

TOWN OF HANSON REVIEW & ANALYSIS OF FINANCIAL CONDITIONS

Presented By

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March 12, 2024



TOWN OF HANSON

PROCESS STEPS

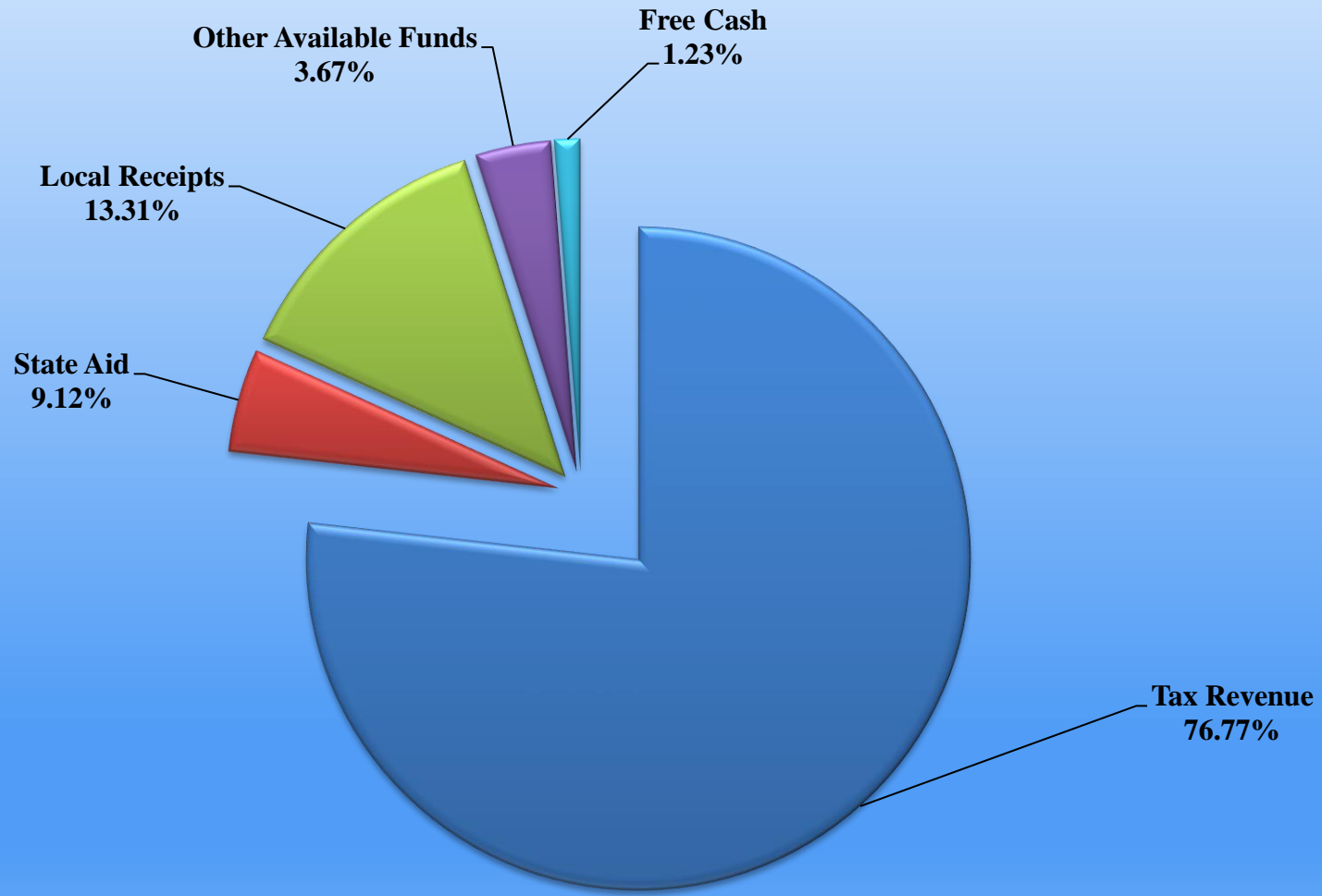
- Review and identify financial trends over the past four years,
- Analyze various documents and official statements submitted to the Department of Revenue,
- Meet with the Town Administrator and various department heads,
- Project forward five years of budgets and revenue, based on trends,
- Considered the possibility of an override in the future,
- Make recommendations.

TOWN OF HANSON

REVENUES

- Taxation
 - Real Estate
 - Personal Property
- State Aid
 - Chapter 70
 - Unrestricted General Government Aid
 - Local Program Reimbursements
- Local Receipts
 - Motor Vehicle Excise
 - Meals Excise, Rentals, Fees, Licenses & Permits, Investment Income
- Other Financing Sources
 - Free Cash
 - Stabilization, Fire Apparatus Fund, Trust Funds, Special Revenue Funds

Fiscal Year 2024 Revenue Sources



TOWN OF HANSON

TAXATION

- Real Estate Tax

- Town-Wide Levy limited by provisions of Proposition 2 ½.
- Individual Tax Bill = Property Value/1,000 x Tax Rate
- FY 2024 Levy Limit =
 - FY 2023 Levy Limit + 2.5% Increase + New Growth + Debt Exclusions
- FY 2023 Levy Limit - \$25,405,077
- 2.5% Increase - \$635,127
- New Growth - \$316,309
- Debt Exclusions - \$535,430
- FY 2024 Levy Limit - \$26,891,943

TOWN OF HANSON

STATE AID

- FY 2024 Local Aid - \$1,761,054
 - Represents 4.40% increase over FY 2023
 - Five Year average increase – 3.24%
 - Chapter 70 - 89.46% increase over FY 2023
 - Five Year average increase – 4.68%
 - Unrestricted General Government Aid - 3.20% increase over FY 2023
 - Five Year average increase – 2.96%

TOWN OF HANSON

LOCAL RECEIPTS

- FY 2023 Local Receipts (net of Water SR) - \$3,078,478
 - Represents 22.42% increase over FY 2022 - \$563,889
 - Five Year average increase – 10.03%
- FY 2023 Motor Vehicle Excise - \$1,785,524
 - Comprises 58% of Total Local Receipts
 - Represents 1.79% decrease over FY 2022
 - Five Year average increase – 0.99%
- FY 2023 Meals Excise - \$82,399
 - Comprises 58% of Total Local Receipts
- FY 2023 Investment Income - \$227,227
 - Represents 1,326.78% increase over FY 2022 - \$211,302

TOWN OF HANSON

OTHER FINANCING SOURCES

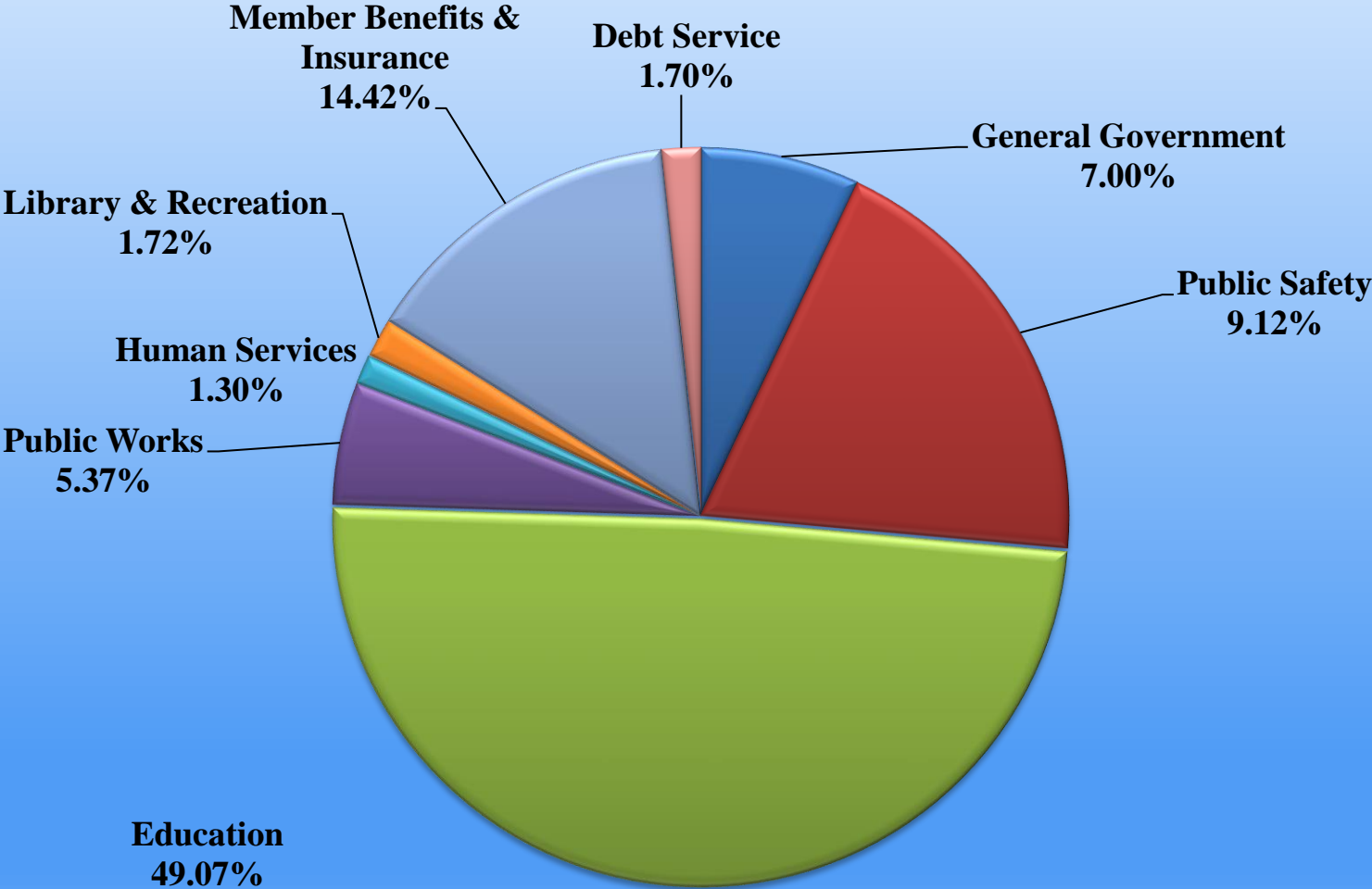
- **Ambulance Receipts - RRFA**
 - Established to provide offset funding for ambulance operations and purchase/replacement of ambulance equipment.
 - \$791,000 collected in FY 2023
 - Used to offset Fire Department operating expenses and capital expenditures
 - FY 2024 - \$725,000 used to offset Fire Department operating expenses
 - Five Year average appropriated - \$577,000
- **Title V Septic Program - RRFA**
 - Established to provide offset funding for replacement of residential septic systems program.
 - Covers costs of Long-term debt associated with the program
 - FY 2024 - \$152,2500 used to offset Debt and Interest expenses

TOWN OF HANSON

OTHER FINANCING SOURCES

- Free Cash
 - Classified as One-time Revenue. Basically an “accident” of budgeting.
 - More revenue collected than anticipated
 - Less expended than voted at Town Meeting
 - Division of Local Services Best Practices Recommendation
 - “As a nonrecurring revenue source, free cash should be restricted to paying one-time expenditures, funding capital projects, or replenishing other reserves”.
 - Use of Free Cash to Fund Operating Budget.
 - FY 2024 Free Cash Utilized - \$357,453
 - Use to balance Operating Budget increased by 35% over FY 2023

Fiscal Year 2024 Operating Budget by Function



TOWN OF HANSON

GENERAL OPERATING BUDGET

- Four Year Average Increases

• General Government	5.29%
• Public Safety	7.31%
• Education	7.48%
• Public Works	11.94%
• Human Services	9.86%
• Library & Recreation	4.85%
• Debt Service	(8.61)%
• Employee Benefits & Insurance	7.30%

TOWN OF HANSON

GENERAL OPERATING BUDGET

- FY 2025 Projected Operating Budget (net of Water) - \$34,750,989
 - Represents an overall increase of 7.78% over FY 2024
 - Town Increase over FY 2024 – 7.12%
 - Vocational Education Increase over 2024 – (3.59)%
 - WHRSD Increase over FY 2024 – 9.83%
 - Three Year average increase DESE Local Contribution Determination – 4.39%
 - Other Budgetary Highlights
 - Regional Old Colony Call Center (ROCCC) Increase over FY 2024 - \$100,000
 - Plymouth County Retirement Increase over FY 2024 – 10.79%
 - Snow & Ice Increase over FY 2024 – 0.00%
 - Artificially low Utilizing MGL Chap 44, sec 31D

TOWN OF HANSON

REVENUE BUDGET

- Projected Revenue Increases

• New Growth	Fixed
• Chapter 70	3.00%
• Undistributed Gen'l Government Aid	2.96%
• Veterans Benefits	(1.00)%
• Motor Vehicle Excise	1.00%
• Penalties & Interest on Taxes	8.42%
• Payments in Lieu of Taxes	5.00%
• Fees	1.00%
• Rentals	10.0%
• Other Departmental Revenue	2.00%
• Licenses & Permits	15.0%
• Earnings On Investments	2.00%
• All Other Categories	0.00%

TOWN OF HANSON

GENERAL OPERATING BUDGET

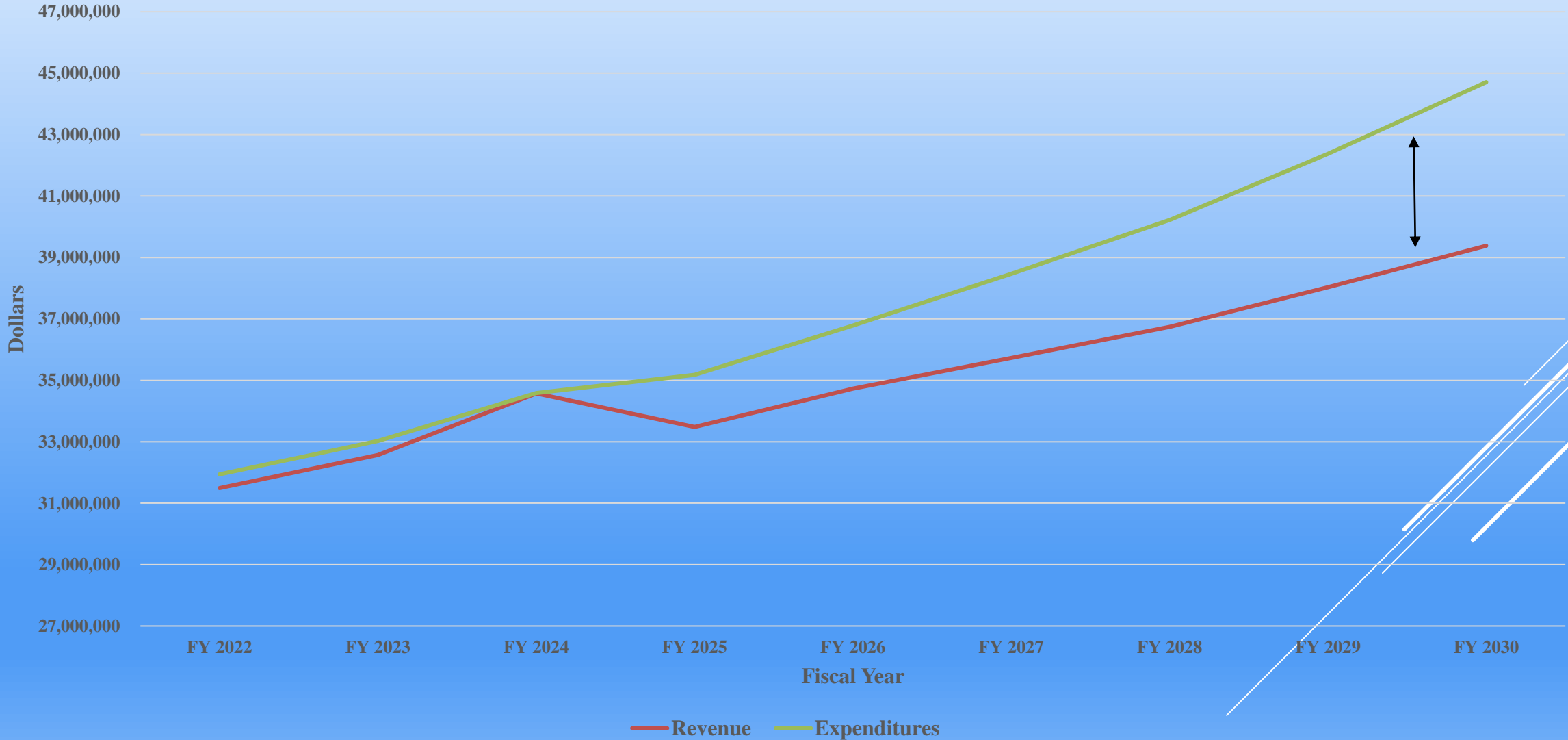
- Projected Expense Increases

• General Government	5.29%
• Public Safety	7.31%
• Education	7.48%
• Public Works	11.94%
• Human Services	9.86%
• Library & Recreation	4.85%
• Debt Service	Fixed
• Employee Benefits & Insurance	7.30%
• State & County Assessments	1.75%
• Abatements & Exemptions	Fixed

TOWN OF HANSON
Projection of Revenues vs. Expenditures
Fiscal 2022 Through Fiscal 2030
(Summary)

Categories	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	Fiscal Year 2030
(A) Revenue Budget:									
Tax Revenue	25,104,104	25,947,201	26,871,390	27,939,236	29,057,881	29,921,009	30,801,825	31,941,870	33,110,417
State Aid Revenue	1,588,779	1,686,775	1,761,054	1,807,286	1,854,893	1,903,916	1,954,395	2,006,374	2,059,898
Local Receipts	4,033,872	4,144,863	4,657,352	2,841,805	2,927,207	3,021,210	3,124,958	3,239,758	3,367,102
Other Available Funds	763,481	786,392	1,284,892	893,750	892,890	882,200	861,700	841,200	841,200
Free Cash	450,890	463,241	429,253	0	0	0	0	0	0
Total Budgeted Revenue:	31,941,126	33,028,472	35,003,941	33,482,077	34,732,871	35,728,334	36,742,877	38,029,203	39,378,618
(B) Expenditure Budget:									
Assessments & Other Charges	580,836	661,332	424,139	430,244	399,020	437,618	414,405	421,943	432,077
Operating Expenses	30,538,461	31,570,614	33,614,803	34,192,276	36,014,579	37,887,898	39,690,037	41,856,796	44,177,437
Debt Service	821,829	796,526	549,699	558,713	370,950	139,450	118,950	98,450	97,950
Additional Articles	0	0	415,300	0	0	0	0	0	0
Total Budgeted Expenditures:	31,941,126	33,028,472	35,003,941	35,181,233	36,784,549	38,464,966	40,223,393	42,377,189	44,707,464
(C) Surplus/(Shortfall):	(0)	(0)	0	(1,699,155)	(2,051,678)	(2,736,631)	(3,480,515)	(4,347,985)	(5,328,846)
Revenues vs Expenditures									
(D) Estimated New Growth in Dollars:	370,897	253,192	316,309	405,000	480,000	389,000	370,000	370,000	370,000

Town of Hanson Trending Revenues vs Expenditures



TOWN OF HANSON

PRELIMINARY OUTLOOK

Operating Budget

- Average annual increase – 6.23%
- Not sustainable compared to annual increases in Town revenues
- \$357,453 of Free Cash used to supplement FY 2024 budget
- \$1,699,155 projected deficit as of March 12, 2024
- Discipline and realistic budget requests/approvals
- Operating Override ultimately necessary

TOWN OF HANSON

EXPENDITURES (CONT'D)

Capital Budget

- Use of Free Cash to balance operating budget reduces funding for one-time expenditures
- Debt roll-off needed to support operating budget

TOWN OF HANSON

Revenues vs. Expenditures

Fiscal 2025 Through Fiscal 2030

Category	Rev/Exp 2025	Rev/Exp 2026	Rev/Exp 2027	Rev/Exp 2028	Rev/Exp 2029	Rev/Exp 2030
Taxation	1,066,750	1,094,232	862,628	860,316	1,119,546	1,168,047
State Aid	46,232	47,607	49,022	50,479	51,979	53,524
Local Receipts	107,805	85,402	94,003	103,748	114,800	127,344
Free Cash	(357,453)	-	-	-	-	-
Other Financing Sources	(54,642)	(10,860)	(690)	(20,500)	(20,500)	(500)
Total New Revenues:	808,692	1,216,381	1,004,963	994,043	1,265,825	1,348,415
	-	-	-	-	-	-
State & County Assessments	(3,200)	(3,777)	(4,597)	(5,788)	(7,538)	(10,134)
State Aid Offsets	-	-	-	-	-	-
Abatements & Exemptions	(17,905)	35,000	(34,000)	29,000	-	-
Plymouth County Retirement	(189,731)	(206,807)	(225,419)	(245,707)	(267,821)	(291,924)
Unemployment Compensation	30,000	-	-	-	-	-
Group Insurance	(120,834)	(127,456)	(134,440)	(141,808)	(149,579)	(157,776)
Risk Management	(11,987)	(12,458)	(12,947)	(13,456)	(13,985)	(14,534)
Regional Emergency Call Center	(100,000)	(100,000)	-	-	-	-
Debt Service	(9,014)	187,763	231,500	20,500	20,500	500
Total Mandatory Expenses:	(422,670)	(227,733)	(179,904)	(357,258)	(418,422)	(473,869)
Total Available Funds	386,022	988,647	825,059	636,785	847,404	874,546

TOWN OF HANSON

Revenues vs. Expenditures

Fiscal 2025 Through Fiscal 2030

Category	Rev/Exp 2025	Rev/Exp 2026	Rev/Exp 2027	Rev/Exp 2028	Rev/Exp 2029	Rev/Exp 2030
Operating Budget						
General Government	32,310	82,750	69,057	53,299	70,928	73,200
Public Safety	88,283	226,104	188,691	145,633	193,801	200,009
Education	226,672	580,534	484,475	373,920	497,596	513,534
Public Works	24,821	63,570	53,051	40,945	54,488	56,233
Human Services	5,983	15,324	12,788	9,870	13,135	13,555
Library & Recreation	7,952	20,366	16,996	13,118	17,457	18,016
Member Benefits & Insurance	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
	386,022	988,647	825,059	636,785	847,404	874,546

TOWN OF HANSON

RECOMMENDATIONS

Adopt M.G.L. Chapter 40, section 5E

- To see if the Town will raise and appropriate or transfer from available funds a sum of money to the Unemployment Fund, or take any action in relation thereto.
 - Does not require Town Meeting action to accept. Does need Town Meeting action to transfer funds
 - Fund with Free Cash or other available funds
 - Eliminates annual appropriation of \$30,000
 - Since FY 2021 average appropriation, \$30,000. Average expensed, \$16,126
 - Replenish as needed with Free Cash or other available funds

TOWN OF HANSON

RECOMMENDATIONS

Reserve Levy Previously Used for Debt

- The Town currently has a small amount of levy dedicated to fixed long-term debt. Each year this debt is reduced.
 - Adopt as a financial policy the reservation of levy no longer necessary to fund fixed debt.
 - As this reserved levy accumulates, utilize to fund one-time purchases or new debt.

TOWN OF HANSON

RECOMMENDATIONS

Convert Current BANs into Fixed Debt

- The Town, according to UFASI, currently has three (3) outstanding Bond Anticipation Notes. Until now, only interest payments and irregular principal payments.
 - Town:
 - Maquan Elementary School - \$580,000.
 - WHRSD – Hanson Share:
 - HVAC - \$500,000
 - Middle School HVAC – \$377,622

TOWN OF HANSON

RECOMMENDATIONS

Operational Override

- \$5,000,000
 - Ensures funding of General Operating Budget through Fiscal Year 2030
 - Allows Free Cash, now used to balance the budget, to fund capital and other one-time purchases.
 - Based on FY 2024 Data;
 - FY 2024 increase to tax rate - \$1.08
 - FY 2024 increase to tax bill - \$540.53
 - FY 2024 average tax bill increase to \$7,229

TOWN OF HANSON
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(Summary)

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Debt Service	821,829	796,526	549,699	558,713	490,950	259,450	238,950	218,450	187,950
Additional Articles	0	0	415,300	0	0	0	0	0	0
Total Budgeted Expenditures:	31,941,126	33,028,472	35,003,941	35,181,233	36,904,549	38,584,966	40,343,393	42,397,189	44,697,464
(C) Surplus/(Shortfall):	(0)	(0)	0	(1,699,155)	2,828,322	2,268,369	1,652,610	1,016,468	200,218
Revenues vs Expenditures									
(D) Estimated New Growth in Dollars:	370,897	253,192	316,309	405,000	480,000	389,000	370,000	370,000	370,000

TOWN OF HANSON

RECOMMENDATIONS

Codify Connection Between General Fund & Water Fund

- The Town has a vague and inconsistent relationship between the two funds.
 - Health Insurance
 - Other Employee Benefits
 - Services performed by departments in the General fund on behalf of the Water Fund.