

Town of Dover

FY '21 Budget Overview
COVID Response



OPERATING BUDGET - AT A GLANCE - EXPENDITURES (PRE-COVID)

MAJOR COST INCREASES

Schools	\$295,996
Town Wages COLA, steps, longevity)	\$139,984
Pension	\$101,034
Insurance (health, property / liability)	\$118,319
Total Cost Increase	\$655,333

NEW COST INCREASES

IT Needs (financial software upgrade, website, cyber security)	\$47,472
Land Use Director (FT Staff)	\$75,000
Library Staff (FT & 2 PT)	\$84,271
Accounting (PT Staff)	\$26,123
Inspections (PT Staff)	\$23,872
Highway (PT Staff)	\$24,700
COA (PT Staff)	\$18,788
Total Cost Increase	\$300,226

OPERATING BUDGET COMPARISON (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%

Neighboring Communities' Projected Increases

<u>Town</u>	<u>Operating Budget % Increase</u>
Sherborn	2.50%
Hudson	2.50%
Sharon	2.80%
Lincoln	2.90%
Ashland	3.00%
Foxborough	3.30%
Medway	3.60%
Sudbury	4.00%
Wayland	4.50%
Natick	5.00%
Hopkinton	6.10%
Needham	6.70%
Average	3.90%

FY' 21 BUDGET SUMMARY (PRE-COVID)

- ✓ Doesn't tax the full 2 1/2% - ~\$315,000 in excess 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;
- ✓ Fully funds capital requests

Additional Services

- IT Improvements:
 - New financial system
 - New website
 - Cyber Security protection
 - Modern applications for efficiency
- PT & FT Staff:
 - Land Use
 - Finance
 - COA
 - Inspections
 - Library

SUMMARY BUDGET ACTIONS IN RESPONSE TO COVID

1. REVENUES

- Thoroughly analyzed local receipts and made reductions in areas most affected by economic pressures.
- Analyzed historic state aid, including the 2008-2010 recession period.
- New growth estimates reduced from \$175,000 to \$60,000

2. MITIGATING TAX IMPACT via EXPENDITURES

- Made structural changes to the budget by funding one-time projects and efforts with free cash as opposed to the tax levy.
- Funding new position requests for half of the fiscal year, reducing budget increases and providing additional time to understand long-term affordability.
- Offering a year-over-year operating budget increase of \$450,812 or 1.2%.

3. ENSURING LIQUIDITY & FLEXIBILITY FOR UNKNOWNS

- Not taxing to the full 2.5%. The above actions have helped contribute toward having nearly \$400,000 not being taxed on the levy.
- \$9.8M in Free Cash provides excellent reserves that can be used toward unknowns if needed.

OVERALL, THIS BUDGET ALLOWS THE TOWN TO NOT ONLY CONTINUE BUT INCREASE ITS SERVICE DELIVERY TO CITIZENS IN A COST EFFECTIVE AND RESPONSIBLE WAY.

LOCAL RECEIPTS

- Adjusted local receipts most affected by economic pressures: Motor Vehicle Excise; Rentals; Licenses & Permits. YTD collections for these lines are at or tracking toward FY19 actuals.
- Total adjustments from FY19 Actuals to FY21 Estimates = \$(718,699) or a decrease of 26%.
- During the recession of 2008, Dover experienced three years of local receipt decline (2009-2010, 2010-2011, and 2011-2012). During this period receipts declined not more than 8% in a given year and the total decline of revenue during this period amounted to \$(401,982).

	FY2019 Actual	FY2020 Budgeted	FY 2021 Estimates	3 YEAR AVERAGE	5 YEAR AVERAGE
Motor Vehicle Excise Tax	\$1,492,838	\$1,350,000	\$1,200,000	\$1,477,246	\$1,424,331
Other Excise	\$426	\$200	\$391	\$393	\$403
Penalties & Interest on Taxes	\$88,428	\$75,000	\$81,127	\$92,044	\$93,001
Payments in Lieu of Taxes	\$219	\$200	\$201	\$214	\$210
Other Charges for Services-Police, Fire, Ambulance	\$97,256	\$85,000	\$89,226	\$103,633	\$99,301
Fees	\$31,868	\$30,000	\$29,237	\$34,282	\$34,075
Rentals	\$411,713	\$350,000	\$275,000	\$394,860	\$380,303
Departmental Revenue - Library	\$2,146	\$1,500	\$1,969	\$1,844	\$1,774
Departmental Revenue - Cemeteries	\$24,025	\$20,000	\$22,041	\$27,298	\$26,118
Other Departmental Revenue	\$53,745	\$45,000	\$49,307	\$55,431	\$57,651
Licenses & Permits	\$247,732	\$225,000	\$227,277	\$290,296	\$301,798
Court Fines	\$3,093	\$2,000	\$2,838	\$2,893	\$2,819
Investment Income	\$256,883	\$75,000	\$75,000	\$132,950	\$92,688
Miscellaneous Non-Recurring	\$61,940	\$0	\$0	\$108,575	\$138,039
Subtotal	\$2,772,312	\$2,258,900	\$2,053,613	\$2,721,960	\$2,652,511

STATE AID

- We have budgeted the FY21 Governor's State Aid number at this time. This represents a total year-over-year increase of 4% or \$42,831.
- Given the unknowns with state aid at the moment, we have left this number as is.
- During the recession of 2008, Dover experienced three years of state aid decline (2009-2010, 2010-2011, and 2011-2012). During this period aid declined not more than 12% in a given year and the total decline of revenue during this period amounted to \$(216,799).
- School aid (Chapter 70) represents ~72% of our total local aid. In speaking with the School District, any cuts to state aid would be absorbed within the school budget.

	Actual	Actual	H1 (Governor's Proposed)
RECEIPTS	FY19	FY20	FY21
Chapter 70	\$ 812,073	\$ 853,856	\$ 890,166
UGGA	\$ 198,896	\$ 204,266	\$ 209,985
Exemptions: VBS & Elderly	\$ 12,879	\$ 13,128	\$ 14,428
State Owned Land	\$ 61,377	\$ 65,615	\$ 65,268
Public Libraries (Offset)	\$ 10,476	\$ 10,877	\$ 10,726
TOTAL RECEIPTS	\$ 1,095,701	\$ 1,147,742	\$ 1,190,573

TAXPAYER RELIEF

- Took a line-by-line approach when crafting the original budget and made cuts of approximately \$100,000.
- Postponed hiring of new positions to January 1, 2021 which saved approximately \$115,000 and provides additional time to understand economic impacts of COVID. This savings represents nearly 40% of the total amount of new non-contractual obligation requests for FY21.
- Funding one-time non recurring project requests with free cash as opposed to on the tax levy.
- Results in a year-over-year operating budget increase of \$450,812 or 1%.
- ~\$400,000 in unused levy capacity + ~1M to reduce tax rate (school circuit breaker) equates to approximately \$1.4M in tax relief. Last year's tax relief was approximately \$1.2M in total.