TOWN OF BERNE FISCAL REVIEW 2024

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AGENDA

2024 NYS Comptroller’s Report

2% Tax Cap Facts

2026 Budget

Conclusion

NYS COMPTROLLER'S FISCAL STRESS REPORT

HOW DOES THE REPORT WORK?

- Every Municipality in NY submits a standard report to the Comptroller annually
- The Comptroller rates each municipality on a score of 0 to 100, gauging the stress of the municipality. ZERO score means ZERO stress.
- The report reviews not only the government body but the economic health of the community.
- It also provides comparative analysis to other communities.

KEY PERFORMANCE INDICATORS FOR THE TOWN OF BERNE

The good:

- We've achieved a score of **13.3 for 2024** – lowest since 2022.
- Total fund balance has increased to $737,904 from $647,867
- Increases in revenues from 2023 to 2024
- Shift from 30% deficit spending to a 2.4% budget surplus

Let's work on these and get our score down:

- Personnel services represent 65% of revenues. Peer communities average 37% (likely to self-correct)
- Peer communities maintain a much larger fund balance – 92% of one year of expenditures (we are at 26%)
- Peer communities maintain a much larger cash reserve (we have an average of 51% of the cash needed per month; peers have 900%)

KEY PERFORMANCE INDICATORS FOR THE RESIDENTS OF TOWN OF BERNE

<u>The good</u>:

- Economic Stress Score of 23.3 – no designation
- Unemployment dropped from 11.2% to 8.4%
- Median household income increased from $75,595 to $99,375 (national average was $83,730)
- Home values up 37% - peer communities posted 30%

<u>A Demographic that is not so good</u>

- Population of the town dropped **4.7%** in 2023 & another **3.7%** in 2024. Peers saw a **1.3% decline**

Fiscal Stress Scores				
Agency	2021	2022	2023	Enviromental Score
Berne	**6.7**	**16.3**	**28.8**	**26.7**
Knox	-	-	-	-
Westerlo	0	3.3	3.3	10
Rensselaerville	0	0	3.3	10
Wright	0	0	0	13.3
Middleburg	3.3	3.3	3.3	23.3
Broome	3.3	3.3	3.3	36.7
Guilderland	-	0	3.3	0
New Scotland	0	0	25	0
Bethlehem	0	0	0	3.3
Coyemans	0	0	0	10
Colonie	31.3	12.5	0	0
City of Cohoes	3.3	3.3	3.3	6.7
City of Watervielt	12.5	12.5	26.3	0
City of Albany	47.9	47.9	57.9	20

Fiscal Stress Classification	Point Range (Out of 100 total pts)
Significant	65 - 100
Moderate	55 - 64.9
Susceptible	45 - 54.9
No Designation	0 - 44.9

Financial Stress Scores Across the Capital Region

THE 2% TAX CAP

SOME FACTS

The impact on your tax bill is **roughly 30% of your tax bill** – not applied to the entire amount collected

The law directly recognizes inflation – a vote is required if the proposed budget increase is larger than the **rate of inflation or 2%**

Berne's budget approximates $3.2 million. After outside revenues, the levy approximates $1.3 million. 2% of that levy is only <u>$26,000.</u>

<u>Highway Department CBA raises alone represent $15,340</u>

Sales Tax Share to the Town is based on the **Town's population**. So not only is our revenue based on the overall performance of the economy, but the population of the town as well.

Berne is an example of the REVERSE OF ECONOMIES OF SCALE – given our small size, our unit costs are higher. So a small shift in costs to operate will likely yield an increase greater than 2%

Year	Rate per $1000	Tax Levy Increase	Annual Inflation	Rate per $1000 at Inflation
2012	4.814	1.48%	2.1%	
2013	4.820	0.12%	1.5%	4.915
2014	4.796	-0.50%	1.6%	4.989
2015	4.743	-1.11%	1.0%	5.069
2016	4.659	-1.77%	1.3%	5.119
2017	4.501	-3.39%	2.1%	5.186
2018	4.320	-4.02%	2.4%	5.295
2019	4.319	-0.02%	1.8%	5.422
2020	4.167	-3.52%	1.2%	5.519
2021	3.614	-13.27%	4.7%	5.586
2022	0.493	-86.36%	8.0%	5.848
2023	0.540	9.53%	4.1%	6.316
2024	4.609	753.52%	1.0%	6.575
2025	4.701	2.00%	2.0%	6.641

Where are we on the tax levy?

- Still 2.4% lower than in 2012, yet inflation has increased 2.49% every year
- The infamous **'800%'** increase – if the town kept pace with inflation, it would have been on the order of **1100%**
- The difference between the Levy and the rate of inflation was made up either with awesome revenue (sales tax) or by utilizing Fund Balance to augment operating costs.
- REMEMBER – FY 2021 through 2023 saw deficit spending on the order of 30%
- REMEMBER – FY 2025 a 19% increase was proposed

SMART FINANCIAL DECISIONS TODAY DRIVE LASTING SUCCESS FOR THE FUTURE.

2026 BUDGET ALLOCATION – STILL IN DRAFT FORM BUT GETTING CLOSER
AS OF 10/20/2026

2026 Tentative

General Fund	Expenditure	Revenue	Cost Net Revenue
Total Governmental Support	$587,928.00		
Total Public Safety	$362,899.00		
Total Health	$3,830.00		
Total Transportation	$130,969.00		
Total Cultural & Recreation	$137,945.00		
Total Home & Community Services	$174,070.00		
Total Undistributed	$300,944.00		
Total General Fund Expenditure	**$1,698,585.00**		
General Revenue		($1,196,311.00)	$502,274.00
Highway			
Total DASU0E MAINTENANCE ROADS BLD	$373,199.00		
Total DA5112E HIGHWAY PERMANET IMPR	$432,417.00		
Total DA5120E BRIDGES	$500.00		
Total DA5130E MACHINERY EQUIP CAP	$73,500.00		
Total DAS142E SNOW REMOVAL	$348,030.00		
Total UNDISTRIBUTED	$264,200.00		
TOTAL DEBT INTEREST BANS	$22,000.00		
Total Highway Expenditure	**$1,513,846.00**		
Highw ay Revenue		($648,417.00)	$865,429.00
Sewer District			
Total SS SEWER FUND	**$100,511.00**		
Revenue Total		($100,511.00)	$0.00

Notes

Operating Budget		
Total Gross Costs		$ 3,312,942.00
Total Costs Net Revenue		$ 1,367,703.00
Fund Balance (unapproriated)		$ (52,000.00)
Fund Balance (Restricted)		$ (5,400.00)
Total Property Tax Levy:		$ 1,310,303.00

STAFFING FOR 2026 – AGAIN.....DRAFT AS OF 10/20/2026

Staff		
General Fund Salary		$ 699,464.00
General Fund Social Security		$ 53,561.00
General Fund Benefits		$ 300,944.00
Highway Salary		$ 511,279.00
Highway Social Security		$ 17,700.00
Highway Benefits		$ 264,200.00
Sewer District Salary		$ 19,000.00
Sewer District Social Security		$ 1,416.00
Sewer District Benefits		$ 2,134.00
Total Salary		$ 1,229,743.00
Total Social Security		$ 72,677.00
Total Benefits		$ 567,278.00
Total Payroll		**$ 1,869,698.00**
Percentage of Gross Cost		56%
Total Positions (est)		51

Some facts about payroll

- 51 payroll-related positions were identified (including stipends)
- Total payroll, including benefits of $1,869,698
- Represents 56% of the operating budget
- General Range for NY Towns: 45% – 65%
- Service industries 50% – 70%

CAPITAL PLANNING

Any asset that is anticipated to last more than a year. Buildings, roads, vehicles, roofs, HVAC, etc, are all eligible.

Rates are in the 2% to 2.5% range.

Berne's bond rating? I couldn't find one but it's common for a small town not to have one.

NYS Comptroller provides guidance on how long an asset should last – but it's up to the Town. For example, the highway plow trucks should last a minimum of 8 years. After which, we might be upside down on repairs versus residual value

Use of fund balance instead of credit does <u>seem</u> like an attractive option; however, that may negatively impact cash flow. In fact, there are times when it makes financial sense to obtain a note (most aid requires the town to spend first, then get reimbursed)

STRATEGIES FOR SUSTAINABLE BUDGETING

Develop a sustainable operating budget

Develop an operating budget that balances costs and revenues with minimal reliance on fund balance.

Rebuild Fund Balance

Increasing the unallocated fund balance provides greater cash flow. Greater cash flow will yield shorter vendor payment terms and, more importantly, mitigate the need for revenue anticipation notes to cover operating costs.

Capital Planning

1.5% of the Town's revenue goes to debt service. Peers are at approximately 4%. Use of available short-term and long-term borrowing will not only improve the town's cash flow but also provide more consistent services and access to more assistance programs.

Risk management

Implement strategies to hedge against financial liabilities. By proactively managing risks, we can safeguard our town against potential threats. Shifting liability to vendors via contract will mitigate those liabilities.

MOVING FORWARD WITH CONFIDENCE

Financial stability

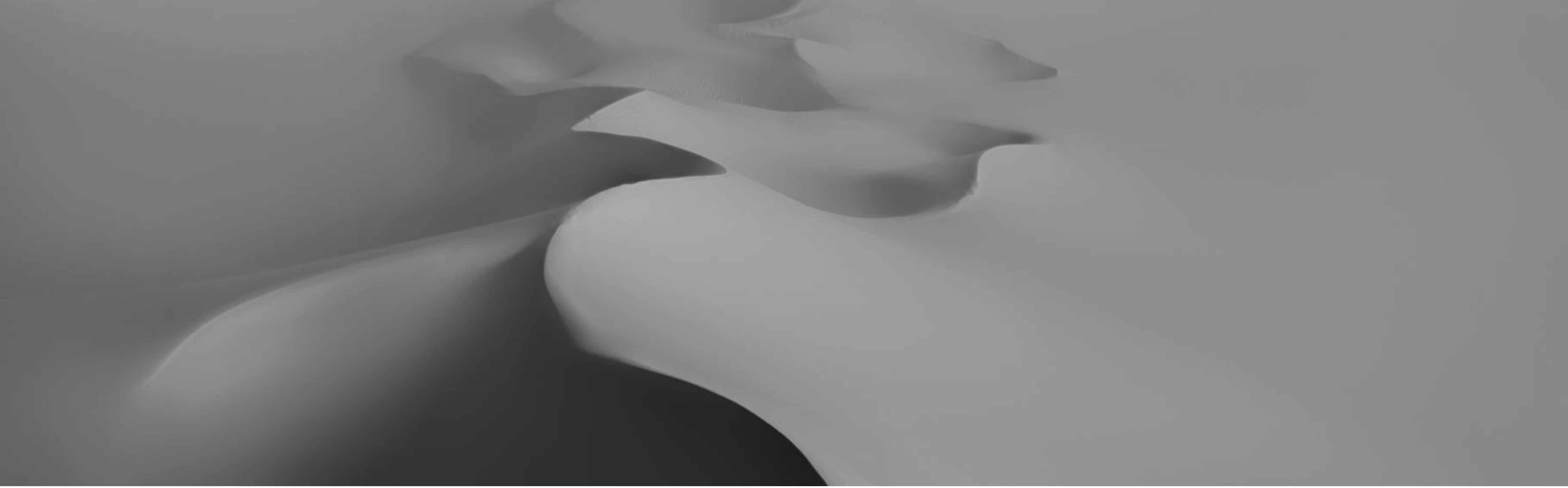
In 2024, we have seen significant movement in a more stable position

Strategic Financial Management

Recognize the Town’s position regarding costs and revenue sources

Stabilized Tax Rate

Develop a long-term budget projections that will provide stabilization to the levy



THANK YOU