



Fiscal Year 2025 Initial Budget Presentation





Town of Hanover Strong Financial Health

- **Hanover Has Maintained Aa2 Bond Rating** (Moody's) **Since at Least FY2014.**
- **Management Letter Findings From Audit:**
 - **FY22: 0**
 - **FY21: 0**
 - **FY20: 0**
 - **FY19: 3**
 - **FY18: 3**
 - **FY17: 10**



Town of Hanover Strong Financial Health

Fiscal Year	REVENUES (Deficit) / Surplus	EXPENDITURES (Deficit) / Surplus	NET
FY23	\$1,600,628	\$941,074	\$2,541,702
FY22	\$775,360	\$856,181	\$1,631,541
FY21	\$3,697,594	\$1,443,662	\$5,141,256
FY20	\$848,647	\$1,631,195	\$2,479,842
FY19	\$1,521,740	\$692,537	\$2,214,277
FY18	\$1,656,697	\$408,628	\$2,065,325
FY17	\$1,792,841	\$799,063	\$2,591,904



Financial Health & Management

- **Hanover Uses Best Practices to Build Budgets**
- **Department Heads/Management Team Deftly Manage Appropriated Funds to Deliver Services Anticipated by the Community**
- **Elected Officials (Select Board, School Committee) Have Implemented Sound Financial Policies and Have Provided Proper Level(s) of Oversight**
- **Appointed Officials (Advisory Committee, etc.) Have Engaged in the Rigorous Task of Vetting ALL Budget Requests**
- **Hanover Excels at Making Information Accessible to the Public**
- **Hanover's Strong Financial Health and High Performance Management Allows Town Officials, Elected Leaders, Community Members, Stakeholders, and Voters to Make Decisions Based on Reliable Information.**



Budget Development Schedule

<u>Date</u>	<u>Deliverable</u>
November 6	Initial Budget Presentation
November 20 th	Select Board Discussion
December 4 th	Select Board Discussion
December 13 th	Budget Workshop Facilitated by Town Manager and School Superintendent
December 18 th	Select Board Discussion
January 2 nd	2 nd Draft Budget Presentation
January 8 th	Select Board Discussion
January 16 th	Select Board Discussion
January 22 nd	Select Board Discussion
January 29 th	Final Budget Presentation and Budget Submission
February – April	Advisory Committee Review
May 6 th	Annual Town Meeting
May 18 th	Annual Elections
July 1 st	FY2025 Budget Effective



Hanover Major Budget(s)

- **Operating:** This is the General Fund Budget. This budget provides for general municipal service delivery, including personnel service costs, supplies and other contractual services. This budget is funded mainly by property tax revenues.
- **Capital:** A multi-year budget designed to expend monies which add to the physical assets of the Town. These purchases are typically funded by free cash or borrowing.
- **Water:** The water enterprise fund is financed by water related fees and user charges. These funds can only be used for water department related personnel and expenditures.
- **CPC:** This budget is funded by the CPA Surcharge of 3% plus the state matching funds. These funds are to be used towards the acquisition and preservation of open space, the creation and support of affordable housing, and the acquisition and preservation of historic buildings and landscape.



Budget Development Goals

- **Beginning Formal Budget Development 2 Months Early**
- **Identify Decision Points and Impacts**
- **Maximize Community Input; Build Consensus**



Budget Development Goals

Highlight Decision Points for Policy Makers ("Levers")

- Revenue(s)
- Tax Levy
- Free Cash
- Tax Rate Classification
- Major Budget Drivers
- Service Levels/Expenditures





Revenues

Revenue	Actual FY23	Estimate for FY24	Estimate for FY25	Change \$ (FY24 → FY25)	Change % (FY24 → FY25)
Property Taxes*	\$50,486,884	\$53,361,212	\$56,840,494	\$3,479,282	6.5%
State Aid	\$9,920,776	\$9,997,579	\$10,158,082	\$160,503	1.61%
Motor Vehicle Excise	\$3,394,018	\$2,875,149	\$3,060,778	\$185,629	6.46%
Penalties/Interest on Taxes and Excises	\$155,445	\$226,698	\$132,129	\$(95,169)	-41.87%
Fees	\$405,110	\$361,747	\$340,494	\$(21,253)	-5.88%
Licenses and Permits	\$1,241,079	\$814,871	\$976,237	\$161,366	19.80%
Fines and Forfeits	\$59,638	\$33,670	\$46,660	\$12,990	38.58%
Investment Income	\$502,115	\$62,068	\$208,607	\$146,539	236.09%
Miscellaneous Recurring	\$183,704	\$150,000	\$150,000	\$0	0%
Transfers In (Ambulance Fund, etc.)	\$1,805,925	\$1,799,925	\$1,784,925	\$(15,000)	-0.83%
Free Cash*	\$2,388,681	\$1,792,747	\$1,792,747	\$0	0%
<u>TOTAL</u>	<u>\$70,543,375</u>	<u>\$71,475,666</u>	<u>\$75,491,153</u>	<u>\$4,015,487</u>	<u>5.6%</u>
TOTAL NEEDED			\$78,096,904	\$6,621,238	9.3%
"Gap" Using Same Free Cash			\$2,605,751		
"Gap" Eliminating Free Cash			\$4,398,498		



Other Potential Sources of Revenue

- Meals Tax
 - 5yr Annual Town Meeting OPEB Funding Sunsets
 - Credit Rating Impacts (potential)
 - Estimated \$600,000/Yr
- Fees
 - Permitting, Building, Transfer Station, School Related, Etc.



Tax Levy

- The Tax Levy is the amount the community can raise through property taxes.
- Tax Levy accounts for $\approx 75\%$ of revenue(s)
- *Levy Limit* = previous year's limit + 2.5% + prior voted debt exclusions + new growth.
- Proposition 2 ½ States that in order to increase the Tax Levy by more than *Levy Limit* an Override is required. Affirmative votes are needed at the Annual Town Meeting (floor) & Town Election (ballot) to pass an Override.



Tax Levy

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Excess Levy</u>	<u>% Levy Applied</u>	<u>% Levy Available</u>
2014	\$36,955,968	\$1,018,561	97.32%	2.68%
2015	\$38,674,362	\$596,383	98.48%	1.52%
2016	\$41,505,402	\$52,649	99.87%	0.13%
2017	\$42,395,351	\$1,738	99.99%	0.01%
2018	\$43,261,291	\$614,610	98.60%	1.40%
2019	\$45,476,555	\$53,352	99.88%	0.12%
2020	\$47,320,007	\$193,002	99.59%	0.41%
2021	\$48,591,082	\$515,159	98.95%	1.05%
2022	\$49,021,701	\$913,979	98.17%	1.83%
2023	\$50,707,606	\$1,078,104	97.92%	2.08%
2024	\$53,663,161	\$0	100%	0.00%
2025*	\$56,840,494	\$0	100%	0.00%
2025**	\$59,446,245	\$(2,605,751)	107%	0.00%
2025***	\$61,638,992	\$(4,398,498)	111%	0.00%

* Levy Limit

**Override w/ Same Free Cash as FY2024

***Override w/ No Free Cash



Free Cash

Fiscal Year	Amount Available	Amount Used in Operating Budget	% Used in Operating Budget	Amount Used ATM	Amount Used STM	Total Used	% Used Total	Amount Remaining at End of Fiscal Year
2014	\$3,049,716	\$460,166	15%	\$1,022,960	\$441,295	\$1,924,421	63.10%	\$1,125,294
2015	\$2,074,285	\$250,000	12%	\$956,923	\$320,000	\$1,526,923	73.61%	\$547,361
2016	\$2,784,497	\$0	0%	\$1,977,100	\$164,650	\$2,141,750	76.92%	\$642,747
2017	\$1,734,005	\$0	0%	\$1,075,612	\$195,350	\$1,270,962	73.30%	\$463,043
2018	\$2,543,589	\$500,000	20%	\$1,147,700	\$290,635	\$1,938,335	76.20%	\$605,254
2019	\$3,219,470	\$680,000	21%	\$836,000	\$602,679	\$2,118,679	65.81%	\$1,100,791
2020	\$3,010,477	\$750,000	25%	\$725,531	\$107,490	\$1,583,021	52.58%	\$1,427,456
2021	\$4,293,469	\$1,548,000	36%	\$250,000	\$29,000	\$1,827,000	42.55%	\$2,466,469
2022	\$3,933,629	\$1,000,000	25%	\$640,000	\$600,600	\$2,240,600	56.96%	\$1,693,029
2023	\$6,812,892	\$2,388,681	35%	\$1,180,000	\$216,434	\$3,785,115	55.56%	\$3,027,777
2024	\$5,231,278	\$1,792,747	34%	\$1,538,000	\$709,882	\$4,040,029	77.23%	\$1,191,249
2025*	\$3,500,000	\$1,792,747	0%	\$2,070,000	?	\$3,862,747	100%	\$0



Annual Town Meeting Requests

Free Cash

<u>Project</u>	<u>Amount</u>
High School Sand/Refinish Gym Floor	\$50,000
Basketball Court Renovations	\$100,000
Town Hall Elevator Modernization	\$50,000
Fuel Canopy Improvements	\$50,000
DPW Vehicles/Equipment	\$460,000
Transfer Station Scale	\$185,000
Transfer Station Trash Trailer Replacement	\$50,000
Fire Utility Terrain Vehicle	\$45,000
Police Cruisers Replace/Equip	\$190,000
Police Portable and Cruiser Radios	\$140,000
Special Education Reserve	\$750,000
TOTAL	<u>\$2,070,000</u>

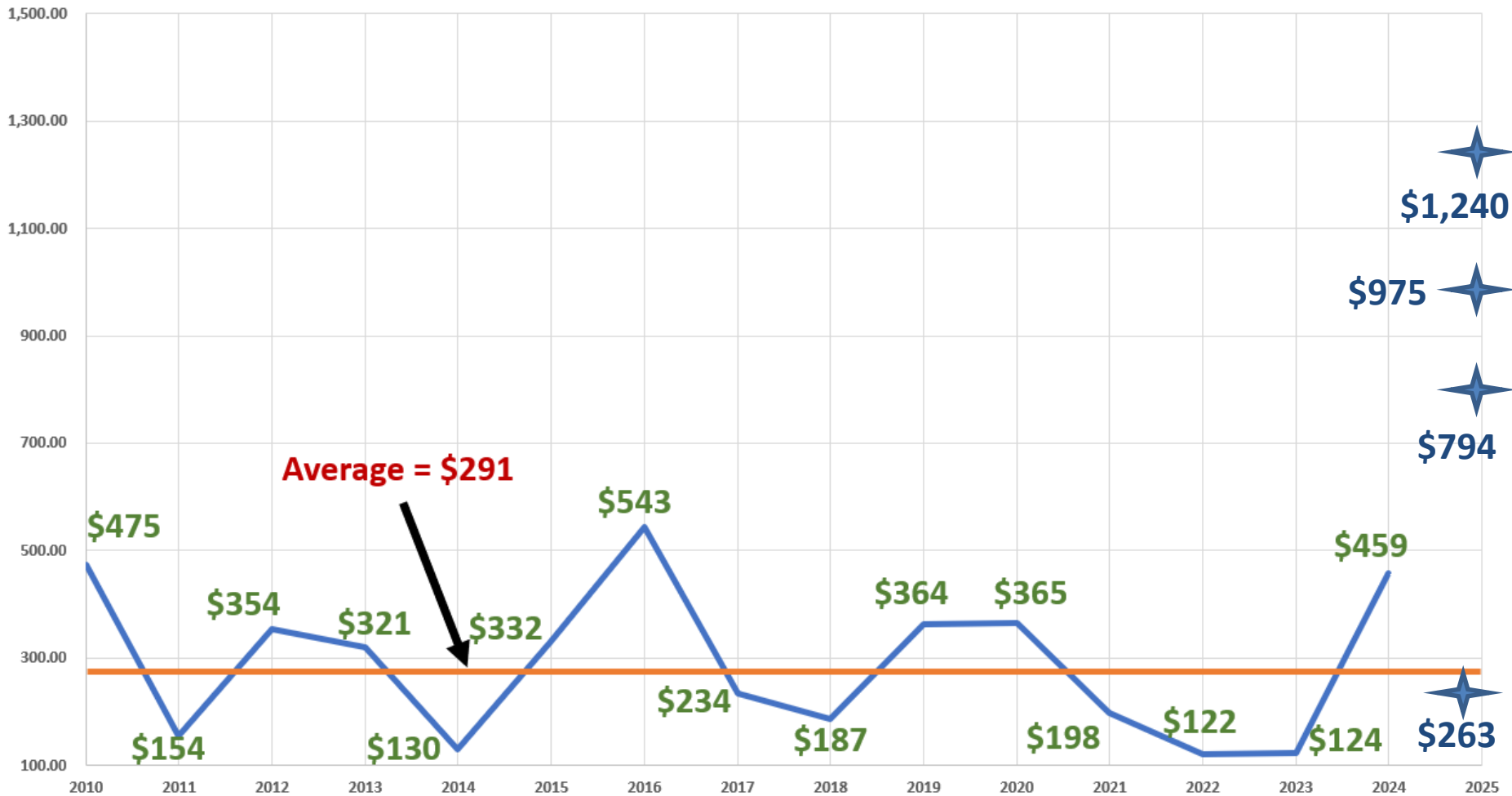


Tax Levy + Free Cash “Options” for FY25

<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>
2.5%	\$1,288,829	\$0	\$(1,792,747)	\$(503,918)
2.5%	\$1,288,829	\$900,000	\$(542,747)	\$746,082
2.5%	\$1,288,829	\$1,792,147	\$0	\$1,288,829
7.6%	\$3,895,180	\$1,792,147	\$0	\$5,687,327
9.3%	\$4,787,327	\$900,000	\$(542,747)	\$5,687,327
11.0%	\$5,687,327	\$0	\$(1,792,147)	\$5,687,327



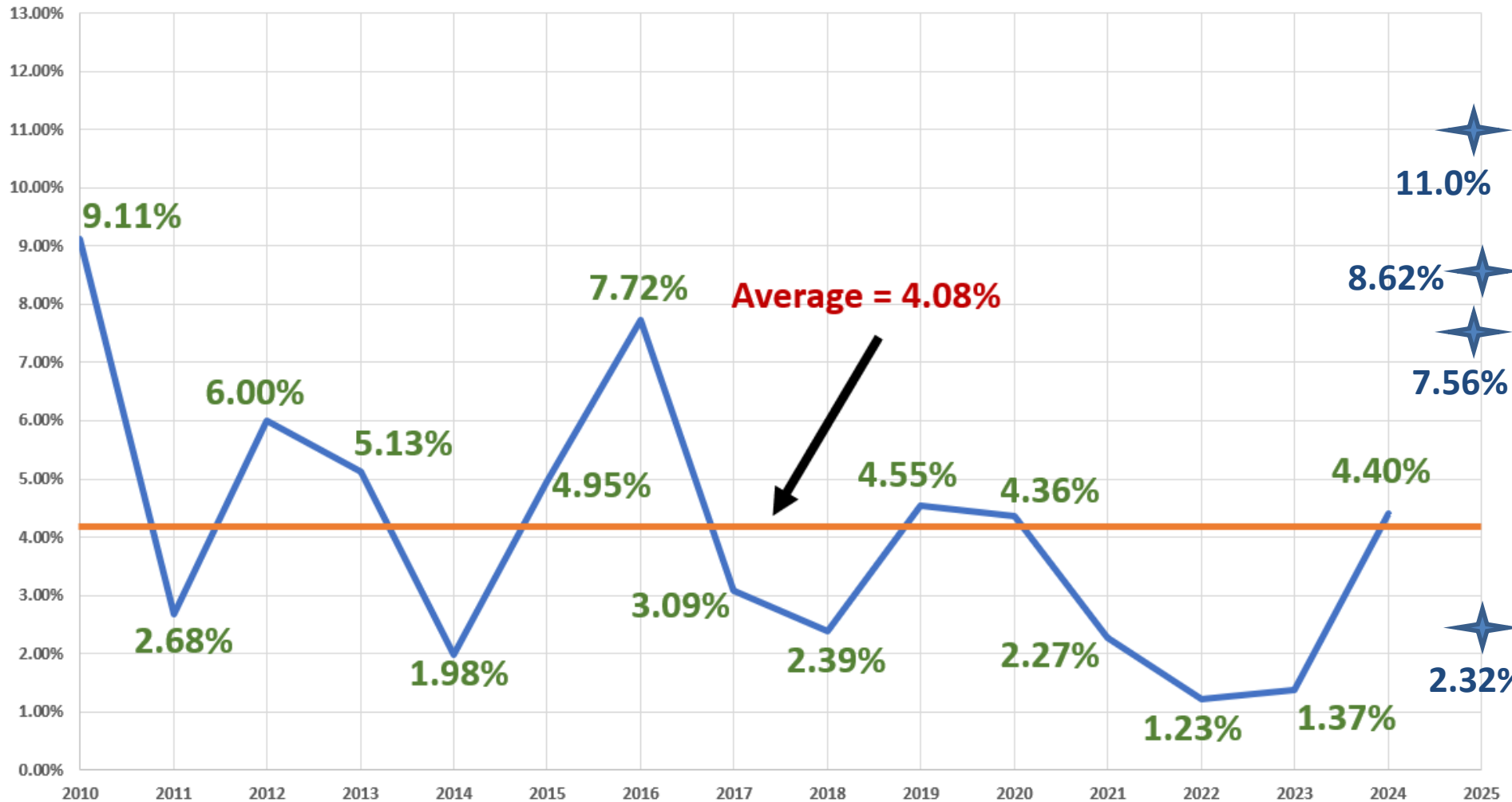
Historical & Projected Average Residential Property Tax Bill Increase (\$)



November 6, 2023



Historical & Projected Average Residential Property Tax Bill Increase (%)



November 6, 2023



Tax Rate Split

Tax Rate Split	Savings to Average Resident	Increase to Small Business	Increase to Big Box Store
1.00	\$0	\$0	\$0
1.05*	\$(85)	\$350	\$4,223
1.10	\$(170)	\$720	\$8,510

*Until last year, Hanover adopted a split tax rate at 1.04 or 1.05 historically



Major Drivers FY2025

- American Rescue Plan Act (ARPA)
- Regional Emergency Dispatch (ROCCC)
- County Retirement Assessment
- Special Education
- Insurances
- South Shore Vo Tech Assessment



Major Drivers FY2025

American Rescue Plan Act (ARPA)

<u>Fiscal Year</u>	<u>Capital Project</u>	<u>Amount</u>
2023	Literacy Program	\$400,000
2024	COA Umass	\$40,000
2024	Fire HQ Interior Improvements	\$100,000
2024	Police Station HVAC Improvements	\$100,000
2024	Sylvester Fire Sprinklers	\$400,000
2024	Sylvester Basement Access	\$70,000
2025	Center Wheelchair Life Replacement	\$60,000
2025	Fire HQ Interior Improvements	\$100,000
2025	Library HVAC Upgrades	\$35,000
	TOTAL	<u>\$1,305,000</u>

<u>Operating</u>	<u>Amount</u>
Town Personnel	\$390,913
VSO Mental Health Services	\$100,000
Schools	\$470,000
<u>TOTAL/Yr</u>	<u>\$960,913</u>

- ARPA Funding Concludes on December 31, 2024
- 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).



Major Drivers FY2025

Emergency Dispatch (ROCCC)

Fiscal Year	FY22	FY23	FY24	FY25	FY26
Assessment	\$0	\$0	\$0	\$400,000	\$800,000
\$ Change	\$0	\$0	\$0	\$400,000	\$400,000



Major Drivers FY2025

County Retirement

Fiscal Year	FY21	FY22	FY23	FY24	FY25
Assessment	\$3,778,828	\$4,056,304	\$4,378,322	\$4,927,494	\$5,361,706
\$ Change	\$387,211	\$277,476	\$322,018	\$549,172	\$434,212
% Change	11.4%	7.3%	7.9%	12.5%	8.8%



Major Drivers FY2025 Special Education

Fiscal Year	FY21	FY22	FY23	FY24*	FY25**
Annual Cost	\$7,205,392	\$9,427,097	\$12,566,890	\$13,114,855	\$13,766,704
\$ Change	\$(993,200)	\$2,221,705	\$3,139,793	\$547,965	\$651,849
% Change	-12.1%	30.8%	33.3%	4.4%	5.0%

*Estimated
**Projected
As of 11/6/2023



Major Drivers FY2025 Insurances

Fiscal Year	FY21	FY22	FY23	FY24	FY25
Cost	\$4,166,097	\$4,016,796	\$3,996,370	\$4,653,069	\$4,885,870
\$ Change	\$70,576	\$(149,301)	\$(20,426)	\$656,699	\$232,801
% Change	1.7%	-3.6%	-0.1%	16.4%	5.0%



Major Drivers FY2025

South Shore Vo Tech Assessment

Fiscal Year	FY21	FY22	FY23	FY24	FY25
Assessment	\$728,050	\$886,331	\$1,049,711	\$1,165,696	\$1,223,981
\$ Change	\$22,045	\$158,281	\$163,380	\$115,985	\$58,285
% Change	3.1%	21.7%	18.4%	11.0%	5.0%



Major Drivers FY2025

Cost Driver	FY25 Increase
ARPA Funded Personnel	\$860,000
Dispatch Contract	\$800,000
County Retirement	\$434,212
Special Education	\$651,849
Insurance(s)	\$232,801
South Shore Vo Tech	\$58,285
Total	<u>\$3,037,147</u>



Expenditures

Department	FY24 Budget	FY2025 Override	Difference (\$)	Difference (%)
General Government	\$438,765	\$487,523	\$48,758	11.1%
Finance Department	\$1,070,593	\$1,197,340	\$126,747	11.8%
CDMI	\$653,263	\$760,310	\$107,047	16.4%
Community Services	\$332,480	\$355,991	\$23,511	7.1%
Library	\$634,736	\$669,492	\$34,756	5.5%
Police	\$4,405,699	\$4,609,669	\$203,970	4.6%
Fire	\$4,186,441	\$4,291,102	\$104,661	2.5%
Public Works	\$7,770,766	\$8,062,223	\$291,457	3.8%
Transfers	\$115,000	\$115,000	\$0	0.0%
TOTAL MUNICIPAL	<u>\$19,607,743</u>	<u>\$20,548,650</u>	<u>\$940,907</u>	<u>4.8%</u>
Debt	\$4,248,170	\$4,127,820	\$(120,350)	-2.8%
Town-Wide Expenses	\$10,356,684	\$11,988,286	<u>\$1,631,602</u>	<u>15.8%</u>
Overlay Reserve	\$300,000	\$300,000	\$0	0.0%
State & County Charges	\$766,074	\$788,444	\$22,370	2.9%
TOTAL SHARED COSTS	<u>\$15,670,928</u>	<u>\$17,054,550</u>	<u>\$1,383,622</u>	<u>8.8%</u>
Hanover Public Schools	<u>\$35,031,299</u>	<u>\$39,119,723</u>	<u>\$4,088,424</u>	<u>11.7%</u>
SS Vocational Technical HS	<u>\$1,165,696</u>	<u>\$1,223,981</u>	<u>\$58,285</u>	<u>5.0%</u>
TOTAL BUDGET	<u>\$71,475,666</u>	<u>\$78,096,904</u>	<u>\$6,621,238</u>	<u>9.3%</u>



Expenditures

Department	FY24 Budget	FY25 No-Override	Difference (\$)	Difference (%)
General Government	\$438,765	\$466,404	\$27,639	6.3%
Finance Department	\$1,070,593	\$1,114,738	\$44,145	4.1%
CDMI	\$653,263	\$716,746	\$63,483	9.7%
Community Services	\$332,480	\$329,313	\$(3,167)	-1.0%
Library	\$634,736	\$628,689	\$(6,047)	-1.0%
Police	\$4,405,699	\$4,386,009	\$(19,690)	-0.5%
Fire	\$4,186,441	\$4,146,552	\$(39,889)	-1.0%
Public Works	\$7,770,766	\$7,708,313	\$(62,453)	-0.8%
Transfers	\$115,000	\$115,000	\$0	0%
TOTAL MUNICIPAL	<u>\$19,607,743</u>	<u>\$19,611,765</u>	<u>\$4,022</u>	<u>0.1%</u>
Debt	\$4,248,170	\$4,127,820	\$(120,350)	-2.8%
Town-Wide Expenses	\$10,356,684	\$11,838,286	\$1,481,602	14.3%
Overlay Reserve	\$300,000	\$300,000	\$0	0%
State & County Charges	\$766,074	\$788,444	\$22,370	2.9%
TOTAL SHARED COSTS	<u>\$15,670,928</u>	<u>\$17,054,550</u>	<u>\$1,383,622</u>	<u>8.8%</u>
Hanover Public Schools	<u>\$35,031,299</u>	<u>\$37,600,858</u>	<u>\$2,569,559</u>	<u>7.3%</u>
SS Vocational Technical HS	<u>\$1,165,696</u>	<u>\$1,223,981</u>	<u>\$58,285</u>	<u>5.0%</u>
TOTAL BUDGET	<u>\$71,475,666</u>	<u>\$75,491,153</u>	<u>\$4,015,487</u>	<u>5.6%</u>



Expenditures

Department	FY2025 Override	FY2025 No-Override	Difference (\$)	Difference (%)
General Government	\$487,523	\$466,404	\$(21,119)	-4.3%
Finance Department	\$1,197,340	\$1,114,738	\$(82,602)	-6.9%
CDMI	\$760,310	\$716,746	\$(43,564)	-5.7%
Community Services	\$355,991	\$329,313	\$(26,678)	-7.5%
Library	\$669,492	\$628,689	\$(40,803)	-6.1%
Police	\$4,609,669	\$4,386,009	\$(223,660)	-4.9%
Fire	\$4,291,102	\$4,146,552	\$(144,550)	-3.4%
Public Works	\$8,062,223	\$7,708,313	\$(353,910)	-4.4%
Transfers	\$115,000	\$115,000	\$0	0.0%
TOTAL MUNICIPAL	<u>\$20,548,650</u>	<u>\$19,611,765</u>	<u>\$(936,886)</u>	<u>-7.4%</u>
Debt	\$4,127,820	\$4,127,820	\$0	0.0%
Town-Wide Expenses	\$11,988,286	\$11,838,286	\$(150,000)	-1.3%
Overlay Reserve	\$300,000	\$300,000	\$0	0.0%
State & County Charges	\$788,444	\$788,444	\$0	0.0%
TOTAL SHARED COSTS	<u>\$17,054,550</u>	<u>\$17,054,550</u>	<u>\$(150,000)</u>	<u>-0.9%</u>
Hanover Public Schools	<u>\$39,119,723</u>	<u>\$37,600,858</u>	<u>\$(1,518,865)</u>	<u>-3.9%</u>
SS Vocational Technical HS	\$1,223,981	\$1,223,981	\$0	0.0%
TOTAL BUDGET	<u>\$78,096,904</u>	<u>\$75,491,153</u>	<u>\$(2,605,751)</u>	<u>-3.3%</u>



Service Level Impact (No Override)

Fire Department

- Reduction in Shift Strength (6 → 5/4)
- Reduce/Elimination of Call Fire Fighter Program
- Reduced VNA Part-Time Positions
- Reduction in Ambulance Revenue(s)

Police Department

- Replace Civilian Clerk with Uniformed Police Officer at Hanover Police Station
- One Less Officer on Patrol 24/7/365



Service Level Impact (No Override)

Library

- No Increase Possible to Saturday Hours
- Material Budget Cut by 50%
- State Library Certification In Jeopardy

Community Services

- Significant Reduction to Veterans' Benefits



Service Level Impact (No Override)

Community Development & Municipal Inspection

- Reduction to Inspectional Services
- Permit Inspections Currently Completed w/in 24hrs Would Be Delayed up to a Week
- Walk-in Services Would Be Curtailed and Intermittent

Finance

- Office Closures Due to Lack of Coverage
- Delays in Information Processing
- Impact Financial Management and Reporting



Service Level Impact (No Override)

Public Works

- Reduction to Engineering Budget
- Reduction to Fog Line/Parking Lot Painting
- Move ALL Stormwater Program Expenditures to Water Budget
- Significant Cut to Public Grounds, Cemetery, Field Maintenance
- Eliminate Weekend Brush Pile
- Reduce Transfer Station Hours
- Significant Reduction to Facilities Maintenance (Impacting School and Town Buildings)



Service Level Impact (No Override)

Hanover Public Schools

- Continued reliance on tuition to support full-day Kindergarten
- Implementation of fees for transportation ("bus fees") along with increased/new fees for athletics and student activities
- Reliance on future Town Meeting articles and unpredictable grants to support technology needs, funding for unanticipated student services requirements, and educational resources
- Increased class size across all levels, reduced elective and advance placement offerings, reduced supports for counseling/college prep, limited instructional oversight, and limited funding for curriculum resources
- Reduced opportunities for enrichment, field trips, and other activities that are important to the student experience
- Reduction of classroom teachers at all levels in all subject areas. This will negatively impact class size for all students and staff
- Reduction of leadership and support positions that will negatively affect student services, staff oversight and support, health and counseling, and curriculum development and growth



Fiscal Year 2025 Budget Information & Further Review

<u>Date</u>	<u>Deliverable</u>
November 6	Initial Budget Presentation
November 20 th	Select Board Discussion
*December 4 th	Select Board Discussion
December 13 th	Budget Workshop Facilitated by Town Manager and School Superintendent
December 18 th	Select Board Discussion
January 2 nd	2 nd Draft Budget Presentation
January 8 th	Select Board Discussion
January 16 th	Select Board Discussion
January 22 nd	Select Board Discussion
January 29 th	Final Budget Presentation and Budget Submission
February – April	Advisory Committee Review
May 6 th	Annual Town Meeting
May 18 th	Annual Elections
July 1 st	FY2025 Budget Effective

Budget Information Available

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



Fiscal Year 2025 Initial Budget

