



Fiscal Year 2023 Budget Initial Budget Presentation Selectboard



January 19, 2022



Town of Hanover Budget Timeline

<u>Date</u>	<u>Event</u>
December 10	Department Heads Submit Budgets to Finance Director
January 3	Initial Budget Presentation
January 3 – January 31	Selectboard Review
February 1	Town Manager Submits Budget
February - April	Advisory Committee Review
May 2	Town Meeting
July 1	FY2023 Budget Becomes Effective



Town of Hanover Budget Goals & Objectives

- **Simplicity**
- **Highlight Policy Decisions for Policy Makers**
- **Focus on the Impact to Property Tax Payer**



Town of Hanover Budget 'Levers'

(Decisions for Elected Policy Makers)

- Service Level
- Property Taxes
- Free Cash





Town of Hanover Budget 'Levers'

(Decisions for Elected Policy Makers)

<u>"Lever"</u>	<u>FY19 (actual)</u>	<u>FY20 (actual)</u>	<u>FY21 (actual)</u>	<u>FY22 (actual)</u>	<u>FY23 (Est.)</u>
Service Level (total expenditures)	\$61,634,049	\$64,070,160	\$65,005,712	\$66,227,630	\$68,615,487
New Growth	\$684,000	\$525,000	\$510,000	\$600,000	\$500,000
Increase to Tax Levy	\$990,000	\$580,000	\$750,000	\$1,000,000	\$1,130,000
Total Increase Tax Revenue	<u>\$1,574,000</u>	<u>\$1,005,000</u>	<u>\$1,260,000</u>	<u>\$1,600,000</u>	<u>\$1,630,000</u>
Free Cash Applied	\$680,000	\$750,000	\$1,548,000	\$1,000,000	\$1,500,000
Fees/Other Revenues	\$3,600,000	\$3,900,000	\$4,200,000	\$4,800,000	\$4,696,000



Budget “Gap”

(How do Elected Policy Makers want to Set the Levers?)

<u>“Lever”</u>	<u>FY23</u>
Service Level (total expenditures)	\$68,615,487
New Growth	\$500,000
Increase to Tax Levy	\$1,130,000
Total Increase Tax Revenue	<u>\$1,630,000</u>
Free Cash Applied	\$1,500,000
Fees/Other Revenues	\$4,696,000
“Gap”	\$570,000



Budget “Gap”/Tax Levy

(How do Elected Policy Makers want to Set the Levers?)

<u>Tax Levy</u>	<u>FY23 (Gap)</u>	<u>Impact to Average Homeowner</u>
No Increase to Tax Levy	\$3,200,000	\$0
Apply “Excess” Levy (Unused for FY22)	\$2,313,432	\$186
Increase Levy by 2.5%	\$2,096,813	\$231
Apply “Excess” Levy + Increase Levy by 2.5%	\$1,159,985	\$417



Budget “Gap”/Free Cash

(How do Elected Policy Makers want to Set the Levers?)

<u>Fiscal Year</u>	<u>Certified Free Cash</u>	<u>Applied to Operating Budget</u>	<u>Total Used</u>	<u>Remaining</u>
2012	\$2,394,387	\$1,447,366	\$2,394,387	\$0
2013	\$2,204,388	\$840,682	\$2,067,238	\$137,149
2014	\$3,049,716	\$460,166	\$1,924,421	\$1,125,294
2015	\$2,074,285	\$250,000	\$1,526,923	\$547,361
2016	\$2,784,497	\$0	\$2,141,750	\$642,747
2017	\$1,734,005	\$0	\$1,270,962	\$463,043
2018	\$2,543,589	\$500,000	\$1,938,335	\$605,254
2019	\$3,219,470	\$680,000	\$2,118,679	\$1,100,791
2020	\$3,010,477	\$750,000	\$1,583,021	\$1,427,456
2021	\$4,293,469	\$1,548,000	\$1,827,000	\$2,466,469
2022	\$3,933,629	\$1,000,000	\$2,240,600*	\$1,693,029
2023	\$6,000,000	\$1,500,000	\$1,852,000	\$2,648,000



Municipal Finance: Free Cash Policy?

- Considering a recommendation to the Select Board for a policy that would give guidelines on the amount of free cash that could be used annually. The policy could state that 2% of the annual budget should be reserved in free cash at the end of the year.
- For example, for the FY22 annual budget 2% would be \$1.3M. If the total free cash certified was \$4M, then the policy would allow for \$2.7M in free cash to be used towards capital or the budget. This would help ensure that there is an adequate amount of free cash carried over to help reach the DOR recommendation of 3-5% free cash generated the following fiscal year.



Budget “Gap”/Free Cash

(How do Elected Policy Makers want to Set the Levers?)

<u>FY2023 Capital Project</u>	<u>Amount</u>
Police Cruisers	\$120,000
Fire Dept. Ballistic Gear	\$40,000
DPW Dump Truck	\$220,000
DPW F-250	\$45,000
DPW F-450	\$70,000
Transfer Station Wheel Loader	\$50,000
Transfer Station Trash Trailer	\$70,000
RT 139/Town Center Roadway Improvements	\$250,000
Roadway Improvements – Walnut Hill	\$150,000
School Campus Engineering	\$125,000
IT Capital	\$137,000
5-Year Revaluation	\$75,000
SPED Reserve	\$500,000
Total	<u>\$1,852,000</u>



Budget “Gap”/Possible Debt

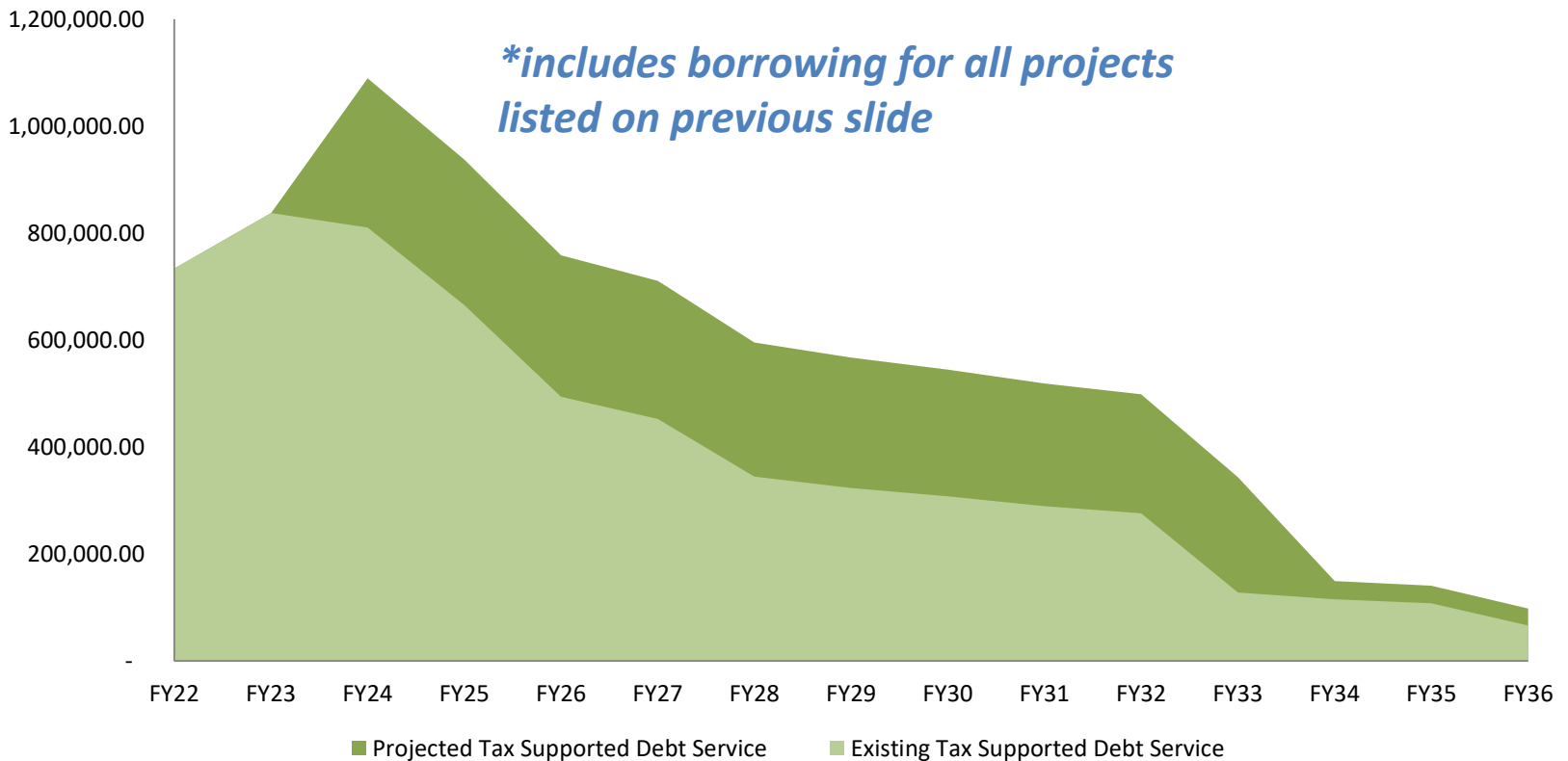
(How do Elected Policy Makers want to Set the Levers?)

<u>FY2023 Capital Project</u>	<u>Amount</u>	<u>(future) Annual Debt Payment</u>
High School Turf Field	\$1,750,000	\$208,500
Transfer Station Main Compactor	\$500,000	\$60,000
Broadway and Elm Street Improvements	\$500,000	\$34,250
Total	<u>\$2,750,000</u>	<u>\$302,750</u>



Tax Supported Debt

Existing & Projected Tax Supported Debt Service

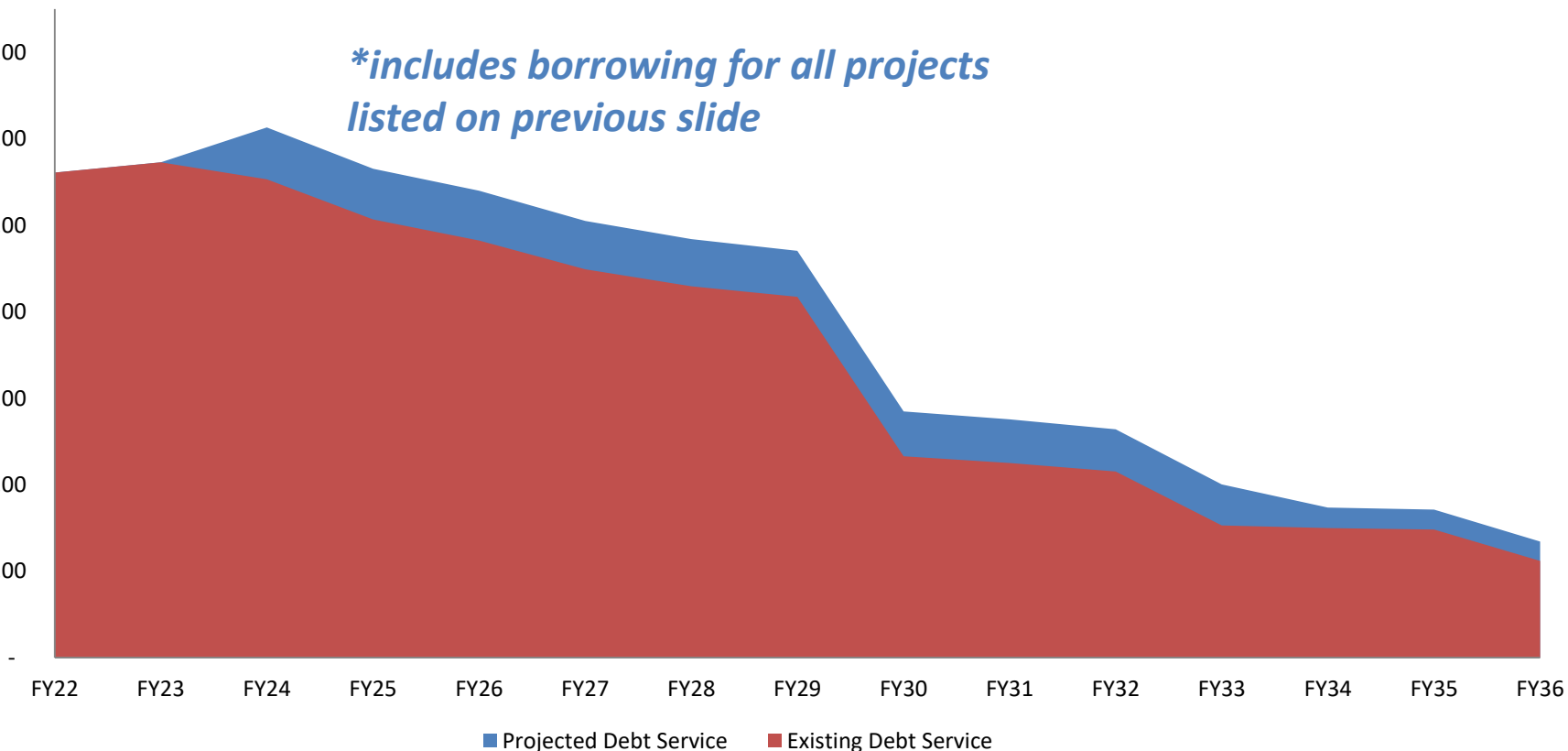




Existing & Projected Debt

Town of Hanover, Massachusetts Existing and Projected Debt Service

**includes borrowing for all projects
listed on previous slide*





Budget Summary

	FY2022 Budget	"Initial" FY2023	Change (\$)	Change (%)
General Government	\$442,938	\$454,835	\$11,897	2.7%
Finance Department	\$1,046,025	\$1,123,335	\$77,310	7.4%
CDMI	\$646,191	\$702,550	\$56,359	8.7%
Community Services	\$463,632	\$485,760	\$22,128	4.8%
Library	\$600,612	\$622,736	\$22,124	3.7%
Police	\$4,145,362	\$4,330,699	\$185,337	4.5%
Fire	\$3,802,712	\$3,903,577	\$100,865	2.7%
Public Works	\$7,496,160	\$7,733,042	\$236,882	3.2%
Transfers	\$124,938	\$125,000	\$62	0.1%
TOTAL MUNICIPAL	\$18,768,570	\$19,481,534	\$712,964	3.8%
Debt	\$4,397,568	\$4,421,052	\$23,484	0.5%
Town-Wide Expenses	\$9,484,727	\$9,752,640	\$267,913	2.8%
Overlay Reserve	\$400,000	\$400,000	\$0	0%
State & County Charges	\$767,850	\$834,391	\$66,541	8.7%
TOTAL FIXED COSTS	\$15,050,145	\$15,408,083	\$357,938	2.4%
Hanover Public Schools	\$31,521,915	\$32,771,915	\$1,250,000	4.0%
SS Vocational Technical HS	\$887,000	\$937,000	\$50,000	5.6%
TOTAL BUDGET	\$66,227,630	\$68,598,532	\$2,370,902	3.6%



Town of Hanover Budget FY2023 'Controls'

(Looking for Feedback from Elected Policy Makers)

- Debt & Capital Purchases
- School Budget (COVID/Post-COVID Needs)
- Collective Bargaining Agreements
- Programs (including but not limited to...)
 - Library (add 0.5FTE)
 - Housing Coordinator
 - Veterans Services/Mental Health Services
 - Clerks (elections and assistant)
 - Planning
 - Potential Recreation Program merger with FACE
 - Fire Inspections/Code Enforcement
 - C&D
 - Gardner
 - Fuel Costs
 - Transition to ROCCC and Station Clerks
- Fees (including ARPA)



Andrew Blanchard



Currently Identified as ARPA Potentially: Capital Projects

- Cedar School Security Enhancements (\$200,000)
- Middle School Replace Rooftop Ventilation Units (\$350,000)
- Middle School HVAC Asbestos Pipe Insulation Removal (\$75,000)
- Install Filters for Drinking Fountains in Schools (\$45,000)
- Fire HQ Interior Improvements (\$300,000)
- Library HVAC Upgrades (\$85,000)
- Police Station HVAC Improvements (\$195,000)
- Digitization of Records Stored at Sylvester (\$120,000)
- Town Hall Site Improvements (\$90,000)
- Voting Booths (\$18,192)



Currently Identified as ARPA Potentially: Operating Budget

- Town Planner (\$73,000)
- Administrative Assistant – Town Manager's Office (\$58,000)
- Financial Analyst – 0.5 FTE (\$28,000)
- *Librarian – 0.5 FTE (\$25,000)*
- *Part-Time VSO Assistant (\$25,000)*
- *Housing Coordinator (\$40,000)*
- *Mental Health services (Veterans)*



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