

FY2021 Revised Budget



Andover Select Board Meeting
May 18, 2020

Overview

- Projected revenue shortfall – Approximately \$6.2M
 - State Aid
 - Local Receipts
- Develop modified spending plan that based on the following principles:
 - Maintain service levels
 - Stabilize staffing levels
 - Preserve cash reserves at appropriate levels and approx. the same amounts as planned for 2020 Annual Town Meeting
 - Accelerate pension funding beyond required appropriation
 - Maintain excess levy capacity
 - Establish the flexibility to quickly adapt to changes without impacting operations
 - Allow for all major capital work to continue

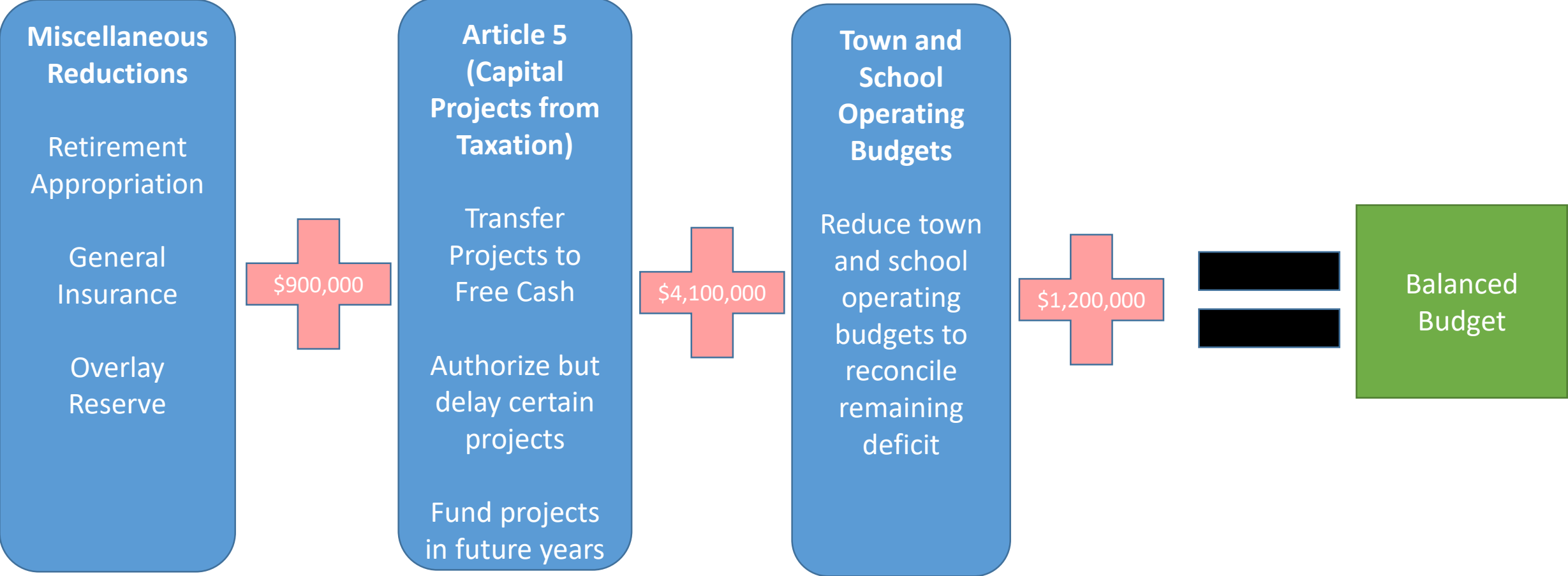


Anticipated Revenue Shortfall Detail

	Initial Budget	Adjusted	Decrease (\$)	Decrease (%)
Chapter 70	11,840,491	9,334,633	(2,505,858)	-21.16%
UGGA	1,950,551	1,517,938	(432,613)	-22.18%
MVX	6,100,000	5,153,856	(946,144)	-15.51%
Licenses/Permits	2,362,924	1,800,000	(562,924)	-23.82%
Hotel/Motel	1,850,000	1,344,991	(505,009)	-27.30%
Meals Tax	588,349	424,009	(164,340)	-27.93%
Interest Income	<u>625,000</u>	<u>441,888</u>	<u>(183,112)</u>	<u>-29.30%</u>
Total	25,317,315	20,017,315	(5,300,000)	-26.48%
Potential Appropriation Reduction			(900,000)	
			(6,200,000)	



Reconciling the Revenue Shortfall



Deficit Reconciliation

Deficit Reconciliation	
Starting Deficit	\$6,200,000
Misc. Reductions	
Retirement Appropriation	(\$700,000)
Overlay	(\$100,000)
Insurance	(\$100,000)
Total	(\$900,000)
Article 5	
Essential Capital - Transfer to Free Cash	(\$2,400,000)
Reduced Capital (Authorized)	(\$900,000)
Delayed (Cut) Capital	(\$800,000)
Total	(\$4,100,000)
Adjusted Deficit	\$1,200,000
Operating Budgets	
Town Operating -32.76%	(\$393,212)
School Operating -67.23%	(\$806,788)
Remaining Deficit	\$0



Summary of Department Changes

Department	FY 2021 Original Recommendation	Amount Reduced	New Budget Amount	Reduction as a % of Budget
Department of Public Works	9,296,326	83,667	9,212,659	0.90%
Andover Police Department	8,870,399	79,834	8,790,565	0.90%
Andover Fire Rescue	7,628,578	68,657	7,559,921	0.90%
Department of Facilities	3,741,299	33,672	3,707,627	0.90%
Memorial Hall Library	2,915,530	26,240	2,889,290	0.90%
Information Technology	2,452,776	22,075	2,430,701	0.90%
Community Development and Planning	2,165,450	19,489	2,145,961	0.90%
Department of Finance and Budget	1,928,314	17,355	1,910,959	0.90%
Community Services	1,743,173	15,689	1,727,484	0.90%
Other	1,321,714	15,433	1,306,281	1.17%
Town Manager's Office & Sustainability	735,216	6,617	728,599	0.90%
Town Clerk's Office	498,318	4,485	493,833	0.90%
Total	43,297,093	393,212	42,903,881	0.91%

Department	FY 2021 Original Recommendation	Amount Reduced	New Budget Amount	Reduction as a % of Budget
Andover Public Schools	89,246,700	806,788	88,439,912	0.90%
Total	89,246,700	806,788	88,439,912	0.90%



Summary of Changes by Funding Source

Funding Source	Original Recommendation	Revised Recommendation	\$ Change	% Change
Article 4	197,925,031	195,825,031	(2,100,000)	-1.06%
Article 5	4,311,108	1,111,108	(3,200,000)	-74.23%
Free Cash	3,560,000	3,660,000	100,000	2.81%
General Fund Borrowing	7,442,000	8,392,000	950,000	12.77%



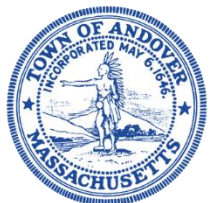
Updated Composition of Article 5 – Capital Projects Fund

CIP #	Description	FY 2021 Original Recommendation	Article 5 Remaining	Article 5 Transferred to Free Cash	Article 5 Delayed but Authorized	Article 5 Delayed to Future Year
CDP-2	Historic Mill District Feasibility Study/Services to Support Municipal Land Disp	40,000		20,000		20,000
CDP-7	Conservation Land Management	12,000				12,000
FIN-1	MUNIS Software	10,000				10,000
IT-1	Annual Staff Device Refresh	388,022	111,108	156,914	94,000	26,000
IT-2	Student Device Refresh	250,086	100,000	80,086	60,000	10,000
IT-3	IT Platforms and Infrastructure (Borrow FY22-FY24)	100,000		75,000	25,000	
LIB-1	Library Circulation Desk Replacement	35,000			35,000	
LIB-2	Relocate and Renovate Library Makerspace Design	15,000			15,000	
POL-1	Police Vehicle Replacement	195,000		103,000	92,000	
FR-2	SCBA Air Compressor System	96,000			96,000	
DPW-2	Minor Sidewalk Repairs	250,000		200,000		50,000
DPW-5	Two Way Radio System Phase 2	75,000		75,000		
DPW-7a	Public Works Vehicles - Small	120,000		120,000		
DPW-28	Spring Grove Cemetery Improvements	20,000		20,000		
FAC-1	Town Projects - Building Division	380,000		380,000		
FAC-2	Town Projects - Mechanical & Electrical Division	280,000		250,000	30,000	
FAC-3	Town & School Security Projects	210,000		110,000	78,000	22,000
FAC-4	Town Vehicle Replacement	35,000		35,000		
FAC-5	Town Parks and Playground Improvements (Lovely Track, Rec Bldg Design)	650,000				650,000
SCH-1	School Projects - All Schools	650,000		450,000	200,000	
SCH-2	School Projects - By Building	500,000		325,000	175,000	
	Total	4,311,108	211,108	2,400,000	900,000	800,000



Free Cash Projects

Project	Amount
Tree Fund	125,000
Merrimack River Access	510,000
Historic Mill District Feasibility Study/Services to Support Municipal Land Disp	20,000
Annual Staff Device Refresh	156,914
Student Device Refresh	80,086
IT Platforms and Infrastructure	75,000
Town Office Meeting Room Expansion & Public Access Improvements	625,000
Police Vehicle Replacement	103,000
Minor Sidewalk Repairs	200,000
Two Way Radio System Phase 2	75,000
Public Works Vehicles - Small	120,000
Spring Grove Cemetery Improvements	20,000
Town Projects - Building Division	380,000
Town Projects - Mechanical & Electrical Division	250,000
Town & School Security Projects	110,000
Town Vehicle Replacement	35,000
School Projects - All Schools	450,000
School Projects - By Building	325,000
Total	3,660,000



General Fund Borrowing Projects

Project	Amount
Public Safety CAD/RMS System	332,000
Fire Apparatus Replacements	725,000
Fire Bi-Directional Amplifier System	300,000
Public Works Vehciles - Large	580,000
Minor Storm Drain Improvements	300,000
Major Town Projects	825,000
Town & School Energy Initiatives	300,000
Major School Projects	4,080,000
Sidewalk Program	950,000
Total	8,392,000



FY 2021 Budget Planning – Summary

- Plan in place for worse case scenario The plan will:
 - Position the Town to withstand the impact of reductions to State Aid, including potential 9C reductions, and other revenue shortfalls 2X greater than the impacts of 2008 recession
 - Maintain service levels and stabilize staffing levels
 - Maintain excess levy capacity as presented in FY 2021 budget
 - Maintain additional appropriation to Pension Fund
 - Allow for all major capital work to continue



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 - Position the Town to withstand the impact of reductions to State Aid, including potential 9C reductions, and other revenue shortfalls 2X greater than the impacts of 2008 recession
 - Maintain service levels and stabilize staffing levels
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Article 4 – Fiscal Year 2021 Budget

To see if the Town will vote to determine what sums of money the Town will raise and appropriate, including appropriations from available funds, to defray charges and expenses of the Town, including debt and interest, and to provide for a reserve fund for the Fiscal Year beginning July 1, 2020 and ending June 30, 2021, or take any other action related thereto.

Move to Recommend Approval of Article 4, the Fiscal Year 2021 Budget as printed in the Warrant, for a total of \$195,825,031



Article 5 – Capital Projects Fund

To see if the Town will vote to raise by taxation and appropriate the sum of money for the purpose of funding the Fiscal Year 2021 appropriation for the Capital Projects Fund, or take any other action related thereto.

Move to Recommend Approval of Article 5, the Capital Projects Fund, as printed in the Warrant, for a total of \$1,111,108.



Article 34 – Capital Projects from General Fund Borrowing

To see if the Town will vote to raise by taxation, borrowing, transfer from available funds or by any combination thereof and appropriate the sum of \$8,392,000 to pay costs of purchasing capital equipment, making infrastructure improvements, or for purchasing services and materials related to capital improvements, as more particularly described below, including the payment of any other costs incidental and related thereto, or take any other action related thereto.

Project	Amount
Public Safety CAD/RMS System	\$332,000
Fire Apparatus Replacements	\$725,000
Fire Bi-Directional Amplifier System	\$300,000
Public Works Vehicles – Large	\$580,000
Minor Storm Drain Improvements	\$300,000
Major Town Projects	\$825,000
Town & School Energy Initiatives	\$300,000
Major School Projects	\$4,080,000
Sidewalk Program	\$950,000

Move to Recommend Approval of Article 34, Capital Projects from General Fund Borrowing, as printed in the Warrant, for a total of \$8,392,000



Article 35 – Capital Projects from Free Cash

To see if the Town will vote to transfer from available funds and appropriate the sum of \$3,660,000 to pay costs of purchasing capital equipment, infrastructure, or for purchasing services and materials related to capital improvements, as more particularly described below, including any other costs incidental and related thereto, or take any other action related thereto.

Project	Amount
Town Off. Meeting Room Exp. & Public Access Imp.	\$625,000
Tree Fund	\$125,000
Merrimack River Access	\$510,000
Article 5 Projects Transferred to Free Cash	\$2,400,000

Move to Recommend Approval of Article 35, Capital Projects from Free Cash, as printed in the Warrant, for a total of \$3,660,000

