

Annual Report of the Berkley Finance Committee

June 5th, 2023

FY 2024

**Good Evening,**

 Tonight, the Berkley Finance Committee presents the Fiscal Year 2024 budget. It represents the efforts of the current and former members of the Berkley Finance Committee, as well as the invaluable input of numerous department heads and town officials. The result is a balanced budget that addresses the needs of the community while acknowledging the need for fiscal conservatism.

 The economy remains in a difficult position even as the pandemic era draws to a close. Inflation, a term Americans have become quite familiar with, continues to persist despite the numerous Federal Reserve rate increases. The prices for consumer goods rose 4.9% from the end of April 2022 to April 2023 with food prices rising even faster still. Interest rates have soared, exacerbating the higher costs of housing and higher prices for vehicles. While the labor market remains a bright spot, it feels more difficult to afford the basic necessities of life.

 Just as our households struggle with rising prices, the Town of Berkley will face a similar challenge. Repair and maintenance line items are straining to keep pace with the cost of materials and labor. Contracted services, such as outsourced special education, will continue to rise more rapidly than Berkley’s revenues can match. Replacing vehicles and equipment is becoming more costly with each passing year. Put simply, as long as this economic environment persists, Berkley’s costs will outpace its revenue without additional support.

 Reducing costs are part of the solution and the final budget represents the reduction of roughly $250,000 from initial department requests. The Finance Committee has remained committed to keeping only what is necessary in an effort to eliminate the structural deficit. Each department was affected to some degree. Despite these efforts, costs increased substantially $1,596,028 or 7.2% higher than FY2023. As we move towards budget highlights, there will be some explanation as to why that is and maybe even some optimism for the future.

 The debt exclusion for **additional vehicles and equipment** from June 2022 ATM is in the budget for the first year of three. This has provided Berkley’s police, fire, and highway departments with crucial tools to do their jobs safely and effectively. Certified free cash will continue to be part of the solution for Berkley’s capital needs into the future, but this debt exclusion provided a fantastic head start for future planning. The Berkley Finance Committee recommends a five year capital plan as a comprehensive list for department requests as well as a capital expenditure reserve created from a portion of certified free cash in future FYs.

**Budget impact: $274,938**

FY 2024 marks the beginning of payments on **Bristol-Plymouth Regional Technical School’s debt**. In this fiscal year, these payments were handled through a combination of certified free cash and Town ARPA funds. Two crucial points must be addressed. First, Town ARPA funds have been nearly expended and will not be available to assist next year. Second, this year’s figure will rise to roughly $520,000 in FY 2025 and will top $750,000 by FY2029. This debt must find its way onto a debt exclusion as it is too much for Berkley’s free cash to handle alone. This item will be the most significant story of FY2025 and a substantial budget item this year.

**Budget impact: $208,742**

Two items for capital expenditure have been included within the FY2024 budget: one for the Fire Department and one under the Public Safety Building. The Fire Department is purchasing canisters for their self-contained breathing apparatuses as their current equipment is coming up for expiration. The Public Safety Building will be undergoing a small renovation as well. These costs have been offset by an increase in the EMS Receipts Reserve Account of $200,000. These purchases do not affect taxation and these items are not likely to recur in the following fiscal year.

**Budget impact: $200,000**

One additional growing expense should be identified in the FY2024 budget: Out of district and outsourced special education. The growth in cost for special education has merited a few recommendations from a reserve account to a stabilization fund, but this committee is not committing to any step a this time. Combined expenses increased for Somerset-Berkley Regional and Berkley K-8 by **$161,310** for these items.

 These are the largest ticket expense increases for Berkley’s FY2024 budget with a more comprehensive list included in the supplemental sheet. Alone, they account for over half of Berkley’s cost growth this year.

 Other major items include:

* Berkley K-8 school spending rose $202,546, a modest 2.45% increase. This represents a reduction in their initial request of $50,000.
* Bristol Plymouth’s operating budget grew $95,197, a 9.82% increase.
* Bristol County Retirement is up $66,335, a 8.53% increase.

Numerous minor changes were made to the final budget, but Fincom has decided to recommend modest increases for many of the smaller boards in the Town of Berkley. Some have been level funded for years and it felt necessary to do something for the individuals that serve their community.

A final item deserving attention, that has yet to make a direct budget impact, is outstanding contract negotiations. Three collective bargaining units are up at the end of this fiscal year, (police, dispatch, and clerical) and these will have a significant effect on the final numbers. Regardless of the outcome, expenses are slightly understated until their completion.

 Berkley’s revenue narrative remains similar to previous fiscal years with the local tax levy and natural growth doing the heavy lifting. Chapter 70 aid grew by $82,982, a flat 2% increase. While this remains inadequate for Berkley’s needs, it is something of an improvement over what we’ve come to expect. Smaller revenue streams were a subject of significant discussion and some were revised upward for FY2024. Motor vehicle excise and others saw moderate increases, but these can be volatile and so Fincom recommends these remain conservative estimates.

 In the vein of being fiscally conservative, the final major recommendation of FINCOM for the FY2024 budget season is the transfer of $477,916 into stabilization from certified free cash. This fund has grown under the guidance of the FAC and Finance Committee over the recent past, and provides a valuable cushion in the event of an emergency and helps maintain the town’s bond rating.

 In conclusion, Berkley Finance Committee supports *warrant articles 2 through 6*. We would also like to thank our former members of Fincom and the Select Board, department heads and elected officials for coming out to our public hearings and helping build this budget. A big thank you to the people of Berkley for public input and for participating tonight. We spend a lot of time discussing figures and trends, but Berkley’s future ultimately rests in people coming out and being engaged in the community. To that end, Berkley Fincom is looking to add a few new members, so if you found all of this finance talk exciting, I may have a volunteer opportunity for you.

It has been an honor to serve the town of Berkley.

Matthew Chabot, Chairman

Michele Hamilton, Secretary

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| **Certified Free Cash Year-over-year** |
| **FY 2023** |  |
| Certified Free Cash  | $1,019,894 |
| November Town Meeting | -$174,892 |
| Free Cash Balance for June ATM | $845,002 |
| Balance for Replace Enging 1 | -$367,281 |
| Snow and Ice | -$81,806 |
| OPEB Contribution | -$22,444 |
| Voting Tabulators | -$15,500 |
| Operating Free Cash | -$225,000 |
| Balance Rollover | $132,971 |
| Balance | $0 |
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| **FY 2024** |  |
| Certified Free Cash | $1,144,750 |
| Bristol/Plymouth Interest | -$27,742 |
| OPEB Contribution | -$35,000 |
| Snow and Ice | -$17,258 |
| All Contractal Allocation | -$250,000 |
| Dump Truck | -$80,000 |
| Operating Free Cash | -$256,834 |
| Stabilization | -$477,916 |
| Balance | $0 |

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|  | FY2023 | % Change | $ Change | FY2024 |
| **Retirement of Debt** |  |   |   |   |
| Bristol Plymouth High School  |  N/A  | N/A |  $ 181,000  |  $ 181,000  |
| Multiple Use of Equipment |  N/A  | N/A |  $ 250,000  |  $ 250,000  |
|   |   |   |   |   |
| **Interest**  |   |   |   |   |
| Bristol Plymouth High School  |  N/A  | N/A |  $ 27,742  |  $ 27,742  |
| Multiple Use of Equipment |  N/A  | N/A |  $ 24,938  |  $ 24,938  |
|   |   |   |   |   |
| **Fire Department** |   |   |   |   |
| Self Contained Breathing Apparatus |  N/A  | N/A |  $ 100,000  |  $ 100,000  |
|   |   |   |   |   |
| **Public Safety Building** |   |   |   |   |
| Station Renovation and Repair |  N/A  | N/A |  $ 100,000  |  $ 100,000  |
|   |   |   |   |   |
| **School Spending** |   |   |   |   |
| K-8 Out of District Special Education |  $ 152,000  | 16.70% |  $ 25,388  |  $ 177,388  |
| SBRHS SPEDD Outsourced/Residential |  $ 110,582  | 122.92% |  $ 135,922  |  $ 246,504  |
| K-8 Health Insurance |  $ 918,685  | 5.30% |  $ 48,655  |  $ 967,340  |
| K-8 School Spending |  $ 8,261,472  | 2.45% |  $ 202,546  |  $ 8,464,018  |
| S/B HIGH SCHOOL ASSESS. |  $ 2,694,331  | 3.17% |  $ 85,386  |  $ 2,779,717  |
| B/P/ REGIONAL SCHOOL  |  $ 969,035  | 9.82% |  $ 95,197  |  $ 1,064,232  |
|   |   |   |   |   |
| **Pensions** |   |   |   |   |
| BRISTOL COUNTY RETIREMENT  |  $ 777,334  | 8.53% |  $ 66,335  |  $ 843,669  |
|   |   |   |   |   |
| **Backcharges** |  $ 889,931  | 14.90% |  $ 132,615  |  $ 1,022,546  |
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|  |  |  | **Selected Items Growth** |  **$ 1,475,724**  |
|  |  |  | **Total Cost Growth** |  **$ 1,596,028**  |

**Summary of Largest Expense Increases and Backcharges**

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|  **Somerset Berkley Regional, Common Size Estimates**  |  |  |  |
| **Operating Budget** | **FY23-24 Adjusted Prelim Budget** | **Percentage of Budget (Less Special Education)** | **Berkley Common Size Estimate** |
| Salaries  | $11,190,466 | 66.62% | $1,851,767.01 |
| Technology | $482,558 | 2.87% | $79,852.35 |
| Special Education | $1,864,423 | N/A | N/A |
| Professional Development | $71,555 | 0.43% | $11,840.72 |
| Textbooks and Library | $25,255 | 0.15% | $4,179.13 |
| Educational and Office Supplies | $323,113 | 1.92% | $53,467.84 |
| Competitions | $47,425 | 0.28% | $7,847.76 |
| Guidance, Health and Security | $103,878 | 0.62% | $17,189.44 |
| Regular/Homeless Transportation | $364,453 | 2.17% | $60,308.66 |
| Athletics/Student Activities | $276,038 | 1.64% | $45,678.00 |
| Maintenance | $658,680 | 3.92% | $108,996.52 |
| Employee Benefits and Insurance | $2,995,125 | 17.83% | $495,624.91 |
| School Choice/Charter School | $259,641 | 1.55% | $42,964.67 |
| Total - Less: Special Education | $16,798,187 |  |  |
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| Berkley SBRSD Assessment | $2,779,717 |  |  |
| Berkley Enrollment | 258 |  |  |
| Per Pupil Less: Special Education  | $10,774.10 |  |  |

\*Adjusted preliminary budget figures valid as of public hearing on March 21st,2023. Common size estimate *does not* reflect actual spending, merely intended as a rough itemization of Berkley’s assessment.

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| **ARPA Projects** |  |  |  |  |  |
| **Project Name** | **Description (Between 50 to 250 words)** | **Department** | **Date of Request** | **Expected Project Start Date** | **Amount** |
| Berkley Emergency Response Communications Project | Police, Fire and EMS radio and emergency communication transmission systems | Fire Department | 6/1/2022 | 6/15/2022 | $117,511.90 |
| Berkley School Communications Project | School phone system upgrade | School Department | 6/17/2022 |   | $49,774.00 |
| Berkley Fire/EMS Cardiac Monitors | Cardiac Monitor upgrade | Fire Department | 6/8/2022 |   | $53,147.36 |
| Berkley Holloway St. Drinking Water Project | Water line improvement on Holloway St  | Town Administrator | 1/18/2023 | completed | $51,947.50 |
| Holloway St. culvert replacement | Undersize culvert replacement, with headwalls and guardrails | Town Administrator | 1/30/2023 | completed | $82,691.40 |
| Berkley Fire Department Ambulance |   | Fire Department |   |   | $400,000.00 |
| Intrivo Diagnostics COVID Tests | COVID tests |   | 2/14/2022 |   | $4,408.00 |
| DPW Dump Truck/Plow | 2024 Freightliner 114SD Dump truck and equipment with plow | Highway Department |   |   | $246,940.03 |
| Bristol Plymouth Debt | Hold  |   |   |   | $181,000.00 |
| COA Video |   |   |   |   | $9,730.00 |
| Storm Water  | Hold  | TA |   |   | $138,974.00 |
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| County Allotment | $1,153,898.44 |  |  |  |  |
| County ARPA Spending | $755,072.16 |  |  |  |  |
| County Remaining | $398,826.28 |  |  |  |  |
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| Federal Allotment | $717,084.00 |  |  |  |  |
| Local ARPA spending | $581,052.03 |  |  |  |  |
| Local Remaining | $136,031.97 |  |  |  |  |
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| Total Allotment | $1,870,982.44 |  |  |  |  |
| Total Spending | $1,336,124.19 |  |  |  |  |
| Total Remaining | $534,858.25 |  |  |  |  |