

**Town of Buckland, Massachusetts
Budget Memorandum**

To: Citizens of the Town of Buckland
From: Finance Committee
Date: April 22, 2017
Re: A discussion of the recommended Fiscal Year 2018 Town Budget

SUMMARY

The Select Board recommends, and the Finance Committee agrees, not to request an override vote for the FY18 budget. In order to do this, we reduced the budget by close to \$100,000 from the FY18 budget requests. The estimated tax increase is 4.6%, which is \$82 on a \$100,000 valuation or \$0.82 per \$1,000 of value.

Buckland's assessment for the Mohawk District has increased \$67,163 (+3.2%). The town's operating budget has increased by \$67,982 (+3.9%) primarily due to rising insurance and benefit costs. The town capital budget increased by \$42,557 (+17.1%). This increase is needed to keep our infrastructure in good working order. To cover these expenses, we had difficult choices to make in reducing other areas of the town's operating budget with the goal of staying within our levy limit.

In order to stay within the levy limit, budget cuts were made predominantly from Town Hall repairs, highway equipment maintenance, the police vehicle stabilization fund, and the highway facility fund. We also did not approve several requested increases in other areas of the budget.

Looking ahead, we will have significant increases in our debt load from renovations to the highway garage and from the rebuilding of roads destroyed by Tropical Storm Irene. This year we have to take a large sum out of the General Stabilization Fund to cover a payment to FEMA for borrowing for Tropical Storm Irene repairs. We have been able to avoid an override for several fiscal years, but we are likely facing one in the near future.

Please note:

Fiscal Year 2017 (FY17) – the current budget year – July 1, 2016 - June 30, 2017

Fiscal Year 2018 (FY18) – the next budget year – July 1, 2017 - June 30, 2018

Definition of terms (e.g. Free Cash) is appended to this Memorandum

REVENUES

We estimate the revenue amounts based on past history and the current state projections. The revenue side of our budget is typically forecasted with little growth, a conservative approach that has worked for us in the past. Total revenues are expected to increase by \$173,378 (+3.9%) for FY18 totaling \$4,629,415. (Please refer to the Buckland Fiscal Years 2015-2018 Revenue/Expense Analysis for details.) This is primarily a result of increases in real estate tax revenues, state aid and Free Cash. Local receipts are projected to be slightly lower than last year.

EXPENSES

We budget our expenses as tightly as possible based on our revenue predictions and the needs of our town. Some of the larger expense increases are non-discretionary. These include increased insurance, utilities and technology costs. A 2.5% COLA increase for our town employees is included in this budget. Overall, the budget (including education) is increasing by \$208,467 (+4.7%) to \$4,619,600. An explanation of key budget changes follows. The discussion is organized by warrant article with references to the line item from the budget spreadsheet.

Article Four: Elected Officials Salary (lines 1, 2, 8, 14, 28, 42). The overall increase of \$853 to \$47,637 (+1.8%). This increase represents a 2.5% COLA for the Town Clerk in alignment with the COLA increase for Town Employees.

The Finance Committee recommends approval of this article.

Article Five: Town Operating Budgets

(lines 3-5, 7, 9, 12, 13, 15, 17-27, 29, 35-41, 43-49, 51-54, 63, 64, 66, 68, 69). An increase of \$67,536 (+3.8%) to \$1,829,376. Significant changes are explained below.

The Finance Committee recommends approval of this article.

- **Selectmen's Office/Administration** (line 3): An increase of \$4,072 (+3.9%) to \$108,465. This represents a 2.5% COLA with some changes in pay rates.
- **Reserve Fund** (line 4): An increase of \$10,000 (+100%) to \$20,000. Last year this was reduced by half in order to balance the budget. This year it's reinstated to the usual \$20,000 and used when expenses exceed the amount budgeted.
- **Collector/Treasurer Expense** (line 5): An increase of \$6,180 (+11.8%) to \$58,738. This is due to annual payroll service costs, tax software and training for our new treasurer.
- **Town Hall** (line 12): An increase of \$2,595 (+5.9%) to \$46,233. This is due to an increase of \$3,000 in the town communications/IT line to cover maintenance and support for the proposed technology upgrades.
- **Insurance & Bonds** (line 18): An increase of \$7,000 (+14.6%) to \$55,000. We are now insuring the additional town properties of the highway facility and Veteran's field.
- **Police Salaries** (line 20): An increase of \$10,161 (+6.6%) to \$163,366. This represents a 2.5% COLA plus longevity and adjusted pay rate for sergeant.
- **Highway Salaries** (line 35): An increase of \$4,497 (+3.1%) to \$148,485. This represents a 2.5% COLA plus longevity.
- **Highway Department** (line 36): A decrease of \$10,000 (-6.7%) to \$138,850. This is due to decreased maintenance costs of our vehicles.
- **Recreation Department Expenses** (line 48): A decrease of \$2,000 (-11%) to \$16,250. This reflects the change in status of the town pool.
- **Interest/Borrowing Costs** (line 51): An increase of \$1,654 (+6.9%) to \$25,654. Short term interest rates went up, and we re-bid the Tropical Storm Irene borrowing.
- **Retirement** (line 52): An increase of \$8,063 (+8.5%) to \$102,484. This is due to two more town employees retiring this past year.

- **Health/Life Insurance** (line 54): an increase of \$28,599 (+18.2%) to \$185,325. This is due to the large increase in health insurance costs that we see across the region and state.

Article Six: Special Line Items (lines 6, 10, 11, 16, 50). An increase of \$150 (+0.6%) to \$25,350.

The Finance Committee recommends approval of this article.

Article Seven: Mohawk K-12 School District Operating Assessment (line 30). An increase of \$67,163 (+3.2%) to \$2,197,218. We refer you to the explanatory memo from our School Committee representatives for a detailed explanation.

The Finance Committee recommends approval of this article

Article Eight: Mohawk K-12 School District Capital Assessment (line 31). An increase of \$44,750 (+140%) to \$76,714. This reflects the new work approved last year to Buckland Shelburne Elementary and the Mohawk high school building.

The Finance Committee recommends approval of this article.

Article Nine: Smith Vocational Assessment (line 32). A decrease of \$5,000 (-8.3%) to \$55,000. This is for 2 students and the decrease is a drop in Buckland's transportation costs.

The Finance Committee recommends approval of this article.

Article Ten: Franklin County Technical School Operating Assessment (line 33). A decrease of \$7,486 (-5.3%) to \$132,515. This is due to Buckland's enrollment declining by one student.

The Finance Committee recommends approval of this article.

Article Eleven: Expenses for the Shelburne Falls Wastewater Treatment Facility (Enterprise Fund) (lines 75): An increase of \$7,533 (+3.1%) to \$253,018. This represents a 2.5% COLA for town employees, health insurance increases and engineering and insurance costs for the final reed bed maintenance.

The Finance Committee recommends approval of this article.

Article Thirteen: Highway Road Repaving (line 70). A increase of \$50,000 (+166.7%) to \$80,000. This funding in addition to Chapter 90 state highway funds are to be used to complete the Bray Road repaving project. Last year this line was greatly decreased to help balance the budget. If this project were to be spread over two years we would incur an additional cost of \$15,000.

The Finance Committee recommends approval of this article.

Article Fourteen: Specific Town Capital/Stabilization Accounts (lines 57, 58, 60, 65, 71, 72, 73). An overall decrease of \$23,000 (-18%) to \$105,000 as detailed below.

The Finance Committee recommends approval of this article.

- **Police Stabilization** (line 57). A reduction of \$15,000 to \$0 because we do not need to purchase a new police cruiser this year. There is close to \$30,000 in this stabilization account currently and we have another year to fund this stabilization to buy a new cruiser.
- **Highway Equipment Stabilization Fund** (line 58). An increase of \$10,000 to \$50,000 which is back to the recommended annual amount we allocate for new highway vehicles. *This account will be funded with Free Cash.*
- **Technology Stabilization Fund** (line 60). A decrease of \$3,000 to \$0 - see Technology Upgrades below.
- **Town Hall Repairs and Maintenance** (line 65). A decrease of \$20,000 to \$0. Though the Town Hall needs some immediate repair there is roughly \$29,000 in the stabilization account that can be used this year.
- **Highway Facility** (line 71). A reduction of \$50,000 to \$0 because there is money in the account for the newly formed Building Committee to work with.
- **Recreation Area Improvements** (line 72): A one-time request for \$30,000 to fund pool demolition. The pool at Buckland Rec is now non-functional and needs to be demolished safely. *This account will be funded with Free Cash.*
- **Technology Upgrades** (line 73): A one-time request for \$25,000 to replace our computer systems in town government. This will cover technology improvements to all departments which will include upgrades in security, data preservation and management. *This account will be funded with \$20,000 of Free Cash and \$5,000 from a grant.*

Article Fifteen: General Stabilization Fund (line 62) A decrease of \$1,499 (-2.7%) to \$54,790. *This account will be funded with the balance of Free Cash after funding the capital articles. The Finance Committee recommends approval of this article.*

Article Sixteen: Senior Center Capital Fund (line 74): A one-time request for \$15,000 to start a study and design of a new facility for the Senior Center. This amount is being matched by the towns of Ashfield and Shelburne (\$15,000 each). *The Finance Committee recommends approval of this article (not unanimously).*

Article Seventeen: Other Post-Employment Benefits (OPEB) Account (line 55): Fund \$1,000 to the OPEB trust account that was created last year to help pay for other post-employment benefits in the future. *The Finance Committee recommends approval of this article.*