

Town of Dover

FY '22 Budget Overview

March Update



FY 21 RECAP

- Made structural changes to the budget by funding one-time projects and efforts with free cash as opposed to the tax levy.
- Assessed each operating budget line item and reduced or level-funded 30% of line items.
- Postponed hiring of new positions.

FY 21 Tax Rate certified at \$12.89 per thousand of valuation. A .05 increase year-over-year.

Five year historical tax rate:

FY17 - \$13.05

FY18 - \$12.84

FY19 - \$12.93

FY20 - \$12.84

FY21 - \$12.89

FY 22 OPERATING BUDGET - AT A GLANCE - REVENUES

REVENUE ESTIMATES

Tax Levy 2.5% Increase	\$888,713
New Growth	\$125,000
Local Receipts	\$407,007
Total Growth Estimate	\$1,420,720

LOCAL RECEIPTS ESTIMATE

- FY 22 estimate is \$407,007 more than budgeted for in FY 21;
- FY 22 estimate is 94% of actual receipts collected in FY 20;
- Estimate is based on a line-by-line assessment of potential growth / decline. Estimate will be refined as more FY 21 information becomes available.

FY 22 OPERATING BUDGET - AT A GLANCE - EXPENDITURES

MAJOR COST INCREASES

Schools	\$33,792
Town Wages COLA, steps, longevity)	\$134,002
Insurance (health, property / liability)	\$133,231
Total Cost Increase	\$301,025

NEW COST INCREASES

FY 21 Position Requests (Funded for ½ year due to COVID budget adjustments).	
Accounting (PT Staff)	\$15,565
Inspections (PT Staff)	\$18,219
Highway (PT Staff)	\$12,350
Planning (FT Staff)	\$27,161
Library (FT & PT Staff)	\$42,136
New FY 22 Position Requests	
Conservation (Add. Hours + Consultant)	\$23,946
Health (PT Staff)	\$26,405
Total Cost Increase	\$165,782

FY 22 OPERATING BUDGET - CHANGES SINCE DECEMBER

Assessments

Line	Original Amount	Revised Amount	Change	YoY Increase	YoY %	Notes
Health Insurance	\$2,733,120	\$2,425,227*	\$307,893	\$177,744	-7%	See Next Slide
Retirement	\$1,670,000	\$1,476,817	\$193,183	\$45,244	-3%	Final
DSRS	\$13,092,704	\$12,693,092	\$399,612	\$14,077	0%	Estimate
Chickering	\$10,412,108	\$10,369,665	\$42,443	\$3,026	0%	Final

Departments


- The Planning Board budget has been reduced by \$20,339 as a result of decreasing professional services due to the hiring of the Land Use Director / Full - time Planner.

State Aid

- The Governor set State Aid numbers above last year's appropriation. Dover's proposed State Aid will increase by \$17,282 or 1.5% for a total figure of \$1,188,232. These numbers will be finalized by the Legislature later in the year.

HEALTH INSURANCE & OPEB

- This year's health insurance costs are estimated to decrease by 7% year-over-year, or by ~\$200,000.
- Recommending that this amount be used to fully fund the town's OPEB liability, which is scheduled to retire in 2026.
- Allows the Town to fully fund it's OPEB liability - one of the few in the Commonwealth - and then focus on establishing a 10-year funding schedule for our share of the Region's OPEB liability as presented at Town Meeting 2019.
- Full Report: <https://www.doverma.org/DocumentCenter/View/1332/2021-03-08-OPEB-Valuation-Report>



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Colchester, CT 06415

(860) 537-9080

West Coast

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Las Vegas, NV 89119

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APPENDIX I - LIABILITIES, ASSETS, & CASH FLOWS

CURRENT FUNDING POLICY (OPEN GROUP)

Funding - 6.25% discount rate

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date with an expected 6.10% return	III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [III. / I.]	V. Service Cost	VI. Employer Share of Benefit Payments (With Implicit Cost)	VII. Trust Contributions Beyond Pay-as-you-go	VIII. Gross Trust Contributions [VI. + VII.]	IX. Benefit Payments Reimbursed from the Trust	X. Administrative & Investment Expenses Reimbursed from the Trust	XI. Total Employer Payments Less Reimbursements [VIII. - IX. - X.]
2020	June 30, 2020	10,423,578	5,737,015	4,686,563	55.04%	278,003	383,292	139,284	522,576	383,292	0	139,284
2021	June 30, 2021	10,941,665	6,286,004	4,655,661	57.45%	297,258	435,811	193,225	629,036	435,811	0	193,225
2022	June 30, 2022	11,397,111	6,801,607	4,595,504	59.68%	313,985	499,642	128,301	627,943	499,642	0	128,301
2023	June 30, 2023	11,868,188	7,311,635	4,556,553	61.61%	327,223	557,539	92,355	649,894	557,539	0	92,355
2024	June 30, 2024	12,335,279	7,816,320	4,518,959	63.37%	341,651	604,623	56,964	661,587	604,623	0	56,964
2025	June 30, 2025	12,803,614	8,316,004	4,487,610	64.95%	354,198	649,273	22,221	671,494	649,273	0	22,221
2026	June 30, 2026	13,288,019	8,833,204	4,454,815	66.47%	367,389	672,850	9,634	682,484	672,850	0	9,634
2027	June 30, 2027	13,780,690	9,372,029	4,408,661	68.01%	384,202	714,966	0	714,966	714,966	0	0
2028	June 30, 2028	14,294,382	9,943,723	4,350,659	69.56%	396,782	733,948	0	733,948	733,948	0	0

FY 22 BUDGET SUMMARY

- ✓ Doesn't tax the full 2 ½% - ~\$800,000 in unused levy capacity;
- ✓ Provides for essential town services;
- ✓ Addresses community goals in the areas of customer service, modernization, and succession planning;
- ✓ Fully funds contractual obligations: utilities, pension, health & liability insurance;
- ✓ Fully funds OPEB ARC;
- ✓ Funds Annual Capital Improvement Plan

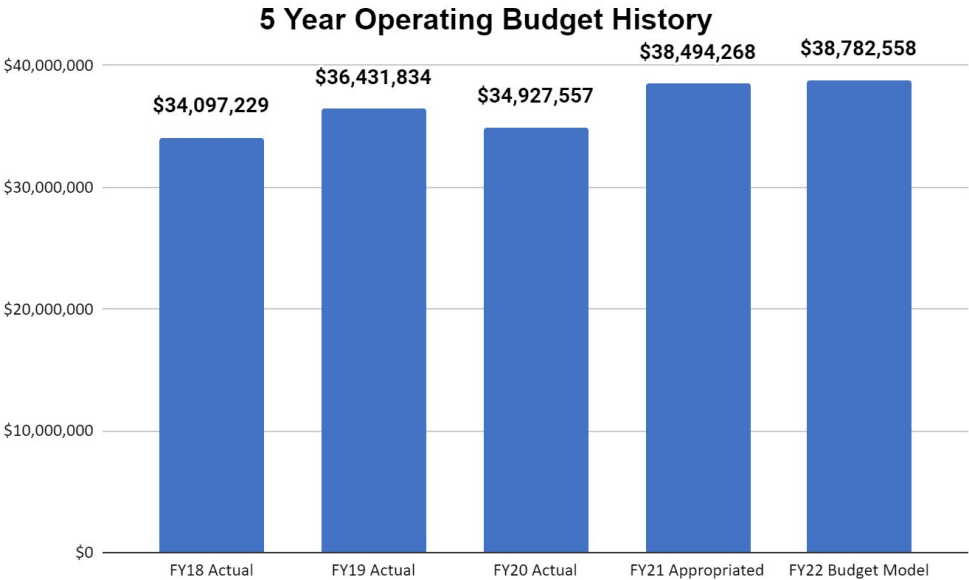
OPERATING BUDGET YoY COMPARISON

FY 22
YoY Budget
Estimate

			\$ Change	% Change
	FY21 Estimated (based on Tax Recap)	FY 22 Projected	FY20-21	FY20-21
Article 4-Operating Budget	\$38,494,269	\$38,782,558	\$288,290	0.7%

FY 21
YoY Budget
Estimate
(Pre-COVID)

			\$ Change	% Change
	FY20 Estimated (based on Tax Recap)	FY 21 Projected	FY20-21	FY20-21
Article 4-Operating Budget	\$38,043,457	\$38,893,179	\$849,722	2.20%



FREE CASH FOR OPERATING BUDGET

PROJECT LIST

Project	Amount
Long Term Water Resources Assessment	\$100,000

- Using free cash for one-time projects instead of funding these via taxes (DOR & GFOA Best Practice);
- Eliminates using free cash to fund operating budget;
- Allows us to truly understand recurring operating expenses to ensure they are affordable and sustainable

FREE CASH TO REDUCE TAX RATE

- The Town's policy has been to use free cash generated from the schools' special education circuit breaker reimbursement to reduce the tax rate. This year's reimbursement amount is **\$1,094,160**.
- Additionally, the Board of Selectmen's multi-year financial reserve strategy as presented at Town Meeting 2019 included the use of an additional **\$500,000**.
- Recommending that the Board appropriate **\$1.6M** this year to reduce the FY22 tax rate.

If appropriated, and if all other articles pass as presented, the estimated FY22 tax rate would be \$12.76 per thousand of valuation and the Town's free cash balance would be approximately \$5.8M.