

Annual Town Meeting Overview of Dover Town Operating Budget Fiscal Year 2018

(Proposed Budgets, as of May 1, 2017)

Budget Overview

- Operating Budget (Article 4)
 - Salaries & Expenses (not Capital or Special Items)
- Overall Revenues and Expenditures
 - Entire Budget (Operating, Capital, Special Items)
- Free Cash
 - Town's free reserves built up over time
 - Application to Annual Budget

FY 2018 Budget Summary

as proposed (as of May 1, 2017)

FY18 Total Expenditures

\$38,990,260

vs. \$36,282,175 for FY17

Increase of \$2,708,085 or +7.5%

FY18 Article 4 (Operating Budget)

\$36,874,166

vs. \$34,998,967

Increase of \$1,875,199 or +5.4%

FY 2018 Budget Summary

as proposed (as of May 1, 2017)

FY18 Total Revenues (excluding use of Free Cash)

\$37,377,247

vs. \$36,099,919 for FY17

Increase of \$1,277,328 or +3.5%

FY18 use of Free Cash (* - minimum amount to balance budget)

\$1,613,013

vs. \$813,413 for FY17

Increase of \$799,600 or +98.3%

FY 2018 Budget Summary

Large Changes from FY 2017 Expenditures

FY 2018 Article 4

Increases

Schools	+\$923k (+4.3%)
Dover's Regional Schools Operating Assessment	+\$625k (+5.9%)
Dover School Operating	+\$442k (+4.5%)
Insurance and Pensions	
Group Health Insurance	+\$288k (+12.6%)
Workers Compensation	+\$18k (+23.7%)
Protection of Persons/Property	+\$135k (+4.4%)
Police	+\$35k (+1.8%)
Fire	+\$45k (+9.2%)
Ambulance	+\$28k (+15.8%)
Norfolk County Retirement	+\$81k (+7.2%)

FY 2018 Budget Summary

Large Changes from FY2017 Expenditures

FY18 Article 4 *(contd.)*

Decreases

Dover's Regional Schools Debt Assessment	-\$133k (-18.6%)
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The above increases and decrease account for \$1.3m increase of the overall \$1.875m increase of the Article 4 budget (or, 70%) and *48% of the increase* in Total Expenditures.

FY 2018 Budget Summary

Large Changes from FY2017 Expenditures

FY18 Capital Items + Special Articles

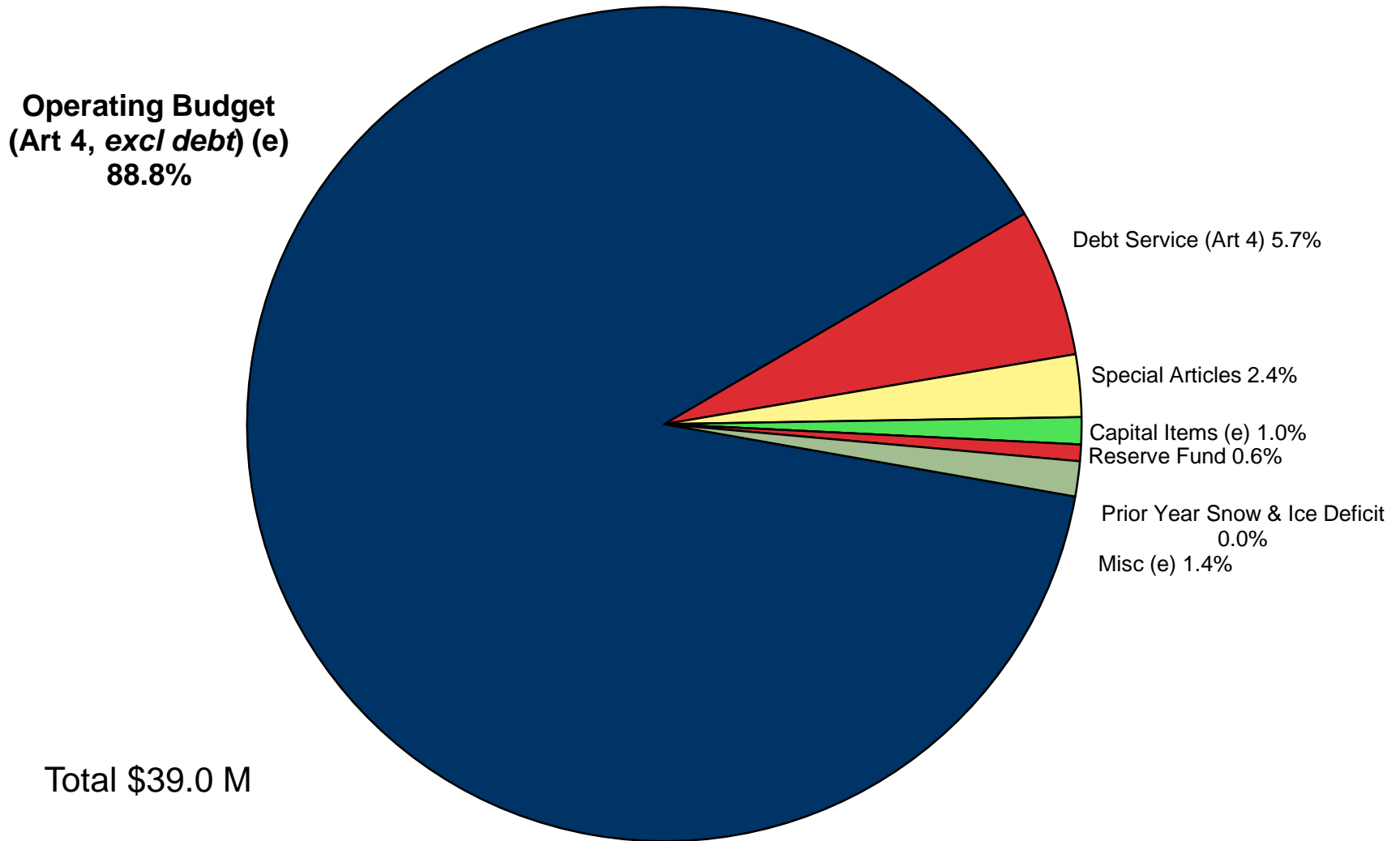
Increases

Article 5 & Special Articles & SA-Other

Article 5	+\$56k (+15..8%)
Special Articles	+\$47k (+22.8%)
Special Articles – Other	+\$675k (vs. \$179k FY17)

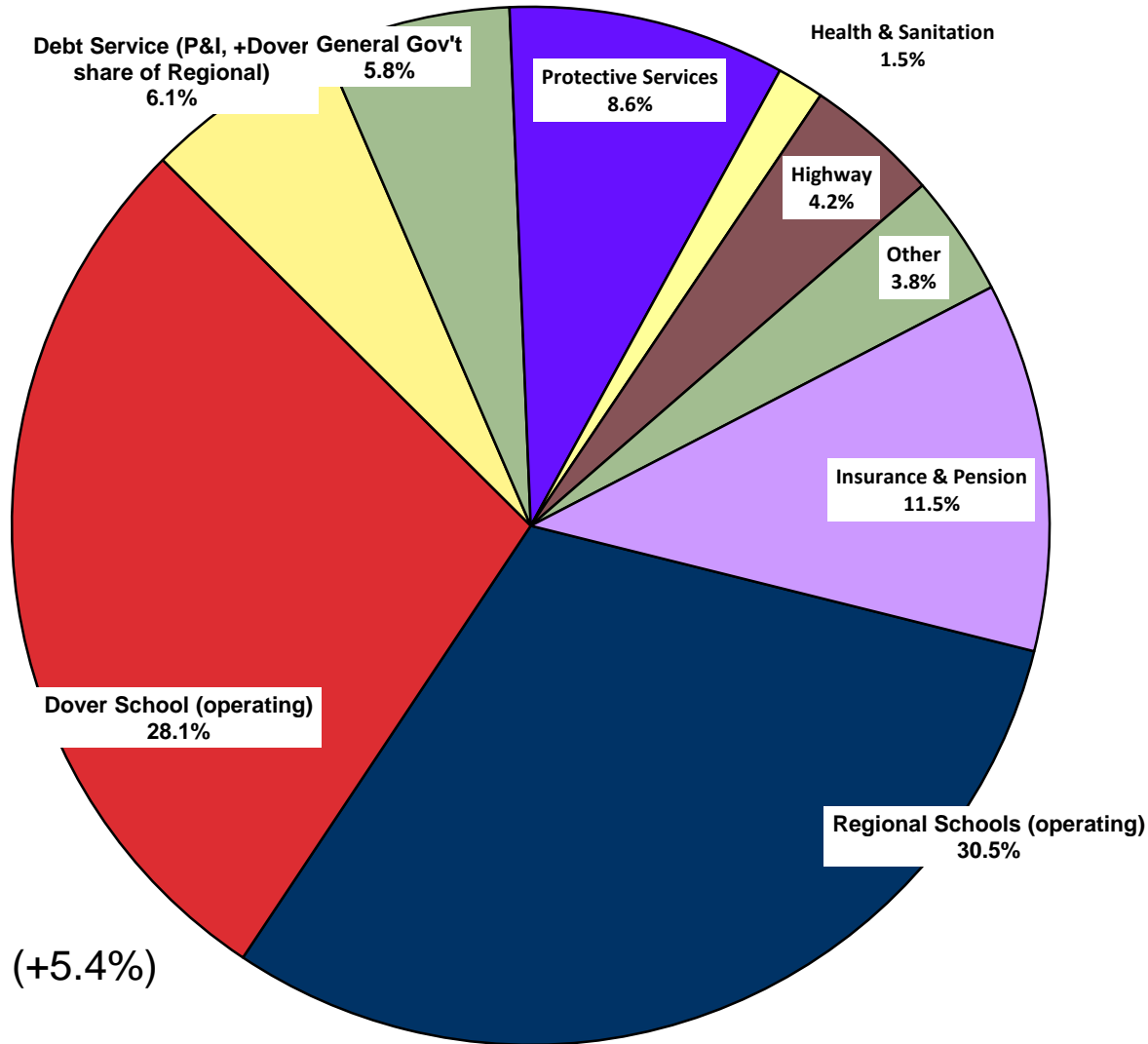
The above for Article 5 and Special Articles accounts for approx. net \$776k increase of the overall net \$2.7m total expenditures increase (or, 29%).

FY2018 Budget Components



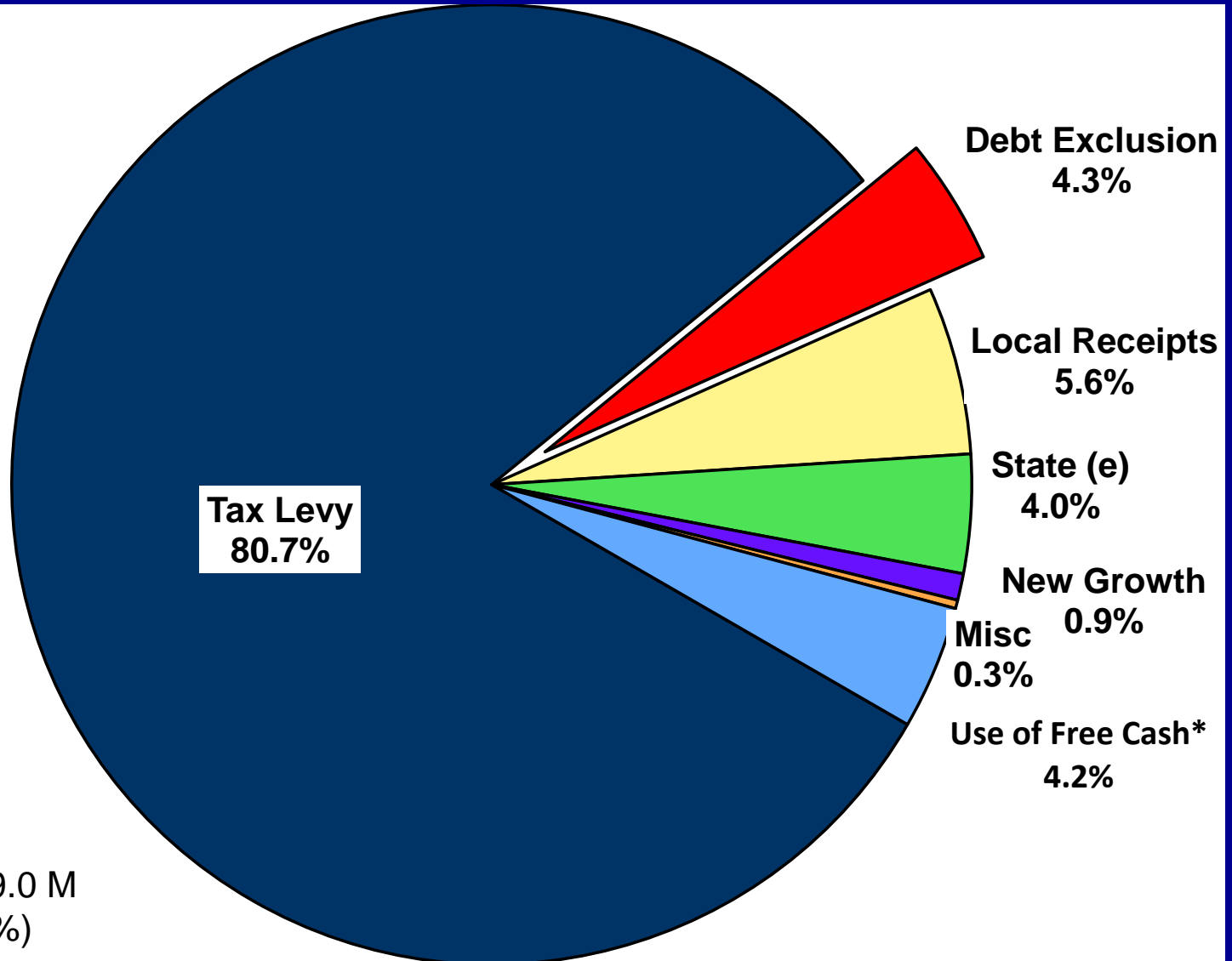
FY18 Article 4 Spending by Category

“Debt Service”
includes
Dover’s share
of the Regional
Schools’ debt



Total \$36.9 M (+5.4%)

FY18 Estimated Revenue



Total \$39.0 M
(+5.7%)

Revenue Sources and Expenditures

REVENUE SOURCES AND EXPENDITURES

	<u>Recap FY16</u>	<u>Recap FY17</u>	<u>Projected FY18</u>	<u>% Change FY17/FY18</u>	<u>\$Change FY17/FY18</u>
Revenue Sources					
Tax Levy	\$28,895,446	\$30,193,442	\$31,495,201	4.3%	\$1,301,759
Debt Service Exclusions					
Dover	832,817	853,987	1,103,497	29.2%	\$249,510
Regional School	588,060	585,719	558,369	-4.7%	-\$27,350
New Growth	561,571	533,583	350,000	-34.4%	-\$183,583
Free Cash	2,369,547	813,413	1,613,013 (*)	98.3%	\$799,600
State Aid (Receipts)	964,718	997,940	1,027,797 (a)	3.0%	\$29,857
SBA Reimbursements	531,983 (b)	531,983 (b)	531,983 (b)	0.0%	\$0
Local Receipts	2,138,250	2,317,865	2,200,000	-5.1%	-\$117,865
Overlay Surplus	75,000	75,000	100,000	33.3%	\$25,000
Other	10,400	10,400	10,400	0.0%	\$0
Capital Exclusion Override	0	0	0	NM	\$0
Total Revenue	\$36,967,792	\$36,913,332	\$38,990,260	5.6%	\$2,076,928
Expenditures					
Article 4	\$33,818,343	\$34,998,967	\$36,874,166	5.4%	\$1,875,199
Additions to Overlay	185,671	130,042	200,000	53.8%	\$69,958
Article 5	770,121	352,775	408,622	15.8%	\$55,847
Special Articles	879,931	205,692 (c)	252,595 (c)	22.8%	\$46,903
Special Articles - Other	62,529	179	675,000 (d)	376995.0%	\$674,821
Reserve Fund	250,000	250,000	250,000	0.0%	\$0
State Charges	315,881	325,547	310,877 (a)	-4.5%	-\$14,670
Recap Appropriations	15,625	18,973	19,000	0.1%	\$27
Prior Year Snow & Ice Deficit	274,586	0	0	NM	\$0
Total Expenditures	\$36,572,687	\$36,282,175	\$38,990,260	7.5%	\$2,708,085
Excess Levy Capacity	395,105	631,157	0		

(*) The amount of Free Cash to close the gap between Revenues and Expenditures - the minimum amount being considered for this year.

(a) State Aid & Charges based on Governor's Budget.

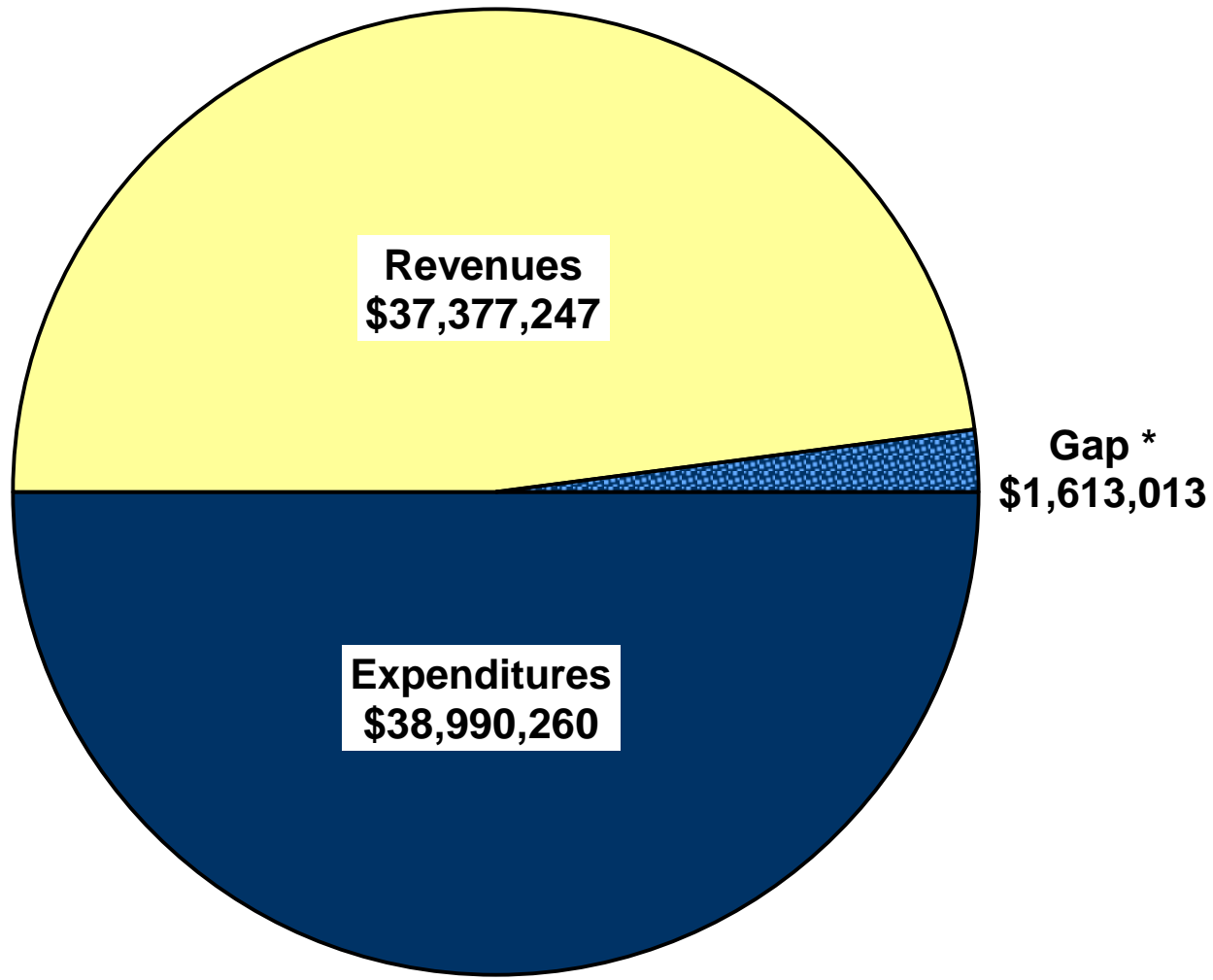
(b) SBA - State Reimbursement for Chickering after final audit.

(c) Special Articles: RSC Capital Items (not in Article 4): \$206,676; Police Sick Leave Buyback: \$10,000; Unemployment Compensation Fund \$10,000; Prior Years' Bills \$919; Conservation Commission Fund Supplement: \$25,000 in FY18 (For FY15, FY16 was in Special Articles - Other)

(d) - Special Articles - Other: Chickering School A/C \$675,000

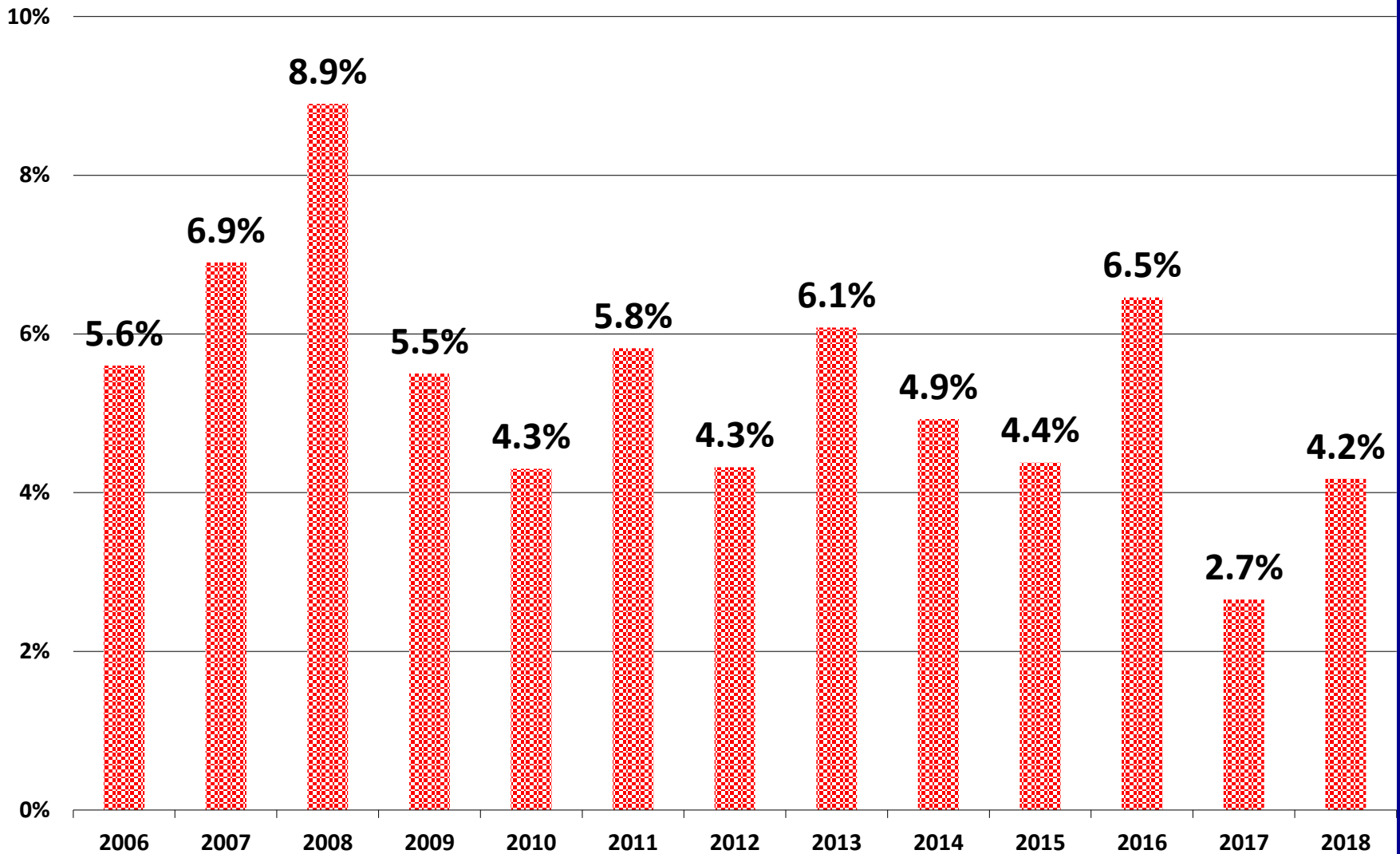
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Budget Gap FY18



* - Minimum Amount Use of Free Cash to Balance

Budget Gap as a Percentage of Expenses



Free Cash

- The Warrant Committee reviewed and analyzed the level of Free Cash as we do every year.
- Dover has experienced a significant increase in Free Cash in recent years due to:
 - Conservative budget practices
 - Prudent management of expenses
 - Favorable new growth environment
 - Unanticipated large turnbacks from Regional Schools and town departments (likely non-recurring)

Free Cash *(continued)*

- The current Free Cash balance is at a level that has surpassed prudent necessity.
- MA Department of Revenue recommends a minimum of 5% to 7% of annual expenses in total reserves (Free Cash, Stabilization Funds, Overlay Reserves)
 - This would be \$2.9 to \$2.7 million for Dover for FY18.
- The Warrant Committee believes a Free Cash target of 10% to 15% to be more appropriate (\$3.9 to \$5.9 million).

Free Cash

Additional Use of Free Cash

- The Warrant Committee voted unanimously to recommend that ATM use an additional \$1.3 million of Free Cash in Article 29 to further reduce the FY18 Property Tax Rate.
- It will leave \$5.2 million of uncommitted Free Cash, which is 13.4% of the forecasted FY18 Total Expenses. Including the Stabilization Fund, reserves would be \$6.1 million (15.7% of expenses).
- The recommendation does not rely upon an assumption that Free Cash will continue to grow at a significant pace above what is required to replenish the account.

Revised Revenue Sources and Expenditures

REVENUE SOURCES AND EXPENDITURES

	Recap FY16	Recap FY17	Projected FY18	Projected FY18 With Additional Free Cash	% Change FY17/FY18	\$Change FY17/FY18
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Tax Levy	\$28,895,446	\$30,193,442	\$31,495,201	\$31,495,201	4.3%	\$1,301,759
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Free Cash

Additional Use of Free Cash

- Based on analysis, the Warrant Committee believes the use of \$1.3 million of additional Free Cash to achieve its target range is a prudent amount that will not limit flexibility in the future.
- The Warrant Committee believes it is judicious, at least initially, to be at the upper end of the 10-15% range of Free Cash to Expenditures.

Annual Town Meeting 5/1/17

- Thank you

Appendix Slides

Summary of Spending by Category

ARTICLE 4

DEPARTMENT	FY2014 EXPENDED	FY2015 EXPENDED	FY2016 EXPENDED	FY 2017 APPROVED	FY 2018 REQUESTED	FY18/FY17 % CHANGE	\$ Variance
GENERAL GOVERNMENT TOTAL	\$1,905,715.61	\$1,977,655.35	\$1,831,789.31	\$2,079,608.00	\$2,149,968	3.4%	\$70,360
PROTECTION OF PERSONS AND PROPERTY TOTAL	\$2,623,274.74	\$2,700,970.22	\$2,879,454.98	\$3,044,755.00	\$3,180,178	4.4%	\$135,423
HEALTH AND SANITATION TOTAL	\$486,384.42	\$477,747.68	\$478,104.32	\$505,188.00	\$538,954	6.7%	\$33,766
HIGHWAY AND BRIDGES TOTAL	\$1,434,478.48	\$1,649,900.74	\$1,385,197.84	\$1,506,049.00	\$1,543,169	2.5%	\$37,120
OTHER PUBLIC AGENCIES TOTAL	\$1,145,396.36	\$1,168,084.47	\$1,192,891.07	\$1,269,109.00	\$1,308,504	3.1%	\$39,395
UNCLASSIFIED SERVICES TOTAL	\$13,608.23	\$11,131.43	\$18,288.16	\$21,759.00	\$15,400	(29.2%)	-\$6,359
INSURANCE-SUB-TOTAL	\$1,853,992.35	\$1,991,650.22	\$2,206,836.49	\$2,710,512.00	\$3,026,808	11.7%	\$316,296
INSURANCE/PENSIONS TOTAL	\$2,711,020.35	\$2,920,690.22	\$3,230,821.49	\$3,839,778.00	\$4,237,266	10.4%	\$397,488
SCHOOLS							
600 DOVER SCHOOL OPERATING	8,680,604.47	8,797,083.84	9,147,416.00	9,915,962.00	\$10,357,943	4.5%	\$441,981
601 DOVER'S SHARE REGIONAL -- OPERATING ASSESSMENT	9,233,970.00	9,609,199.00	9,656,211.00	10,610,529.00	\$11,235,560	5.9%	\$625,031
DEBT ASSESSMENT	870,873.00	858,297.00	754,629.00	714,264.00	\$581,416	(18.6%)	-\$132,848
TOTAL	10,104,843.00	10,467,496.00	10,410,840.00	11,324,793.00	\$11,816,976	4.3%	\$492,183
602 MINUTEMAN VOCATIONAL	67,532.00	37,800.00	91,149.00	75,016.00	\$63,533	(15.3%)	-\$11,483
604 NORFOLK COUNTY AGRICULTURAL HIGH SCHOOL	4,000.00	3,736.00	3,736.00	6,000.00	\$6,000	0.0%	\$0
SCHOOLS TOTAL	\$18,856,979.47	\$19,306,115.84	\$19,653,141.00	\$21,321,771.00	\$22,244,452	4.3%	\$922,681
MATURING DEBT AND INTEREST							
710 MATURING DEBT PRINCIPAL	1,180,400.00	1,160,400.00	1,140,400.00	1,125,400.00	\$1,392,900	23.8%	\$267,500
751 MATURING DEBT INTEREST	292,000.00	263,200.00	290,300.00	281,550.00	\$259,375	(7.9%)	-\$22,175
759 BANK CHARGES	2,690.37	20,192.87	16,524.19	4,000.00	\$4,000	0.0%	\$0
DEBT & INTEREST TOTAL	\$1,475,090.37	\$1,443,792.87	\$1,447,224.19	\$1,410,950.00	\$1,656,275	17.4%	\$245,325
TOWN BUDGET GRAND TOTAL	\$30,651,948.03	\$31,656,088.82	\$32,116,912.36	\$34,998,967.00	\$36,874,166	5.4%	\$1,875,199

FY12-FY18 Article 4

FY 18/17	+5.9%	+4.5%	+5.3%	+3.4%	+4.4%	+6.7%	+2.5%	+0.4%	+10.4%
FY 17/16	+5.0%	+2.0%	-2.9%	+2.8%	+1.9%	+3.0%	+4.7%	+2.9%	+9.3%
FY 16/15	+5.2%	+2.2%	-4.2%	+1.8%	+3.9%	-2.4%	+3.2%	+5.5%	+9.8%
FY 15/14	+4.6%	+4.5%	-2.6%	+2.4%	+1.3%	+1.6%	+4.9%	+1.6%	-1.6%
FY 14/13	+1.7%	+*.9%	-2.1%	+1/5%	-0.3%	+3.7%	+4.8%	+5.0%	+1.9%
FY 13/12	+3.0%	+1.3%	-1.8%	+6.8%	+5.6%	+4.6%	+8.6%	+6.2%	+6.7%

