

TOWN OF BECKET

FISCAL YEAR 2019 BUDGET NARRATIVE



REVENUE HIGHLIGHTS

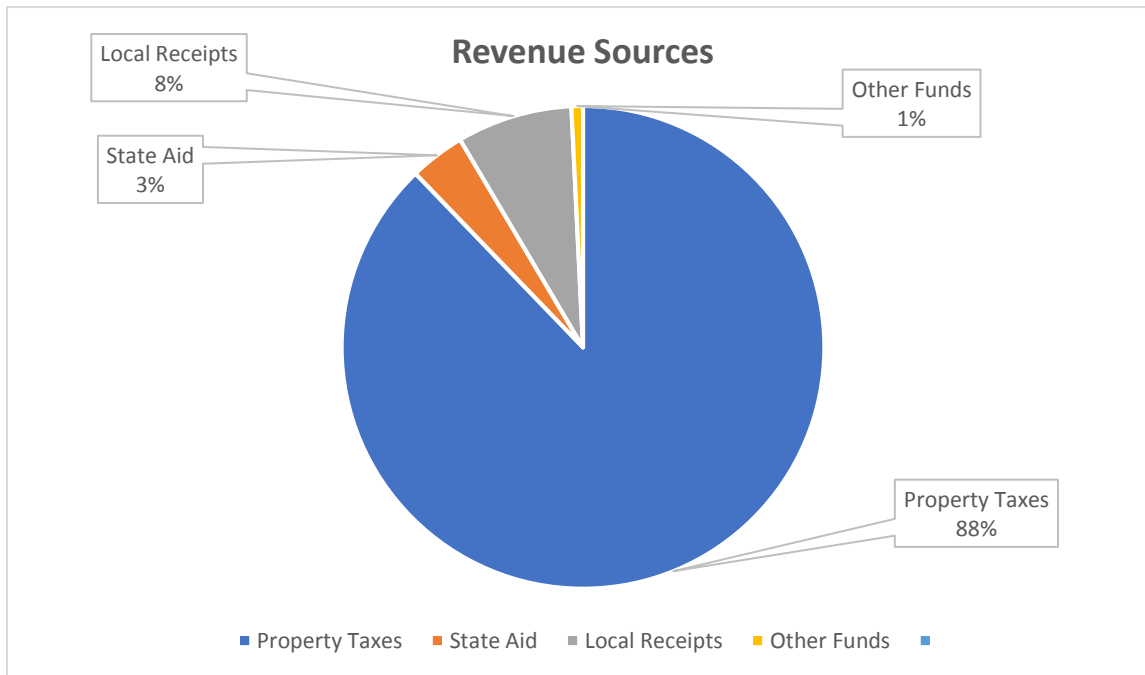
The Fiscal 2019 general fund budget assumes an increase in available property tax revenue and modest increases in local revenue, for a total increase of 3.3% or \$223,690. This increase in revenue for FY'19 includes \$53,212 from the new Borrego solar facility. Total state aid from the "cherry sheet" will decrease under the Governor's budget from \$259,121 in FY'18 to \$256,879.

Free Cash and Stabilization Funds are not used in the FY'19 budget. It is sound financial practice to exclude Free Cash and monies from the Stabilization Fund from the annual operating budget, since these funds can vary widely from year to year.

The FY'19 budget uses Free Cash and surplus funds from the Overlay for Abatements account for the purchase of lower cost capital items.

The FY'19 budget assumes a modest increase in New Growth revenues to \$60,000.

The FY'19 operating budget does not require a general override or debt exclusion from the tax cap known as Proposition 2 ½.



As of May 1, 2018, the Town of Becket has the following fund balances:

Stabilization Fund	\$973,707
Free Cash	\$146,523
Community Preservation Funds	\$125,643

Notes

Free Cash: Free cash is a revenue source that results from the calculation, as of July 1, of a community's remaining, unrestricted funds from its operations of the previous fiscal year based on the balance sheet as of June 30. It typically includes actual receipts in excess of revenue estimates and unspent amounts in departmental budget line items for the year just ended, plus unexpended free cash from the previous year. The Massachusetts Department of Revenue recommends that Free Cash, as a nonrecurring revenue source, should be restricted to paying one-time expenditures, funding capital projects, or replenishing other reserves.

Overlay Surplus: The Town is required to set aside funds each year to cover any reductions in tax revenues should the Assessors lose a challenge to one of their assessments. Any unused funds after all challenges to tax assessments are completed can be used in the following year's budget. It is best to use these monies for one-time purchases.

EXPENDITURE HIGHLIGHTS

General Government

- ✓ This budget provides 2% raises for all Town employees.
- ✓ Certain departmental expenses were reduced based upon the record of prior year actual expenditures.

Town Meeting Expense – An additional \$2,500 was added to this account in anticipation of a special town meeting to review the Broadband Initiative and any plans for the Route 20 Spring.

Town Administrator – The salary for the previous Town Administrator would have increased to \$72,000 under his contract and is the maximum possible offer reflected in the advertisement for a new Town Administrator.

Election-Registration – This account was increased \$6,625 to fund the state primary and general election in the fall.

Public Safety

E911 Communication – This budget was increased by \$20,159 to fund installation and monthly rental of a new repeater for Police, Fire and Highway communications. Rental of space on a privately-owned cell tower will cost \$1,400 per month. The Town is negotiating with the Selectmen in Otis to share the repeater and its monthly cost.

Education

CBRSD – The assessment from the Central Berkshire Regional School District will increase 4.6% or \$93,583. The increased assessment for the Town reflects an increase in the number of Becket students in the school system coupled with a decrease in

student population in other towns resulting in a bigger share for Becket. The overall CBRSD budget increased slightly over 1%.

Highway

Road Improvement -- The road improvement budget was reduced from \$51,000 to \$41,000. These funds are supplemented by the state aid program known as Chapter 90. This reduction came at the end of the budget process as the Selectmen and Finance Committee implemented reductions in the interests of a lower tax rate increase.

Transfer Station

Disposal Costs – The Chinese are no longer in the market to purchase recycled materials. This has driven up costs for disposal of materials across the board. The inclusion of the Southern Berkshire Solid Waste budget within the Transfer Station budget for the first time accounts for a significant portion of the increase.

Health and Community Services

Veterans Benefits – This budget is hard to determine. As more veterans return from the Middle East in need of services, the Town is obliged under state law to provide. Three fourths of the costs of veterans' benefits are reimbursed by the state in the following year.

Benefits

Health Insurance – The Town is fortunate that health insurance premiums in FY'19 will not increase. In fact, there will be some reduction in premium costs when the Medex plan is changed to take advantage of Federal subsidies.

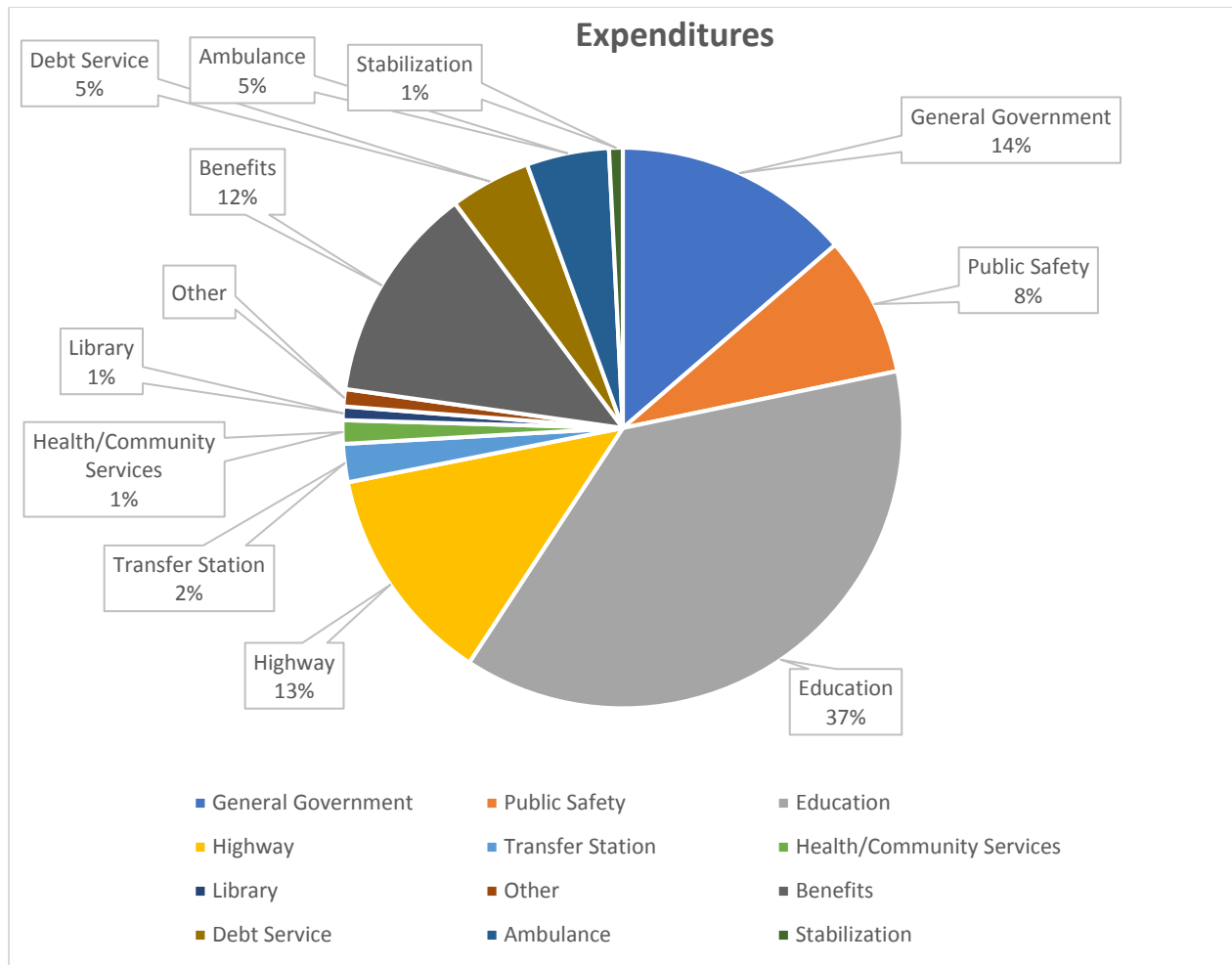
County Retirement – The assessment for employee retirement will increase to \$217,821, up \$16,366 or 8.1%. With revenue increasing at 3.3% in FY'19, the increase in retirement costs well above annual revenue means that other priorities of the Town must be sacrificed.

Ambulance

Ambulance expenses will increase by \$30,000 in FY'19 or 11.1%. During the fiscal year, Town leadership should work with the Ambulance Director to identify opportunities for cost control.

Capital Purchases

The FY'19 budget uses Free Cash and the Overlay for Abatements surplus totaling \$261,523 for smaller capital purchases not requiring bonded debt. Total requests amounted to \$616,816. The Selectmen and Finance Committee decided to fund capital purchases at \$239,090 for the fiscal year.



Summary

Total spending for FY'19 will increase 1.7%. The tax rate is expected to be \$11.09 per thousand dollars of assessed value. This represents an increase in the tax rate of 2.01%.