



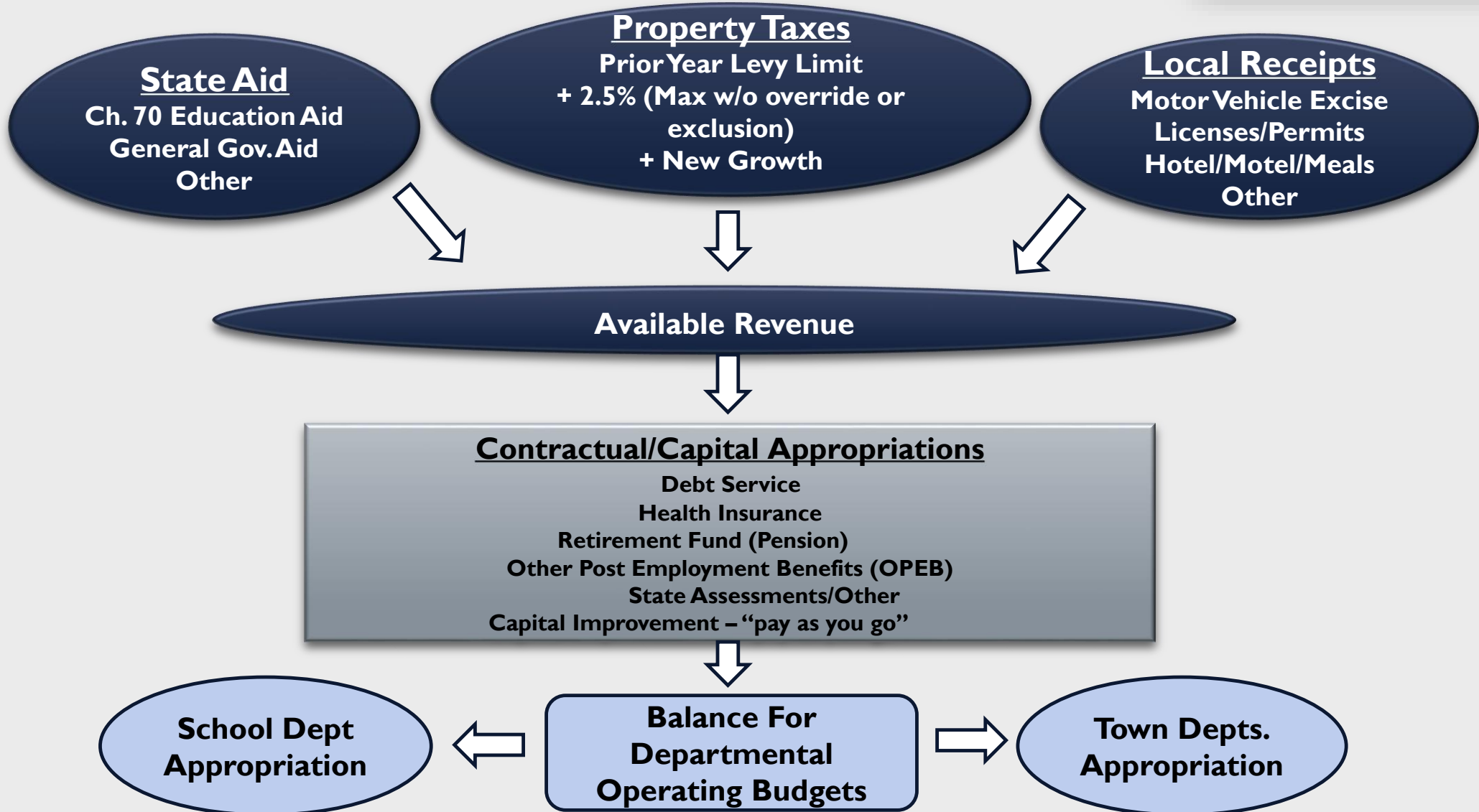
TOWN OF ANDOVER FINANCIAL ROUND TABLE

Andrew P. Flanagan, Town Manager

August 24, 2016

TOWN OF ANDOVER BUDGET MODEL

(EXCLUDING WATER/SEWER/OFFSET LOCAL RECEIPTS)



FIVE YEAR FINANCIAL FORECAST



- 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																			
Prop. Val. Levy	119,797,140	134,999,132	5,199,012	4.34%	130,721,039	5,724,204	4.35%	136,229,879	5,508,840	4.00%	141,499,399	5,460,520	4.00%	147,043,931	5,544,532	3.94%	152,781,971	5,737,940	3.94%
2.10% Increase	2,294,299	3,124,844	1,830,545	4.24%	2,289,236	142,133	6.25%	2,622,722	123,696	4.00%	2,926,724	124,012	4.00%	3,076,144	150,420	5.00%	3,213,798	137,654	4.45%
New Growth	2,294,299	2,800,000	505,701	22.04%	2,029,799	(264,500)	(11.25%)	2,029,799	0	0.00%	2,029,799	0	0.00%	2,029,799	0	0.00%	2,029,799	0	0.00%
Unfed State Levy Capacity	(8,507,711)	(974,133)	7,533,578	-88.54%	(8,507,711)	0	0.00%	(8,507,711)	0	0.00%	(8,507,711)	0	0.00%	(8,507,711)	0	0.00%	(8,507,711)	0	0.00%
Sampl. Cell Service	4,224,493	7,597,044	3,372,551	79.84%	4,224,493	439,049	10.41%	4,224,493	0	0.00%	4,224,493	0	0.00%	4,224,493	0	0.00%	4,224,493	0	0.00%
Total Property Taxes	107,999,819	133,244,949	25,245,130	23.40%	119,949,627	11,949,808	11.07%	130,752,969	10,803,340	8.26%	147,043,931	16,290,962	12.50%	152,781,971	15,738,040	10.33%	158,805,769	16,023,798	10.15%
B. Sales Tax																			
Local Retailers	1,540,000	1,637,000	97,000	6.30%	1,647,000	107,000	6.49%	1,647,000	0	0.00%	1,647,000	0	0.00%	1,647,000	0	0.00%	1,647,000	0	0.00%
Freight/Car for CP & Articles	4,892,000	3,792,000	(1,100,000)	-22.48%	-	(3,792,000)	-100.00%	-	0	0.00%	-	0	0.00%	-	0	0.00%	-	0	0.00%
State Revenue - Teleph. Cable, Bond Pm	2,022,100	2,121,000	98,900	4.90%	2,022,100	0	0.00%	2,022,100	0	0.00%	2,022,100	0	0.00%	2,022,100	0	0.00%	2,022,100	0	0.00%
TOTAL REVENUE	117,163,929	138,211,993	21,048,064	18.00%	123,618,727	6,454,798	5.23%	134,422,069	10,803,340	8.03%	149,066,031	14,643,962	10.89%	154,804,000	15,737,969	10.16%	160,828,869	16,023,869	10.03%
II APPOINTMENTS - Debt Obligations/Capital																			
A. Capital & Debt Service																			
Non-Samp. Debt Service	5,320,400	5,653,320	332,920	6.26%	5,168,216	(152,184)	-2.86%	5,320,400	152,184	2.93%	5,320,400	152,184	2.86%	5,320,400	152,184	2.86%	5,320,400	152,184	2.86%
Sampl. Cell Service	5,949,901	4,224,400	(1,725,501)	-29.00%	4,120,888	(1,028,613)	-24.71%	4,120,888	0	0.00%	4,120,888	0	0.00%	4,120,888	0	0.00%	4,120,888	0	0.00%
Cell/ Cable Outlay	2,450,000	2,440,000	(10,000)	-0.41%	2,320,000	(1,200,000)	-49.17%	2,320,000	0	0.00%	2,320,000	0	0.00%	2,320,000	0	0.00%	2,320,000	0	0.00%
Total General Fund Capital	13,719,301	12,317,720	(1,401,581)	-10.22%	11,609,104	(2,109,197)	-15.45%	12,761,288	1,151,568	9.09%	12,761,288	1,151,568	9.09%	12,761,288	1,151,568	9.09%	12,761,288	1,151,568	9.09%
B. Obligations - Bond Costs																			
Revenue	1,948,216	2,068,835	120,619	6.20%	2,068,835	120,619	6.20%	2,068,835	0	0.00%	2,068,835	0	0.00%	2,068,835	0	0.00%	2,068,835	0	0.00%
Insurance/Workers Comp	732,893	732,893	0	0.00%	732,893	0	0.00%	732,893	0	0.00%	732,893	0	0.00%	732,893	0	0.00%	732,893	0	0.00%
Unemployment Compensation	180,000	180,000	0	0.00%	180,000	0	0.00%	180,000	0	0.00%	180,000	0	0.00%	180,000	0	0.00%	180,000	0	0.00%
Health Insurance	11,054,416	11,305,037	250,621	2.27%	11,305,037	250,621	2.27%	11,305,037	0	0.00%	11,305,037	0	0.00%	11,305,037	0	0.00%	11,305,037	0	0.00%
OP&E	500,000	1,217,917	717,917	143.58%	1,217,917	717,917	143.58%	1,217,917	717,917	143.58%	1,217,917	717,917	143.58%	1,217,917	717,917	143.58%	1,217,917	717,917	143.58%
Total General Fund Obligations	40,322,909	42,493,565	2,170,656	5.38%	42,493,565	2,170,656	5.38%	42,493,565	2,170,656	5.38%	42,493,565	2,170,656	5.38%	42,493,565	2,170,656	5.38%	42,493,565	2,170,656	5.38%
C. State Assessments																			
Other Aid - Assistance to Libraries	46,440	45,398	(1,042)	-2.24%	45,398	(1,042)	-2.24%	45,398	0	0.00%	45,398	0	0.00%	45,398	0	0.00%	45,398	0	0.00%
Technical School Assessments	810,000	810,000	0	0.00%	810,000	0	0.00%	810,000	0	0.00%	810,000	0	0.00%	810,000	0	0.00%	810,000	0	0.00%
County Reserve	878,233	818,826	(59,407)	-6.76%	800,000	(78,233)	-8.91%	800,000	0	0.00%	800,000	0	0.00%	800,000	0	0.00%	800,000	0	0.00%
State Aid - From Taxation	142,260	150,007	7,747	5.45%	150,007	7,747	5.45%	150,007	0	0.00%	150,007	0	0.00%	150,007	0	0.00%	150,007	0	0.00%
State Aid - From State Cash	4,892,000	3,792,000	(1,100,000)	-22.48%	-	(3,792,000)	-100.00%	-	0	0.00%	-	0	0.00%	-	0	0.00%	-	0	0.00%
State - Cont. Jurisprudence & Defile	35,420	6,715	(28,705)	-81.05%	15,000	(20,420)	-57.93%	15,000	0	0.00%	15,000	0	0.00%	15,000	0	0.00%	15,000	0	0.00%
Total State Obligations/Capital	47,148,323	48,844,351	1,696,028	3.60%	47,148,323	(1,696,028)	-3.60%	47,148,323	(1,696,028)	-3.60%	47,148,323	(1,696,028)	-3.60%	47,148,323	(1,696,028)	-3.60%	47,148,323	(1,696,028)	-3.60%
III APPOINTMENTS - Town & School Operations																			
Town	37,329,200	38,437,289	1,108,089	2.97%	38,437,289	1,108,089	2.97%	38,437,289	0	0.00%	38,437,289	0	0.00%	38,437,289	0	0.00%	38,437,289	0	0.00%
School	7,289,891	76,226,922	2,024,131	27.77%	76,226,922	2,024,131	27.77%	76,226,922	0	0.00%	76,226,922	0	0.00%	76,226,922	0	0.00%	76,226,922	0	0.00%
Total Appt. Operations	44,619,091	114,664,211	7,152,220	15.99%	114,664,211	7,152,220	15.99%	114,664,211	7,152,220	15.99%	114,664,211	7,152,220	15.99%	114,664,211	7,152,220	15.99%	114,664,211	7,152,220	15.99%
TOTAL APPOINTMENTS	107,163,929	169,811,984	62,648,055	58.47%	169,811,984	62,648,055	58.47%	169,811,984	62,648,055	58.47%	169,811,984	62,648,055	58.47%	169,811,984	62,648,055	58.47%	169,811,984	62,648,055	58.47%
BALANCE	0	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%

REVENUE ASSUMPTIONS



REVENUE ASSUMPTIONS



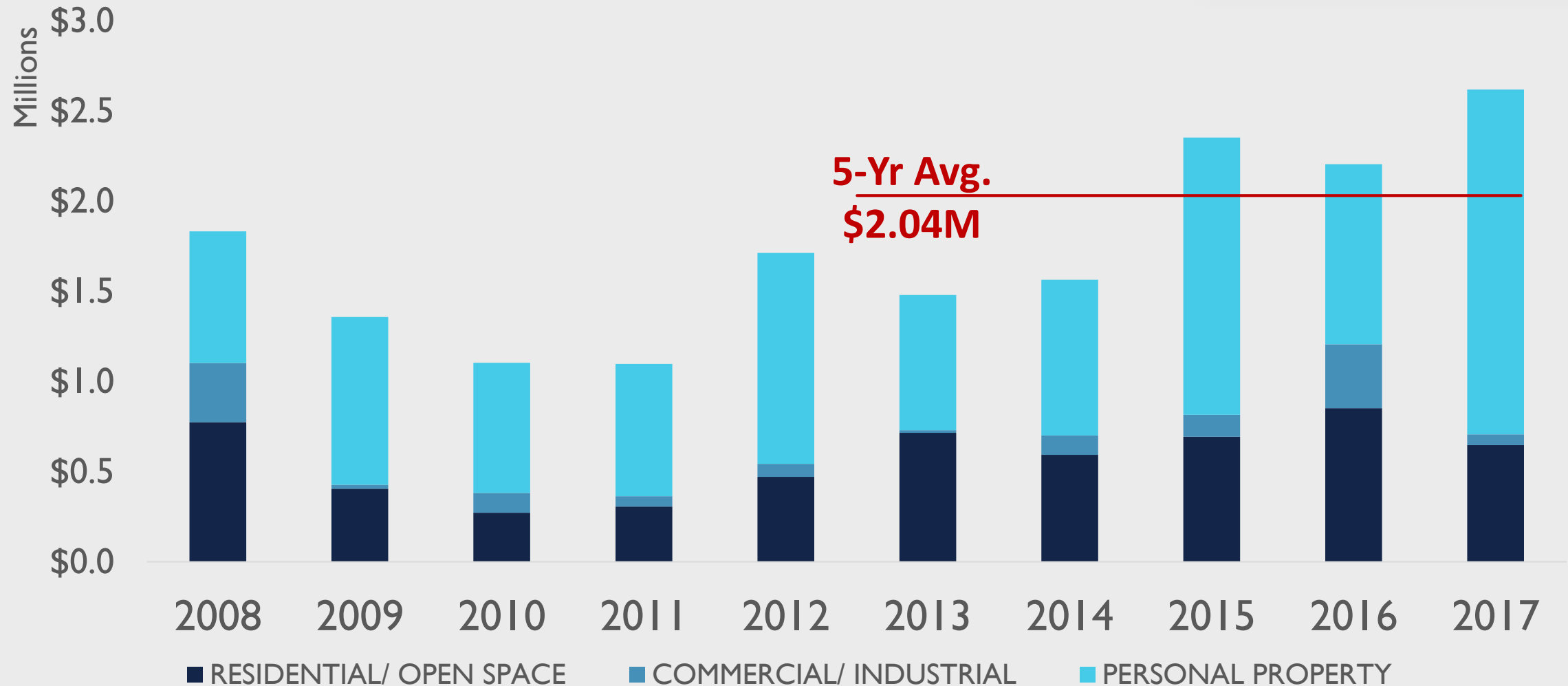
- Property Taxes
 - 2.5% Levy Increase
 - New Growth – 5 Year Average (\$2,039,798)
 - \$300K Excess Levy Capacity (Per BoS Vote)
- State Aid
 - 1% Annual Increase – Chapter 70 & Unrestricted General Government Aid
- Local Receipts
 - 5 Year Average (\$11,447,300)

FY18 TAX LEVY BREAKDOWN



	FY2017	FY2018	FY17-FY18	FY17-FY18
<u>TAX REVENUE</u>	<u>Projections</u>	<u>Projections</u>	<u>\$ Change</u>	<u>% Change</u>
Prior Year Levy Limit	\$124,996,152	\$130,721,056	\$5,724,904	4.58%
Annual 2.5% Increase	\$3,124,904	\$3,268,026	\$143,122	4.58%
New Growth	\$2,600,000	\$2,039,798	(\$560,202)	-21.55%
Unused Levy Capacity	(974,133)	(300,000)	\$674,133	-69.20%
Total Tax Levy	\$129,746,923	\$135,728,880	\$5,981,957	4.61%
Addtl. Taxes - Debt Exclusion	\$3,597,424	\$4,036,464	\$439,040	12.20%

NEW GROWTH HISTORY



REVENUE ASSUMPTIONS



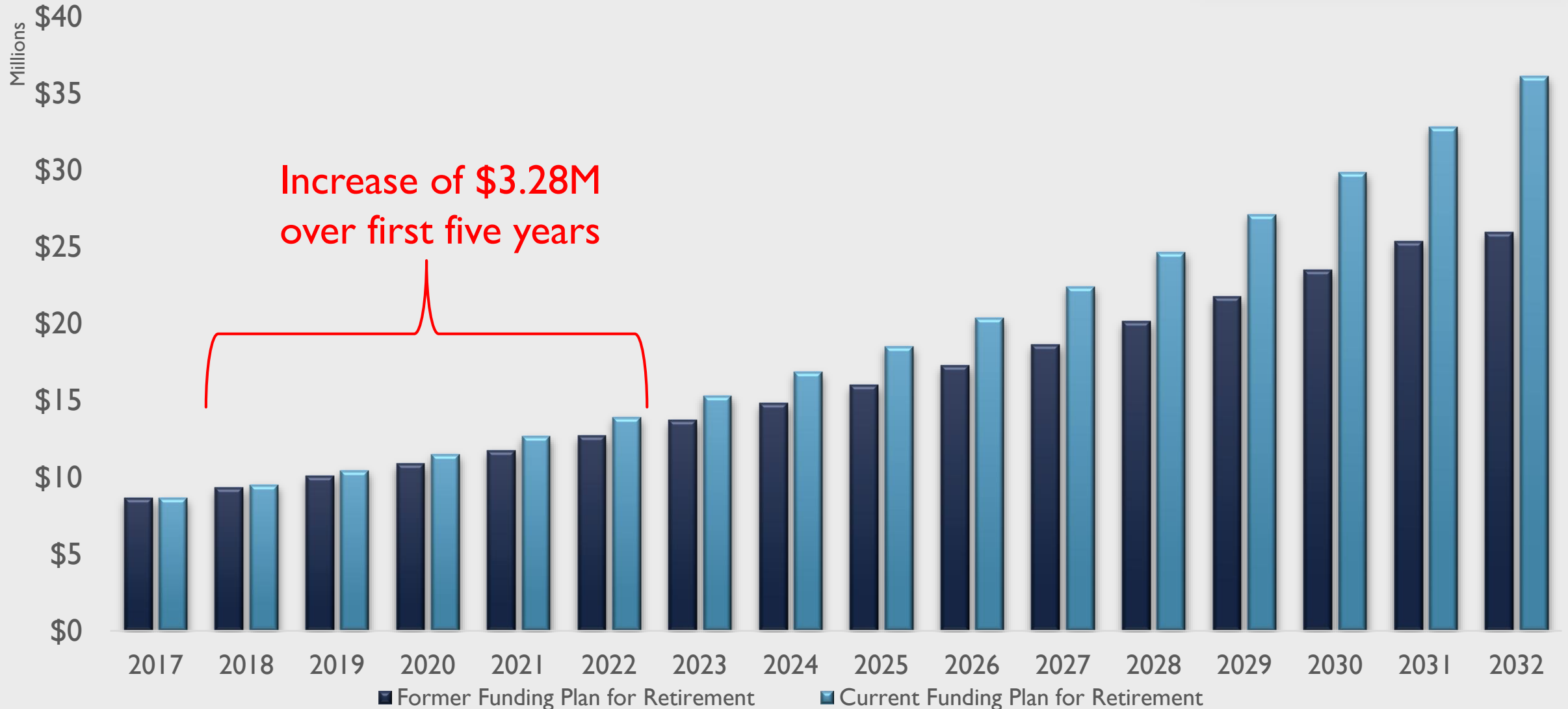
	FY2017	FY2018	FY17-FY18	FY17-FY18
	<u>Projections</u>	<u>Projections</u>	<u>\$ Change</u>	<u>% Change</u>
Tax Levy	\$129,746,923	\$135,728,880	\$5,981,957	4.61%
State Aid	\$12,473,856	\$12,598,595	\$124,739	1.00%
Local Receipts	\$10,997,428	\$11,447,300	\$449,872	4.09%
Total	\$153,218,207	\$159,774,775	\$6,556,568	4.3%

APPROPRIATIONS – OBLIGATIONS

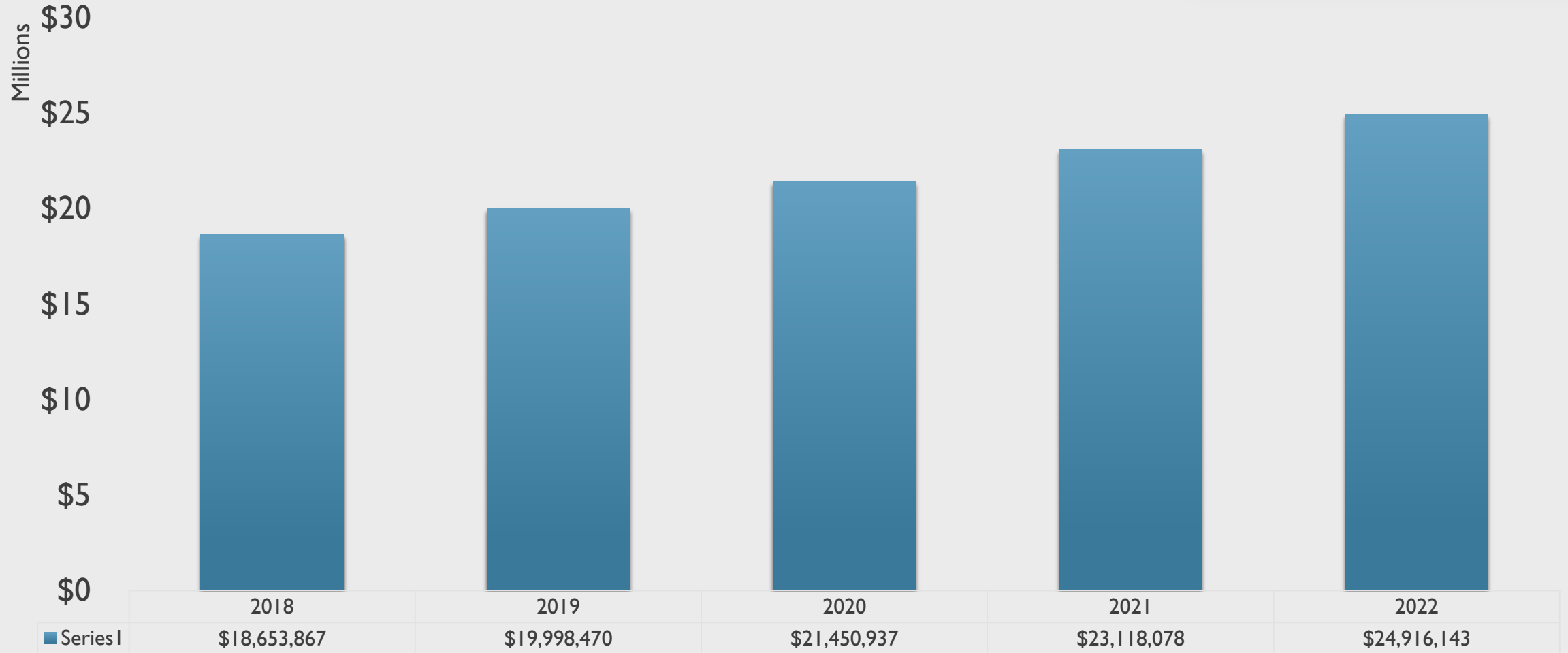
- RETIREMENT
- HEALTH INSURANCE
- OTHER POST EMPLOYMENT BENEFITS (OPEB)



FORMER VS. CURRENT RETIREMENT FUNDING SCHEDULE (10% ANNUAL INCREASE THROUGH 2032)



HEALTH INSURANCE

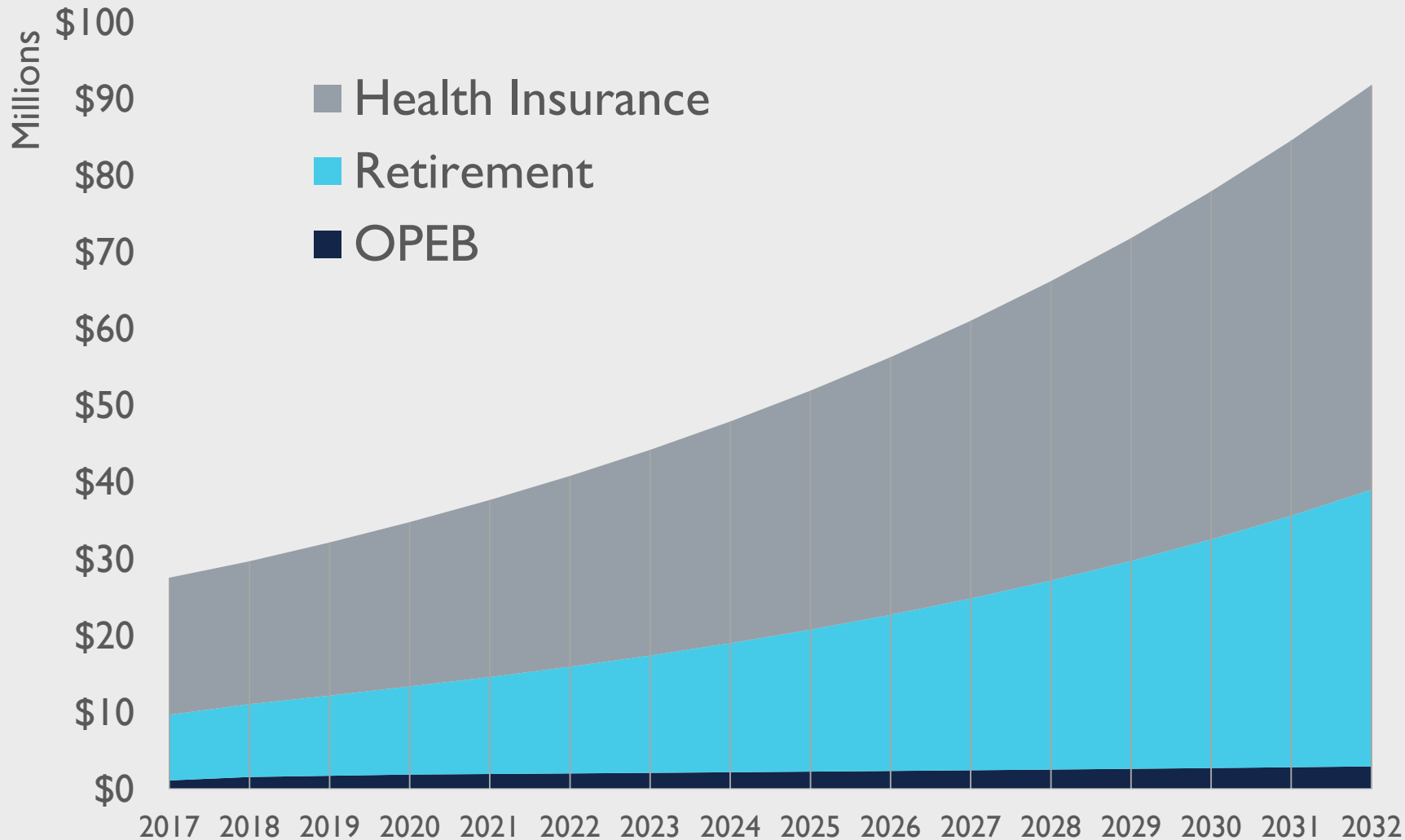


OTHER POST EMPLOYMENT BENEFITS (OPEB)



	General Fund OPEB Appropriation	Savings from OPEB Reform	Total OPEB Appropriation
FY 2018	\$943,513	\$632,938	\$1,576,451
FY 2019	\$967,100	\$769,703	\$1,736,803
FY 2020	\$991,278	\$906,194	\$1,897,472
FY 2021	\$1,016,060	\$951,504	\$1,967,563
FY 2022	\$1,041,461	\$999,079	\$2,040,540
FY 2023	\$1,067,498	\$1,049,033	\$2,116,531
FY 2024	\$1,094,185	\$1,101,484	\$2,195,670
FY 2025	\$1,121,540	\$1,156,559	\$2,278,099
FY 2026	\$1,149,578	\$1,214,387	\$2,363,965
FY 2027	\$1,178,318	\$1,275,106	\$2,453,424

PROJECTED OBLIGATIONS TO 2032



**Obligations as
Percentage of Budget**

FY 2017	16.93%
FY 2018	17.91%
FY 2019	18.57%
FY 2020	19.19%
FY 2021	19.92%
FY 2022	20.68%

APPROPRIATIONS – CAPITAL & DEBT

- CAPITAL CAPACITY
- NON – EXEMPT DEBT
- EXEMPT DEBT

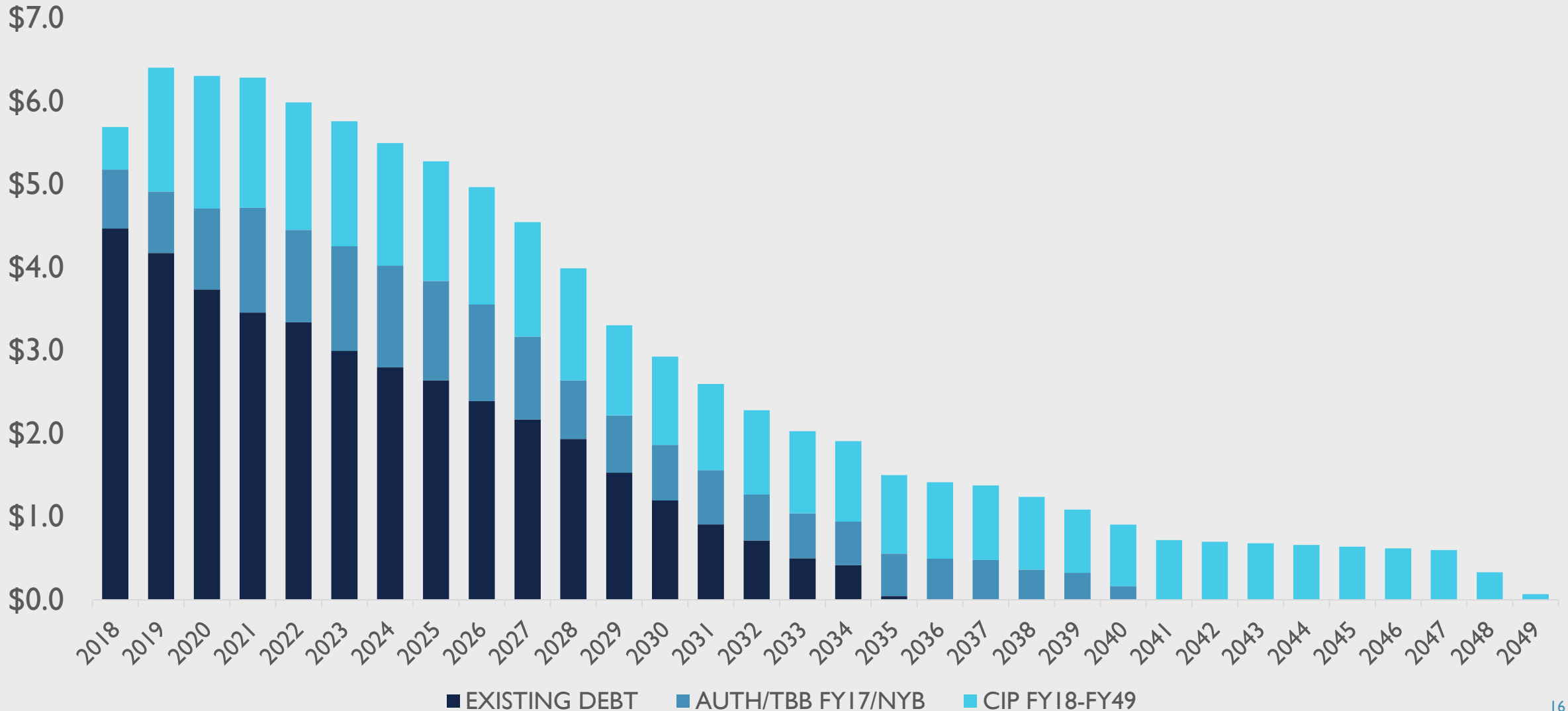


NON-EXEMPT CAPITAL AS % OF ADJUSTED BUDGET

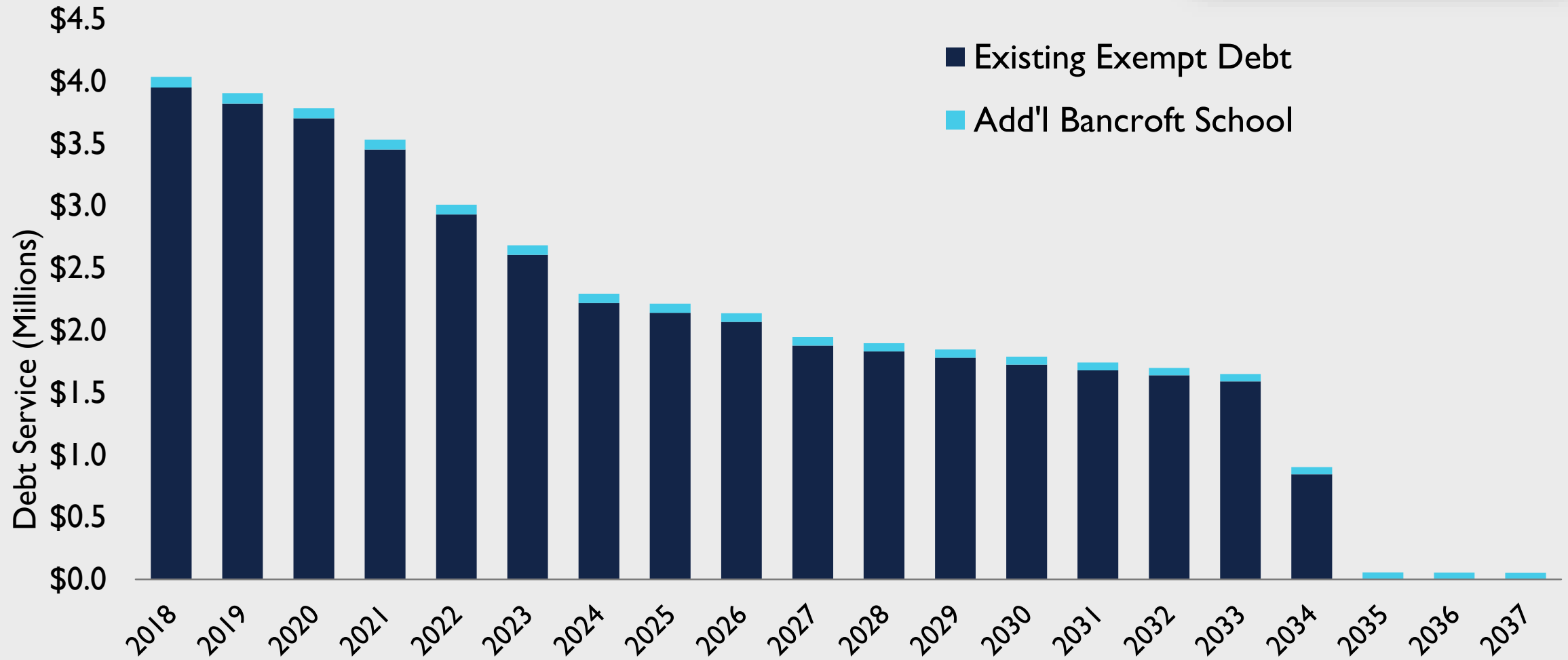


	FY18	FY19	FY20	FY21	FY22
Total Revenue	180,645,548	186,416,440	192,680,154	198,389,323	204,155,724
Less: Exempt Debt	(4,036,464)	(3,906,286)	(3,786,129)	(3,533,000)	(3,009,557)
Less: Water/Sewer Enterprise	(13,594,804)	(14,293,938)	(14,679,967)	(15,210,353)	(15,590,612)
Less: Water/Sewer Reserves & Articles	(703,000)	(663,000)	(1,015,000)	(750,000)	(750,000)
Less: Water/Sewer Reserves Operating	(506,634)	(211,583)	(161,507)	(73,654)	(75,495)
Adjusted Revenue Budget	161,804,646	167,341,633	173,037,551	178,822,316	184,730,060
Capital Projects from Taxation	3,257,000	2,862,000	2,800,000	2,750,000	2,900,000
Non-Exempt Debt	<u>6,011,318</u>	<u>6,707,679</u>	<u>7,103,933</u>	<u>7,532,571</u>	<u>7,665,564</u>
Total Non-Exempt Capital Outlay	9,268,318	9,569,679	9,903,933	10,282,571	10,565,564
	5.73%	5.72%	5.72%	5.75%	5.72%

GEN. FUND (NON-EXEMPT) DEBT SERVICE



GEN. FUND (EXEMPT) DEBT SERVICE



TOWN & SCHOOL OPERATIONS



TOWN AND SCHOOL OPERATIONS



	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
School Operations (4.5% Annual Increase)	\$79,523,667	\$83,102,232	\$86,841,832	\$90,749,715	\$94,833,452
Town Operations (2.75% Annual Increase)	\$39,494,417	\$40,580,513	\$41,696,478	\$42,843,131	\$44,021,317
Total	\$119,018,084	\$123,682,745	\$128,538,310	\$133,592,846	\$138,854,769

STRUCTURAL IMPACTS



PROJECTED DEFICIT BASED ON ASSUMPTIONS



	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	\$163,031,584	\$165,006,297	\$170,498,522	\$176,153,282	\$181,777,259	\$187,209,082
Appropriations	\$163,031,584	\$165,833,750	\$173,219,463	\$181,451,928	\$189,326,283	\$197,591,272
Deficit	\$0	-\$827,453	-\$2,720,941	-\$5,298,646	-\$7,549,024	-\$10,382,190

QUESTIONS

