TOWN OF ANDOVER
TRI-BOARD

Andrew P. Flanagan, Town Manager

December 5, 2018

TOWN OF ANDOVER BUDGET MODEL
(EXCLUDING WATER/SEWER/OFFSET LOCAL RECEIPTS)

State Aid
Ch. 70 Education Aid
General Gov. Aid
Other

Property Taxes
Prior Year Levy Limit
+ 2.5% (Max w/o override or exclusion)
+ New Growth

Local Receipts
Motor Vehicle Excise
Licenses/Permits
Hotel/Motel/Meals
Other

Available Revenue

Contractual/Capital Appropriations
Debt Service
Health Insurance
Retirement Fund (Pension)
Other Post Employment Benefits (OPEB)
State Assessments/Other
Capital Improvement – "pay as you go"

Balance For Departmental Operating Budgets

School Dept Appropriation

Town Depts. Appropriation

FIVE YEAR FINANCIAL FORECAST

TOWN OF ANDOVER MASSACHUSETTS

- Based on a series of assumptions and schedules
- Dynamic document
- Tool to establish predictability and identify structural impacts
- Framework to sustain competitive and responsive community services

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TOWN OF ANDOVER
Long Range Projection FY2018-FY2022

	FY 2016 RECAP	FY 2017	Dollar Change	Percent Change	FY 2018	Dollar Change	Percent Change	FY 2019	Dollar Change	Percent Change	FY 2020	Dollar Change	Percent Change	FY 2021	Dollar Change	Percent Change	FY 2022	Dollar Change	Percent Change
I REVENUE																			
A. Property Taxes																			
Prior Year Levy	119,797,140	124,996,152	5,199,012	4.34%	130,721,056	5,724,904	4.58%	136,028,879	5,307,824	4.06%	141,469,399	5,440,520	4.00%	147,045,921	5,576,533	3.94%	152,761,877	5,715,946	3.89%
2 1/2% Increase	2,994,929	3,124,904	129,975	4.34%	3,268,026	143,123	4.58%	3,400,722	132,698	4.06%	3,536,735	136,013	4.00%	3,676,148	139,413	3.94%	3,819,047	142,899	3.89%
New Growth	2,204,083	2,600,000	395,917	17.96%	2,039,798	(560,202)	-21.55%	2,039,795	0	0.00%	2,039,795	0	0.00%	2,039,795	0	0.00%	2,039,795	0	0.00%
Unused Excess Levy Capacity	(1,603,771)	(974,133)	629,638	-39.26%	(300,000)	674,133	-69.20%	(300,000)	0	0.00%	(300,000)	0	0.00%	(300,000)	0	0.00%	(300,000)	0	0.00%
Exempt Debt Service	4,304,490	3,597,424	(707,066)	-16.43%	4,036,464	439,040	12.20%	3,906,256	(130,178)	-3.23%	3,786,129	(120,157)	-3.08%	3,533,000	(253,129)	-6.69%	2,996,520	(536,480)	-15.18%
Total Property Taxes	127,696,871	133,344,346	5,647,476	4.42%	139,765,343	6,420,997	4.82%	145,075,685	5,310,342	3.86%	150,532,060	5,456,376	3.76%	155,994,877	5,462,817	3.63%	163,357,039	7,362,162	4.72%
B. State Aid	12,770,543	12,764,886	(5,657)	-0.04%	11,740,175	(1,024,711)	-8.03%	11,853,654	113,510	0.97%	11,968,329	114,645	0.97%	12,084,120	115,791	0.97%	12,201,069	116,949	0.97%
C. Local Receipts	10,405,050	10,997,428	592,378	5.69%	11,447,300	449,872	4.09%	11,447,300	0	0.00%	11,447,300	0	0.00%	11,447,300	0	0.00%	11,447,300	0	0.00%
D. Free Cash for CIP & Articles	4,893,083	3,793,000	(1,100,083)	-22.48%	-	(3,793,000)	-100.00%	-	0	0.00%	-	0	0.00%	-	0	0.00%	-	0	0.00%
E. Other Revenues - Indirects, Cable, Bond Prem	2,003,185	2,131,924	128,740	6.43%	2,053,479	(78,445)	-3.68%	2,121,853	68,374	3.33%	2,205,593	83,740	3.95%	2,250,962	45,369	2.06%	2,230,434	(20,528)	-0.91%
TOTAL REVENUES	157,768,731	163,031,584	5,262,854	3.34%	165,006,297	1,974,713	1.21%	170,498,522	5,492,228	3.33%	176,153,282	5,654,760	3.32%	181,777,259	5,623,977	3.19%	189,235,843	7,458,584	4.10%
II APPROPRIATIONS - Debt/Obligations/Capital																			
A. Capital & Debt Service																			
Non-Exempt Debt Service	5,333,405	5,653,925	320,520	6.01%	6,196,318	542,393	9.59%	6,892,679	696,361	11.24%	7,388,933	496,254	7.20%	7,817,571	428,638	5.80%	7,950,564	132,993	1.70%
Exempt Debt Service	5,949,901	4,828,400	(1,121,501)	-18.85%	4,120,955	(707,445)	-14.65%	3,984,400	(136,555)	-3.31%	3,862,250	(122,150)	-3.07%	3,604,339	(257,911)	-6.68%	3,074,520	(529,819)	-14.70%
Cash Capital Outlay	2,450,000	3,440,000	990,000	40.41%	3,257,000	(183,000)	-5.32%	2,862,000	(395,000)	-12.13%	2,800,000	(62,000)	-2.17%	2,750,000	(50,000)	-1.79%	2,900,000	150,000	5.45%
Total General Fund Capital	13,733,306	13,922,325	189,019	1.38%	13,574,273	(348,052)	-2.50%	13,739,079	164,806	1.21%	14,051,183	312,104	2.27%	14,171,910	120,727	0.86%	13,925,084	(246,826)	-1.74%
B. Obligations - Fixed Costs																			
Retirement	7,946,015	8,568,835	622,820	7.84%	9,513,240	944,405	11.02%	10,464,565	951,325	10.00%	11,511,021	1,046,456	10.00%	12,662,123	1,151,102	10.00%	13,928,335	1,266,212	10.00%
Insurance/Workers Comp	732,553	783,831	51,278	7.00%	838,699	54,868	7.00%	897,408	58,709	7.00%	960,227	62,819	7.00%	1,027,443	67,216	7.00%	1,099,364	71,921	7.00%
Unemployment Compensation	158,000	160,000	2,000	1.27%	163,200	3,200	2.00%	166,464	3,264	2.00%	169,793	3,329	2.00%	173,189	3,396	2.00%	176,653	3,464	2.00%
Health Insurance	17,052,416	17,905,037	852,621	5.00%	19,337,440	1,432,403	8.00%	20,884,435	1,546,995	8.00%	22,555,190	1,670,755	8.00%	24,359,605	1,804,415	8.00%	26,308,374	1,948,768	8.00%
OPEB	500,000	1,127,572	627,572	125.51%	1,576,451	448,879	39.81%	1,736,803	160,352	10.17%	1,897,472	160,669	9.25%	1,967,563	70,091	3.69%	2,040,540	72,977	3.71%
Total General Fund Obligations	40,122,290	42,467,600	2,345,310	5.85%	45,003,303	2,535,703	5.97%	47,888,754	2,885,451	6.41%	51,144,886	3,256,132	6.80%	54,381,833	3,096,220	6.05%	57,478,349	3,363,342	6.19%
C. State Assessments	517,183	603,583	86,400	16.71%	618,673	15,090	2.50%	634,139	15,467	2.50%	649,993	15,853	2.50%	666,243	16,250	2.50%	682,899	16,656	2.50%
D. Offset Aid - Assistance to Libraries	46,140	45,386	(754)	-1.63%	45,386	0	0.00%	45,386	0	0.00%	45,386	0	0.00%	45,386	0	0.00%	45,386	0	0.00%
E. Technical School Assessment	510,000	610,000	100,000	19.61%	628,300	18,300	3.00%	647,149	18,849	3.00%	666,563	19,414	3.00%	686,560	19,997	3.00%	707,157	20,597	3.00%
F. Overlay Reserve	576,293	518,628	(57,665)	-5.58%	900,000	81,372	9.94%	900,000	0	0.00%	1,200,000	300,000	33.33%	900,000	(300,000)	-25.00%	900,000	0	0.00%
G. Warrant Articles - From Taxation	142,360	150,007	7,647	5.37%	153,577	3,570	2.38%	157,253	3,676	2.39%	161,042	3,789	2.41%	164,943	3,901	2.42%	164,943	0	0.00%
H. Warrant Articles - From Free Cash	4,893,083	3,793,000	(1,100,083)	-22.48%	-	(3,793,000)	-100.00%	-	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%
I. Other - Court Judgements & Deficits	39,490	6,788	(32,702)	-82.81%	150,000	143,212	2109.78%	150,000	0	0.00%	150,000	0	0.00%	150,000	0	0.00%	150,000	0	0.00%
Total Debt/Obligations/Capital	47,146,839	48,494,992	1,348,153	2.86%	47,499,239	(995,753)	-2.05%	50,422,682	2,923,443	6.15%	54,017,870	3,595,189	7.13%	56,974,965	2,836,368	5.25%	60,128,734	3,400,595	5.97%
III APPROPRIATIONS - Town & School Operations																			
Town	37,325,300	38,437,389	1,112,089	2.98%	39,494,417	1,057,028	2.75%	40,560,514	1,066,098	2.75%	41,696,475	1,115,964	2.75%	42,843,121	1,146,653	2.75%	44,021,317	1,178,196	2.75%
School	73,296,591	76,099,203	2,802,612	3.82%	79,523,667	3,424,464	4.50%	83,102,232	3,578,565	4.50%	86,841,833	3,739,600	4.50%	90,749,715	3,907,882	4.50%	94,833,452	4,083,737	4.50%
Total Appropriations for Operations	110,621,891	114,536,592	3,914,701	3.54%	119,018,084	4,481,492	3.91%	123,662,747	4,664,661	3.92%	128,538,310	4,855,563	3.93%	133,592,846	5,054,536	3.93%	138,854,769	5,261,923	3.94%
TOTAL APPROPRIATIONS	157,768,731	163,031,584	5,262,853	3.34%	166,517,323	3,485,739	2.14%	174,105,428	7,588,105	4.56%	182,556,181	8,450,752	4.85%	190,567,811	7,890,903	4.33%	198,983,503	8,662,518	4.55%
BALANCE	(0)	0			(1,511,026)			(3,606,906)			(6,402,898)			(8,790,552)			(9,747,660)		

BUDGET CALENDAR

TOWN OF ANDOVER MASSACHUSETTS

FY 2018

July 1, 2018

FY 2019

May, 2018
2018 Annual Town Meeting
Votes FY2019 Appropriations

September, 2018
Tax Summit

October, 2018
FY2020-FY2024 CIP Released

November, 2018
New Growth and Free Cash Certified for 7/1/17 – 6/30/18

Nov/Dec, 2018
FY2019 BOS Tax Classification Hearing (Funds appropriations from 2018 ATM)

FY2019 Budget

FY2020 Budget Planning

FY2020 REVENUE PROJECTIONS

FY20 REVENUE ASSUMPTIONS

TOWN OF ANDOVER MASSACHUSETTS

- Property Taxes
  - 2.5% Levy Increase
  - New Growth – 5 Year Average ($2,471,589)
  - $300K Excess Levy Capacity (Per BoS Vote)
- State Aid
  - 2% Increase – Chapter 70
  - 2% Increase – Unrestricted General Government Aid
- Local Receipts
  - 5 Year Average ($13,010,016)

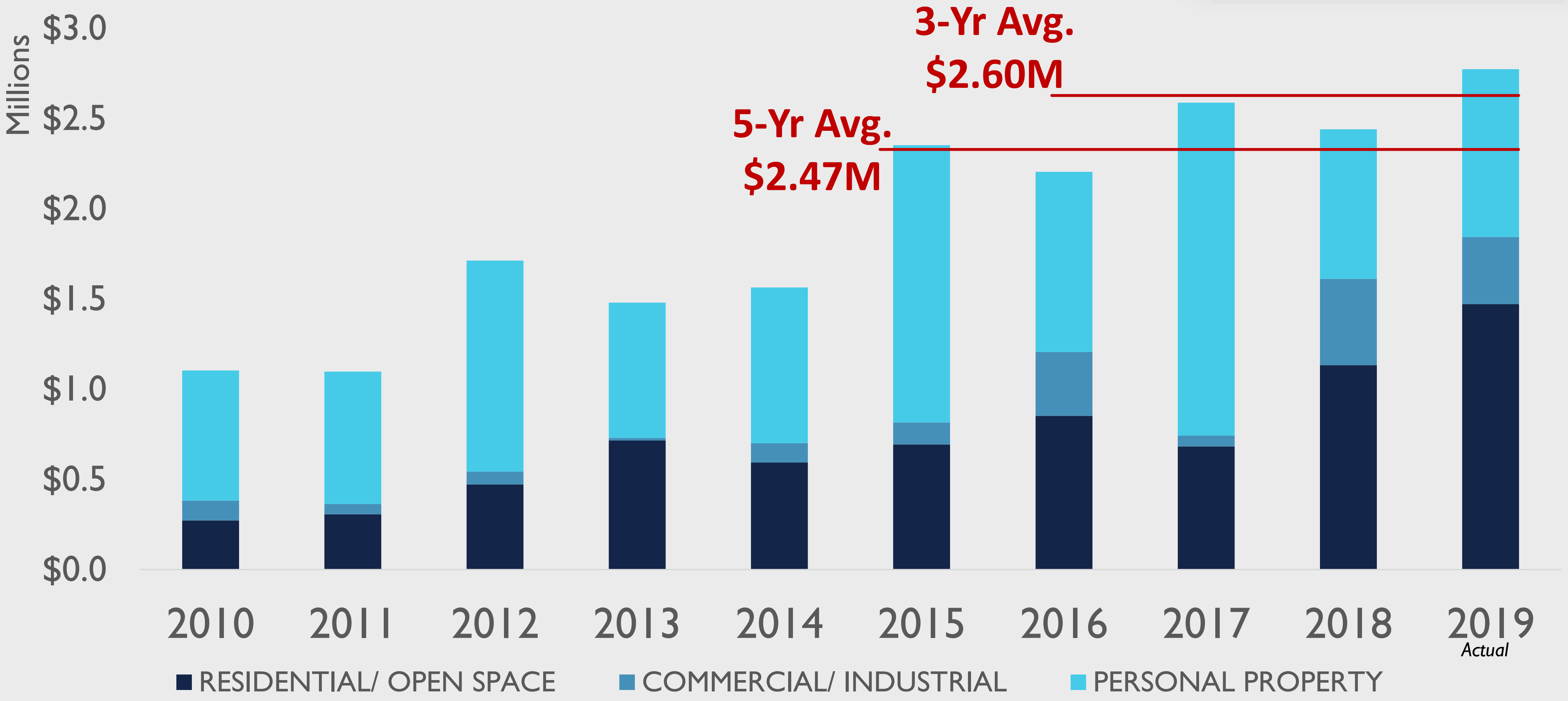
FY20 TAX LEVY BREAKDOWN

TOWN OF ANDOVER MASSACHUSETTS

	FY2019	FY2020		FY19-FY20	FY19-FY20
TAX REVENUE	**Projections**	**Projections**		**$ Change**	**% Change**
Prior Year Levy Limit	$136,417,582	$142,600,950		+$6,183,369	4.53%
Annual 2.5% Increase	$3,410,440	$3,565,024		+$154,584	4.53%
New Growth	$2,772,929	$2,471,589		($301,340)	-10.87%
Unused Levy Capacity	($1,105,872)	($300,000)		($805,872)	-
Total Tax Levy	$145,397,974	$152,120,552		+$6,722,578	4.62%
Addtl. Taxes - Debt Exclusion	$3,902,896	$3,782,989		($119,907)	(3.07%)

NEW GROWTH HISTORY

TOWN OF ANDOVER MASSACHUSETTS



AVERAGE TAX BILL INCREASE

TOWN OF ANDOVER MASSACHUSETTS

Year	Average Tax Bill Increase
FY2019	3.9% (Projected)
FY2018	4.6%
FY2017	2.5%
FY2016	3.4%
FY2015	3.5%
Five Year Average: 3.6%	
FY2014	4.7%
FY2013	2.3%
FY2012	4.1%
FY2011	3.3%
FY2010	2.6%
10 Year Average: 3.4%	

FY2020 BUDGET PROJECTION

FY20 BUDGET PROJECTION

TOWN OF ANDOVER MASSACHUSETTS

Property Taxes	$152,120,552
State Aid	$13,086,553
Local Receipts	$13,010,016
Total Other Available Funds – Budget	$2,151,641
Free Cash for Capital Improvements	$3,000,000
Total Available Revenue	**$183,368,762**
Contractual/Capital Appropriations	*$56,438,232*
School Increase at 3.50% *Town Increase at 2.50%*	*$85,398,531* *$41,600,081*
Potential Deficit Based on Existing Town and School Increases	
($68,081)	

WHAT IS FUNDED BY YOUR TAX BILL?

WHAT IS FUNDED BY YOUR TAX BILL?

TOWN OF ANDOVER MASSACHUSETTS

Description	Percent of Tax Bill	Average Single Family Annual Expenditure
School Department	48.3%	$4,813
Health Insurance	11.9%	$1,186
Public Safety	9.1%	$907
DPW and Facilities	6.8%	$678
Retirement	5.8%	$578
General Government	4.8%	$478
Non Exempt Debt	3.4%	$339
Exempt Debt	2.7%	$269
Capital Improvements (Cash)	1.9%	$189
Library	1.7%	$169
Community Services	1%	$100
Other	2.7%	$259

Average Single Family Tax Bill FY2019

Assessed Value: $653,104

$9,973

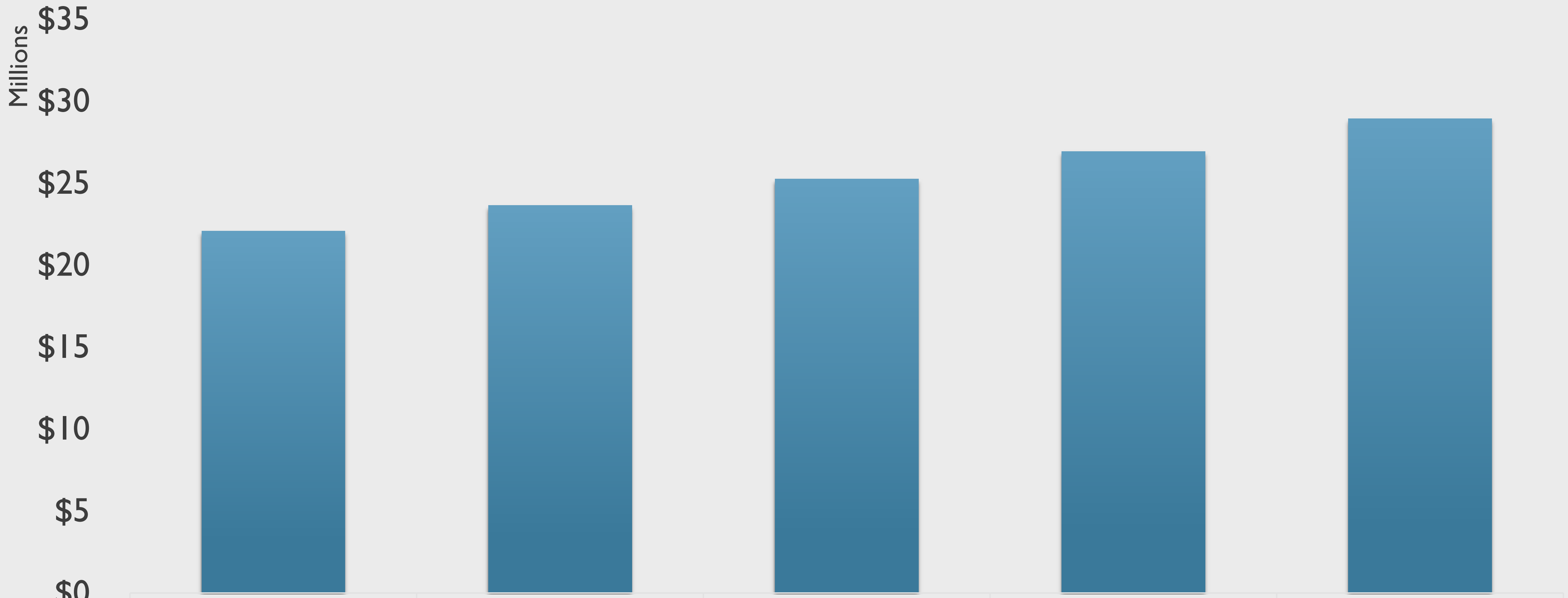
EMPLOYEE BENEFITS– 10 YEAR PROSPECTIVE

TOWN OF ANDOVER MASSACHUSETTS

		Percentage of Average Single Family Tax Bill		
Year	**Average Single Family Tax Bill**	**Health Insurance**	**Retirement**	**OPEB**
FY2019	$9,965	11.9%	5.8%	0.54%
FY2020	$10,324	12.4%	6.0%	0.54%
FY2021	$10,695	12.9%	6.3%	0.53%
FY2022	$11,080	13.5%	6.5%	0.52%
FY2023	$11,479	14.1%	6.7%	0.52%
FY2024	$11,893	14.7%	7.0%	0.51%
FY2025	$12,321	15.3%	7.3%	0.51%
FY2026	$12,764	15.9%	7.5%	0.50%
FY2027	$13,224	16.6%	7.8%	0.50%
FY2028	$13,700	17.3%	8.1%	0.49%

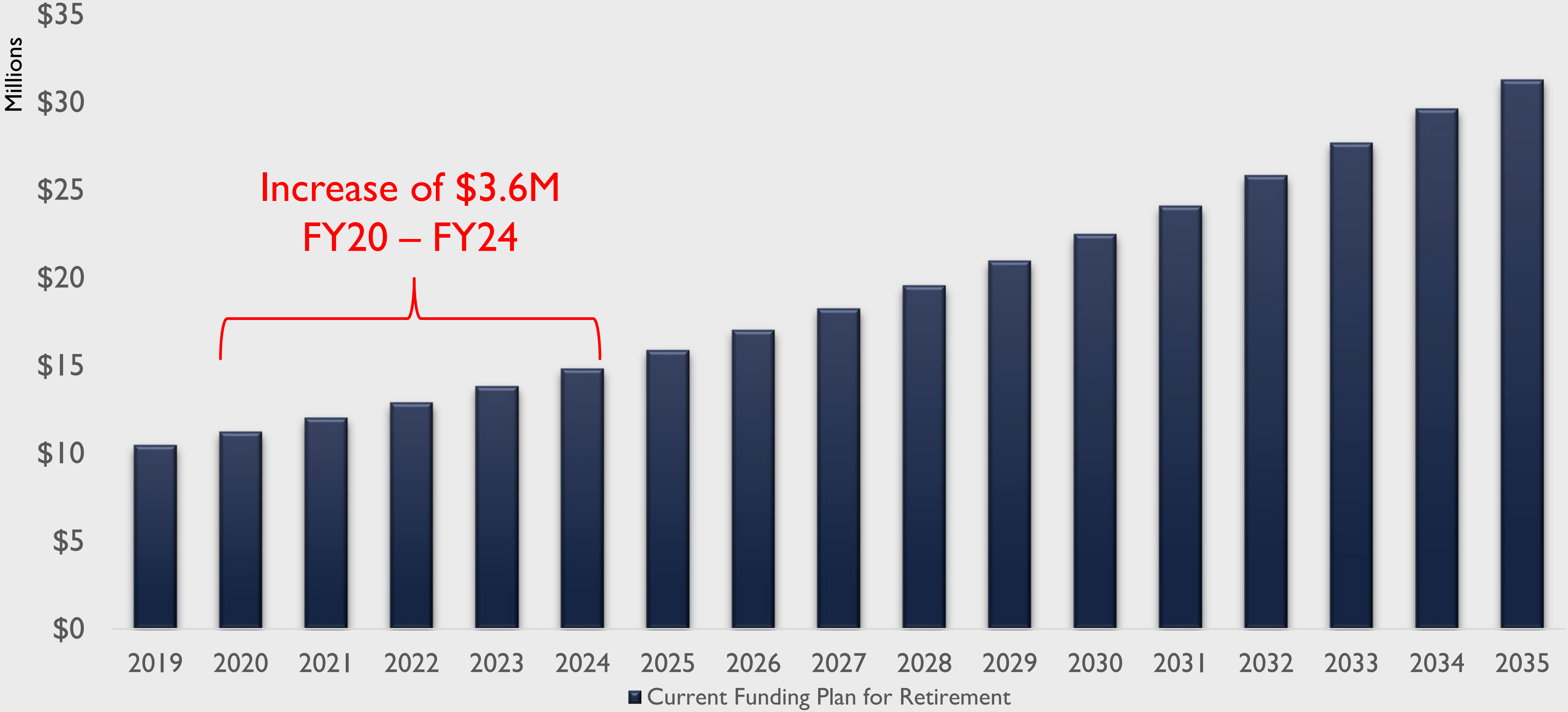
The five year average (3.6%) tax increase was used to determine future tax bills

HEALTH INSURANCE



	2020	2021	2022	2023	2024
Series1	$22,074,808	$23,638,512	$25,259,392	$26,936,546	$28,947,275

RETIREMENT FUNDING SCHEDULE

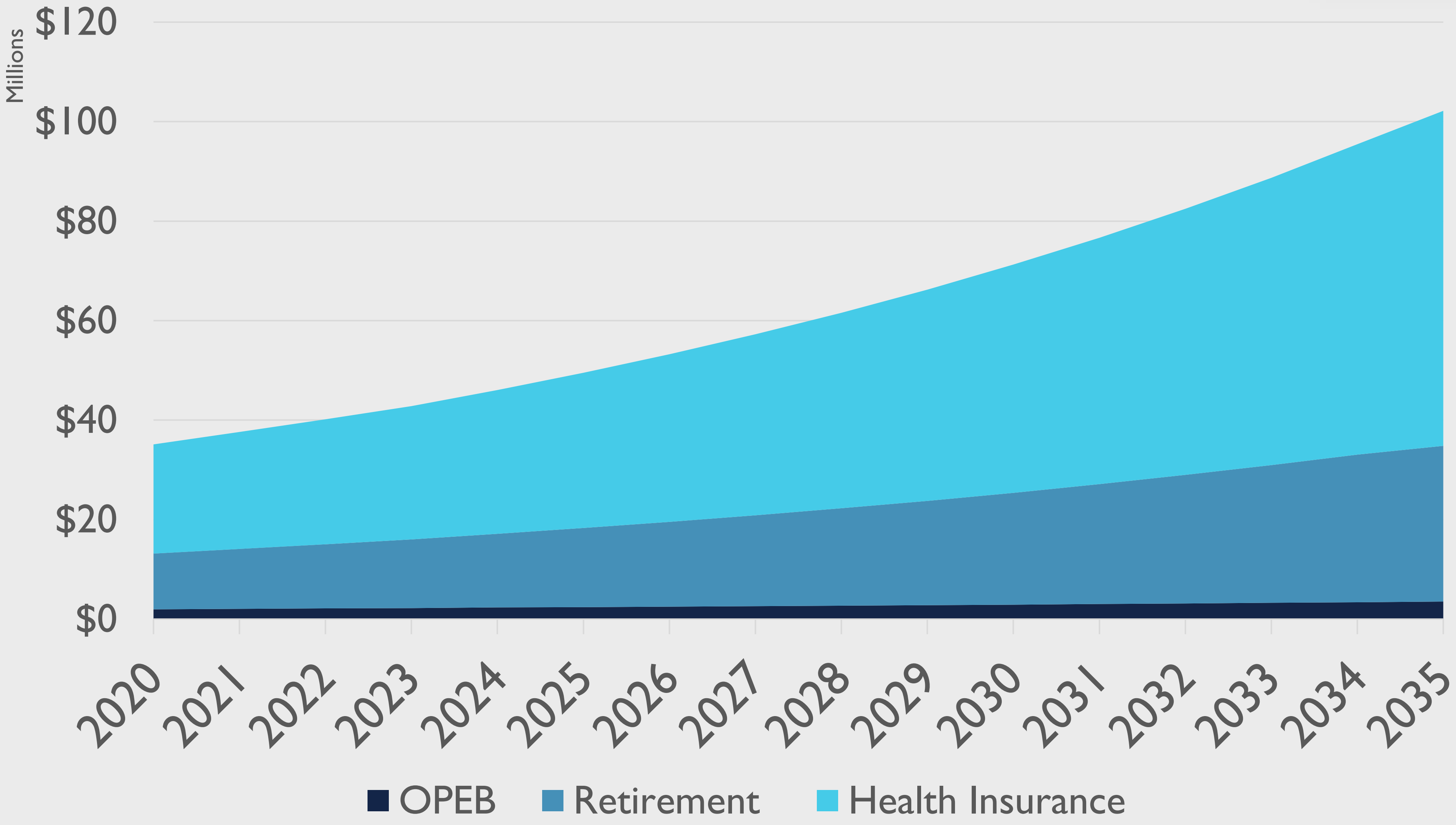


OTHER POST EMPLOYMENT BENEFITS (OPEB)

TOWN OF ANDOVER MASSACHUSETTS

	General Fund OPEB Appropriation	*Savings from OPEB Reform*	Total OPEB Appropriation
FY 2020	$1,060,622	*$906,194*	**$1,966,816**
FY 2021	$1,083,812	*$978,690*	**$2,062,502**
FY 2022	$1,107,530	*$1,056,985*	**$2,164,515**
FY 2023	$1,135,218	*$1,109,834*	**$2,210,798**
FY 2024	$1,163,599	*$1,165,326*	**$2,328,925**
FY 2025	$1,192,689	*$1,223,592*	**$2,416,281**
FY 2026	$1,222,506	*$1,284,772*	**$2,507,278**
FY 2027	$1,253,069	*$1,349,010*	**$2,602,079**
FY 2028	$1,284,395	*$1,416,461*	**$2,700,856**
FY 2029	$1,316,505	*$1,487,284*	**$2,803,789**

PROJECTED OBLIGATIONS TO 2035



Obligations as a Percentage of Budget

FY20: 19.75%
FY21: 20.47%
FY22: 21.22%
FY23: 21.92%

CAPITAL IMPROVEMENT PROGRAM

ESTABLISHING A TARGET

Prior Non-Exempt Debt Service
+
New Non-Exempt Debt Service
+
General Fund Revenue
=
Total Non-Exempt Plan

- Non-exempt target has been set at 5.72% of revenue. FY 2020 recommended CIP is balanced and supports investments in all functions of Town government

FY2020 CIP SUMMARY
FUNDING BY SOURCE

TOWN OF ANDOVER MASSACHUSETTS

General Fund Revenue	$3,963,698
General Fund Borrowing	$13,605,000
Use of Free Cash	$3,000,000
General Fund Exempt Borrowing	$0
Special Dedicated Funds	$1,777,599
Water and Sewer Enterprise Funds	$4,885,000
Total Recommendation	***$27,231,297***

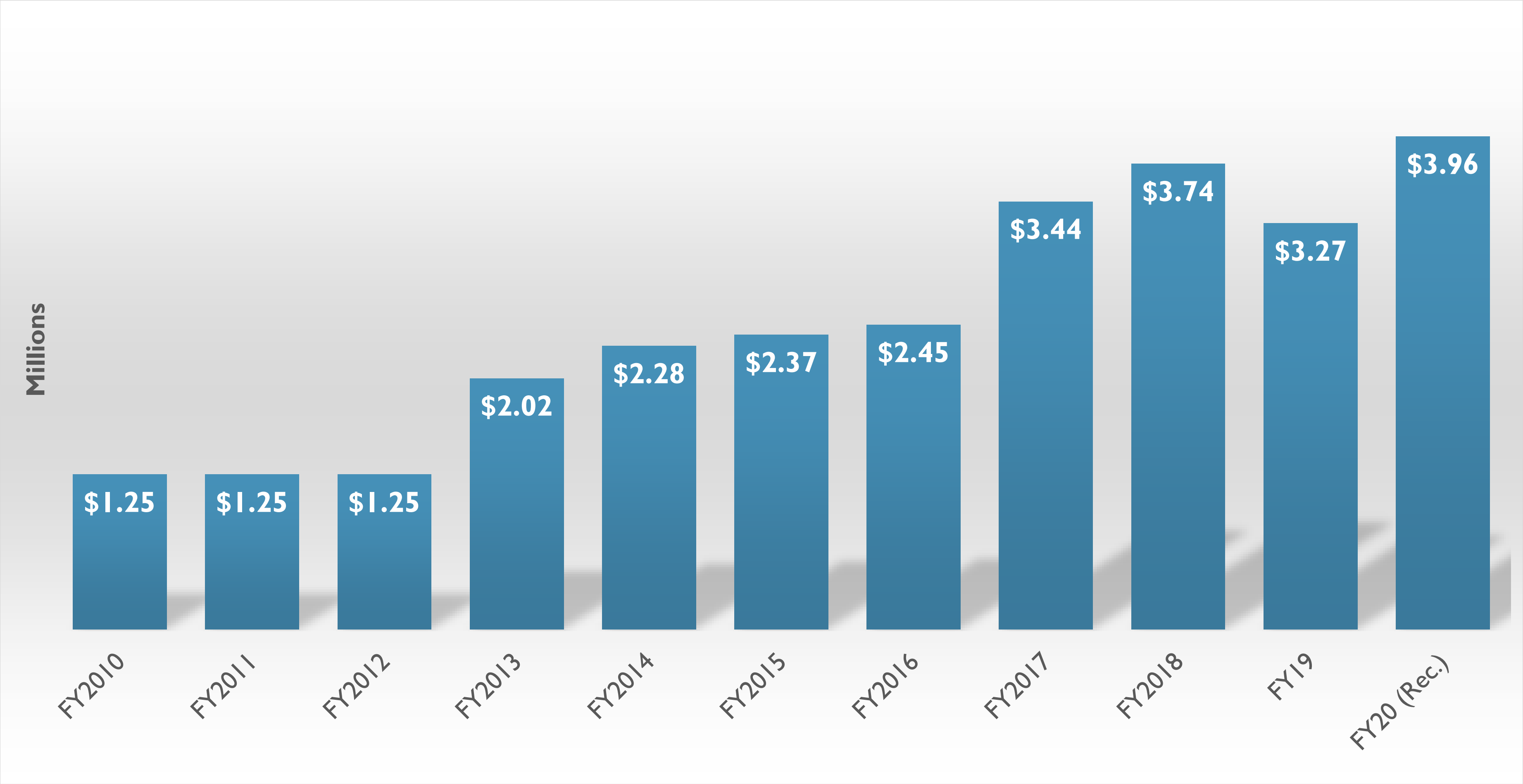
FUNDED FROM GENERAL FUND REVENUE

TOWN OF ANDOVER MASSACHUSETTS

CDP-2	Software Upgrade	$100,000
CDP-3	HMD Circulation and Street Design Implementation	$50,000
CDP-7	Castle Heights ADA Project	$15,000
CDP-10	Conservation Dog Park – Grant Match	$25,000
CDP-11	Conservation Land Management	$12,000
CDP-13	Merrimack River Reservation Access Design Plan	$60,000
FIN-1	Munis Software	$40,000
IT-1	Staff Device Refresh	$504,598
IT-3	IT Platforms and Infrastructure	$237,500
LIB-1	Library Circulation Desk Replacement	$10,000
POL-1	Police Vehicle Replacement	$195,000
DPW-2	Minor Sidewalk Repairs	$200,000
DPW-7a	Public Works Vehicles – Small	$200,000
DPW-28	Spring Grove Cemetery Improvements	$20,000
FAC-1	Town Projects – Buildings	$380,000
FAC-2	Town Projects – Mechanical & Electrical	$280,000
FAC-3	Town and School Security Projects	$100,000
FAC-4	Town Vehicle Replacement	$123,000
FAC-5	Town Park and Playground Improvements	$400,000
SCH-1	School Projects – All Schools	$585,000
SCH-2	School Projects – By Building	$426,600

Total:
$3,963,698

FUNDED FROM GENERAL FUND REVENUE HISTORY



FREE CASH

TOWN OF ANDOVER MASSACHUSETTS

Total:
$3,000,000

CS-1	Center at Punchard – Design Services/Building Construction	**$2,000,000**
TM-1	Ballardvale Fire Land Acquisition & Construction	**$1,000,000**

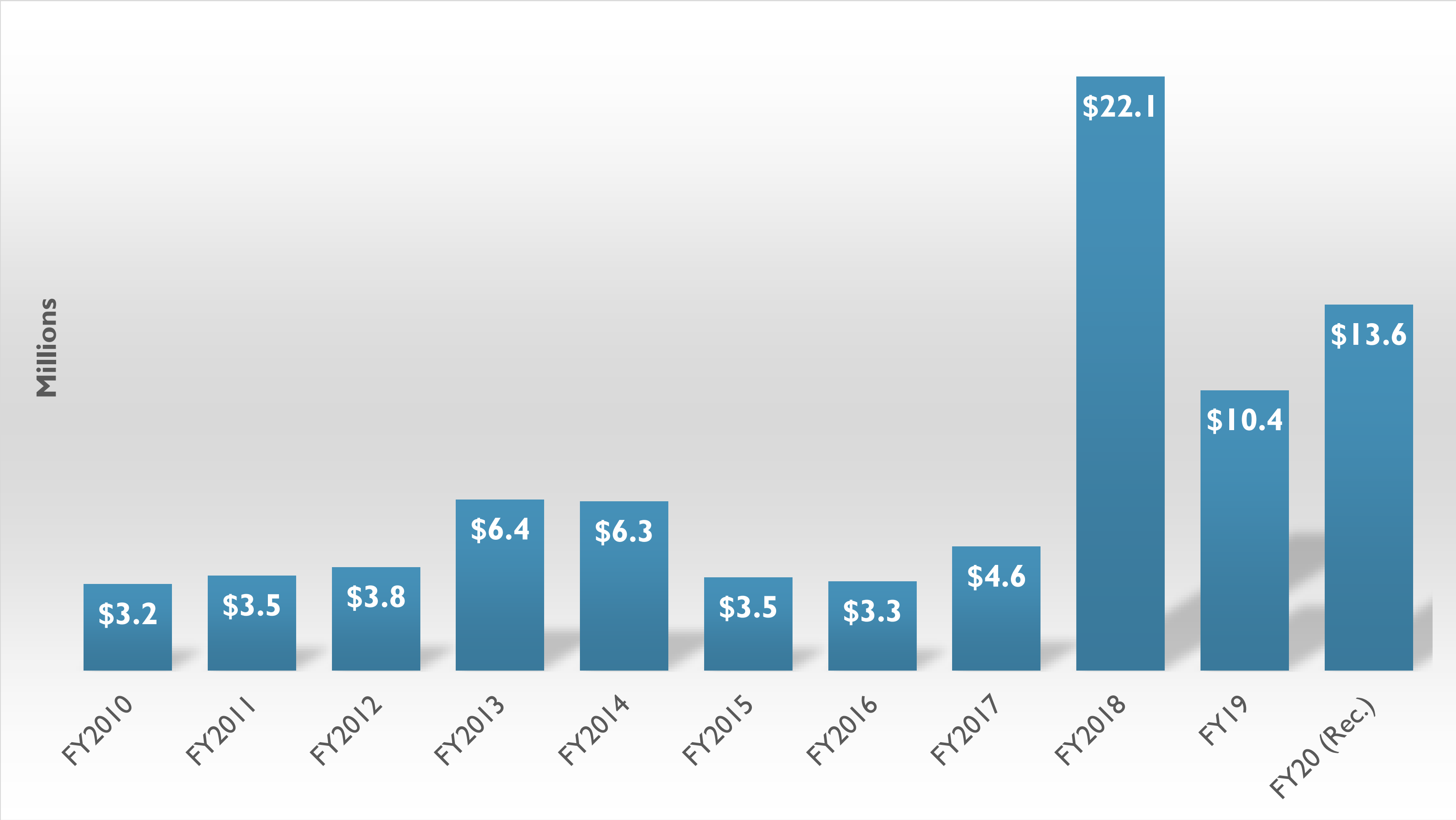
GENERAL FUND BORROWING

TOWN OF ANDOVER MASSACHUSETTS

CS-1	Center at Punchard – Design Services/Building Construction	**$2,500,000**
TM-1	Ballardvale Fire Station Land Acquisition & Construction	**$7,000,000**
CDP-3	Parking and Hardscape Improvements Phase 1	**$400,000**
FR-1	Fire Apparatus Replacements	**$360,000**
FR-2	Public Safety Microwave Communications System	**$300,000**
FR-4	Fire Bi-Directional Amplifier System	**$175,000**
DPW-7b	Public Works Vehicles – Large	**$380,000**
DPW-9	Town Bridge Evaluation and Maintenance	**$500,000**
FAC-6	Major Town Projects	**$650,000**
FAC-7	Town and School Energy Initiatives	**$420,000**
SCH-5	Major School Projects	**$920,000**

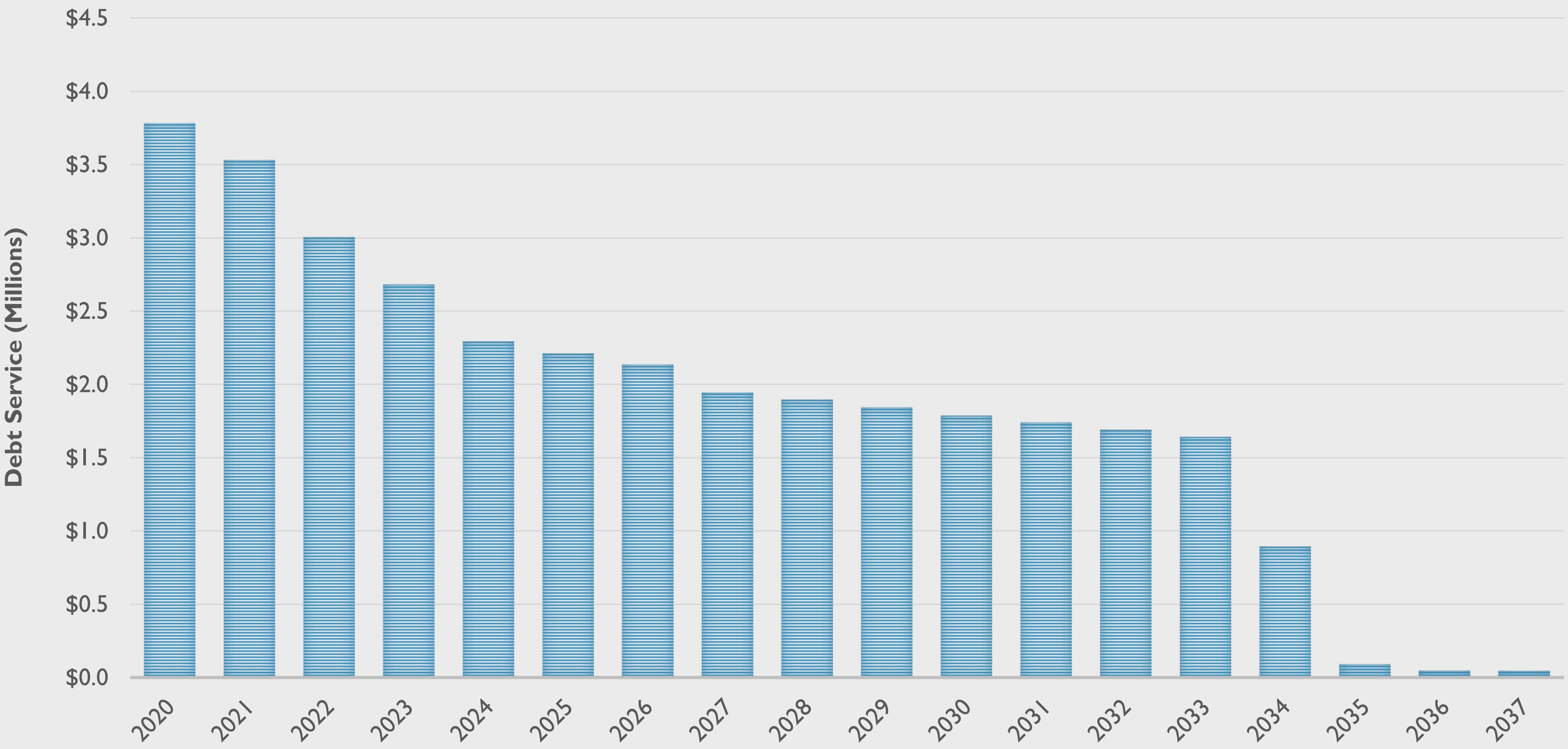
Total:
$13,605,000

GENERAL FUND BORROWING
APPROPRIATION HISTORY



EXEMPT DEBT

TOWN OF ANDOVER MASSACHUSETTS



SPECIAL REVENUE FUNDS

TOWN OF ANDOVER MASSACHUSETTS

Total:
$1,777,599

PRK-1	Parking Vehicle Replacement (Parking Fund)	**$40,000**
IT-2	Student Device Refresh (Cable Funds)	**$372,870**
DPW-1	Annual Road Maintenance (Ch.90)	**$1,364,729**

WATER AND SEWER ENTERPRISE FUNDS

TOWN OF ANDOVER MASSACHUSETTS

Total:
$4,885,000

DPW-12	Water & Sewer Vehicles (WER)	**$225,000**
DPW-14	Water Main Replacement Projects (WEB)	**$4,000,000**
DPW-16	WTP Parking Area Reconstruction (WER)	**$110,000**
DPW-17	Hydrant Replacement Program (WER)	**$100,000**
DPW-18	WTP GAC Replacement	**$450,000**

MAJOR PROJECTS AND FUTURE CONSIDERATIONS

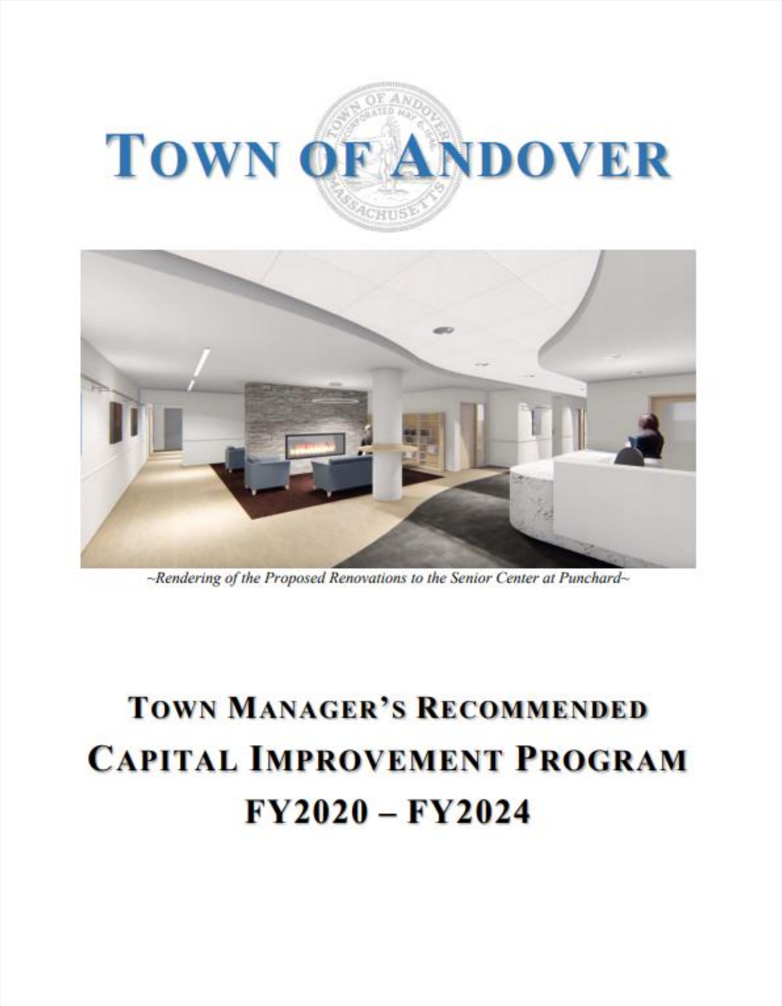
1. School Buildings & Site Improvements
2. Acceleration of Water Main Replacement Program
3. CIP Funding Mechanisms
   - Expanding Capacity within Limitations of Proposition 2 ½
   - Building Borrowing Capacity

CIP REVIEW AND APPROVAL PROCESS

TOWN OF ANDOVER MASSACHUSETTS

October 31, 2018	Town Manager's Recommended FY20-FY24 CIP Released
November 19, 2018	Capital Improvement Program Public Hearing
December 5, 2018	Tri-Board Meeting; Capital Improvement Program Review
December 17, 2018	Board of Selectmen vote on FY20-FY24 Capital Improvement Program

TOWN OF ANDOVER MASSACHUSETTS


TOWN OF ANDOVER

~Rendering of the Proposed Renovations to the Senior Center at Punchard~

TOWN MANAGER'S RECOMMENDED
CAPITAL IMPROVEMENT PROGRAM
FY2020 – FY2024

The complete

Town Manager's Recommended

FY20-FY24 CIP document is available on the Town's website at *andoverma.gov*