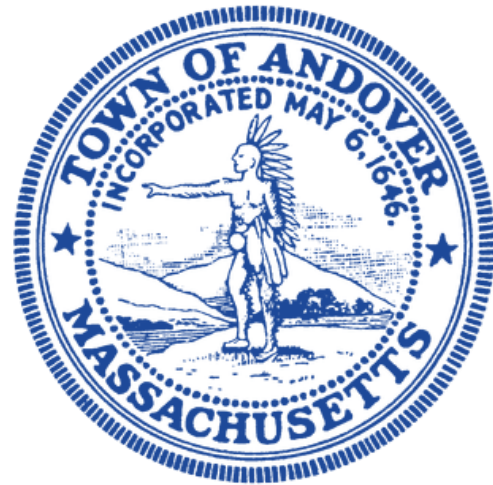


FY2023 Budget



**Andover Select Board
March 14, 2022**

FY 2023 Budget Goals

- Develop an FY 2023 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 2023 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 2023 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 (\$11,634,191)** projection based on trend analysis on each individual category, reflective of reductions made as a result of COVID-19
- **State Aid** projections (**\$14,527,860**) have been adjusted to reflect the Governor's Budget;
- **Free Cash (\$1,870,340)** 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 2023 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 \$6,253,955, per the existing funding schedule established by the Retirement Board. Debt service for the pension obligation bond will total \$11,325,290 for FY 2023. Additionally, \$502,481 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 decrease by 0.49%;
- Total appropriation to fund **Capital Expenditures** (cash and non-exempt debt) will be based on a percentage of budget (5.55%);
- Total Town budget to increase by 3.30% (2.75% plus 0.55% employee contributions to the ULO account)



FY 2023 Budget Change Explanations

| Departments | Increase over FY22 | Description |
|-----------------------------|--------------------|--|
| School Department | +\$3,407,439 | Increase of 3.68% over the FY2022 budget |
| Information Technology | +\$363,025 | Includes a transfer of \$250,000 from the School Department to offset the costs associated with leasing student devices |
| Wellness & Support Services | +\$106,885 | Transfers an existing position from the Police Department into newly created Wellness and Support Services Division |
| Facilities Department | +\$55,715 | Funds for an additional custodian position within the Facilities Department |
| Compensation Fund | +\$693,013 | Available funds for settling town union contracts. No cost-of-living adjustments are reflected in any departmental budgets |



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 FY2023 is **5.91%**

- This includes debt service for the pension obligation bond and initial project costs for West Elementary/Shawsheen Pre-School

| | % Increase | \$ Increase | |
|-----------------------------|--------------|--------------|--|
| Budget Development | 3.39% | \$376 | Subject to valuations and changes in levy share |
| Senior Tax Exemption | 0.12% | \$13 | Subject to pending state legislation that may double the circuit breaker |
| West Elementary Exempt Debt | 0.20% | \$22 | Subject to valuations and changes in levy share |
| Pension Obligation Bond | 2.20% | \$244 | Subject to valuations and changes in levy share |
| Total Increase | 5.91% | \$655 | |



FTE Impacts within the Town Budget

An additional custodian is recommended as a result of major increases to the total square footage of Town buildings and the need to provide adequate services to the newest facilities and those with the highest usage

The additional custodian will also provide the Town with the flexibility to increase the operating hours of Town buildings to meet the demand for increased programming

With the addition of this custodian, Town custodians will still be responsible for approximately 20% more square footage than in 2017

| | Square Footage | # of Custodians | Sq. Footage per Custodian |
|-------------|----------------|-----------------|---------------------------|
| 2017 | 183,685 | 8 | 22,961 |
| Current | 250,535 | 8 | 31,317 |
| Recommended | 250,535 | 9 | 27,837 |

