

Annual Report of the Berkley Finance Committee

June 3rd, 2024

FY 2025

**Good Evening,**

 Tonight, the Berkley Finance Committee presents the Fiscal Year 2025 budget. It represents the efforts of the members of the Berkley Finance Committee, the Berkley Board of Selectmen and the input of department heads, town officials and citizens. Producing a budget is never an easy process, but this year’s was especially trying. The Town of Berkley remains in a difficult situation moving forward and was forced to cut positions for the first time in recent memory.

 Fiscal Year 2025 will mark the final year that Berkley can use pandemic era related assistance in the form of Federal and County ARPA. These items have thrown the Town a lifeline for the previous three years, supporting the purchase of capital items and projects and the operating budget itself. The budget presented tonight produces little or no room for capital spending and the situation is not likely to reverse in the near future without aid.

 Town revenues grew by a relatively weak **2.1%** or $491,698, even with the addition of the recently passed debt exclusion. Costs and backcharges continued to outpace revenue at **3.3%** or $790,955, even after significant trimming. Revenue will always be an issue as the Town remains dependent on the local levy and grows more so each year. The structural deficit has grown to **$735,542** and is forcing the Town to use the majority of its certified free cash within the operating budget. Any additional aid from the State is unlikely to arrive in time to help Berkley in the near future, and while future planning should include advocating for Berkley on Beacon Hill, the Town will likely have to chart its own future.

 The debt exclusion for **Bristol-Plymouth Regional High School** enters the budget for the first time. Initially, the FY2025 budget was built without the debt exclusion in mind. Earlier versions of the budget included the potential for using general stabilization, which is generally reserved for emergencies. The debt exclusion allowed for those items to be removed and the budget to balance on its own. The issue of the growing debt problem has been solved and the biggest threat to the budget averted for future fiscal years. Finance Committee supported the debt exclusion and is grateful to the citizens of Berkley, both those “for” and “against”.

**Budget impact: $239,782**

While **Bristol-Plymouth High School**’s debt is being handled, its **operating assessment** is not. Enrollment in the local schools has begun to shift. Whether it is the popularity of vocational education or the allure of a new school, more Berkley students are heading to Bristol-Plymouth. More students and a 6% increase in costs has lead to a large jump in Berkley’s bill from BP. The shift can also be seen in Somerset-Berkley’s assessment declining this year and a stagnant assessment from Bristol Agricultural.

**Budget impact: $267,968**

Berkley’s K-8 was the center of focus for much of the budget cycle this year. The local schools suffered the loss of eight positions, in part through the loss of operating grant funding. The Finance Committee remains committed to supporting the local schools, but even the allocation of additional funding could not sustain level services. The loss of the grant funding and large increases for out-of-district special education created a challenging budget for the school district and Town alike.

**Budget impact: $388,172**

Health Insurance premiums rose for the Town by 7.21% this year. While the Town is committed to searching for more robust insurance options for FY2026, rising premiums are an item that will likely be the norm moving forward. This benefit is exercised by over one hundred employees, so any change will result in significant cost.

**Budget Impact: $101,813**

 The final major item to mention is the conclusion of contract negotiations for six of the collective bargaining units in Town. Many of the agreements run through FY2026, which should provide some stability in costs going forward. Berkley remains behind a lot of its neighbors in compensation, but made improvements where it was able. These are the largest ticket expense increases for Berkley’s FY2025 budget with a more comprehensive list included in the supplemental sheet.

 Other notable impacts include:

* Unemployment compensation rose to $75,000. It is our hope that this item will not recur in FY2026.
* Bristol County Retirement saw a significant increase of $47,926 or 5.68% year-over-year.

Aside from the items mentioned above, the FY2025 budget is truly bare, with many expense line items level funded from FY2024.

 The recommended budget of the Finance Committee differs slightly from the final accepted budget that appears tonight. The Finance Committee had produced a slightly leaner budget with the reduction of a position in Town Hall and further tightening in the Highway Department.

 In conclusion, Berkley Finance Committee supports *warrant articles 2 through 7*. I would like to thank the other members of Fincom, the Select Board, department heads and elected officials who presented their budgets through the spring and provided valuable feedback throughout the process. We appreciate the input of the people of Berkley and the participation tonight. These are tough times for Berkley, but the community will find solutions together. As a yearly tradition, we’d like to remind the public that there are four available seats on the Finance Committee at this time, so if you have an interest in helping your community this is a fine place to start.

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

Michele Hamilton, Chairman

Eric Wu, Clerk

Nancy Gajoli, Member

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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 Engine 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 Contractual Allocation | -$250,000 |
| Dump Truck | -$80,000 |
| Operating Free Cash | -$256,834 |
| Stabilization | -$477,916 |
| Balance | $0 |

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| **FY2025 Free Cash** |  **$ 856,780**  |
| Snow and Ice (**Article #3**) |  $ (33,838) |
| Past Due Bills (**Article #3**) |  $ (12,600) |
| Library Application **(Article # 14)** |  $ (75,000) |
| Operating Free Cash **(Article #6)** |  $ (735,342) |
| **Balance** |  $ (0) |
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| **FY2025 Town ARPA (Proposed)** |  **$ 138,673**  |
| Highway Smoke Alarm |  $ (10,000) |
|  Fire Alarm Station #2  |  $ (22,000) |
|  Fire Alarm Receiver  |  $ (79,984) |
| **Balance** |  **$ 26,689**  |

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|  | ATM FY2024 | Pct. Change | $ Change | ATM FY2025 |
| UNEMPLOYMENT INSURANCE  | $ 5,000 | 1400.00% | $70,000 | $ 75,000 |
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| BRISTOL COUNTY RETIREMENT  | $ 843,669 | 5.68% | $47,926 | $ 891,595 |
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| **Health Insurance** |  |  |  |  |
| BLUE CROSS/ BLUE SHIELD HEALTH | $ 444,765 | 7.21% | $32,068 | $ 476,833 |
| K-8 HEALTH INSURANCE | $ 967,340 | 7.21% | $69,745 | $ 1,037,085 |
| **Subtotals** | $ 1,412,105 | 7.21% | $101,813 | $ 1,513,918 |
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| **Berkley K-8** |  |  |  |  |
| K-8 OOD SPECIAL EDUCATION | $ 177,388 | 83.39% | $147,922 | $ 325,310 |
| SCHOOL SPENDING | $ 8,464,018 | 2.62% | $221,606 | $ 8,685,624 |
| **Subtotals** | $ 8,641,406 | 4.28% | $369,528 | $ 9,010,934 |
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| **Emergency Medical Services** |  |  |  |  |
| SALARIES- PERMANENT POSITIONS  | $ 300,200 | 21.59% | $64,800 | $ 365,000 |
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| **Police Department** |  |  |  |  |
| SALARIES- PERMANENT POSITIONS  | $ 795,805 | 10.60% | $84,372 | $ 880,177 |
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| **Highway Department**  |  |  |  |  |
| SALARIES- PERMANENT POSITIONS  | $ 513,132 | 9.13% | $46,868 | $ 560,000 |
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|  |   | **Selected Items Growth** |  **$ 785,307**  |  |
|  |   | **\*Total Expense Growth** |  **$ 790,956**  |  |
|  |  |  | \*Several large budget items were less than the prior year |   |

**Growth of Selected Items FY 2025**