

Town of Berkley, Massachusetts Finance Committee Report for Fiscal Year 2015



June 2, 2014

Committee Members:

Nancy Gajoli, Michele Hamilton, Edgar S Hoak (Chairman), Dean Larabee (Secretary),
Brian Rua



FY2015 Budget Presentation to the Town of Berkley June 2, 2014

Today we present for the third consecutive year a balanced budget at our Town Meeting. This budget has the Finance committee's unanimous recommendation. We had many challenges this year finalizing the Fiscal Year 2015 budget driven by flat state aid levels and a very hard winter. We do remain optimistic despite the headwinds we see ahead. We continue to construct budgets that balance the needs of the whole town and made many difficult decisions.

Let's first speak to the current economic conditions. As the economic recovery continues, economic growth remains slow but persistent. The Federal Reserve, which has provided economic stimulus in the form of bond purchases, began reducing the monthly rate of purchases from \$85 Billion per month to the current \$55 Billion per month. The Federal Reserve expects to continue to reduce purchases by \$10 billion per meeting as long as economic conditions warrant. Short term interest rates do not currently appear to be in danger of increasing in 2014. The Federal Reserve remains concerned about the low labor participation rate and will monitor inflation which remains low. The economic recovery in Massachusetts appears ahead of the national recovery, with stronger gains in employment than nationally and a housing market that is showing signs of expansion.

At the state level the proposed FY15 budget has increased by 5% while local aid, namely Chapter 70 education aid and unrestricted local aid remain flat. At the same time, costs for pension contributions, and employee and retiree healthcare are outpacing revenue growth producing long term squeeze on our municipal finances.



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Looking at the 2015 budget we see the transition to moving into the new town office building scheduled for April next year. The budget presented predominantly maintains the recent status quo.

The total proposed budget for FY15 is \$16.6M. Factoring out revenues for new debt service revenue growth is 2%. The Finance Committee continues to encourage diversification of revenues by significantly increasing efforts to identify and attract business to our town in a measured, controlled way consistent with our town's rural character. This continues to be an area of high interest for the Finance Committee.

As in past years we made many difficult decisions to balance the budget given our limited revenue sources among them we had to curtail growth in spending across all departments. This is equal to the growth of our revenues. Every expenditure we look at must be sustainable. We cannot and will not recommend expenditures which are not supported by known revenues going forward.

We found ourselves in a very difficult position this year with the K-8 budget request. The budget request presented included an increase of nearly \$600,000 in expenditures which far exceeded our towns total revenue increase for the year totaling just over \$300,000. A last minute compromise was reached this year between representatives of the Berkley K-8 Committee, the Region and Finance Committee which will limit the impact on K-8 for FY15. We must begin working now on a solution for FY16. We look forward to working with the school committees, the Board of Selectmen and residents to seek a sustainable budget solution that provides a quality education to children.



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There are some significant headwinds in front of us. Municipalities across Massachusetts face \$30 Billion in unfunded liabilities for retiree healthcare. For Berkley that is nearly \$1 million. If communities such as ours made the required contributions to reduce that liability it would turn our budget upside down. However, if we ignore the liability we cannot avoid the escalating costs. Spending on retiree healthcare is projected to cost cities and towns more than \$1 billion in five years and \$1.5 billion in ten years as compared to \$800 million in 2012. We are participating in the statewide dialog on this pressing issue.

This past spring the healthcare group for which the Town of Berkley belongs did a very good job of containing healthcare growth. While insurance companies proposed a 7% increase in this year's agreement the group successfully negotiated a 3.2% increase. None the less this increase outpaces our revenue growth rate.

This year we are unable to put additional money into our general stabilization account. We must not fall back on our commitment to rebuild our stabilization account which by necessity was drawn down during the recent recession. This will provide us with stability for future emergencies in addition to helping restore our credit rating. We hope to address this in November at the Special Town Meeting.

With reference to tonight's warrant articles, the Finance Committee unanimously supports and recommends your approval of Articles 5-12 which raise and appropriate funds for all town functions. The committee also supports Articles 14, 20 and 23. I'd like to briefly speak to Articles 14 and 20.



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Article 14 asks for the formation of a stabilization account at Bristol Plymouth High School. BP has told us the account would be funded from their excess and deficiencies account and not place an additional burden on member communities. The account as you will hear will be used to fund capital projects at the school. We feel this is an excellent mechanism to set money aside for these projects.

Article 20 asks the town to reduce the number of members on the Finance Committee from 9 back to 7. A public hearing on this article was held May 15th.

Lastly I'd like to thank the volunteers who serve on our Finance Committee and those who participate in our town's budgeting and finance process. This diverse group of people continues to work very well together. We will continue to serve the town transparently to best of our abilities and appreciate the opportunity to address you.

5/22/2014

Fiscal Year		FY14 Final	FY15 Senate Budget
PROPERTY TAXES			
Fiscal Base		\$7,499,570	\$7,763,009
Prop 2 1/2		\$187,489	\$194,075
New Growth		\$75,950	\$110,000
Excludable Debt		\$447,346	\$649,846
TOTAL		\$8,210,355	\$8,716,930
STATE AID			
Chapter 70		\$3,856,463	\$3,875,013
MSBA School Bld Reimbursement		\$891,336	\$891,336
School Lunches		\$0	\$5,062
School Choice Receiving		\$268,185	\$326,047
Charter Tuition Reimbursement		\$0	\$7,431
Unrestricted Local Aid		\$526,801	\$541,410
Verterans Benefits		\$35,187	\$32,357
Exempt Elderly		\$25,415	\$26,309
State Owned Land		\$21,894	\$24,961
Public Library		\$5,609	\$8,489
TOTAL		\$5,630,890	\$5,738,415
LOCAL RECEIPTS			
Motor Vehicle Excise		\$620,000	\$620,000
Payment in Lieu of Taxes			\$0
Meals Tax		\$20,000	\$20,000
Penalties and Inerest on Excise		\$45,000	\$45,000
Other Charges for Services		\$80,000	\$80,000
Fees		\$45,200	\$45,000
License & Permits		\$95,000	\$95,000
Fines and Forfits		\$16,844	\$10,605
Investment Income		\$8,000	\$8,000
Misc Recurring		\$0	\$0
Misc Non-Recurring		\$0	\$0
TOTAL		\$930,044	\$923,605
OTHER AVAILABLE FUNDS			
Ambulance User		\$140,000	\$160,000
High School Stabilization		\$1,596,298	\$1,599,174
Available Revolving Funds/Stablization		\$0	\$0
Free Cash		\$0	\$0
TOTAL AVAILABLE		\$1,736,298	\$1,759,174
TOTAL RECEIPTS		\$16,507,587	\$17,138,124
CHARGES AGAINST RECEIPTS			
Regional & County Assessments		\$178,707	\$185,005
Assessors Overlay		\$83,112	\$81,000
SRPEDD Dues		\$1,036	\$1,036
Library		\$5,609	\$8,489
School Lunch		\$0	\$5,062
School Choice Receiving		\$268,185	\$326,047
TOTAL CHARGES AGAINST RECEIPTS		\$536,649	\$606,639
TOTAL NET RECEIPTS		\$15,970,938	\$16,531,485

5/26/2014

#	Dept	Account	FY14 (Final)	FY15 ATM - Final
114	Moderator	Salary	\$74	\$74
		Expense	\$400	\$400
			\$474	\$474
122	Select	Salary	\$9,460	\$9,460
		Personnel	\$42,663	\$44,993
		Janitor	\$0	\$0
		Expense	\$3,100	\$3,400
		Sealer of Weights and Measures	\$1,000	\$1,000
			\$56,223	\$58,853
131	FINCOM	Expense	\$1,800	\$1,500
			\$1,800	\$1,500
132	Reserve	Reserve	\$12,000	\$5,898
			\$12,000	\$5,898
135	Acct	Personnel	\$46,408	\$50,245
		Expense	\$900	\$900
			\$47,308	\$51,145
141	Assessor	Salary	\$10,933	\$10,933
		Personnel	\$17,000	\$17,545
		Expense	\$7,000	\$8,500
		CAMA	\$2,650	\$2,750
		Recertification	\$5,000	\$5,000
		Tax Maintenance	\$6,000	\$6,000
			\$48,583	\$50,728
145	Treas	Salary	\$28,423	\$28,850
		Personnel	\$22,294	\$23,778
		Expense	\$12,150	\$14,000
			\$62,867	\$66,628
146	Collect	Salary	\$28,423	\$28,850
		Personnel	\$15,174	\$16,162
		Expense	\$10,430	\$10,430
			\$54,027	\$55,442

5/26/2014

#	Dept	Account	FY14 (Final)	FY15 ATM - Final
151	Counsel	Town Counsel	\$40,000	\$32,500
			\$40,000	\$32,500
158	Tax Title	Tax Title Expense	\$4,000	
		Collector Tax Title Expense		\$2,500
		Treasurer Tax Title Expense		\$4,750
			\$4,000	\$7,250
161	Tw n Clrk	Salary	\$28,423	\$28,850
		Personnel	\$14,228	\$15,288
		Expense	\$4,050	\$4,100
			\$46,701	\$48,238
162	Elections	Elections	\$12,000	\$18,000
			\$12,000	\$18,000
163	Registration	Registration	\$5,000	\$5,100
			\$5,000	\$5,100
175	Plan Brd	Salary	\$924	\$924
			\$924	\$924
192	Tw n Ofc Bld	Town Hall Maint Expense		
		Janitor		
		Expense	\$33,330	\$35,780
			\$33,330	\$35,780
193	Tw n Water	Public Water Supply	\$750	\$750
			\$750	\$750
210	Police	Personnel	\$575,072	\$591,009
		Expense	\$41,400	\$46,900
		Union Contract	\$49,177	\$50,406
		Contracted Services	\$4,445	\$4,445
		Critical Incident Training	\$5,000	\$5,000
		Equipment	\$0	
			\$675,094	\$697,760

5/26/2014

#	Dept	Account	FY14 (Final)	FY15 ATM - Final
220	Fire	Personnel	\$102,000	\$102,000
		Expense	\$21,000	\$26,000
		Turnout Gear (2); Oxygen Bottles	\$0	\$6,000
		Contracted Services	\$6,000	\$6,000
		Tanker Truck	\$0	
			\$129,000	\$140,000
230	Ambulance	Personnel	\$217,413	\$226,971
		Expense	\$6,500	\$16,500
		Union Contract	\$20,000	\$20,000
		Contracted Services	\$10,000	\$12,000
		New Ambulance	\$0	
			\$253,913	\$275,471
241	Bld Dept	Personnel	\$22,514	\$23,488
		Expense	\$2,878	\$2,043
			\$25,392	\$25,531
250	Pub Safety Bld	Expense	\$34,427	\$35,437
			\$34,427	\$35,437
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	\$5,194	\$7,200
		Expense	\$4,500	\$2,500
		ACO State Mandated Training	\$2,800	
			\$12,494	\$9,700
299	Comm	Personnel	\$201,531	\$213,405
		Expense	\$5,500	\$5,500
		Union Contract	\$15,062	\$15,157
			\$222,093	\$234,062
300	Schools	Sch Cmtee Salary	\$924	\$924
		Berkley School	\$8,102,787	\$8,264,843
		SBRSD	\$181,471	\$200,000

5/26/2014

#	Dept	Account	FY14 (Final)	FY15 ATM - Final
		Transfer High School	\$1,596,298	\$1,599,175
		Bristol Cty Aggy	\$30,906	\$22,321
		Bristol Plymouth	\$768,627	\$817,496
			\$10,681,013	\$10,904,758
420 Hwgy / DPW		Salary, Surveyer	\$62,400	\$63,336
		Personnel	\$329,989	\$338,989
		Expense	\$155,040	\$155,040
		Contracted Service	\$42,000	\$43,260
		Union Contract	\$12,000	\$12,000
		Snow Removal	\$50,000	\$55,000
		Stormwater Management	\$6,500	\$5,000
		8-10 yd Dump/Sander/Plow Unit	\$0	\$0
		Street Sweeper	\$0	\$0
		Back up generator for fuel depot	\$0	\$0
			\$657,929	\$672,625
425 Lights		Street Lights	\$2,200	\$2,200
			\$2,200	\$2,200
491 Cem		Salaries	\$366	\$366
		Expense	\$3,915	\$4,000
			\$4,281	\$4,366
510 Board of Hlth		Salary	\$2,258	\$2,258
			\$2,258	\$2,258
541 COA		Council on Aging	\$5,955	\$6,253
			\$5,955	\$6,253
543 Veterans		Personnel	\$7,878	\$7,878
		Veteran's Benefits	\$30,000	\$43,000
		Expense	\$4,000	\$4,000
		Training/Certification	\$0	\$500
			\$41,878	\$55,378
610 Library		Library Trustees Salary	\$605	\$605
		Salary	\$44,570	\$45,239
		Personnel	\$42,610	\$44,607

5/26/2014

#	Dept	Account	FY14 (Final)	FY15 ATM - Final
		Expense	\$25,560	\$26,448
			\$113,345	\$116,899
710	Vet Graves	Care Vets Graves	\$250	\$250
		Memorial Day & Vets	\$700	\$700
			\$950	\$950
711	Exempt Debt			
		Middle Sch Debt Service	\$810,000	\$845,000
		Middle Sch Interest Service	\$270,450	\$238,050
		Sch Land Debt Service	\$20,000	\$0
		Sch Land Debt Interest	\$450	\$0
		Sch Renovation Debt 2	\$10,000	\$10,000
		Sch Renovation Interest 2	\$3,235	\$2,925
		Town Well Debt	\$20,000	\$20,000
		Town Well Interest	\$6,470	\$5,850
		Public Safety Debt	\$70,000	\$0
		Public Safety Interest	\$1,575	\$0
		Multi-Use Land debt	\$80,000	\$80,000
		Multi-Use Land Interest	\$25,105	\$22,625
		Town Office Bldg Debt	\$0	\$0
		Town Office Bldg Interest	\$0	\$4,800
		SBRSD High School Debt	\$0	\$89,225
		SBRSD High School Interest	\$18,530	\$222,707
			\$1,335,815	\$1,541,182
Non-Exempt Debt		Recyc Debt Service	\$15,000	\$0
		Recyc Debt Interest	\$338	\$0
			\$15,338	\$0
830	Assessments	Bristol Cty Retirement	\$596,869	\$609,190
		SRPEDD	\$0	
			\$596,869	\$609,190
910	Insurance	Health Ins-Town	\$210,869	\$217,620
		Medicare	\$125,000	\$135,000
			\$335,869	\$352,620
940	Misc	Insurance Premium Town	\$107,327	\$107,031

5/26/2014

#	Dept	Account	FY14 (Final)	FY15 ATM - Final
		Audit	\$20,000	\$35,400
		Software Maintenance	\$20,000	\$24,000
		IMC-CJS Software	\$17,305	\$17,305
		Town Fuel Account	\$120,000	\$120,000
		Municipal Lease	\$73,167	\$68,500
		Internet/Telephone Service	\$15,000	\$15,000
		Borrowing Costs	\$1,500	\$5,000
		Unemployment	\$0	\$0
		Historic Commission	\$100	\$100
		Contract Negotiation	\$7,733	\$2,000
			\$382,132	\$394,336
LINE TOTALS			\$15,965,532	\$16,531,485
		Ambulance User Fee	\$140,000	\$160,000
		Stabilization	\$1,596,298	\$1,599,174
		Free Cash	\$0	\$0
		Taxation & State Aid	\$14,234,640	\$14,772,311
TOTAL AVAILABLE FUNDS			\$15,970,938	\$16,531,485
SURPLUS / (DEFICIT)			\$5,406	\$0

Free Cash Appropriations

Item	Amount
Snow & Ice in excess of appropriation	\$130,184
Medicare	\$5,500
Veterans	\$12,000
To General Stabilization	\$0
Public Safety Building Roof	\$20,000
Public Safety Building Communications Room	\$2,750
Repeater Building Repairs	\$6,569
Contamination Remediation	\$10,000
Fire Turnout Gear	\$7,000
Total Transfers	<u>\$194,003</u>
Available / Certified	\$217,726
STM	\$0
Available for use	<u>\$217,726</u>
Amount remaining (Available - Total Transfers)	\$23,723
10% of Free Cash	\$21,773

FY2015 Town Of Berkley Budget Distribution



