



2021-2022

**Board of Finance - Recommended Budget**

# Budget Meeting Agenda

- Budget Process
- Expenditures
  - Education - RHAM and Andover Elementary School
  - Town General budget
    - Operating Budget
    - Capital Budget
- Revenue
- Summary
- 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

# Town Charter Section 303

## Annual Budget Meeting

“The Annual Town Budget Meeting for the consideration of the budget shall be held on one of the first ten business days of May in each year.

The adoption of the budget shall be pursuant to the provisions of Section 803 of this Charter.”

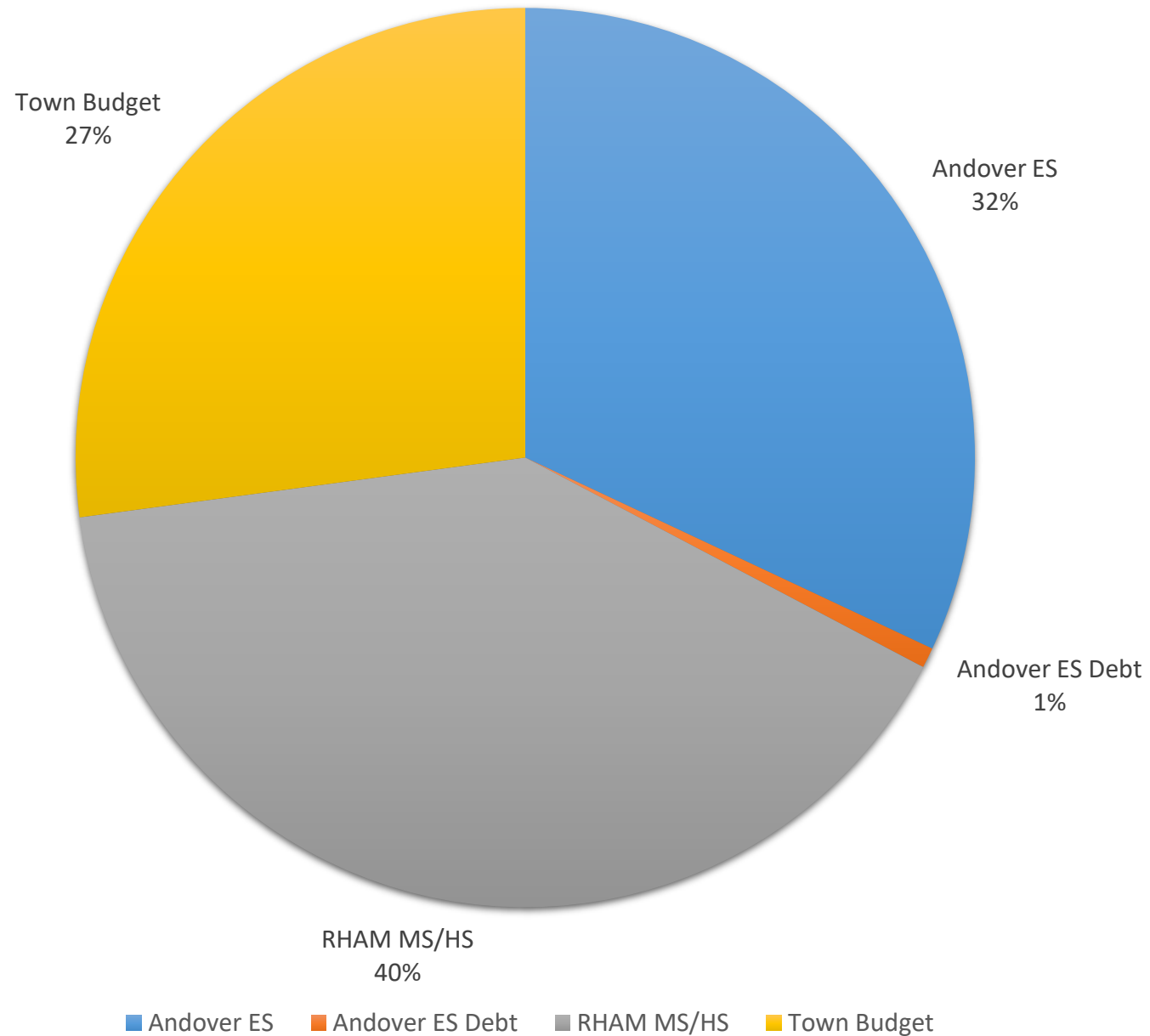
# Town Charter Section 803

## 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. Voting by absentee ballot at the referendum is allowed.”

## Andover 2021-22 Budget - Expenditures



# Proposed Budget \$ 12,656,038

This is a spending increase of \$120,661 or 0.96% more than the current budget

	Budget	Change \$	Change %
Andover Board of Education	\$ 4,078,008.00	175,608	4.50%
AES Debt Service ( Town Bonded)	\$ 93,000.00	-3,548	-3.67%
RHAM	\$ 5,119,757.00	-108,054	-2.07%
TOWN Budget	\$ 3,458,273.00	53,107	1.60%

Recommended by the Board of Finance April 28 to Town Meeting

# Education Budgets

Andover's educational expenses include RHAM Levy  
and Andover Elementary School



# RHAM Budget Levy

- RHAM proposed operating budget is \$31,112,583 - 1.83% increase
- RHAM proposed capital budget is \$ 299,500 - 11.77% decrease
- Andover's percentage of the Levy decreases from 17.34 to 17.13%
  - Number of Andover students at RHAM decreases relative to other towns
  - The overall student population decreases by ~90
  - Andover's fraction of the cost for RHAM decreases slightly
  - RHAM returns unexpended fund balance \$130,731 to offset increase
- Andover's total levy for RHAM is **\$5,119,758**
- This is an overall decrease of \$108,054 from last year
- RHAM budget is determined by a separate referendum – PASSED May 4

# 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 voted to reduce this by \$44,064 to **\$4,078,008**
  - This is a **4.5%** increase from the 2020-2021 budget
- Debt service on the town Bond for AES is **\$93,000**
  - Debt will be retired in next year

# Town Budgets

Andover's town budget - not including educational expenses

The town budget has two components:

- **Operational Budget** – budget for general town operations
- **Capital Budget**– budget for large capital expenditures

# Town Operating Budget

Overall decrease from \$2,536,051 to **\$2,479,158** (\$56,892)

## 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

# Town Capital Budget

The town of Andover significantly underfunded equipment and infrastructure over several decades.

This will increase costs to taxpayers over the next 20 years as we catch up to this deferred maintenance.

Capital budgets are derived from Town Planning documents including:

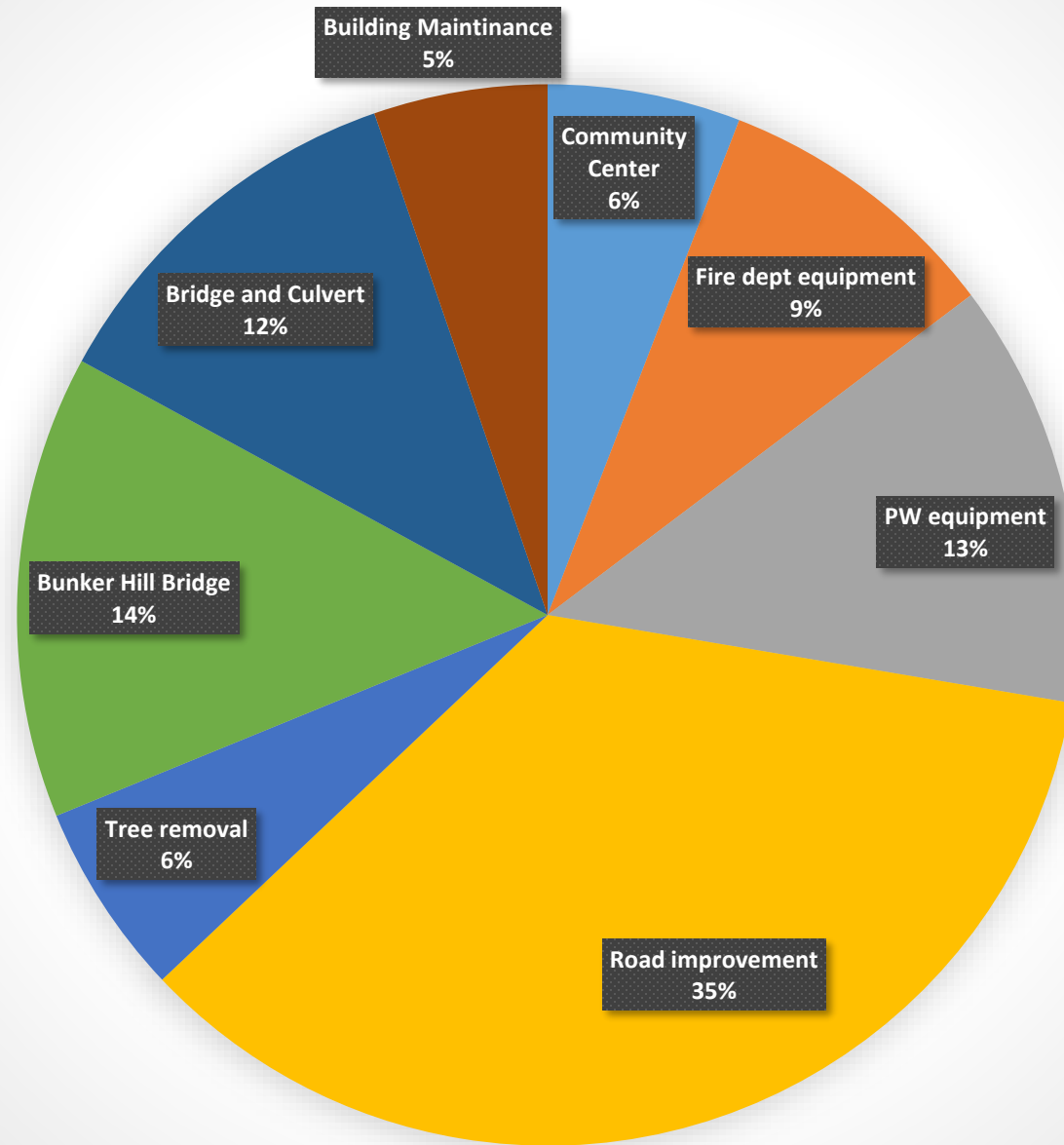
- Fire Department 10-year Capital Plan
- Public Works Equipment Capital Plan
- Andover Town Buildings and Properties 2020-21 CIP Report
- Andover Culvert Inspection Reports
- DOT inspection reports on town bridges
- Road Maintenance and Improvement Planning

# Town Capital Budget

- 42% of our roads are rated POOR or FAILING
- 2 bridges over the Hop River need replacement Bunker Hill Rd and Long Hill Rd
- 2 smaller bridges need significant repair
- 3 large culverts are rated poor-failing and need replacement to prevent future road closures
- Andover has 750-1000 dead trees in the town ROW that need to be removed.



# Capital Project Funds \$850,000



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	\$850,000

# Town Capital Budget

## **Multi-Use Building Fund - \$50,000**

- BOS appointed a town committee studying options for Community Center. Town has preliminary plan for building behind Town Hall
- Next Step is resurvey property behind town hall and engineering design report for how existing septic system can support additional usage.
- Hire Architectural firm for renderings and final design
- Seek State and federal funding next spring when design is complete

# Town Capital Budget

## **Fire Department Equipment Fund \$75,000**

Replacement for aging jaws of life extraction equipment

Replacement for 20+ year old SCBA compressor

Commercial washer/dryer for cleaning Turnout gear to comply with regulations

## **Public Works Equipment fund \$110,000**

Starting in 2018 CIP recommended a 15-year equipment replacement plan for public works.

In 2018 the average piece of heavy equipment was 32 years old.

The town can't afford to buy it all at once, or to purchase all new equipment - so it will be spaced over 15 years.

The annual replacement costs will be around \$110,000 over a 15-year period. Currently the fund is completely depleted.

# Town Capital Budget

## **Roadwork Fund \$300,000**

Fund pays for roadwork and related repair of 34 miles of town roads.  
Supplemented with State funding- Town Aid Road fund \$183,000

Utilize shimming/crack sealing and chip sealing as the most cost-effective method to maintain the road surface

Major Drainage repair/ rebuild on Shoddy Mill Rd

Reclaim and repave a section of Long Hill Rd and Shoddy Mill Rd. This is supplemented with a STEAP grant of \$128,500

## **Tree Work Fund \$50,000**

Town needs to remove ~750-1000 dead trees in the towns Right of Way. Our goal is to catch up with tree work the next 2-3 years, and then turn our attention to canopy work.

# Town Capital Budget

## **Bunker Hill Bridge \$120,000**

Replacement of Bunker Hill bridge is slated for 2022 or 2023. Total cost to town taxpayers ~\$400,000. 85% of the total cost paid by federal/state dollars. Bridge is in design phase now.

## **Bridge and Culvert Fund \$100,000**

In design phase. Estimated total cost \$150,000 for replacement.

Initial survey expense for replacing Culvert on Lake Rd near Basola Rd. Currently examining LOTCIP and State Local Bridge program for additional funding total cost of replacement ~\$500,000 total

Inspection and Repair Plan for Bridge on Merritt Valley Rd. The Parapet and End wall failing structurally.

Inspection and Repair Plan for Bridge on Lake Rd near Merritt Valley Rd. Structural repair of scour damage

# Town Capital Budget

## Building Maintenance Fund \$45,000

1. Conversion of Fire Alarm monitoring systems and upgrades \$25,000
2. Electrical work in town hall including replacement of Stabloc Electrical Panel in town Hall and reconfigure the circuits that are on the generator back up \$8,500
3. Electrical work in the Andover Public Works Building to become code compliant \$5,000
4. Replace roof in in Public Works Cold Storage . \$20,000
5. Chimney brick and Liner repair of Andover Library \$8,000
6. Gutter system for Public Works \$3,000
7. Repoint and repair damaged Masonry at Public works. \$25,000
8. Replace and relocate 51-year-old generator for Public Works \$25,000
9. Ductless Split Heat pump system to replace wall units for Town Hall \$70,000
10. Replace electric baseboard heat in PW office area with heat pump ~\$20,000

# 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)

# Other funding not reflected in Budget

- Town Aid Road \$186,000 spent exclusively on roadwork
  - Not part of general town budget
- Aid from Federal American Rescue Plan
  - Expected to get two payments totaling \$319,500 over two fiscal years
  - Details on how that can be spent have not been released
  - Cannot be used to offset taxation.
- Andover Elementary school
  - Some additional grant funding for Pre-K

# What are the major changes in Revenue and Expenses ?

## Revenue

- Non-tax Revenue decreases \$42,928 overall
  - \$67,929 decrease in Educational Cost Sharing from State of Connecticut
  - \$25,000 increase in Town fees

## Fund Balance

- \$530,000 decrease in use of Fund Balance to offset Spending

## Spending

- \$172,060 Increase in Andover Elementary School Total Budget Spending
- \$53,102 Increase in Town Non-Education Spending
- \$108,054 Decrease in RHAM spending

# 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%	4,078,008	175,608	4.5%
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%	3,458,273	53,107	1.6%
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%	10,036,033	625,990	6.7%

# Mil Rate Calculation

	FY 2019-2020	FY 2020-2021	FY 2021-2022
Total Expenditures	\$ 12,368,158.00	\$ 12,535,377.00	\$ 12,656,038.00
Total Estimated Revenue	\$ 2,272,154.00	\$ 2,377,933.00	\$ 2,335,005.00
Use of fund balance	\$ 976,000.00	\$ 415,000.00	\$ 250,000.00
Abatements/Exemptions	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00
reallocation of existing funds to fund balance	\$ -	\$ 365,400.00	
To be raised by taxes	\$ 9,155,004.00	\$ 9,412,044.00	\$ 10,036,033.00
Est Taxable Grand List (includes MVS)	\$ 261,628,738.00	\$ 264,313,000.00	\$ 271,445,600.00
1 mil	\$ 261,628.74	\$ 264,313.00	\$ 271,446.00
Estimated Mil Rate	34.99	35.61	36.97
Per cent mil rate increase		1.76%	3.83%

# 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 **\$12,656,038**

- This is an increase of \$120,661 or 0.96%

The calculated mil rate is **36.97** (+1.36 mils)

A house valued at \$200,000 would pay \$5175 in town taxes

- an increase of \$190 from the current year

# 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