



# **GUIDE TO BUDGET & TAX INFORMATION**

Budget Development and Sources of Funds -  
a comprehensive narrative.

**2018**

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Principal Assessor

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## **BUDGET AND TAX INFORMATION**

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## I. INTRODUCTION

There has been much discussion regarding Acushnet's budget and tax rate. Many good questions have been posed regarding the processes used to develop Acushnet's financial plan. We have tried to put together this narrative to explain the various components that create the financial plan for our Town.

## II. LEVY LIMIT

### A. What is the Levy Limit?

The Town's levy limit is the maximum allowable total tax levy that can be collected from residential, commercial, industrial, and private properties. The allowable levy is established based on the requirements of Proposition 2½. Proposition 2½ also mandates the maximum tax rate in Massachusetts.

### B. How Does the Levy Limit change?

1. State law allows for a town's limit to be increased up to 2½% each year. Smaller increases are permissible. Increases above 2½% are only possible through the special election process, where all registered voters can decide if such an increase is warranted.
2. New growth also increases the levy limit. New growth is new construction, new business, and new personal property. The property taxes on new home construction would add to the levy limit. The same applies to new commercial and industrial property. The taxes on new personal property would also increase the levy limit.
3. Proposition 2½ overrides allow for the levy limit to increase above the new growth increases. If the increase of the proposed levy limit is about 2½% above and beyond new growth, a special election must be held to allow the voters to decide if such an increase is acceptable. There are three types of 2 ½ overrides:
  - a. A general 2½ override: This override is an increase to the levy limit that is permanent and is carried over to all years in the future.
  - b. Capital Exclusion override: A one-time purchase of a capital item which may require an increase over 2½%. For example, a purchase of a \$350,000 fire engine could require such an increase. The increase in the tax levy to purchase this might be considered a one-time increase and is not carried over to succeeding years. The increase is not carried over to next years' levy limit.

- c. Debt exclusion override: When there are proposed equipment or facilities that must be financed over many years, a debt exclusion override would be employed to allow an increase above the 2½% levy limit for the period of the loan. When the final payment is made, the increase to the levy limit is not carried over to the next year. For example, to construct the Police station required a debt exclusion override. When the loan is paid back, the levy limit increase will be removed.
- 4. Proposition 2½ Overrides: If a town finds their levy limit is far more than what is responsibly needed to run the town, then a 2½ override could reduce the levy limit. Such a reduction to the levy limit must be approved at the ballot box.

### **III. BUDGET DEVELOPMENT**

#### **A. Roles in Budget Development**

Department heads and committee chairs are responsible for preparing proposed operating budgets and capital requests for the upcoming fiscal year.

The Town Administrator is responsible for proposing an overall balanced budget for the Town. This includes recommending operating budgets, capital expenditures and projecting revenue and funding sources.

The Regional School Districts (Old Colony Regional Vocational and Bristol County Agricultural) prepare their budget and submit Acushnet's assessment as a single line item (each).

The Finance Committee reviews the operating budgets and capital requests. The Committee then recommends or does not recommend each proposed item. The Annual Town Meeting warrant will show what the Finance Committee recommends.

#### **B. Budget Development Process**

In late November or early December, the Town Administrator and Finance Committee Chairman sends a letter to all department heads and committees requesting their proposed operating budget and capital expenditures to be submitted in early January. Over the next two months, the department heads and committee chairs will meet with the Finance

committee (and the Board of Selectmen where appropriate) to explain their requests.

The Finance Committee reviews and discusses all requests and the estimated revenues and funds available, and then they vote on what they will recommend for each request. The Finance Committee meetings and deliberations on the budget are televised.

C. Major Components of the Budget

1. Expenditures

- a. Town Operating Budget: Recurring costs necessary to conduct the town's business. Some examples of those costs are insurances, payroll, utility costs, school assessments, infrastructure maintenance, etc.
- b. School district operating budgets: The majority of Acushnet's operating budget consists of school costs. The educational budget represents 56% of our operating budget. Capital requests are not included in the school's operating budgets. The vocational schools operating budgets are developed separately from the Town budget process and are shown as single line items on the Town Meeting warrant.
- c. Capital Expenditures: Capital expenditures are one-time expenses necessary to replace equipment, upgrade facilities and infrastructure, purchase new emergency equipment, repair and improve town buildings, etc.
- d. Stabilization Fund: The Stabilization Fund is Acushnet savings account. Funds are put into Stabilization to help pay for future large expenditures. As with every family budget, a savings account is there for emergency expenses or a rainy day when projected revenues fall short of the needs of the town. Withdrawals from the Stabilization Fund require a 2/3rds vote of Town Meeting.
- e. Enterprise Funds: An enterprise fund is a fund that helps support its operations through its revenues. The operations of Acushnet River Valley Golf Club and the Sewer Division of the DPW are funded by enterprise funds. You will see them and their operational budgets listed on the Annual Town Meeting warrant, but their revenues, not the general tax base, fund those operating budgets.

2. Sources of Funds

- a. Raise and Appropriate: Raise and appropriate refers to those funds that will be raised by the next fiscal year's tax levy. These funds would not be available until July 1, after Annual Town Meeting.
- b. Free Cash: Free cash refers to those funds that were not spent or committed from the previous fiscal year. The Department of Revenue usually certifies Acushnet's free cash in November. Free cash is available any time once it is certified. Free cash usually funds expenditures approved at a Special Town Meeting but may be spent at the Annual Town Meeting.
- c. Excess Overlay: The Board of Assessors maintains an "overlay account" to be available for any tax abatement obligations during the year. At times the overlay funds may exceed the projected abatement obligations. When that occurs, those excess overlay funds are available to help fund the budget.
- d. State Aid: Acushnet receives some level of state aid each year. The notification and breakdown of that state aid is known as the "Cherry Sheet" originally due to the color of the paper containing the notification. The amount of state aid varies with the economic health of the state government. In the fiscal year 2018, we are receiving \$7,759,200.
- e. Community Preservation Funds: Acushnet authorized a surcharge on real estate taxes to be put into a Community Preservation Act fund. The Commonwealth provides some matching funds as well. These funds are used for historic preservation, housing, recreation, and open space. Our Community Preservation Committee reviews potential projects and if the committee approves they are put forth on the Annual Town Meeting warrant for approval.
- f. Stabilization Funds: Funds can be withdrawn from the stabilization fund for town expenses if a 2/3's vote is attained at Town Meeting.

D. Recent Acushnet Budgets

The 2018 Annual Town Meeting passed a budget of \$31,233,408. The Town meeting approved capital expenditures of \$2,821,917. Thus the total fiscal year 2018 Acushnet budget is **\$34,055,325**.

The enterprise funds for the Sewer Department and Golf Course totaled \$2,060,413. There were numerous capital items and one-time expenses. Attachment 1 lists all the expenditures the 2018 Annual Town Meeting voted on and the sources of their funding.

E. Recent Capital Expenditures

In 2018, the Town approved the following capital expenditures:

New radios for the Fire/EMS/Police Departments	\$160,000
New CPR devices for the ambulances and police department	\$41,000
A bio-medical destruction system for medical waste	\$48,000
Updating the Town's Chart of Accounts	\$20,000
Revising the Town's Human Resources Policies to comply with changes in state law	\$10,000
Technology Updates and Replacements in Town Hall/Parting Ways and the Fire Department	\$32,000
Office Furniture & Filing Cabinets (used) for Parting Ways and Town Hall	\$42,500
Town Contribution of Other Post Employment Benefits (OPEB) liability sinking fund	\$100,000
Highway Truck & Mini-Excavator	\$282,500
Remote Meter Reading System (Water Dept.)	\$60,000
Library Septic System Repair	\$25,000
Renovations and Preventative Maintenance at the Schools	\$209,000
Security improvements (Schools)	\$75,000
Senior Center Improvements	\$125,000

#### IV. **HOW LOCAL TAXES PAY FOR OUR BUDGET**

Local taxes finance most of the Town's budget. The Town does receive state aid, but it is not nearly enough for what is needed to fund town government. The Board of Assessors is responsible for assessing properties and developing the tax levy.

- A. Taxation Components: The tax levy is determined by the proposed budget and the total value of property in town. Property is classified into four components: residential, commercial, industrial, and personal property. In Acushnet the split tax rate (meaning that Commercial, Residential, and Personal property are taxed at a greater rate. The rates are:
1. Residential: 100%
  2. Commercial: 125%
  3. Industrial: 125%
  4. Personal property: 125%

- B. The Value of Property in Acushnet: In Fiscal Year (FY) 2018 the total value of property in Acushnet was \$1,152,639,265. Attachment 3 shows the value of the four components that make up that total.
1. Historical Property Values: Attachment 3 shows the property values for FY 2019 as well as the five previous years. These records show several trends. Personal property showed recent increases due to the utility distribution improvements and value changes at PJ Keating and Eversource.
  2. How Property Values Change: Every year residential property values are re-assessed based on recent sales in town. (A total reevaluation is performed once in every five years.) Depending on the local real estate market, the assessed value of a home may go up or down. Generally, the total value of residential property has increased 16% over the past five years.  
  
A property value may also change if an owner files with the Board of Assessors a successful request for abatement.
  3. If the overall value of properties declines, the tax rate will increase. If the value of properties increases, the tax rate will decline.
- C. Tax Exempt Property: Non-profit organizations may be exempt from taxes. Such organizations could include non-profit land trusts (Buzzard Bay, Fairhaven-Acushnet Land Trust), some private schools, and churches. State and municipal properties are also exempt from local taxes. A review of the Board of Assessors determines the tax-exempt status.
- D. Payments in Lieu of Taxes (PILOTs): Since many tax-exempt organizations utilize town services such as police, fire, EMTs, and roads a payment in lieu of taxes or PILOT is negotiated. The Massachusetts government also usually contributes a PILOT for state-owned property.
- E. Chapter 61 Designation: Some property in Acushnet is designated as "Chapter 61," meaning they are designated to agriculture, recreation, or forestry. As long as those activities continue, Chapter 61 property pays greatly reduced taxes.
- F. Senior Tax Reduction: There are two possible programs that can affect senior taxes- first, there is an ability to apply for the Senior Exemption program which is based on age, income, assets and domicile requirements. Second, there is a Senior Work-off Program. The Council on



Aging reviews whether seniors can work off up to \$500 of their taxes. The Senior Work-off program is currently not funded.

## **ATTACHMENTS**

**2018 Annual Town Meeting**

**Capital Expenditures FY2017-2018**

**Acushnet Property Valuations & Tax Rates FY2014-2019**

## **Attachment 1- 2018 Annual Town Meeting**

#	Purpose	Department	Request	Finance Committee Recommends	Source of Funds					
					Raise & Appropriate	Free Cash	Overlay Surplus	Enterprise/ Revenue	CPA	Other
1	Accept Town Report	Selectmen	-	-						
2	Snow & Ice Deficit	Selectmen	55,000	55,000		55,000				
3	Omnibus FY2019 Budget	Finance	29,172,995	29,172,995	28,192,563	462,515		516,367		1,550
4	Apply for Grants	Selectmen	-	-			-			
5	Accept Ch. 90 Funds	Selectmen	-	-			-			
6	Treasurer's Authorization	Treasurer	-	-						
7	Golf Enterprise	Selectmen	1,464,070	1,464,070				1,464,070		
8	Golf Club - 5 Yr. \$1 buy-out Equipment Lease	Selectmen	-	-						
9	Sewer Enterprise Fund	Selectmen	596,343	596,343				596,343		
10	Sewer Tie-In Loan Account	Selectmen	36,000	36,000				-		36,000
11	Radio Replacement - Fire/EMS	Selectmen	25,000	25,000				25,000		
11	Transfer from EMS Receipts Reserved (Replace Ladder Truck Funding)	Selectmen	80,000	80,000			-	80,000		
11	New CPR Devices (2 units) - EMS	Selectmen	29,000	29,000				29,000		
11	Bio-Medical Destruction System - EMS	Selectmen	48,000	48,000			-	48,000		
11	Radio Replacement - Police	Selectmen	135,000	135,000		135,000				
11	Replace Defibrillators - Police Dept	Selectmen	12,000	12,000			-	12,000		
12	Conversion of Munis Chart of Accounts - Accountant	Selectmen	20,000	20,000		20,000	-			
13	HR Consulting Services	Selectmen	10,000	10,000		10,000	-			
14	Technology Replacements & Upgrades - Parting Ways, Fire Department, Town Hall	Selectmen	20,000	20,000		20,000	-			
15	Office Furniture/File Cabinets - Parting Ways Building/Town Hall	Selectmen	42,500	42,500		42,500	-			
16	Accept MGL, Chapter 41, Section 111M & 111N (Moving EMS Personnel from Workers Compensation coverage to Injured on Duty coverage)	Selectmen								

#	Purpose	Department	Request	Finance Committee Recommends	Source of Funds					
					Raise & Appropriate	Free Cash	Overlay Surplus	Enterprise/ Revenue	CPA	Other
17	Accept MGL Chapter 64L, Section 2 - Adoption of a meals tax	Selectmen	-	-						-
18	Establish OPEB Irrevocable Trust Fund & Transfer Existing Stabilization Reserve for OPEB and Deposit an Additional Sum of Money	Selectmen	300,000	300,000			100,000			200,000
19	Capital - Highway Truck with 10 Ton Sander & Plow	Selectmen	230,000	230,000			230,000			
19	Capital - Water Dept - Mini-Excavator	Selectmen	52,500	52,500				52,500		
19	Capital - Water Dept - Remote Meter Reading System Upgrade	Selectmen	60,000	60,000				60,000		
20	Capital - Septic Tank Repair	Library Trustees	25,000	25,000		25,000	-			
21	School Capital - Renovation to Boys Bathroom at AES	School Committee	20,000	20,000		20,000	-			
21	School Capital - Roof Preventative Maintenance	School Committee	50,000	50,000		50,000	-			
21	School Capital - Playground Drainage	School Committee	20,000	20,000		20,000	-			
21	School Capital - Security Cameras, Monitors, Related Equipment	School Committee	75,000	75,000		75,000	-			
21	School Capital - Clocks & Related Equipment (AES, FMS)	School Committee	65,000	65,000		65,000	-			
21	School Capital - Driveway Sealcoating & Crack Patching	School Committee	54,000	54,000		54,000				
22	Create Special Education Stabilization Account	School Committee	100,000	100,000			100,000			
23	Re-Authorize Soil Board and Define Membership	BOH/Selectmen	-	-			-			
24	Consultant for Review of PJ Keating Facility	BOH/Soil Board	50,000	50,000		50,000	-			
25	Building Repair/Maintenance Improvements - COA	Selectmen	125,000	125,000		125,000	-			
26	Assessors Server Migration	Assessors	12,000	12,000			12,000			
27	Amend Local Option Under Chapter 59, Section 5, Clause 41A to \$50,000	Assessors	-	-			-			
28	Marijuana General Bylaw	Selectmen	-	-			-			

#	Purpose	Department	Request	Finance Committee Recommends	Source of Funds					
					Raise & Appropriate	Free Cash	Overlay Surplus	Enterprise/ Revenue	CPA	Other
29	Russell Memorial Library - Disposition of an Asset	Selectmen	-	-						
30	CPA General Reserve Article	CPA	172,500	172,500					172,500	
31	Veteran's Housing Architectural Plans (Russell Memorial Building)	CPA	15,000	15,000					15,000	
32	Tripps Mill Brook Headwaters Conservation Restriction	CPA	70,000	70,000					35,000	35,000
33	Housing Authority Alarm System	CPA	138,000	138,000					138,000	
34	Housing Authority Siding	CPA	40,000	40,000					40,000	
35	Long Plain Museum Rehab Work	CPA	14,500	14,500					14,500	
36	Parting Ways Vault	CPA	50,000	50,000					50,000	
37	Pope Park Building	CPA	10,000	10,000					10,000	
38	Quaker Meeting House	CPA	6,500	6,500					6,500	
39	School Athletic Fields	CPA	50,000	50,000					50,000	
40	Amend Article 10 Annual Town Meeting of 5/2013 to expand use of funds for EMA (\$5,893)	CPA								
41	Cemetery Board Authorization	Cemetery								
42	Park & Recreation Board Authorization	Park & Recreation								
43	Establish Conservation Revolving Account Bylaw	Selectmen								
43	Establish Park & Recreation Revolving Account Bylaw	Selectmen								
44	Library Revolving Fund	Library	6,000	6,000						6,000
44	Conservation Revolving Fund	Conservation	2,500	2,500						2,500
44	Park Revolving Fund	Park & Recreation	12,500	12,500						12,500
44	COA Revolving Fund	COA	30,000	30,000						30,000
45	Authorization to Sell Books	Library								
46	Transfer to Stabilization	Selectmen	453,417	453,417		453,417				
47	Accept Resolution of Gratitude for Town Service	Selectmen								
	<b>Total</b>		<b>\$34,055,325</b>	<b>\$34,055,325</b>	<b>\$28,192,563</b>	<b>\$1,682,432</b>	<b>\$442,000</b>	<b>\$2,883,280</b>	<b>\$531,500</b>	<b>\$323,550</b>

**Attachment 2: Capital Expenditures FY18-FY19**

<b>Year</b>	<b>Item</b>	<b>Cost</b>	<b>Notes</b>
FY19	Snow & Ice Deficit	55,000	
FY19	Radio Replacement - Fire/EMS	25,000	
FY19	New CPR Devices (2 units) - EMS	29,000	
FY19	Bio-Medical Destruction System - EMS	48,000	
FY19	Radio Replacement - Police	135,000	
FY19	Replace Defibrillators - Police Dept	12,000	
FY19	Conversion of Munis Chart of Accounts	20,000	
FY19	HR Consulting Services	10,000	
FY19	Technology Replacements & Upgrades - Parting Ways, Fire Department, Town Hall	20,000	
FY19	Office Furniture/File Cabinets - Parting Ways Building/Town Hall	42,500	
FY19	Contribution to OPEB Irrevocable Trust Fund	100,000	
FY19	Capital - Highway Truck with 10 Ton Sander & Plow	230,000	
FY19	Capital - Water Dept - Mini-Excavator	52,500	
FY19	Capital - Water Dept - Remote Meter Reading System Upgrade	60,000	
FY19	Capital - Septic Tank Repair	25,000	
FY19	School Capital - Renovation to Boys Bathroom at AES	20,000	
FY19	School Capital - Roof Preventative Maintenance	50,000	
FY19	School Capital - Playground Drainage	20,000	
FY19	School Capital - Security Cameras, Monitors, Related Equipment	75,000	
FY19	School Capital - Clocks & Related Equipment (AES, FMS)	65,000	
FY19	School Capital - Driveway Sealcoating & Crack Patching	54,000	
FY19	Create Special Education Stabilization Account	100,000	
FY19	Consultant for Review of PJ Keating Facility	50,000	
FY19	Building Repair/Maintenance Improvements - COA	125,000	
FY19	Assessors Server Migration	12,000	
FY19	CPA General Reserve Article	172,500	CPA Fund
FY19	Veteran's Housing Architectural Plans (Russell Memorial Building)	15,000	CPA Fund
FY19	Tripps Mill Brook Headwaters Conservation Restriction	70,000	CPA Fund
FY19	Housing Authority Alarm System	138,000	CPA Fund
FY19	Housing Authority Siding	40,000	CPA Fund

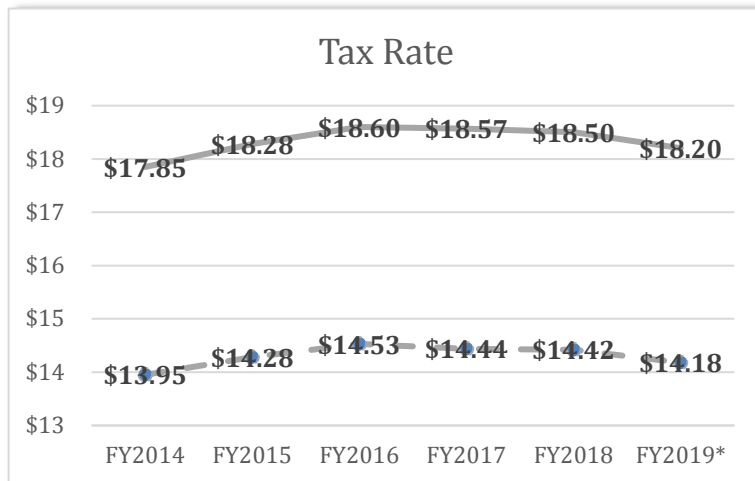
<b>Year</b>	<b>Item</b>	<b>Cost</b>	<b>Notes</b>
FY19	Long Plain Museum Rehab Work	14,500	CPA Fund
FY19	Parting Ways Vault	50,000	CPA Fund
FY19	Pope Park Building	10,000	CPA Fund
FY19	Quaker Meeting House	6,500	CPA Fund
FY19	School Athletic Fields	50,000	CPA Fund
FY18	Snow & Ice Deficit	175,000	
FY18	Ambulance Purchase	285,000	
FY18	Firefighter Turnout Gear	17,520	
FY18	Update Town Hall Technology	100,000	
FY18	I & I Analysis and Control Plan	15,000	
FY18	Phase II Sewer I/I Evaluation	55,000	
FY18	Study - Water Master Plan	27,000	
FY18	Capital - Dump Truck (1 ton)	70,000	
FY18	Capital - Utility Truck (1/2 ton)	40,000	
FY18	Capital - Water Truck (1 ton)	70,000	
FY18	Sewer Pump Reconstruction	210,000	
FY18	School Parking	50,000	
FY18	Real Estate Inspections	12,500	
FY18	CPA General Reserve Article	171,570	CPA Fund
FY18	Parting Ways Renovation	75,000	CPA Fund
FY18	Perry Hill Church Repairs	20,000	CPA Fund

### **Attachment 3: Property Valuations & Tax Rates FY2014-FY2019\***

#### **Property Valuations & Tax Rates FY2014-FY2019\***

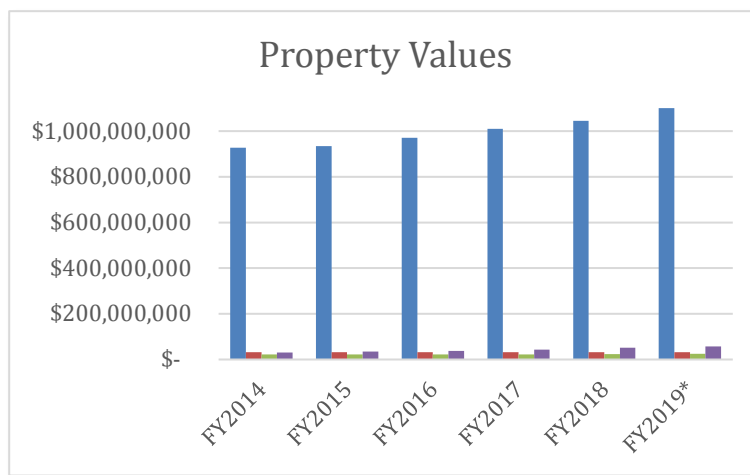
	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019*</b>
Residential Rate	\$13.95	\$14.28	\$14.53	\$14.44	\$14.42	\$14.18
Commercial/ Industrial Rate	\$17.85	\$18.28	\$18.60	\$18.57	\$18.50	\$18.20
Residential	\$927,217,143	\$934,441,238	\$970,272,527	\$1,010,497,382	\$1,044,372,207	\$1,100,638,133
Commercial	\$31,735,599	\$32,178,163	\$32,319,275	\$32,026,660	\$32,373,697	\$32,499,957
Industrial	\$22,077,360	\$22,094,060	\$22,408,360	\$22,844,160	\$23,779,760	\$24,558,820
Personal Property	\$30,798,783	\$34,158,984	\$37,424,161	\$43,038,414	\$52,113,601	\$56,895,252
Total	\$1,011,828,885	\$1,022,872,445	\$1,062,424,323	\$1,108,406,616	\$1,152,639,265	\$1,214,592,162

*\*Projected*



Commercial/Industrial

Residential



Residential

All Other

The Town of Acushnet  
acknowledges and thanks  
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