

**Town of Berkley, Massachusetts
Finance Committee Report
(Final)
for
Fiscal Year 2018**



August 28, 2017

Committee Members:

Joseph Freitas, Nancy Gajoli, Michele Hamilton (Secretary), Edgar S Hoak (Chairman),
Barbara Miller, Melinda Paine-Dupont



FY2018 Budget Presentation to the Town of Berkley August 28, 2017

The Fiscal Year 2018 budget season was a particularly difficult one. In it we saw come to fruition what the Town of Berkley Finance Committee had been forecasting since 2012. At the top of that forecast was the inability of the High School Stabilization fund no longer having adequate funds to pay for our regional high school assessment. This in and of itself drove many difficult decisions that will be discussed later. The Fiscal Year 2018 budget presented here is based on the Final FY18 State budget signed by Governor Baker. It accounts for the voter rejected proposition 2-½ override funds the Somerset Berkley Regional High School operator budget at the revised assessment, fully funds the public library at the certified level and adds an additional \$27,719 to the K-8 budget.

Before getting into specifics of the FY18 budget let's discuss current federal and state economic conditions. GDP grew a meager 0.7% in the first quarter of 2017 according to recent data, confirming earlier signs that the U.S. economy had experienced a bumpy ride at the outset of the year. Nonetheless, with the weakness of the reading largely attributable to a downswing in inventories and seasonal and one-off factors, there is little reason to think the U.S. economy is petering out. Heading into the second quarter, private consumption is expected to show more resilience, building on upbeat sentiment and an outstandingly robust labor market that one recent report showed the lowest unemployment rate in 40 years.

In Massachusetts weak wage & salary income growth and labor constraints have slowed the pace of state economy. Based on the latest available data, MassBenchmarks estimates that the state grew at a 1.2% annual rate in the fourth quarter of 2016 compared to 2.1 percent



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nationally. This is the second consecutive quarter in which state economic growth lagged that of the nation. While state economic growth in the first quarter was surprisingly weak, this likely reflects constraints on growth due to a looming shortage of workers rather than a lack of confidence or weakness in aggregate demand or consumer and business spending. Both consumer confidence and business confidence remain at high levels.

The total proposed revised budget for FY17 is \$18.5M. Revenue growth which excludes stabilization accounts was 2.28%. Of that local aid grew a tepid 1.025% largely driven by token growth in our Chapter 70 funds of just \$30 per student. We discussed last year the shift that was being made by the state to ensure equitable minimum contribution in all communities throughout the state. As shown in the graph titled “FY2010 - 2018 Town Of Berkley Revenue Sources” there has been a significant decline in Chapter 70 aid growth and a shift to local taxation. The table below shows the actual decrease in Chapter 70 aid over the past 10 years and has never recovered from levels prior to the great recession.

	2008	2009	2010	2011	2012*	2013	2014	2015	2016	2017	2018
Ch 70 Aid	5,405,595	5,537,165	5,426,422	5,109,411	3,805,913	3,837,513	3,856,463	3,875,013	3,893,088	3,934,448	3,957,968
\$ from prior yr	146,626	131,570	-110,743	-317,011	-1,303,498	31,600	18,950	18,550	18,075	41,360	23,520
% from prior yr	2.79%	2.43%	-2.00%	-5.84%	-25.51%	0.83%	0.49%	0.48%	0.47%	1.06%	0.60%
					*Berkley joined Somerset Berkley Regional High School						

There has been significant discussion this year of the \$675,000 shortfall in the High School Stabilization account that we rely on to pay for high school education for our town’s children. This shortfall was forecasted in 2012 and would have happened in 2017 had action not been taken



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by the Finance Committee. Through this action we were able to extend one more year before this issue hit.

In anticipation of the significant revenue shortfall town officials embarked earlier this year in ways to address the problem. This includes numerous public forums headed by members of Berkley and Somerset Berkley School Committees to educate the public on the issue. Independent of these forums the Finance Committee evaluated a number of budget reduction ideas including:

1. Reducing Town Hall office hours to 3 days per week and eliminating the evening hours established last year.
2. Reducing the Recycling Center to one day per week.
3. Closing the public library completely.
4. Further reductions in clerical staff
5. Turning off all street lights

All the above were evaluated and ultimately discarded. In evaluating ways to curb the budget the Finance Committee avoided reductions to public safety that included police, fire, ambulance and highway. This was because of the already grossly understaffed nature of these departments. By department police should have 3 officers per 1000 – we are at 1 per 1000 or staffed at 35% of federally recommended levels, fire / ambulance by 37% (National Fire Protection Association) and highway by 50% based on towns of similar size in Massachusetts.

Other items that had a bearing on the FY18 budget included:

1. Dodging a bullet with health insurance. Initial premium costs from the group the town subscribes to were expected to rise by over 30%. Thanks to the effort of the selectmen, Town Adminis-



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trator, Town Accountant and agreement of all town unions this year's health insurance increase was held to 2 to 2-½%.

2. This year we finally achieved the minimum local contribution target set by the Department of Education. The impact we have felt for many years was token increases in our Chapter 70 aid. We are hopeful going forward that we might see larger increases in the important state aid component of our annual budget.

A summary of the Finance Committee's budget recommendation for fiscal year 2018 include:

1. Fully funds the Somerset Berkley Regional School District's revised operating assessment of \$2,464,799 representing a reduction of \$28,395 from the original FY18 assessment. This is funded from \$1,667,257 from the high school stabilization account and an additional \$797,542 from the general fund.
2. A reduction in the Berkley Public Schools (K-8) budget of \$519,281.
3. Reduced Town Hall Maintenance hours to 27 hours per week.
4. Reduced Highway by \$27,000.
5. Provides funding of the public library for the entire fiscal year 2018 at the certified level.
6. \$25,000 was placed in the reserve account to cover truly unforeseen problems that may arise. This is especially required this year where we have a very thin budget.
7. We did not increase snow and ice removal this year as we have in the past several years to try and minimize the year over year cost in excess that is a primary burden on free cash.



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8. Numerous other minor adjustments were made of smaller magnitudes throughout the budget.

With regard to the Special Town Meeting Warrant Articles, the finance committee recommends approval of Articles 1 through 3.

These are the difficult decisions before the town this year. Looking ahead we need to continue the momentum begun this year in addressing our town's revenue issues and seek a long term solution. We ask for everyone's help to be part of the solution.

7/18/2017

Fiscal Year		FY17 STM	FY18 ATM	FY18
		Final	Final	Approved by Governor
PROPERTY TAXES				
Fiscal Base		\$8,347,814	\$8,689,219	\$8,689,219
Prop 2 1/2		\$208,695	\$217,230	\$217,230
New Growth		\$132,710	\$120,000	\$120,000
Excludable Debt		\$1,292,598	\$1,300,225	\$1,300,225
	TOTAL	<u>\$9,981,817</u>	<u>\$10,326,675</u>	<u>\$10,326,675</u>
STATE AID				
Chapter 70		\$3,934,448	\$3,957,968	\$3,957,968
MSBA School Bld Reimbursement		\$891,336	\$891,336	\$891,336
School Lunches		\$0	\$0	\$0
School Choice Receiving		\$520,800	\$547,000	\$529,508
Charter Tuition Reimbursement		\$0	\$0	\$0
Unrestricted Local Aid		\$585,020	\$607,836	\$607,836
Verterans Benefits		\$30,056	\$30,097	\$30,097
Exempt Elderly		\$29,510	\$30,633	\$30,633
State Owned Land		\$29,842	\$29,814	\$29,814
Public Library		\$7,589	\$8,565	\$8,167
	TOTAL	<u>\$6,028,601</u>	<u>\$6,103,249</u>	<u>\$6,085,359</u>
LOCAL RECEIPTS				
Motor Vehicle Excise		\$654,000	\$654,000	\$654,000
Rentals		\$89,989	\$106,831	\$106,831
Meals Tax		\$20,000	\$20,000	\$20,000
Penalties and Interest on Excise		\$45,000	\$45,000	\$45,000
Other Charges for Services		\$80,000	\$80,000	\$80,000
Fees		\$45,000	\$30,000	\$30,000
License & Permits		\$95,000	\$95,000	\$95,000
Fines and Forfits		\$10,605	\$10,605	\$10,605
Investment Income		\$8,000	\$8,000	\$8,000
	TOTAL	<u>\$1,047,594</u>	<u>\$1,049,436</u>	<u>\$1,049,436</u>
OTHER AVAILABLE FUNDS				
Ambulance User		\$160,000	\$200,000	\$200,000
High School Stabilization		\$2,190,551	\$0	\$1,667,257
Other Revolving Accounts		\$40,000	\$0	\$0
	TOTAL AVAILABI	<u>\$2,390,551</u>	<u>\$200,000</u>	<u>\$1,867,257</u>
	TOTAL RECEIPTS	\$19,448,563	\$17,679,360	\$19,328,727
CHARGES AGAINST RECEIPTS				
Regional & County Assessments		\$169,368	\$168,676	\$168,672
Assessors Overlay		\$82,280	\$82,280	\$82,280
Library		\$7,589	\$8,565	\$8,167
School Lunch		\$0	\$0	\$0
School Choice Receiving		\$520,800	\$547,000	\$529,508
School Choice / Charter School Sending		\$9,250	\$19,000	\$28,541
	TOTAL CHARGES AGAINST RECEIPTS	<u>\$789,287</u>	<u>\$825,521</u>	<u>\$817,168</u>
	TOTAL NET RECEIPTS	<u><u>\$18,659,276</u></u>	<u><u>\$16,853,839</u></u>	<u><u>\$18,511,559</u></u>

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#	Dept	Account	FY17 STM - Final	FY18 ATM - Final	FY18 August STM
<u>114</u>	<u>Moderator</u>	Salary	\$74	\$74	\$74
		Expense	\$1,100	\$1,100	\$1,100
			\$1,174	\$1,174	\$1,174
<u>122</u>	<u>Select</u>	Salary	\$9,460	\$9,460	\$9,460
		Personnel	\$53,800	\$76,365	\$76,365
		Expense	\$3,519	\$3,519	\$3,519
		Sealer of Weights and Measures	\$1,000	\$1,000	\$1,000
			\$67,779	\$90,344	\$90,344
<u>131</u>	<u>FINCOM</u>	Expense	\$1,500	\$990	\$990
			\$1,500	\$990	\$990
<u>132</u>	<u>Reserve</u>	Reserve	\$7,746	\$25,000	\$25,000
			\$7,746	\$25,000	\$25,000
<u>135</u>	<u>Acct</u>	Personnel	\$53,278	\$48,304	\$48,304
		Expense	\$25,900	\$31,075	\$31,075
			\$79,178	\$79,379	\$79,379
<u>141</u>	<u>Assessor</u>	Salary	\$10,933	\$10,933	\$10,933
		Personnel	\$17,900	\$18,846	\$18,846
		Expense	\$9,500	\$9,500	\$9,500
		CAMA	\$5,350	\$5,375	\$5,375
		Recertification	\$5,000	\$5,000	\$5,000
		Tax Maintenance	\$6,000	\$6,000	\$6,000
			\$54,683	\$55,654	\$55,654
<u>145</u>	<u>Treas</u>	Salary	\$28,850	\$28,850	\$28,850
		Personnel	\$15,400	\$12,222	\$12,222
		Expense	\$14,000	\$14,455	\$14,455
			\$58,250	\$55,527	\$55,527
<u>146</u>	<u>Collect</u>	Salary	\$28,850	\$28,850	\$28,850
		Personnel	\$22,336	\$27,267	\$27,267
		Expense	\$10,430	\$9,975	\$9,975
			\$61,616	\$66,092	\$66,092
<u>151</u>	<u>Counsel</u>	Town Counsel	\$32,500	\$32,500	\$32,500
			\$32,500	\$32,500	\$32,500
<u>158</u>	<u>Tax Title</u>	Tax Title Expense	\$7,250	\$7,250	\$7,250
			\$7,250	\$7,250	\$7,250
<u>161</u>	<u>Twn Clrk</u>	Salary	\$28,850	\$28,850	\$28,850
		Personnel	\$17,412	\$18,317	\$18,317
		Expense	\$4,100	\$7,100	\$7,100
			\$50,362	\$54,267	\$54,267

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#	Dept	Account	FY17 STM - Final	FY18 ATM - Final	FY18 August STM
<u>162</u>	<u>Elections</u>	Elections	\$15,000	\$15,000	\$15,000
			\$15,000	\$15,000	\$15,000
<u>163</u>	<u>Registration</u>	Registration	\$5,100	\$2,100	\$2,100
			\$5,100	\$2,100	\$2,100
<u>175</u>	<u>Plan Brd</u>	Salary	\$924	\$924	\$924
			\$924	\$924	\$924
<u>192</u>	<u>Tw n Ofc Bld</u>	Town Hall Maint Expense			
		Maintenance Personnel	\$34,971	\$28,572	\$28,572
		Expense	\$28,310	\$24,225	\$24,225
			\$63,281	\$52,797	\$52,797
<u>193</u>	<u>Tw n Water</u>	Public Water Supply	\$750	\$0	\$0
			\$750	\$0	\$0
<u>210</u>	<u>Police</u>	Personnel	\$734,489	\$785,579	\$785,579
		Expense	\$60,262	\$77,623	\$77,623
		Union Contract	\$52,700	\$56,750	\$56,750
		Contracted Services	\$4,445	\$4,445	\$4,445
		Critical Incident Training	\$5,000	\$5,000	\$5,000
			\$856,896	\$929,397	\$929,397
<u>220</u>	<u>Fire</u>	Personnel	\$136,112	\$172,112	\$172,112
		Expense	\$30,000	\$38,000	\$38,000
		Turnout Gear (2); Oxygen Bottles	\$0	\$8,000	\$8,000
		Contracted Services	\$8,000		
			\$174,112	\$218,112	\$218,112
<u>230</u>	<u>Ambulance</u>	Personnel	\$242,000	\$294,960	\$294,960
		Expense	\$25,000	\$54,275	\$54,275
		Union Contract	\$20,000		
		Contracted Services	\$20,000	\$9,916	\$9,916
			\$307,000	\$359,151	\$359,151
<u>241</u>	<u>Bld Dept</u>	Personnel	\$24,726	\$26,413	\$26,413
		Expense	\$1,800	\$1,800	\$1,800
			\$26,526	\$28,213	\$28,213
<u>250</u>	<u>Pub Safety Bld</u>	Expense	\$44,315	\$39,066	\$39,066
			\$44,315	\$39,066	\$39,066
<u>290</u>	<u>Tree</u>	Salary	\$3,300	\$3,300	\$3,300
		Expense	\$8,000	\$8,000	\$8,000
			\$11,300	\$11,300	\$11,300
<u>292</u>	<u>ACO</u>	Personnel	\$9,360	\$9,360	\$9,360
		Expense	\$2,500	\$2,920	\$2,920

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#	Dept	Account	FY17 STM - Final	FY18 ATM - Final	FY18 August STM
			\$11,860	\$12,280	\$12,280
299	Comm	Personnel	\$247,688	\$261,286	\$261,286
		Expense	\$8,000	\$8,000	\$8,000
		Union Contract	\$19,672	\$19,822	\$19,822
			\$275,360	\$289,108	\$289,108
300	Schools	Sch Cmtee Salary	\$924	\$924	\$924
		Berkley School	\$7,604,971	\$7,392,425	\$7,420,144
		K-8 Health Coverage	\$861,396	\$835,759	\$835,759
		K-8 Insurance Premiums	\$76,222	\$81,000	\$81,000
		Addition Taxation Funds for SBRSD	\$150,000	\$150,000	\$797,542
		Transfer High School Stabilization	\$2,190,551	\$2,343,194	\$1,667,257
		Bristol Cty Aggy	\$18,887	\$16,936	\$16,936
		Bristol Plymouth	\$927,754	\$792,455	\$792,455
			\$11,830,705	\$11,612,693	\$11,612,017
420	Hwgy / DPW	Salary, Surveyer	\$63,336	\$63,336	\$63,336
		Personnel	\$388,602	\$375,159	\$375,159
		Expense	\$172,000	\$172,000	\$172,000
		Contracted Service	\$47,000	\$48,500	\$48,500
		Union Contract	\$14,500	\$14,500	\$14,500
		Snow Removal	\$65,000	\$65,000	\$65,000
		Stormwater Management	\$5,000	\$5,000	\$5,000
			\$755,438	\$743,495	\$743,495
425	Lights	Street Lights	\$3,000	\$3,000	\$3,000
			\$3,000	\$3,000	\$3,000
491	Cem	Salaries	\$366	\$366	\$366
		Expense	\$4,000	\$4,000	\$4,000
			\$4,366	\$4,366	\$4,366
510	Board of Hlth	Salary	\$2,258	\$2,258	\$2,258
			\$2,258	\$2,258	\$2,258
541	COA	Council on Aging	\$6,500	\$6,500	\$6,500
			\$6,500	\$6,500	\$6,500
543	Veterans	Personnel	\$8,036	\$8,036	\$8,036
		Veteran's Benefits	\$40,000	\$40,000	\$40,000
		Expense	\$4,500	\$4,500	\$4,500
			\$52,536	\$52,536	\$52,536
610	Library	Library Trustees Salary	\$605	\$605	\$605
		Salary	\$46,836	\$23,418	\$47,773
		Personnel	\$46,830	\$24,364	\$48,728
		Expense	\$27,298	\$14,649	\$28,298
			\$121,569	\$63,036	\$125,404

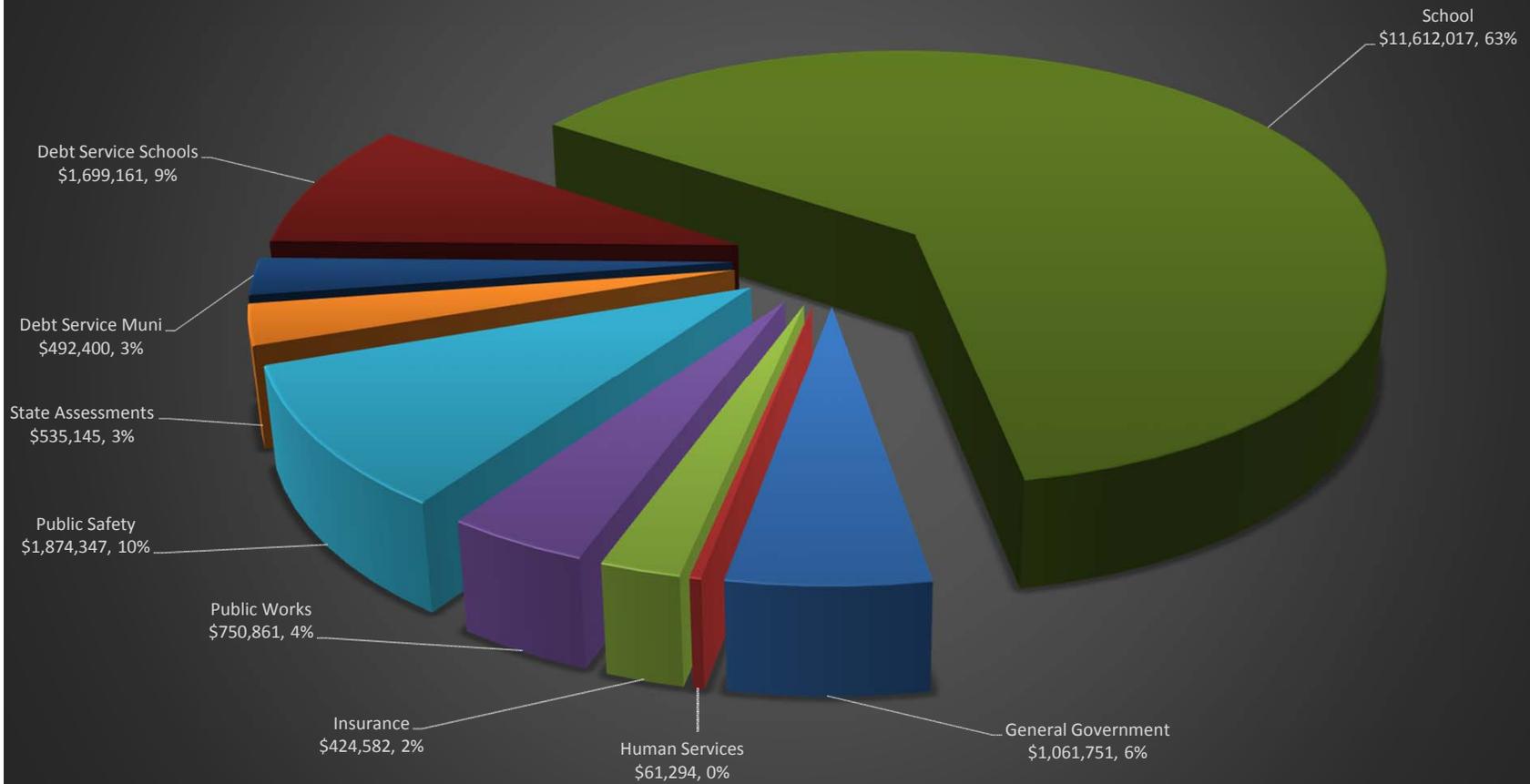
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#	Dept	Account	FY17 STM - Final	FY18 ATM - Final	FY18 August STM
710	Vet Graves	Care Vets Graves	\$250	\$250	\$250
		Memorial Day & Vets	\$700	\$700	\$700
			\$950	\$950	\$950
711	Exempt Debt	Middle Sch Debt Service	\$930,000	\$970,000	\$970,000
		Middle Sch Interest Service	\$160,200	\$123,000	\$123,000
		Sch Renovation Debt 2	\$10,000	\$10,000	\$10,000
		Sch Renovation Interest 2	\$1,500	\$1,300	\$1,300
		Town Well Debt	\$20,000	\$20,000	\$20,000
		Town Well Interest	\$3,000	\$2,600	\$2,600
		Multi-Use Land debt	\$85,000	\$80,000	\$80,000
		Multi-Use Land Interest	\$11,400	\$9,700	\$9,700
		Town Office Bldg Debt	\$140,000	\$145,000	\$145,000
		Town Office Bldg Interest	\$101,900	\$99,100	\$99,100
		SBRSD High School Debt	\$300,256	\$330,096	\$330,096
		SBRSD High School Interest	\$284,678	\$264,765	\$264,765
		Fire Tanker Truck Debt	\$134,000	\$134,000	\$134,000
		Fire Tanker Truck Interest	\$2,000	\$2,000	\$2,000
			\$2,183,934	\$2,191,561	\$2,191,561
830	Assessments	Bristol Cty Retirement	\$662,771	\$534,002	\$534,002
		SRPEDD	\$1,088	\$1,143	\$1,143
			\$663,859	\$535,145	\$535,145
910	Insurance	Health Ins-Town	\$277,139	\$279,582	\$279,582
		Medicare	\$140,000	\$145,000	\$145,000
			\$417,139	\$424,582	\$424,582
940	Misc	Insurance Premium Town	\$116,779	\$120,899	\$120,899
		Audit	\$30,000	\$0	\$0
		Software Maintenance	\$24,500	\$21,100	\$21,100
		IMC-CJS Software	\$18,000	\$18,000	\$18,000
		Town Fuel Account	\$120,000	\$120,000	\$120,000
		Municipal Lease	\$75,000	\$75,000	\$75,000
		Internet/Telephone Service	\$15,000	\$15,020	\$15,020
		Harpers Payroll	\$0	\$13,000	\$13,000
		Unemployment	\$0	\$31,500	\$0
		Record Archiving	\$0	\$1,000	\$1,000
		Historic Commission	\$100	\$100	\$100
		Equipment	\$0	\$0	\$0
		Contract Negotiation	\$1,000	\$0	\$0
		Town Master Plan			
			\$400,379	\$415,619	\$384,119
LINE TOTALS			\$18,657,096	\$18,481,366	\$18,511,558

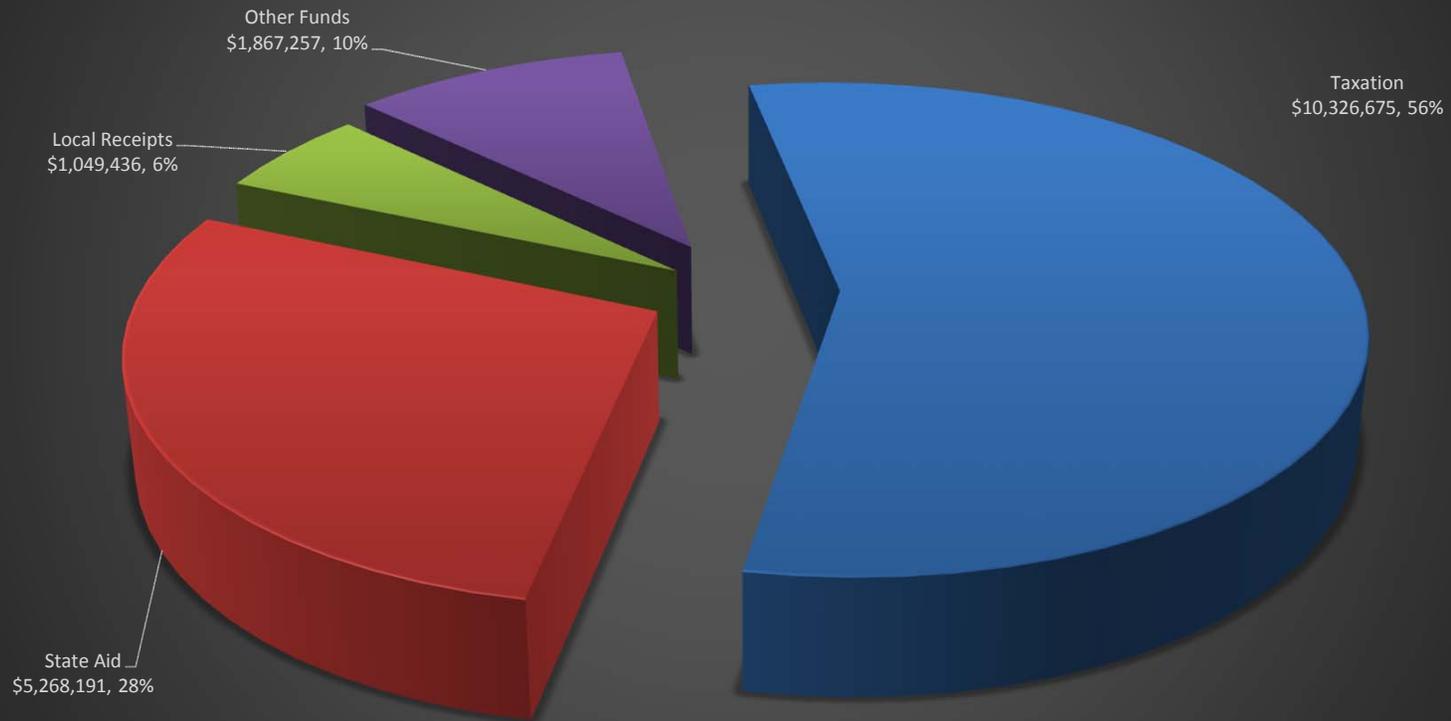
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#	Dept	Account	FY17 STM - Final	FY18 ATM - Final	FY18 August STM
		Ambulance User Fee	\$160,000	\$200,000	\$200,000
		Stabilization	\$2,190,551	\$0	\$1,667,257
		Other Revolving Funds	\$40,000	\$0	\$0
		Taxation & State Aid	\$16,268,725	\$16,653,839	\$16,644,302
		TOTAL AVAILABLE FUNDS	\$18,659,276	\$16,853,839	\$18,511,559

FY2018 Town Of Berkley Budget Distribution



FY2018 Town Of Berkley Revenue Sources (Based on Final Signed FY18 State Budget)



FY2010 - 2018 Town Of Berkley Revenue Sources

