

FY24 OPERATING BUDGET

TOWN OF DUNSTABLE

Presentation to Town Meeting
May 8, 2023



- January 9: Budget and Capital Request Worksheets Distributed to Departments
- January 23: Departmental Budgets and Capital Requests Submitted to Town Administrator
- February 1: Advisory Board Meeting – Initial Budget Review
- February 8: Joint Meeting of the Advisory Board and GDRSD School Committee
- February 14: Capital Planning Committee Meeting
- March 3: Capital Planning Committee Meeting
- March 9: Joint Meeting of the Select Board and Advisory Board
- March 10: Capital Planning Committee Meeting
- March 16: Joint Meeting of the Select Board and Advisory Board
- March 21: Capital Planning Committee Meeting
- March 22: Advisory Board Meeting
- March 30: Select Board Meeting – budget discussion
- April 5: Town Administrator presents budget and override options
- April 13: Joint Meeting of the Select Board and Advisory Board
- April 13: Select Board Approves Town Meeting Warrant
- April 26: Advisory Board Public Hearing on Town Meeting Warrant
- May 1: Town Meeting Warrant is Posted (at latest)
- May 2: Select Board and Advisory Board Community Meeting on Budget

- May 8: Town Meeting
- May 16: Town Election

Budget Calendar

Over the course of the last several months, the Select Board and Advisory Board have worked with the Town Administrator and GDRSD School Committee and School Administration to develop the Town's FY24 Operating Budget



Overview



Budget Overview

- The Select Board and Advisory Board will present a budget requiring an operational Proposition 2 ½ Override in the amount of \$301,162 to maintain current level of services.
- This request, if approved at Town Meeting, will then need to be approved by popular vote at the Town Election on Tuesday, May 16, 2023.
- The override will avoid reductions in the Police, Fire, Highway, and several other Town Departments.



FY24-FY28 Financial Forecast

FY24 Financial Forecast Assumptions

General

- Salaries: 2% Increase Annually
- General Expenses: 1% Increase Annually
- Contract Services: 2.5% Increase Annually
- Utilities and Energy: 2% Increase Annually
- Assumes \$119,334 in Town Meeting Warrant Articles Expenses Annually
- Assumes a \$50,000 annual reduction in use of Free Cash to balance the budget

Exceptions

- Police Cruiser Replacement: actual anticipated costs
- Firefighter Supplies: 2.5% Increase Annually
- Firefighter PPE: Increase from \$2,500 this year to \$10,000 next year (ARPA this year)
- GDRSD: 6% Increase Annually
- Lowell Vocational and Technical High School: 2.5% Annually
- Debt Service: Actual Debt Schedule
- Nashoba Board of Health Assessment: 7.5% Increase Annually
- Town Nurse Assessment: 5% Increase Annually
- Mental Health Payment: Level Funded



FY24 Financial Forecast

| | FY24 Proposed | FY25 | FY26 | FY27 | FY28 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Town Operating | 4,785,325 | 4,959,428 | 5,153,592 | 5,246,845 | 5,362,343 |
| Total School Operating | 8,292,773 | 8,762,330 | 9,259,885 | 9,787,115 | 10,345,794 |
| Total Town Debt | 187,693 | 187,702 | 112,074 | 112,083 | 112,093 |
| Overlay – Abatements/Exemptions | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Cherry Sheet Charges | 2,323 | 2,369 | 2,417 | 2,465 | 2,514 |
| Town Meeting Articles | | 119,344 | 119,344 | 119,344 | 119,344 |
| TOTALS | 13,298,114 | 14,061,173 | 14,677,312 | 15,297,852 | 15,972,089 |



FY24 Financial Forecast

| | FY24 Proposed | FY25 | FY26 | FY27 | FY28 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Prior Year Levy Limit | 10,685,152 | 11,062,281 | 11,448,838 | 11,845,059 | 12,251,185 |
| 2 1/2 % Allowed Increase | 267,129 | 276,557 | 286,221 | 296,126 | 306,280 |
| New & Amended Growth | 110,000 | 110,000 | 110,000 | 110,000 | 110,000 |
| Levy Limit | 11,062,281 | 11,448,838 | 11,845,059 | 12,251,185 | 12,667,465 |
| Excluded Debt | 326,394 | 326,403 | 270,331 | 270,340 | 270,350 |
| Maximum Allowable Levy | 11,388,674 | 11,775,240 | 12,115,390 | 12,521,525 | 12,937,815 |
| Cherry Sheet Receipts (State Aid) | 379,303 | 394,475 | 410,254 | 426,664 | 443,731 |
| Local Receipts | 749,632 | 750,000 | 750,000 | 750,000 | 750,000 |
| Free Cash for Operating Expenses | 479,343 | 429,343 | 379,343 | 329,343 | 279,343 |
| TOTAL | 12,996,952 | 13,349,059 | 13,654,987 | 14,027,533 | 14,410,889 |



FY24 Financial Forecast

| | FY24 Proposed | FY25 | FY26 | FY27 | FY28 |
|---------------------------|------------------|------------------|--------------------|--------------------|--------------------|
| TOTAL REVENUES | 12,996,952 | 13,349,059 | 13,654,987 | 14,027,533 | 14,410,889 |
| TOTAL EXPENDITURES | 13,298,114 | 14,061,173 | 14,677,312 | 15,297,852 | 15,972,089 |
| BUDGET DEFICIT | (301,162) | (712,115) | (1,022,325) | (1,270,320) | (1,561,200) |



FY24 Budget – No Override

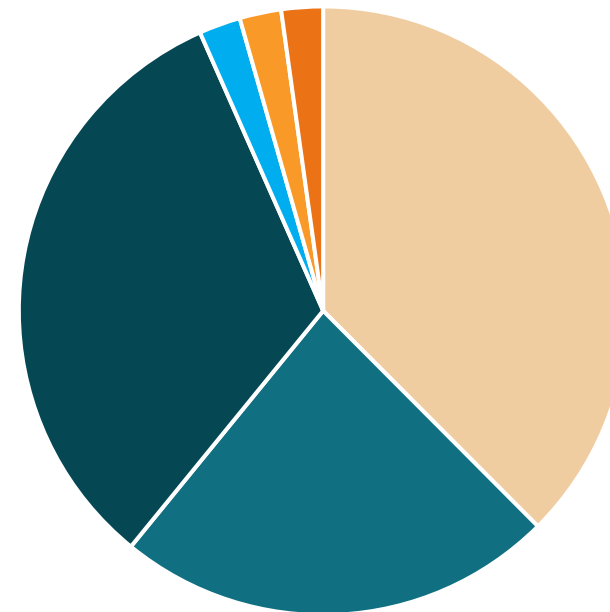
FY24 Budget – No Override

Overview

A combination of budget and service reductions and additional use of free cash

| Department | Amount |
|---------------------|---------------------|
| Police | \$84,874.04 |
| Fire | \$52,824.00 |
| Highway | \$73,464.00 |
| Treasurer/Collector | \$5,000.00 |
| Selectmen | \$5,000.00 |
| Parks | \$5,000.00 |
| Total | \$226,162.04 |

Budget Reductions



■ Police ■ Fire ■ Highway ■ Treasurer/Collector ■ Selectmen ■ Parks

FY24 Budget – No Override

Detail Breakdown

A combination of budget and service reductions and additional use of free cash

| Department | Reduction | Amount |
|---|---------------------------------|---------------------|
| Police | Patrol Officer | \$79,953.04 |
| | adjustment to Sergeant salary | \$2,421.00 |
| | Vehicle Supplies | \$1,000.00 |
| | Other Supplies | \$1,000.00 |
| | Lock up | \$500.00 |
| | TOTAL | \$84,874.04 |
| Fire | Full-time wages | \$46,824.00 |
| | Training | \$2,500.00 |
| | Firefighter Supplies | \$2,000.00 |
| | PPE | \$1,000.00 |
| | Rehab | \$500.00 |
| | TOTAL | \$52,824.00 |
| Highway | Driver | \$58,464.00 |
| | Communications | \$10,000.00 |
| | MS4/catch basins | \$5,000.00 |
| | TOTAL | \$73,464.00 |
| Treasurer/Collector | Part-time wages | \$5,000.00 |
| Selectmen | Dues and Membership | \$5,000.00 |
| Parks | Other Property Related Services | \$5,000.00 |
| TOTAL REDUCTIONS | | \$226,162.04 |
| FY24 Additional Revenue | | |
| Free Cash | | \$75,000.00 |
| TOTAL ADDITIONAL REVENUE | | \$301,162.04 |
| Unemployment | | \$20,000.00 |
| Additional Free Cash Appropriation | | \$20,000.00 |
| TOTAL | | \$321,162.04 |

Police Department

Current Situation:

- Patrol Officer is leaving the Department on May 8.
- Town paid to send recruit to Full-Time Police Academy, approximately \$4,000.
- Expected to complete the Academy in August.
- Part-time officer, planned to increase to full-time, recently completed the Bridge Academy and is pending review from the Municipal Police Training Committee (MPTC).
- Plan is to promote a Patrol Officer to a vacant Sergeant position once both candidates are appointed.

Impacts of Reductions:

- Need to reduce staffing to 1 patrol officer during night shift, Monday through Friday.
- Safety concerns for officer and residents.
- If the officer on duty is responding to 1 call, they may not be able to leave to respond to a second or third call.
- Increased reliance on mutual aid from other towns which would increase response time.
- If officers are on leave or deployed, it would cause shifting of schedules and reduce coverage during other hours, as well.
- Currently, also have a smaller pool of part-time officers (five) to fill gaps in schedule.
- Difficulty in recruiting/retaining future and current officers.
- Not filling the Sergeant position reduces supervision on the road.

Impacts of Budget Reductions

Police Department

Fire Department

Current Situation:

- Two per diem firefighters from 8 AM to 4 PM, 7 days per week
- After 4 PM, on-call response
- Currently, there are 26 on-call firefighters, 3 live in Dunstable and 2 are fire certified, all others live in border communities

Impacts of Reductions:

- Reduce per diem firefighter schedule from two to one from 8 AM to 4 PM, 7 days per week
- Increased reliance on on-call firefighters during the day when many of them are working other jobs
- Safety concerns for firefighters and residents
- If only the one per diem firefighter responds to an emergency, their ability to respond adequately is limited with no support and/or back-up.
- Increased reliance on mutual aid.
- Increased reliance on mutual aid and on-call firefighters will adversely affect response times and response actions to fire.
- Less funding for supplies, Personal Protective Equipment (PPE), and training.
- Difficulty in recruiting/retaining future and current officers.

Impacts of Budget Reductions

Fire Department

Highway Department

Impacts of Reductions:

- Currently, the Highway Department is staffed with 3 employees and the Highway Superintendent
 - This staffing model requires one employee to be alone at all times
 - Creates safety concerns for employee and ability to perform certain work is limited.
 - A fourth employee is needed for the following reasons:
 - Patching, filling, repairing streets
 - Increased responsibilities under the Town's MS4 Stormwater Permit
 - Maintenance and upkeep of equipment and vehicles
 - Sanding/plowing streets
 - Full time employee, especially during the winter months, would bring stability and improved performance.
 - To perform the street and stormwater work, a 2-employee crew is necessary.
- Relocating the antenna for the radio system would remove bad coverage areas and dead spots throughout Town.
 - Bad coverage areas can cause safety issues in emergencies
- Reducing the catch basin and other stormwater cleaning and maintenance will make it difficult to comply with our MS4 Stormwater Discharge Permit.

Impacts of Budget Reductions

Highway Department

Treasurer/Collector

Impacts of Reductions:

- Reducing the request for part-time coverage hours will impact the Treasurer/Collector operations.
 - Currently, the Treasurer/Collector's Office is behind in its workload causing the Town to hire a consultant to make us current in reconciling cash
 - The former Treasurer/Collector is acting as interim currently and also assisting the Town to get current in its work.
 - Long-term, additional in-house support is needed to ensure a functional department.

Selectmen

Impacts of Reductions:

- Reducing contractually obligated training funding for the Town Administrator.

Parks

Impacts of Reductions:

- Landscaping contract expires at the end of the calendar year requiring procurement of a new contract which is expected to cost more than the existing contract.
- Recreation has identified the need to have a separate irrigation maintenance contract which would not be possible with the reduced funding amount.

Impacts of Budget Reductions

Treasurer/Collector Selectmen Recreation



Free Cash



WHAT IS FREE CASH?

- Certified Free Cash > Appropriated Free Cash
- Actual Revenues > Budgeted Revenues
- Budgeted Expenditures > Actual Expenditures and Encumbrances
- Outstanding Property Taxes Prior Years > Outstanding Property Taxes Current Year



FREE CASH

Role of Free Cash

- It is recommended that Free Cash be used for one-time expenditures such as:
 - Building reserves
 - Emergencies
 - Capital Projects
- Free Cash availability can impact a community's financial health
 - Retaining Free Cash provides the Town with financial flexibility
 - Reductions in Free Cash may negatively impact a community's bond credit rating
 - Using Free Cash to balance the budget endangers future spending plans if it is not regenerated each year



FREE CASH

Best Practices

From a 2017 Financial Forecast report conducted by the Massachusetts Department of Revenue's Division of Local Services for the Town of Dunstable:

*“....since FY2010, Dunstable’s annual town meeting has voted to use free cash “to reduce the tax rate.” However, these actions were actually required to fully fund the operating budget. In this time period, Dunstable’s annual appropriated free cash as a percentage of the operating budget has averaged about 2.5 percent. **Since free cash is the result of the spending and collection activity within a given fiscal year, relying on it in this way can be unsustainable because there is no guarantee the free cash used to balance this year’s budget will be available for next year’s expenses. It also suggests that the town may have a long-term structural budget deficit.**”*



FREE CASH

Best Practices

From a 2016 report from the Massachusetts Department of Revenue's Division of Local Services:

“As a nonrecurring revenue source, free cash should be restricted to paying one-time expenditures, funding capital projects, or replenishing other reserves. When a community incorporates free cash into revenue source projections for next-year operational expenses, it is prudent to place a percentage restriction on the total free cash to be used.

Overall, the Technical Assistance Bureau recommends that communities adopt a free cash policy that avoids supplementing current year departmental operations.”

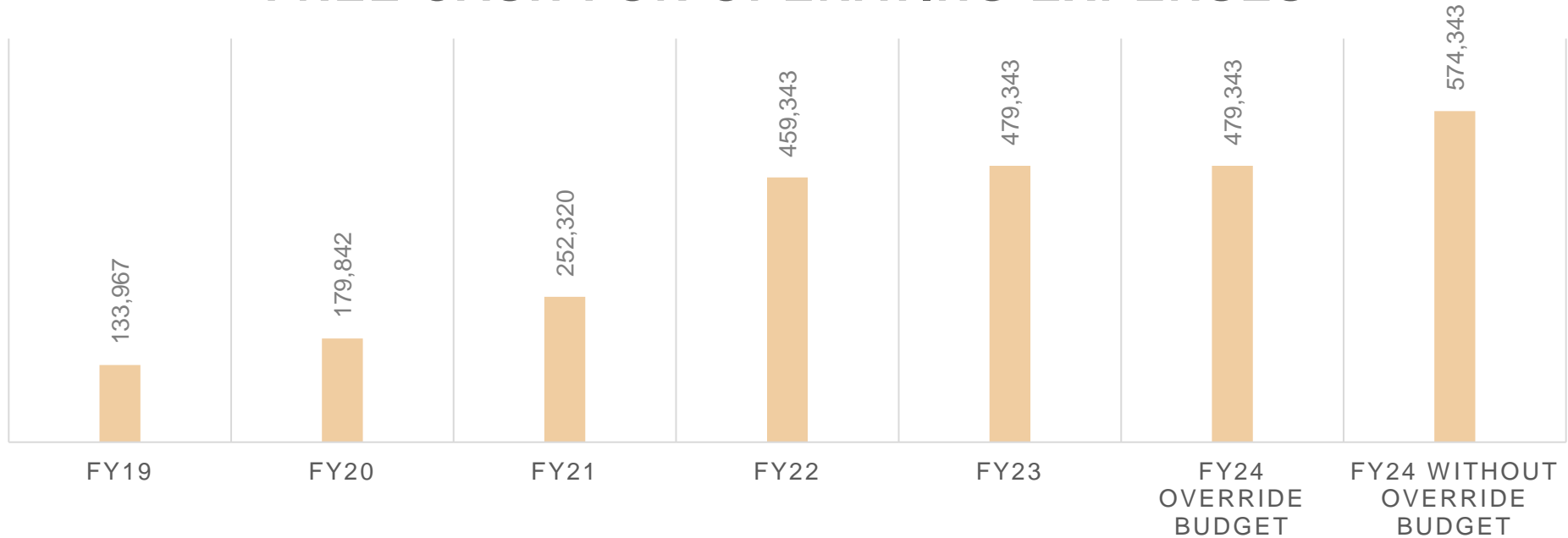


FREE CASH

FREE CASH USED TO BALANCE BUDGET

| FY19 | FY20 | FY21 | FY22 | FY23 | FY24 Override Budget | FY24 without override Budget |
|---------|---------|---------|---------|---------|----------------------|------------------------------|
| 133,967 | 179,842 | 252,320 | 459,343 | 479,343 | 479,343 | 574,343 |

FREE CASH FOR OPERATING EXPENSES





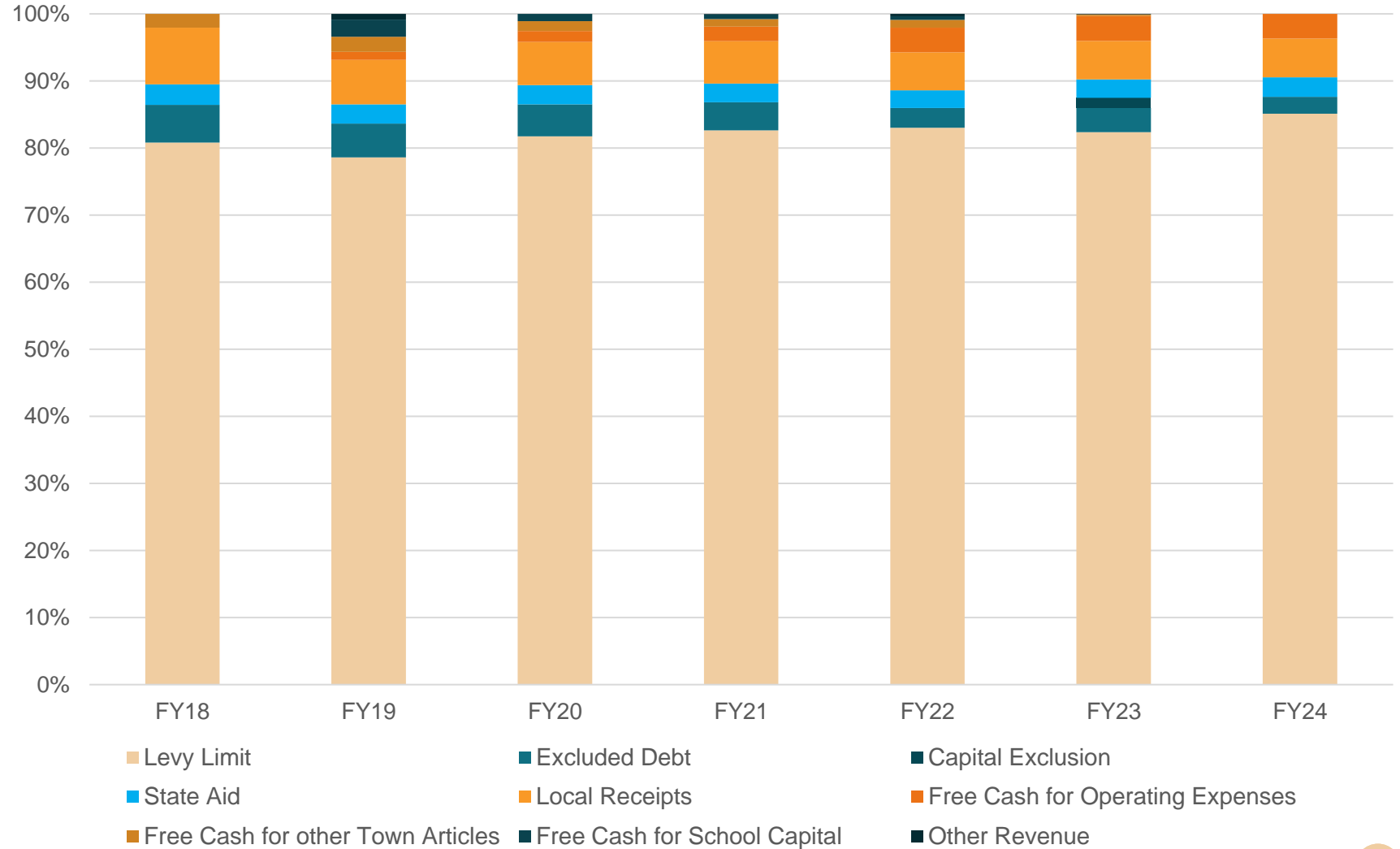
Revenue



Revenue

FY18 – FY24

Revenue FY18 - FY24



Revenues

Tax Levy

State Aid

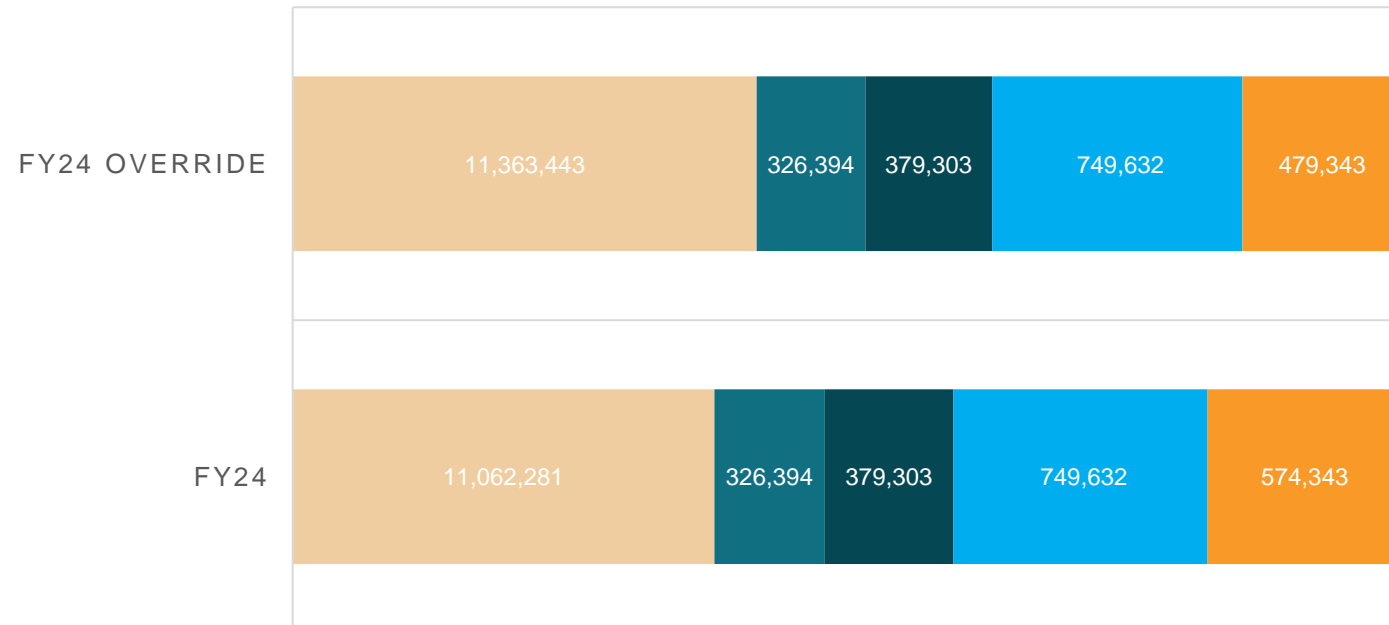
Local Receipts

Free Cash

| | FY24 | % of Revenues | FY24 Override | % of Revenues |
|-----------------------|-------------------|----------------|-------------------|----------------|
| Tax Levy | 11,062,281 | 84.50% | 11,363,443 | 85.45% |
| Excluded Debt | 326,394 | 2.49% | 326,394 | 2.45% |
| State Aid | 379,303 | 2.90% | 379,303 | 2.85% |
| Local Receipts | 749,632 | 5.73% | 749,632 | 5.64% |
| Free Cash | 574,343 | 4.39% | 479,343 | 3.60% |
| TOTAL | 13,091,952 | 100.00% | 13,298,114 | 100.00% |

FY24 TOTAL REVENUES

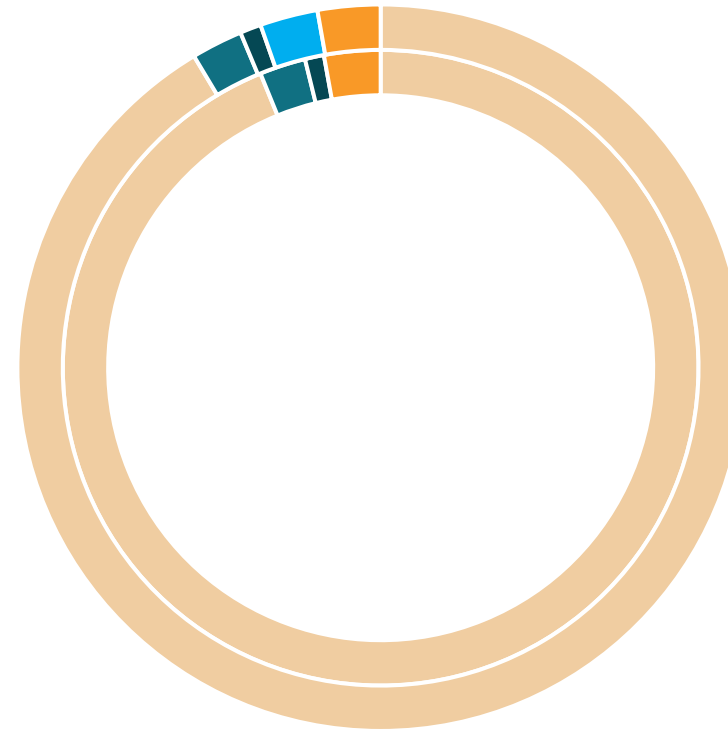
■ Tax Levy
 ■ Excluded Debt
 ■ State Aid
 ■ Local Receipts
 ■ Free Cash



Real Estate Tax Revenue

| | FY24 | FY24 Override |
|-------------------------------|-------------------|-------------------|
| Prior Year Levy Limit | 10,685,152 | 10,685,152 |
| 2 1/2 % Allowed Increase | 267,129 | 267,129 |
| New Growth | 110,000 | 110,000 |
| Prop 2 1/2 Override | | 301,162 |
| Excluded Debt | 326,394 | 326,394 |
| Maximum Allowable Levy | 11,388,674 | 11,689,836 |

Real Estate Tax Revenue

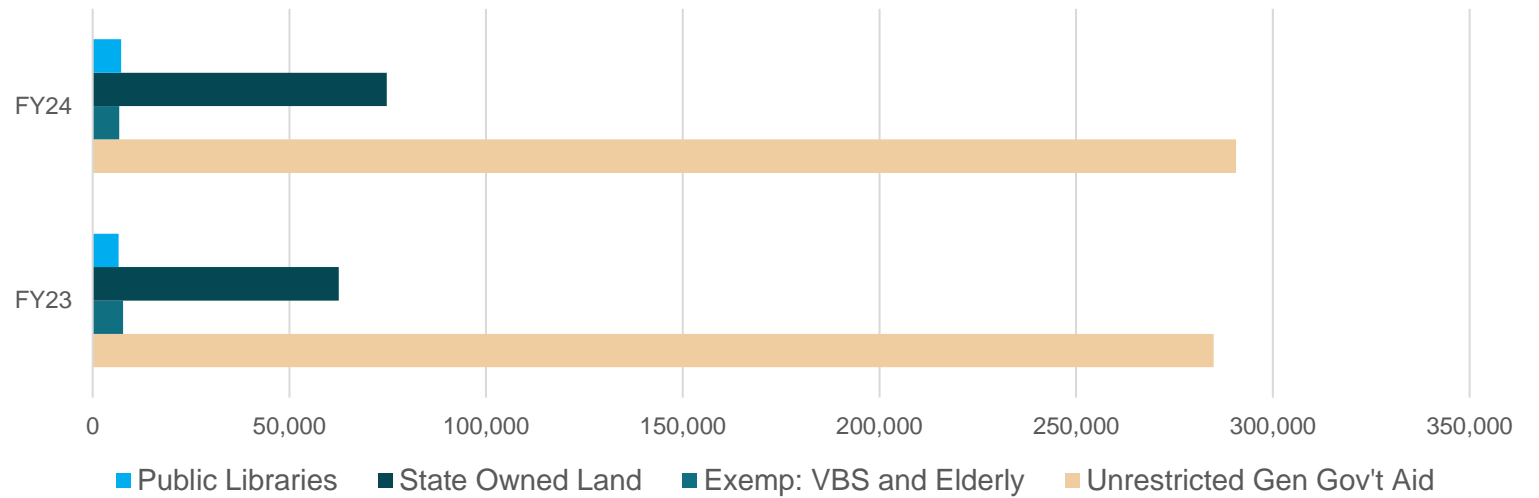


- Prior Year Levy Limit
- 2 1/2 % Allowed Increase
- New Growth
- Prop 2 1/2 Override
- Excluded Debt

State Aid

| State Aid | FY23 | FY24 |
|----------------------------|----------------|----------------|
| Unrestricted Gen Gov't Aid | 284,914 | 290,612 |
| Exemp: VBS and Elderly | 7,692 | 6,757 |
| State Owned Land | 62,523 | 74,738 |
| Public Libraries | 6,608 | 7,196 |
| Total Estimated Receipts: | 361,737 | 379,303 |
| Air Pollution Districts | 1,148 | 1,203 |
| RMV Non-Renewal Surcharge | 2,700 | 1,120 |
| Total Charges: | 3,848 | 2,323 |
| Net: | 357,889 | 376,980 |

State Aid Receipts



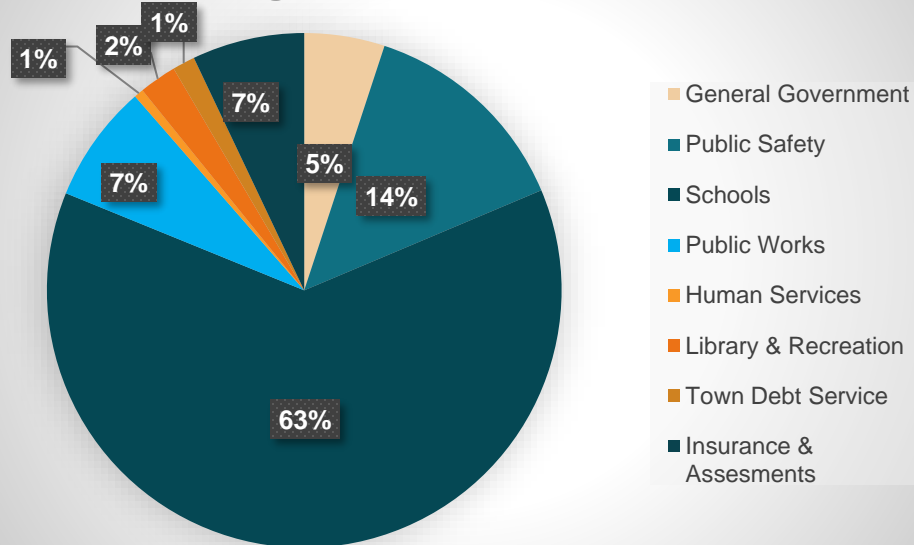


Expenditures

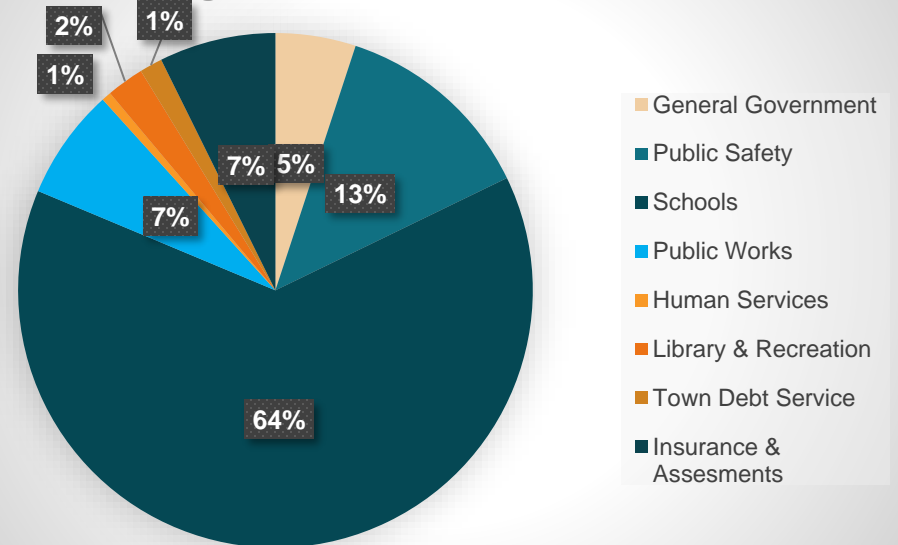
EXPENDITURES

| Budget Category | FY24 Override Budget | FY24 without Override Budget |
|--------------------------|----------------------|------------------------------|
| General Government | 670,102 | 659,182 |
| Public Safety | 1,803,344 | 1,666,566 |
| Schools | 8,292,773 | 8,292,773 |
| Public Works | 985,440 | 911,976 |
| Human Services | 78,382 | 78,382 |
| Library & Recreation | 312,171 | 307,171 |
| Town Debt Service | 187,693 | 187,693 |
| Insurance & Assesments | 935,886 | 955,886 |
| Total Town Budget | 13,265,791 | 13,059,629 |

FY24 Budget Expenditures - Override

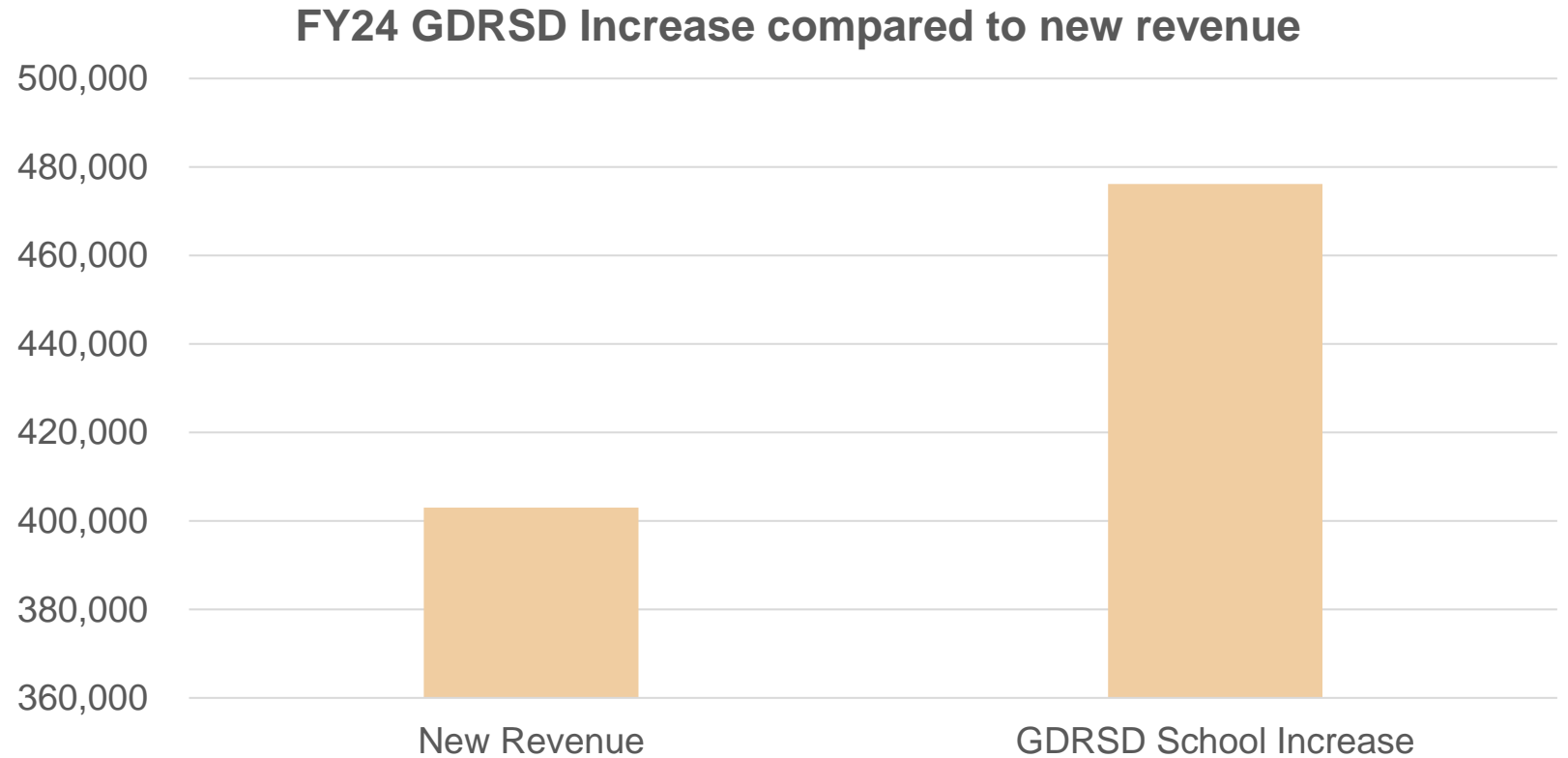


FY24 Budget Expenditures - No Override



GDRSD increase compared to new revenue

| | |
|-----------------------|-----------------|
| New Available Revenue | 403,036 |
| GDRSD School Increase | 476,163 |
| Variance | (73,127) |





Proposition 2 ½ Override



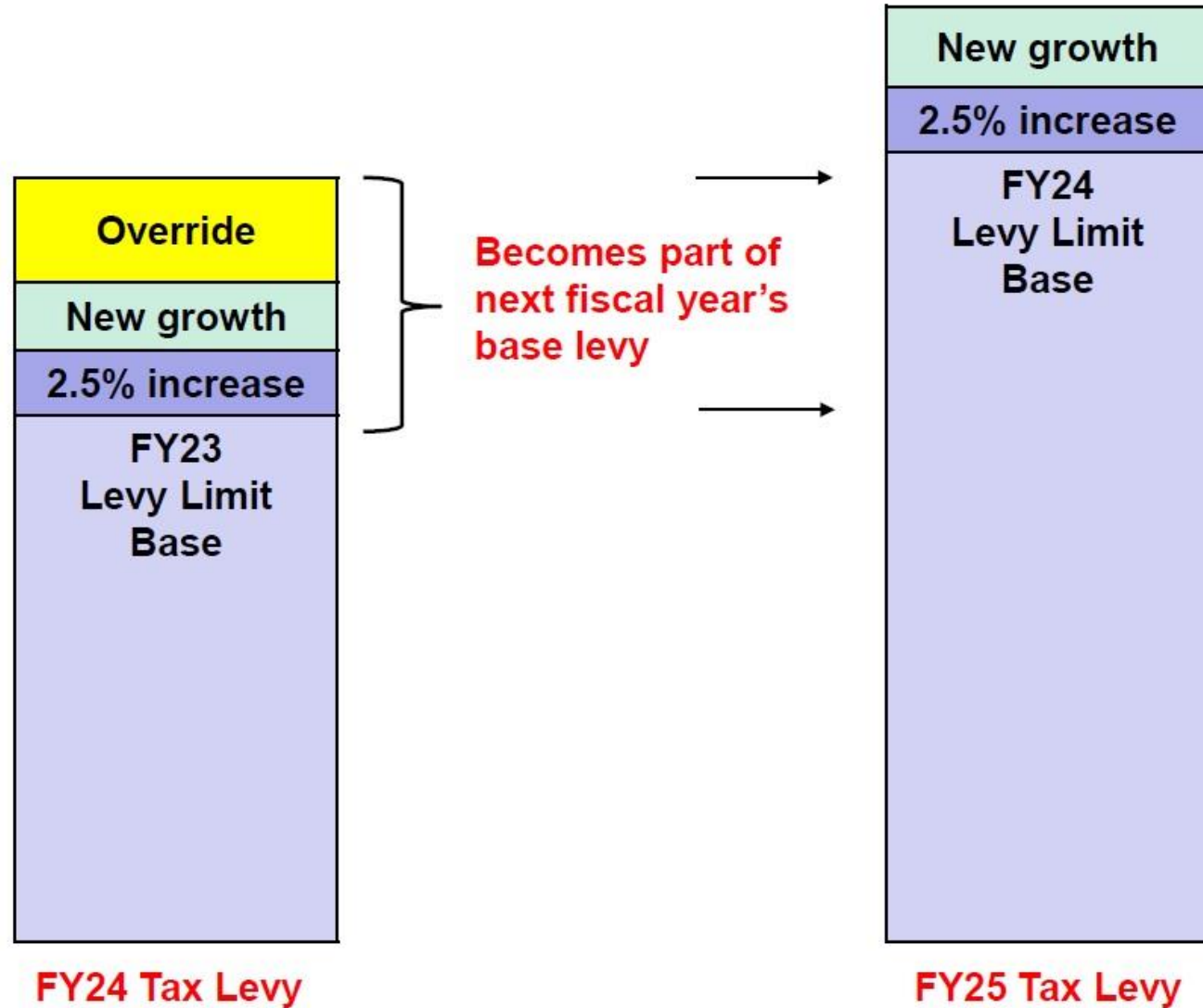
Proposition 2 1/2 Override

- Proposition 2 1/2 places limits on the amount of property tax revenue a community can raise through property taxes.
- Under Proposition 2 1/2, a community's tax levy limit increases by two factors: 1) an increase of 2.5% of the prior year's tax levy limit; and 2) a dollar amount derived from the value of new construction and other growth in the local tax base since the previous year called New Growth.
- A community cannot exceed its levy limit without voter approval. If Town Meeting votes to spend more than the Town can expect to collect in revenues, Proposition 2 1/2 provides local options for increasing the Levy Limit by passing, by majority vote in an election, an override. The Levy Limit can be increased only by popular vote in a referendum, not by Town Meeting.
- By passing an Override a community can assess a specific amount of property taxes in addition to its Levy Limit. An override results in a permanent increase in the Levy Limit. It is intended for funding ongoing programs.



Proposition 2 ½ Override

How it works





OVERRIDE COST TO TAXPAYERS

| | No Override | Override |
|------------------|-------------|-----------------|
| Override Amount | | \$301,162.00 |
| Tax Rate | \$15.12 | \$15.52 |
| Average Tax Bill | \$8,951.04 | \$9,187.84 |
| Increase | | \$236.80 |

| Cost to Taxpayer | Per Year | Per Month | Per Day |
|------------------|----------|-----------|---------|
| Override | \$236.80 | \$19.73 | \$0.65 |



Capital Projects

CAPITAL EXPENDITURES

Capital expenditures are being funded through ARPA in FY24

| Capital Expenditure | Amount |
|---------------------|---------------------|
| Police Vests | \$9,500.00 |
| Police Cruiser | \$61,000.00 |
| Fire PPE | \$16,000.00 |
| Rte 113 Paving | \$10,000.00 |
| IT upgrades | \$15,000.00 |
| Salt Shed Roof | \$25,000.00 |
| Fire Station Roof | \$40,000.00 |
| | \$176,500.00 |