



2021-2022

Board of Finance Recommended Budget

(Round 4)

Budget Meeting Agenda

- Budget Process
- *What Changed?*
- Expenditures
 - Education - RHAM and Andover Elementary School
 - Town General budget
 - Operating Budget
 - Capital Budget
- Revenue
- Summary
- Some Explanations – mil rate calculation and property revaluation effect
- Question and Answer Period
- Motions and Budget Amendments

Budget Process

- Preliminary Town budget submitted to Selectmen
- Andover Elementary Board of Education presents preliminary budget
- Board of Selectmen sends budget to Board of Finance
 - Original budget represents a 7.8% increase; mil rate of 38.31 (+ 2.7 mil increase)
- Board of Finance receives budget and begins review
- Board of Finance presents budget to Public Hearing
- Board of Finance finalizes recommended budget for Town Budget Meeting
- May 4 - RHAM Budget Referendum - budget passed
- May 6 - Annual Town Budget Meeting, budget passed to referendum
- May 18 – Referendum: budget not approved, 281 - 225
- May 23 – Board of Finance revised recommended budget
- May 25 – 2nd Town Budget Meeting – budget not passed
- May 26 – Board of Finance revised recommended budget
- June 1 – 3rd Town Budget Meeting – budget not passed
- June 3 – Board of Finance revised recommended budget
- June 8 – 4th Town Budget Meeting

Town Charter Section 803

Annual Budget Meeting

“If a quorum, as defined in Section 302 of this Charter is present, then the meeting may proceed to adopt or reject the budget. Prior to taking a vote to adopt or reject the budget, the Town Meeting may make amendments to the proposed budget, provided, however, that the Town Meeting shall only have the power to reduce or modify, but not increase the budget or any portion thereof. The Town Meeting may not alter any specific items contained in the budget proposed by the local Board of Education.

If the budget is rejected, the Board of Finance shall review the rejected budget and present the same or revised budget to a subsequent Town Meeting held on the same day of the next following week. If the budget is approved, it shall be put to a referendum on the second following Tuesday.

What Has Changed from Last Meeting???

The Board of Finance approved a revised recommended budget with the following changes:

- Increase AES budget to \$3,999,400
Increase of \$21,392 over last recommendation
Increase of \$97,000 over 2020-2021 FY, or 2.49% increase
- Increase Road Improvement Fund to \$300,000
Increase of \$25,000 over last recommendation
No change from last year
- Some other minor line item changes to Town department budgets, net reduction of \$3,000

Proposed Budget \$ 12,574,430

This is a spending increase of \$39,054 or 0.31% more than the current budget

	Budget	Change \$	Change %
Andover Board of Education	\$ 3,999,400.00	97,000	2.49%
AES Debt Service (Town Bonded)	\$ 93,000.00	-3,548	-3.67%
<i>RHAM</i>	\$ 5,119,757.00	-108,054	-2.07%
TOWN Budget	\$ 3,455,273.00	50,108	1.47%

RHAM Budget Levy

- RHAM budget is determined by a separate referendum – PASSED May 4
- Andover's total levy for RHAM is \$5,119,758
- This is a *decrease* of \$108,054 from last year, only because Andover's share of students dropped this year. (*RHAM is still spending more per student*)

Andover Elementary School budget

- Andover Board of Education initially requested a final budget of \$4,122,000 to cover operational and capital components of the budget, in addition to the renegotiated contracts.
- Board of Finance's recommended budget reduces this by \$122,600 to **\$3,999,400**
This is a **2.49%** increase from the 2020-2021 budget

Town Operating Budget

Overall decrease from \$2,536,051 to **\$2,476,158** (\$59,892)

Major factors decreasing operating budget:

- Mostly driven by reduction in salary and benefits
 - Combined Town Finance Department with AES
 - Tax Collector reduced to part time
 - Combined Assistant Town Clerk and Building Dept. administrative functions
 - Assigned Senior Coordinator role to Assistant Assessor on a long-term basis
- Reduced snow removal budget by \$10,000

Town Operating Budget

Major factors increasing operating budget:

- AHM Youth Services increased from \$46,536 to **\$88,684**
 - Total AHM budget decreased, but town now pays all of the basis cost previously paid by town, RHAM, and AES separately
 - Shift expense from RHAM and AES budget to Town budget to make it more transparent
- Public Works Supervisor
 - New non-union position changed from hourly to salary
- Election-related expenses increased significantly

Town Capital Budget

Overall increase from \$869,115 to \$979,115

- Increase of \$110,000
- Mostly road and bridge work funds
- Increase due to Multi-Use/Community Center, Fire Dept. Equipment, PW Equipment

Capital Project funds	
	\$
Community Center (Multi-use Building Fund)	50,000
Fire Dept. Equipment	75,000
Public Works Equipment	110,000
Road Improvement	300,000
Tree Removal	50,000
Bunker Hill Bridge	120,000
Bridge and Culvert Repair/Replace	100,000
Building Maintenance	45,000
Total	\$825,000

Town Revenue

- Andover's town revenue comes from State funding, primarily Educational Cost Sharing, and fees for services
- Bundled with Revenue is money from previous budgets that was not expended. This is called the Unexpended Fund Balance – primary reserve for contingencies.

Revenue

Revenue Source	FY 2019-2020	FY 2020-2021	FY 2021-2022	Difference
Back tax/liens	142,000	142,000	142,000	0
State Fees	7,651	7,651	7,651	0
Educational Cost Sharing	1,921,253	2,004,782	1,936,854	(67,928)
Investment Interest	25,000	40,000	40,000	0
Town Clerk Fees	45,000	50,000	50,000	0
Transfer Station	36,000	30,000	35,000	5,000
Waste Redemption	500	1,000	1,000	0
Building Department	32,000	35,000	55,000	20,000
Miscellaneous	3,000	3,000	3,000	0
Rentals	1,500	1,500	1,500	0
Total Estimated Revenue	2,213,904	2,314,933	2,272,005	(42,928)
Use of fund balance	976,000	780,400	250,000	(530,400)

Budget Summary

Budget by Entity	FY 2019-20	FY 2020-21	difference \$	difference %	FY 2021-22	difference \$	difference %
Andover Elementary	4,065,000	3,902,400	(162,600)	-4.0%	3,999,400	97,000	2.49%
AES Debt Service	100,845	96,548			93,000	(3,548)	-3.7%
RHAM	4,890,623	5,227,811	337,188	6.9%	5,119,757	(108,054)	-2.1%
Town of Andover	3,311,690	3,405,166	93,476	2.82%	3,455,273	50,108	1.47%
Fund Balance used	976,000	780,000	(196,000)		250,000	(530,000)	-67.9%
Total by taxation	9,155,004	9,410,043	255,039	2.8%	9,954,425	542,381	5.8%

Mil Rate Calculation

	FY 2019-2020	FY 2020-2021	FY 2021-2022
Total Expenditures	\$ 12,368,158	\$ 12,535,377	\$ 12,574,430
Total Estimated Revenue	\$ 2,272,154	\$ 2,377,933	\$ 2,335,005
Use of fund balance	\$ 976,000	\$ 415,000	\$ 250,000
Abatements/Exemptions	\$ 35,000	\$ 35,000	\$ 35,000
reallocation of existing funds to fund balance	\$ -	\$ 365,400	
To be raised by taxes	\$ 9,155,004	\$ 9,412,044	\$ 9,954,425
Est Taxable Grand List (includes MVS)	\$ 261,628,738	\$ 264,313,000	\$ 271,445,600
1 mil	\$ 261,629	\$ 264,313	\$ 271,446
Estimated Mil Rate	34.99	35.61	36.67
Per cent mil rate increase		1.76%	2.98%

Summary

Andover's total Taxation is affected by the total budget, offset by revenue and the money allocated from unexpended fund balance

- The Recommended Town Budget is **\$12,574,430**
This is a increase of \$50,108 or 1.47%
- The calculated mil rate is **36.67** (+1.06 mils)
- A house with fair market value of \$200,000 would pay \$5,134 in town taxes
This is an increase of \$148 from the current year

Calculating Taxes Using the Mil Rate

To calculate your taxes using the mil rate, you need two pieces of information: mil rate, your property's *assessed* value

- Assessed value is 70% of your fair market value, as determined by the assessor
- See the town tax records to get your assessed value
(*Government>Assessor>Andover's Assessment Data & Property Cards*)

$$(\text{mil rate}/1,000) \times \text{assessed value} = \text{tax amount}$$

Example: mil rate $36.67/1,000 \times (200,000 \times 70\%) = \$5,134$

What about the property revaluation?

For any given budget, an increase in your property valuation
WILL NOT increase your taxes.

Even if the Taxable Grand List goes up, the amount to be raised by taxes does not change. Rather, the calculated mil rate will go down proportionally.

Questions?

Please raise your hand and wait for the Moderator to call on you

Please use the microphone

Please state your name and street address for the meeting minutes