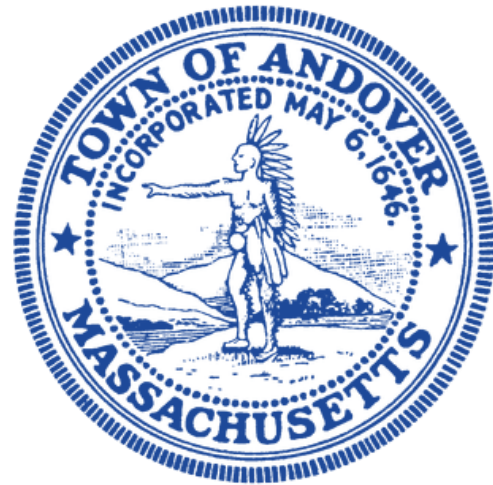


FY2024 Recommended Budget and Financial Plan



**Select Board
February 27, 2023**

FY 2024 Budget Goals

- Develop an FY 2024 budget that is within the limitations of Proposition 2 ½ and in compliance with Town and Select Board financial policies and goals and objectives;
- Maintain a level service budget, while identifying opportunities to improve service delivery through efficiency and a commitment to collaboration and innovation;
- Maintain employee compensation in a manner that provides opportunities for equity through modest adjustments and that is consistent with the Town's long-term financial planning efforts;
- Continue to aggressively manage employee benefits and associated impacts, both short and long term;



FY 2024 Budget Goals

- Identify opportunities to reduce the Town's unfunded liabilities including pension and OPEB costs;
- Continue developing a long-term financial model that provides for predictability and sustainability of operations;
- Establish a capital program that is based on an annual spending target (5.72%) for cash and debt appropriations that provides the Town with the ability to expand capital capacity and fund investments in both infrastructure and facilities within the limitations of Proposition 2 ½; and
- Develop a budget document consistent with the recommended guidelines and best practices set forth by the Government Finance Officers Association (GFOA).



FY 2024 Revenue Assumptions

- **Tax Levy** to increase by the 2.5% (less Excess Levy Capacity) as allowed by Proposition 2 ½ plus New Growth;
- **New Growth (\$1,931,422)** projection is based on an adjusted 10-year average
- **Local Receipts (\$12,150,950)** projection based on trend analysis on each individual category
- **State Aid** projections (**\$16,711,137**) reflects the Governor's preliminary local aid estimates
- **Free Cash (\$1,919,128)** to be appropriated only for one-time capital expenditures while maintaining a balance that will provide for a stable amount of Free Cash in future years.



FY 2024 Expense Assumptions

- **Town and School Operating Budgets** to increase only by the amount of funds available after meeting the funding requirements of all obligations;
- **Retirement** contribution will total \$7,124,644, per the existing funding schedule established by the Retirement Board. Debt service for the pension obligation bond will total \$11,322,797 for FY 2024. Additionally, \$490,000 will be appropriated/transferred to the Pension Obligation Reserve Account.
- General Fund **Other Post Employment Benefit (OPEB)** funding will increase by 2.5% Additionally, the incremental savings in health insurance resulting from the OPEB Funding Plan will be appropriated into the trust;
- **Employee Health Insurance** expense to increase by 3.47%.
- Total appropriation to fund **Capital Expenditures** (cash and non-exempt debt) will be based on a percentage of budget (5.48%);
- Total Town budget to increase by 2.72%



FY 2024 Budget Change Explanations

| Departments | Increase over FY23 | Description |
|-------------------------------|--------------------|--|
| School Department | +\$3,600,033 | Increase of 3.75% over the FY2023 budget |
| Fire Department | +\$331,158 | Funding for a Training Lieutenant position, four additional firefighters for a third ambulance, and four additional firefighters to fully staff the ladder truck |
| Police Department | +\$378,134 | Re-establishment of the Traffic Unit with two additional patrol officers, and an additional Detective in the Drug Enforcement Unit |
| Human Resources | +63,731 | Completing the establishment of a Town HR function |
| Town Clerk | +111,996 | Position transfer from Town Manager's Office and seasonal customer service assistance |
| Information Technology | (\$95,476) | Re-structure of IT Department, reduction of two positions |
| Wellness and Support Services | (\$106,886) | Leveraging grant funds for the operation of Wellness and Support Services |



Tax Implications

Assuming that each classification (Residential, Commercial/Industrial, and Personal Property) remains the same as a percentage of the total levy, the projected average single-family tax bill increase for FY2024 is **5.70%**

| Budget Components | % Increase | \$ Increase | Factors |
|---|------------|-------------|---|
| Budget Development | 3.53% | \$415 | Subject to valuations and changes in levy share |
| Senior Tax Exemption | 0.12% | \$13 | Subject to changes in the state circuit breaker |
| West Elementary Exempt Debt Second Debt Issuance | 2.05% | \$243 | Subject to valuations and changes in levy share |



FTE Impacts within the Town Budget

| FTE Additions – FY2024 Budget | | | |
|--|---|-------------|--|
| <i>Department</i> | <i>Position(s)</i> | <i>FTE</i> | <i>Budget Offset</i> |
| Andover Fire Rescue | Training Lieutenant Firefighters (8) | 9.0 | Ladder Aide Overtime Reduction Increase in Ambulance Billing Revenue |
| Andover Police Department | Patrol Officers (2) Drug Enforcement Detective | 3.0 | Parking Fund Offsets Decrease in Overtime |
| Human Resources | Human Resources Generalist | 1.0 | Health Insurance Trust Offset |
| FTE Adjustments – FY2024 Budget | | | |
| <i>Department</i> | <i>Position(s)</i> | <i>FTE</i> | <i>Budget Offset</i> |
| Information Technology | Platform Engineer Solutions Manager | (2.0) | Reduction of 2.0 FTEs |
| Community Development and Planning – Building | Administrative Secretary | (1.0) | Reduction of 1.0 FTE as a result of position evaluations |
| Public Works – Business Office | Facilities Coordinator | (0.15) | Reduction of 0.15 FTE as a result of reallocation of existing responsibilities |
| Community Services – Wellness and Support Services | Wellness and Support Services Coordinator | (1.0) | Position will be fully grant funded |
| Net FTE Increase | | 8.85 | |

