



Fiscal Year 2025
Initial Budget Presentation
December 4, 2023 Update





Budget Development Schedule

<u>Date</u>	<u>Deliverable</u>
November 6	Initial Budget Presentation
November 20th	Select Board Discussion
December 4th	Select Board Discussion
December 13th	Budget Workshop Facilitated by Town Manager and School Superintendent
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January 16th	Select Board Discussion
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Expenditures

(Example Override Budget v. Example Within Levy Limit Budget)

Department	FY2025 Override*	FY25 Within Levy**	Difference (\$)	Difference (%)
General Government	\$487,523	\$458,364	\$(29,159)	-6.0%
Finance Department	\$1,197,340	\$1,095,528	\$(101,812)	-8.5%
CDMI	\$760,310	\$704,394	\$(55,916)	-7.3%
Community Services	\$355,991	\$323,638	\$(32,353)	-9.1%
Library	\$669,492	\$617,854	\$(51,638)	-7.7%
Police	\$4,609,669	\$4,310,423	\$(299,246)	-6.5%
Fire	\$4,469,473	\$4,075,093	\$(394,380)	-8.8%
Public Works	\$8,062,223	\$7,174,725	\$(887,498)	-11.0%
Transfers	\$115,000	\$115,000	\$0	0.0%
TOTAL MUNICIPAL	<u>\$20,727,021</u>	<u>\$18,875,019</u>	<u>\$(1,852,002)</u>	<u>-8.9%</u>
Debt	\$4,127,820	\$4,127,820	\$0	0.0%
Town-Wide Expenses	\$11,809,915	\$11,838,286	\$28,371	0.2%
Overlay Reserve	\$300,000	\$300,000	\$0	0.0%
State & County Charges	\$788,444	\$788,444	\$0	0.0%
TOTAL SHARED COSTS	<u>\$17,026,179</u>	<u>\$17,054,550</u>	<u>\$28,371</u>	<u>0.2%</u>
Hanover Public Schools	<u>\$39,550,594</u>	<u>\$36,952,869</u>	<u>\$(2,597,725)</u>	<u>-6.6%</u>
SS Vocational Technical HS	\$1,223,981	<u>\$1,223,981</u>	\$0	0.0%
TOTAL BUDGET	<u>\$78,527,775</u>	<u>\$74,106,419</u>	<u>\$(4,421,356)</u>	<u>-5.6%</u>

*This is not a budget proposal but an example exercise

**Ditto



Drivers FY2025

Cost Driver	FY25 Increase (Example Override)	FY25 Increase (Example Within Levy)
School Department Non-Recurring Revenue Sources	\$1,220,000	\$1,220,000
Special Education	\$987,080	\$987,080
Dispatch Contract	\$800,000	\$400,000
No Fee Full Day Kindergarten	\$522,000	\$0
County Retirement	\$434,212	\$434,212
ARPA Funded Personnel	\$410,000	\$205,000
Insurance(s)	\$232,801	\$232,801
Veterans' Behavioral & Mental Health Services	\$100,000	\$0
South Shore Vo Tech	\$58,285	\$58,285
Library Saturday Hours Extended	\$25,000	\$0
Stormwater Program Move to Water Fund	\$0	\$(175,000)
Total	<u>\$4,789,378</u>	<u>\$3,362,378</u>

ARPA Funded Town Personnel = (1) Town Planner, (2) Executive Assistant for CDMI (PT), (3) Executive Assistant for Town Manager, (4) Financial Assistant, (5) Assistant Town Clerk (PT).

*All ARPA Funded Town Positions Listed Were Previously Funded in the Budget Prior to ARPA



Tax Levy + Free Cash “Outcomes”

<u>2025 Tax Levy Applied</u>	<u>Tax Levy Revenue Increase</u>	<u>Free Cash Applied</u>	<u>Free Cash Change from FY24</u>	<u>Change from FY2024</u>	<u>Average Residential Property Tax Bill Increase (\$)</u>	<u>Average Residential Property Tax Bill Increase (&)</u>
2.5%	\$1,255,055	\$0	\$(1,792,747)	\$(537,692)	\$256	2.32%
2.5%	\$1,255,055	\$900,000	\$(892,747)	\$362,308	\$256	2.32%
2.5%	\$1,255,055	\$1,792,747	\$0	\$1,255,055	\$256	2.32%
10.5%	\$4,421,356	\$1,792,747	\$0	\$6,214,103	\$1,157	10.47%
12.1%	\$5,321,356	\$900,000	\$(892,747)	\$6,214,103	\$1,338	12.12%
14.0%	\$6,214,103	\$0	\$(1,792,747)	\$6,214,103	\$1,522	13.78%



Residential Property Tax Increase Distribution

(Using Example Budgets)

Department	Within Levy	Override + Same Free Cash	Override + No Free Cash
General Government	\$1.58	\$7.18	\$9.45
Finance Department	\$3.78	\$17.64	\$23.21
CDMI	\$2.43	\$11.20	\$14.74
Community Services	\$1.12	\$5.25	\$6.90
Library	\$2.13	\$9.86	\$12.98
Police	\$14.89	\$67.92	\$89.34
Fire	\$14.08	\$65.85	\$89.63
Public Works	\$24.79	\$118.79	\$156.26
Transfers	\$0.40	\$1.69	\$2.23
TOTAL MUNICIPAL	<u>\$65.20</u>	<u>\$305.38</u>	<u>\$401.72</u>
Debt	\$14.26	\$60.82	\$80.00
Town-Wide Expenses	\$40.90	\$174.00	\$228.90
Overlay Reserve	\$1.04	\$4.42	\$5.81
State & County Charges	\$2.72	\$11.62	\$15.28
TOTAL SHARED COSTS	<u>\$58.91</u>	<u>\$250.86</u>	<u>\$330.00</u>
Hanover Public Schools	<u>\$127.65</u>	<u>\$582.72</u>	<u>\$766.56</u>
SS Vocational Technical HS	<u>\$4.23</u>	<u>\$18.03</u>	<u>\$23.72</u>
TOTAL BUDGET	<u>\$256.00</u>	<u>\$1,157.00</u>	<u>\$1,522.00</u>



Other Potential Sources of Revenue

- Meals Tax
 - 5yr Annual Town Meeting OPEB Funding Sunsets This Year
 - Credit Rating Impacts (potential)
 - Estimated \$600,000/Yr. Meals Tax
- Policy Consideration/Recommendation
 - Use Meals Tax Revenue Towards Operating Budget Through FY2029 (When County Retirement is Fully Funded)
 - Revert Back to OPEB Contributions When County Retirement is Fully Funded



County Retirement

Fiscal Year	Assessment	\$ Change	% Change
FY21	\$3,778,828	\$387,211	11.4%
FY22	\$4,056,304	\$277,476	7.3%
FY23	\$4,378,322	\$322,018	7.9%
FY24	\$4,927,494	\$549,172	12.5%
FY25	\$5,361,706	\$434,212	8.8%
FY26	\$5,713,748	\$352,042	6.6%
FY27	\$6,089,987	\$376,239	6.6%
FY28	\$6,492,118	\$402,131	6.6%
FY29	\$6,920,135	\$428,017	6.6%
FY30	\$299,097	\$(6,621,038)	-95.7%

*FY26 thru FY30 are forecasted estimates



Levy Limit Budget/Override Budget

(How the Decision Will Be Made)

- Based on Select Board Feedback on November 20, 2023, the Town Manager is Preparing **TWO** General Fund Operating Budgets for Formal Submission (January 29, 2024).
- These **TWO** Budgets Should Be Placed on the Annual Town Meeting Warrant in the Following Order...



Levy Limit Budget/Override Budget

(How the Decision Will Be Made)

- Budget 1: “Base Budget” within the Levy Limit
 - Per usual, this budget will require a floor vote at the Annual Town Meeting (requiring a 50%+1 majority to pass).
 - This budget will be presented in the typical fashion (broken out between personnel and expenditures for all town departments and a lump-sum School Department Budget).



Levy Limit Budget/Override Budget

(How the Decision Will Be Made)

- Budget 2: “Override Budget”
 - This budget will require a floor vote at the Annual Town Meeting (requiring a 50%+1 majority to pass)
 - The recommendation is for this budget to be presented in the typical fashion (broken out between personnel and expenditures for all town departments and a lump-sum School Department Budget).



Levy Limit Budget/Override Budget

(How the Decision Will Be Made)

- If approved by the Select Board (and only the Select Board) by at least a 4-1 vote, there will be a **ballot** question during the local elections (two Saturday's after the Annual Town Meeting) to increase the Levy Limit required to support the Override Budget.



Levy Limit Budget/Override Budget

(How the Decision Will Be Made)

- Annual Town Meeting Voters have the authority to approve spending for the year but do not have the authority to approve funding above the Levy Limit.
- Voters during the local election have the authority to approve funding above the Levy Limit but do not have the authority to appropriate spending.



Levy Limit Budget/Override Budget

(How the Decision Will Be Made)

- If the “Override Budget” is approved by Annual Town Meeting but the increased Levy Limit fails at the ballot, spending for FY2025 would revert to the “Base Budget”.
- If only the “Base Budget” is approved by Town Meeting but the Levy Limit is Increased by voters, the “Base Budget” would be the only spending authorized for Fiscal Year 2025, unless or until a future Town Meeting approves additional expenditures.
 - » Under this Scenario future operating budgets *could* be presented to future Town Meetings utilizing the new, increased Levy Limit without requiring another override vote



Levy Limit Budget/Override Budget

(How the Decision Will Be Made)

- During the Annual Town Meeting, the “Override Budget” could be amended on the floor either decreased in the aggregate or shifted between cost centers; however the “Override Budget” could not be increased due to the Levy Limit increase requested on the ballot set by the Select Board (unless the Select Board places a Levy Limit increase greater than what would be required to fund the Town Manager’s Proposed Override Budget on the ballot).



Fiscal Year 2025 Budget Information & Further Review

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Budget Information Available

<https://www.hanover-ma.gov/finance-department/treasurer-collector/pages/annual-budget-information>



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