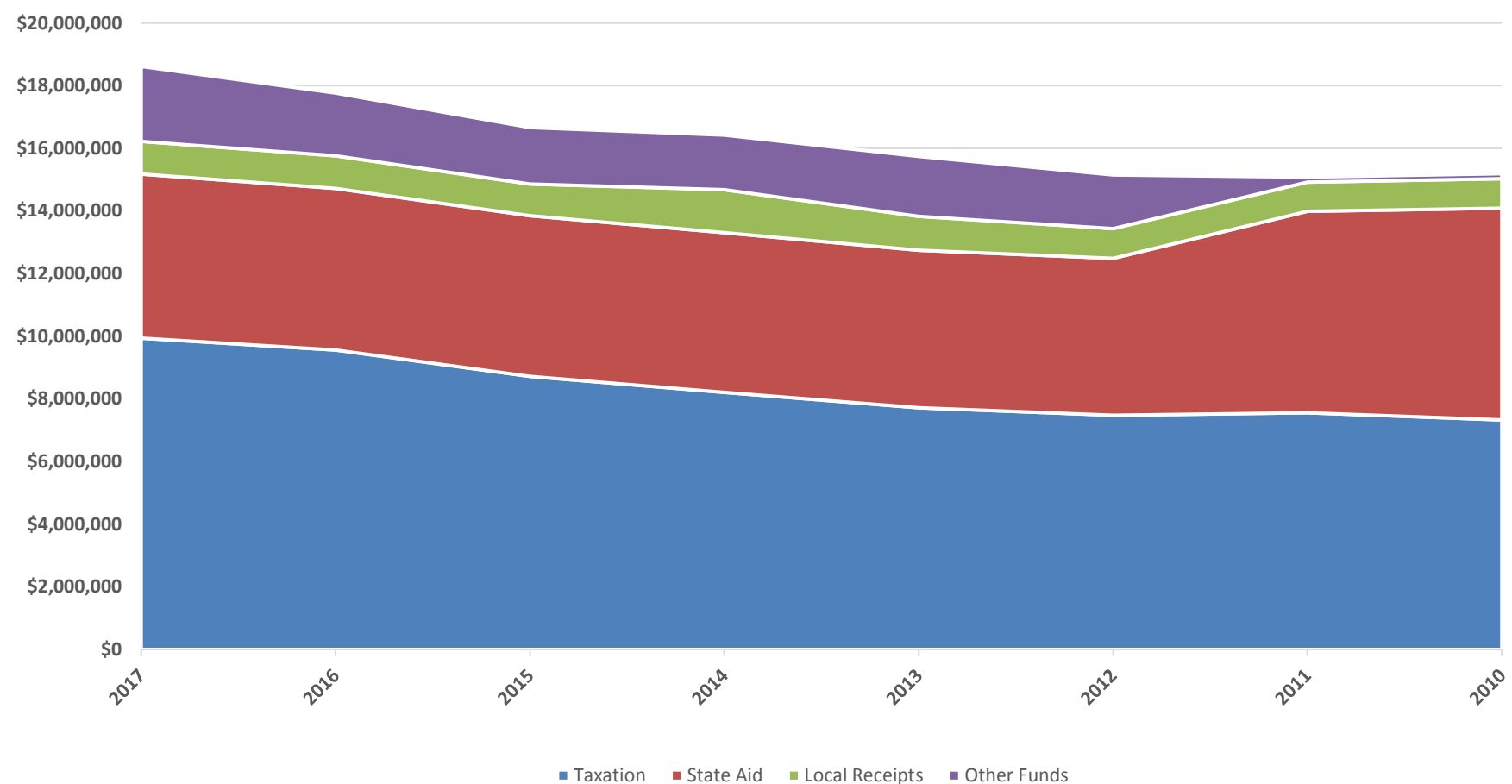
FY2017 Town Of Berkley Budget Distribution



FY2017 Town Of Berkley Revenue Sources



FY2010 - 2017 Town Of Berkley Revenue Sources



Free Cash Appropriations

Item	Amount
Snow & Ice	\$74,246
Stabilization	\$12,500
Public Safety Building AC	\$3,000
Plymo Vents	\$16,027
HWC	\$24,000
Upgrade records mgmt. server	\$9,435
Computer Upgrade	\$2,097
Turnout Gear / Equipment	\$8,000
Survey of Town Land	\$2,500
Total Appropriations	<u>\$151,805</u>

Town of Berkley Debt

