

FY22 Budget Summary

The total operating expenditures in the Town's upcoming FY22 budget come to \$1,872,238. This is a net increase in the town's budget of \$61,209 (3.4%) over FY21.

That percentage increase is reflected in our Central Berkshire Regional School District operational assessment, which is going up 3.1%. This is not as large an increase as last year, but still the second highest increase in the past five years.

However, the increases in CBRSD assessments are largely offset by the fact that we have no students scheduled to attend Vocational Education next year, which saves the Town on those direct tuition and transportation costs.

While there are modest increases to Highway Dept. operational accounts, overall salary and benefits are seeing offsetting decreases, due to staffing changes and changes in health insurance enrollments.

On the other hand, the Town's Property Liability and Workers' Compensation insurance costs are going up considerably, due to overall rate increases in underwriting markets as well as a huge uptick in the Town's Workers' Comp loss ratio rating.

Other notable increases in the General Government budget include increases in Reserve Account and Legal Expenses due to several ongoing property issues that add fiscal uncertainty. We are also finally bumping the salary for our hardworking Tax Collector to bring this closer to parity with our other professional finance positions.

Low interest rates continue to work in our favor, and the renewal of our long-term debt saw a marked decrease in the rates that were bid. This year's renewal was at 0.43% interest, compared to 1.3% last year.

For the past two years we have been able to pay interest-only on our Broadband debt. However, when we go to renew next year we will be required to pay down a portion of the principal, which will be substantial.

I had hoped that Federal grant funds that have been accruing for the past few years would be released to the Town before we reached this point. Those funds will eventually cushion the annual debt burden on us taxpayers.

Unfortunately, the chance that this grant money will become available in time to pay down our principal next May is slim. So we are currently exploring other possibilities to forestall the need to pay principal out of our Town's general funds for one more year until this federal funding can be used to reduce the tax impact.

Given all that, the Finance Committee has recommended that this year's potential Broadband principal payment be appropriated out of our Stabilization Fund (the Town's "savings"). Generally speaking, it is not a good practice to use one-time revenue like this for

annual operating expenses. But the rationale in this case is that if one of these other options pans out to cover our obligation without drawing on Town funds, then this money will not have been needlessly taken out of taxpayers' pockets through taxes. Instead, we will be able to later rescind this Stabilization Fund encumbrance and leave the money where it is.

There are three small-to-medium capital expenditures on the warrant: important repairs to the Highway front-end loader, which is a critical piece of equipment; preemptive removal of vulnerable ash trees that pose a potential liability along our roads, particularly Blotz Rd; and replacement of the aging cedar-shingle roof on the Town Park gazebo. By making these appropriations from Free Cash, these expenditures do not directly affect the tax levy.

On the other side of the equation, although the total Revenue we need to raise to cover our Expenses is going up by only 1.83%, our State Aid ("Cherry Sheet" income) is currently projected to go down by 3.13%. Which will shift more of the burden to property taxes.

The State budget process is far from over, so we continue to lobby our legislators to minimize these State Aid reductions. But all this could mean our tax levy increases by 3% or more. Which once again puts us uncomfortably close to the maximum levy limit allowed under Proposition 2½. The Finance Committee has been discussing the likelihood that a Debt Override vote could become necessary in the next year or so.

This coming year marks a recertification year for our assessments. Every five years the Department of Revenue's Bureau of Local Assessment requires an extensive review of our property assessments, in the course of which widespread adjustments may be made.

As always, any estimate of what next year's tax rate will be is always just a guess. Our current best guess, with the information currently available, is that the tax rate could see an increase of about 2% bringing it to around \$17.02. If so, this would be slightly less than the median annual increase over the past ten years (2.6%).

Kent Lew, Finance Committee chair