

ANDOVER, NH
CAPITAL IMPROVEMENT PLAN

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Andover Planning Board
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Andover Capital Improvements Program

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1. Introduction

A Capital Improvements Program (CIP) is a planning and management advisory tool which can be used by local officials for scheduling of large capital expenditures in future years. Typically, the CIP is a schedule which tabulates proposed capital expenditures together with cost estimates and the probable method of financing in addition to a discussion of past trends. The CIP assists in the planning for the town's long term development through the creation of a process where all department heads and local officials are better aware of future needs and requirements.

A capital expenditure has been defined for the purpose of this task to include all expenditures in excess of \$1,500 which have not been classified as annual or maintenance costs. Typical capital expenditures include the purchase of town vehicles, school and town building construction and town road paving costs. These capital expenditures will be forecasted over an initial time span of six years, with the plan periodically updated.

Information on all anticipated future capital expenditures was obtained from the various town department heads. Included were the estimated costs, along with detailed explanations of their need for realization, a time sequence for implementation, and a description of probable funding sources. Using these requests in conjunction with a review of historic expenditure, revenue and tax rate trends, the CIP committee has attempted to spread out expected future capital expenditures over several years by scheduling large expenditures on a basis of both urgency and ability to pay.

Section 2 of this document contains a description of the applicable New Hampshire statutes (RSA's) which give municipalities the authority to prepare a CIP and define the purpose of such a plan. Section 3 presents a summary of the tax base evaluation over recent years, and Section 4 summarizes Andover's tax rate history. Section 5 presents a summary of population in Andover since 1840 as well as a projection of future population levels in the town through 2020. It also provides a summary of the past and anticipated school enrollment figures. Section 6 provides a review of capital expenditures and operating expenditures in Andover over the past 10 years (1992-2001), and section 7 presents a summary of the projected capital expenditures for 6 years into the future (2002-2007) along with their anticipated funding sources.

2. Purpose/Authorization

New Hampshire RSA 674:5 states that "in a municipality where the Planning Board has adopted a Master Plan, the local legislative body may authorize the Planning Board to prepare and amend a recommended program of municipal capital improvement projects over a period of at least six years." Most importantly, it states that the "... sole purpose and effect of the Capital Improvements Program shall be to aid the mayor (Selectmen) and the Budget Committee in their consideration of the annual budget."

Andover's Planning Board adopted a Master Plan for the Town of Andover in 1992. The Town of Andover at its 1991 town meeting voted to adopt a Capital Improvements Program under the provisions of RSA 674:5. This CIP has been prepared by a committee consisting of members of the Planning Board, the Budget Committee, the Board of Selectmen and the School Board.

The completed Capital Improvements Program can serve the following purposes:

- Provide town department heads with information for planning for future capital expenditures and the annual review of their long-term requirements;
- Provide a forum for public discussion regarding future capital expenditures, thus focusing attention on community needs and goals;
- Coordinate long term goals as defined in the Andover Master Plan with proposed capital expenditures and expected future growth trends; and
- Help stabilize tax rates by spreading out major expenditures.

The plan can also be a valuable tool in the review of proposed subdivisions. Under NH RSA 674:36,11(a), when adopting subdivision regulations, a municipality may "provide against such scattered or premature subdivision of land as would involve danger or injury to health, safety, or prosperity by reason of the lack of water supply, drainage, transportation, schools, fire protection, or other public services, or necessitate the excessive expenditure of public funds for the supply of such services." In such a case where a subdivision is proposed which would require a large public investment not specified in the CIP, the planning board could use the CIP as a tool to determine if the subdivision was in fact premature.

Another important value of the CIP is the use of such a plan in negotiations with developers with regard to their fair share of the cost of necessary infrastructure improvements caused by a proposal. The CIP clearly details where the town expects to expend town funds on capital projects in the future.

Finally, proposed capital projects included within the CIP's six year time-span are not meant to be a "wish list," but instead is meant to be a fairly accurate projection of the town's capital needs based upon a combination of each department head's knowledge, local financial trends, and projected growth. Future projections contained within this document are present estimates only. It is the intent that the CIP be an advisory document which is revisited and updated annually.

3. Andover Valuation Trends

The history of real estate valuation in Andover over the past 10 years is given in Table 1. The valuation has increased very slowly, going from \$106 million in 1992 to \$119 million in 2001. Over the full 10 year period the increase was at an average rate of only

1.2% per year. It is anticipated that Andover's tax valuation will maintain this modest growth rate over the next 6 years.

Table 1 - Andover Valuation

Tax Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Town Valuation (x \$1,000)	105,694	105,271	108,619	108,996	110,210	111,697	112,528	114,775	116,382	118,978
Annual pct change		-0.4%	3.2%	0.3%	1.1%	1.4%	0.7%	2.0%	1.4%	2.2%

4. Andover Tax Rate History

A historical summary Andover's tax rates for the past 10 years is provided in Table 2. The total tax rate has gone from \$18.75 per thousand of valuation in 1992 to \$21.85 in 2001. Prior to 1999 the tax rate increased from 1.4% to 4.5% per year. In 1999 the tax rate fell dramatically, as a result of the increased State funding for schools that was introduced that year. The tax rate continued to climb after 1999, and increased by an unprecedented 13.1% in the year 2001. The large tax increase for this year is primarily the result of the large increase in school expenses.

Table 2 - Andover Tax Rate History

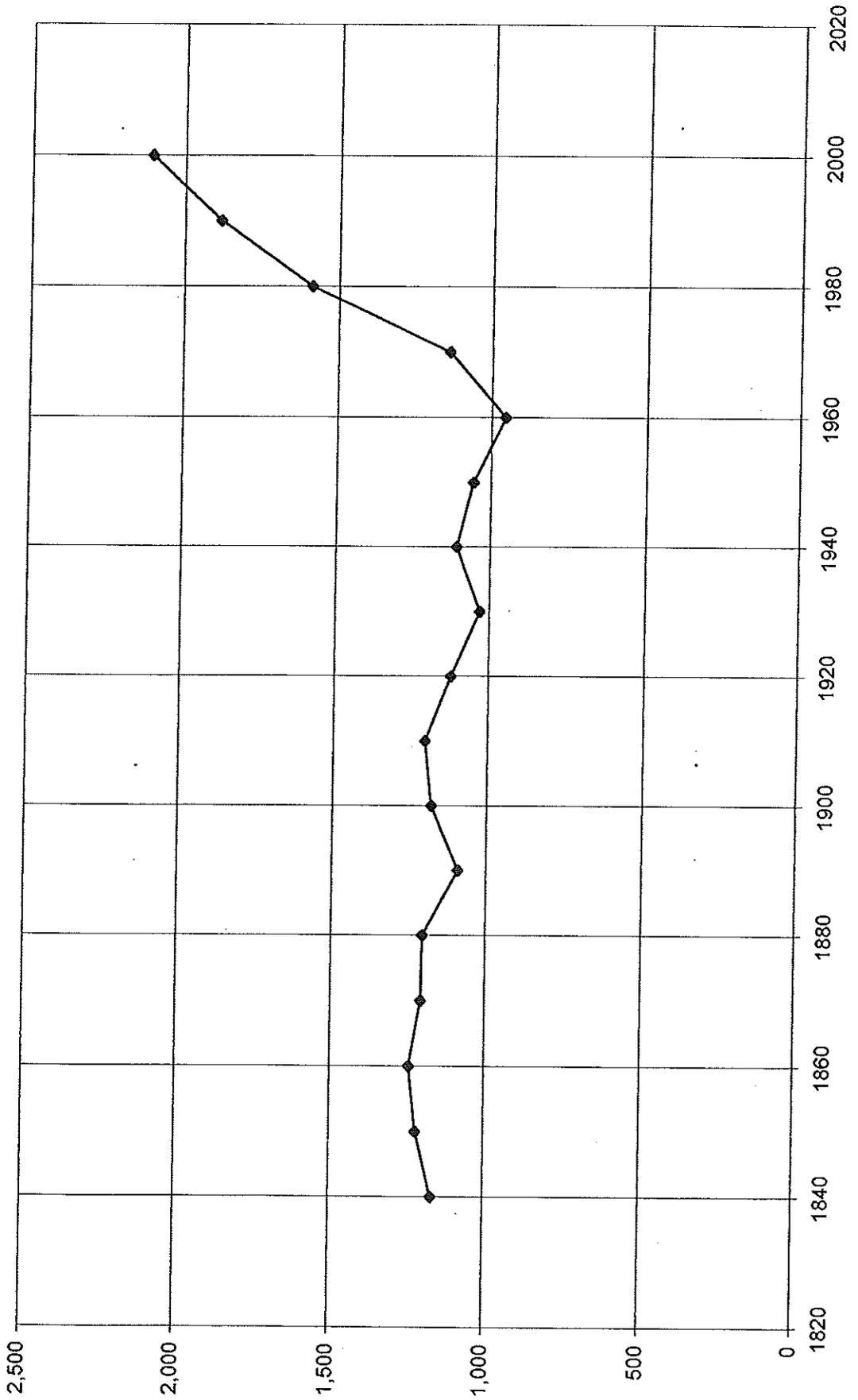
Tax Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Tax Rate										
Town	2.71	1.94	1.28	1.09	0.86	2.15	1.99	1.99	1.99	1.99
School	13.68	14.87	16.09	17.02	17.90	16.90	17.62	13.67	14.01	16.26
Fire (combined)	0.55	0.60	0.69	0.59	0.60	0.63	0.65	0.74	0.85	0.85
County	1.81	2.07	1.70	1.95	1.98	2.07	2.15	2.04	2.47	2.75
Total	18.75	19.48	19.76	20.65	21.34	21.75	22.41	18.44	19.32	21.85
Annual pct change		3.9%	1.4%	4.5%	3.3%	1.9%	3.0%	-17.7%	4.8%	13.1%

5. Population Trends

5.1 Total Resident Population

Figure 1 presents the historical record for the population of the town of Andover going back to 1840. For most of that period the population had remained rather steady at 1,000 to 1,200. But starting in the 1960s and continuing to the present day the population has been growing significantly, reaching 2,109 in the 2000 Census. Table 3 shows the details of this growth over the recent years, compared with the records for Merrimack County and for the State of New Hampshire (U.S. Census figures). Andover's population

Figure 1 - Andover Population



has grown at an average rate of 2.0% annually from 1960 to 2000, somewhat greater than the growth rate experienced by Merrimack County (1.8%) and by the total State of New Hampshire (1.8%) for the same period.

Table 3 - Population Data

	1950	1960	1970	1980	1990	2000
Andover	1,057	955	1,138	1,587	1,883	2,109
avg change per year		-1.0%	1.8%	3.4%	1.7%	1.1%
Merrimack County	63,022	67,785	80,925	98,302	120,005	136,225
avg change per year		0.7%	1.8%	2.0%	2.0%	1.3%
State of New Hampshire	533,242	606,921	737,681	920,610	1,109,252	1,235,786
avg change per year		1.3%	2.0%	2.2%	1.9%	1.1%

US Census data

The New Hampshire Office of State Planning (OSP) has projected the population growth for Andover over the next 20 years as shown in Table 4. This projection (made in October 1997, prior to the availability of the year 2000 US Census figures) suggests that Andover's future population will grow at an average rate of 0.8% over the next 20 years, somewhat less than its recent historical rate of 2.0%, and reach an estimated level of 2,391 by the year 2020. A plot of this projected population trend is shown in Figure 2.

Table 4 - Andover Population Projection

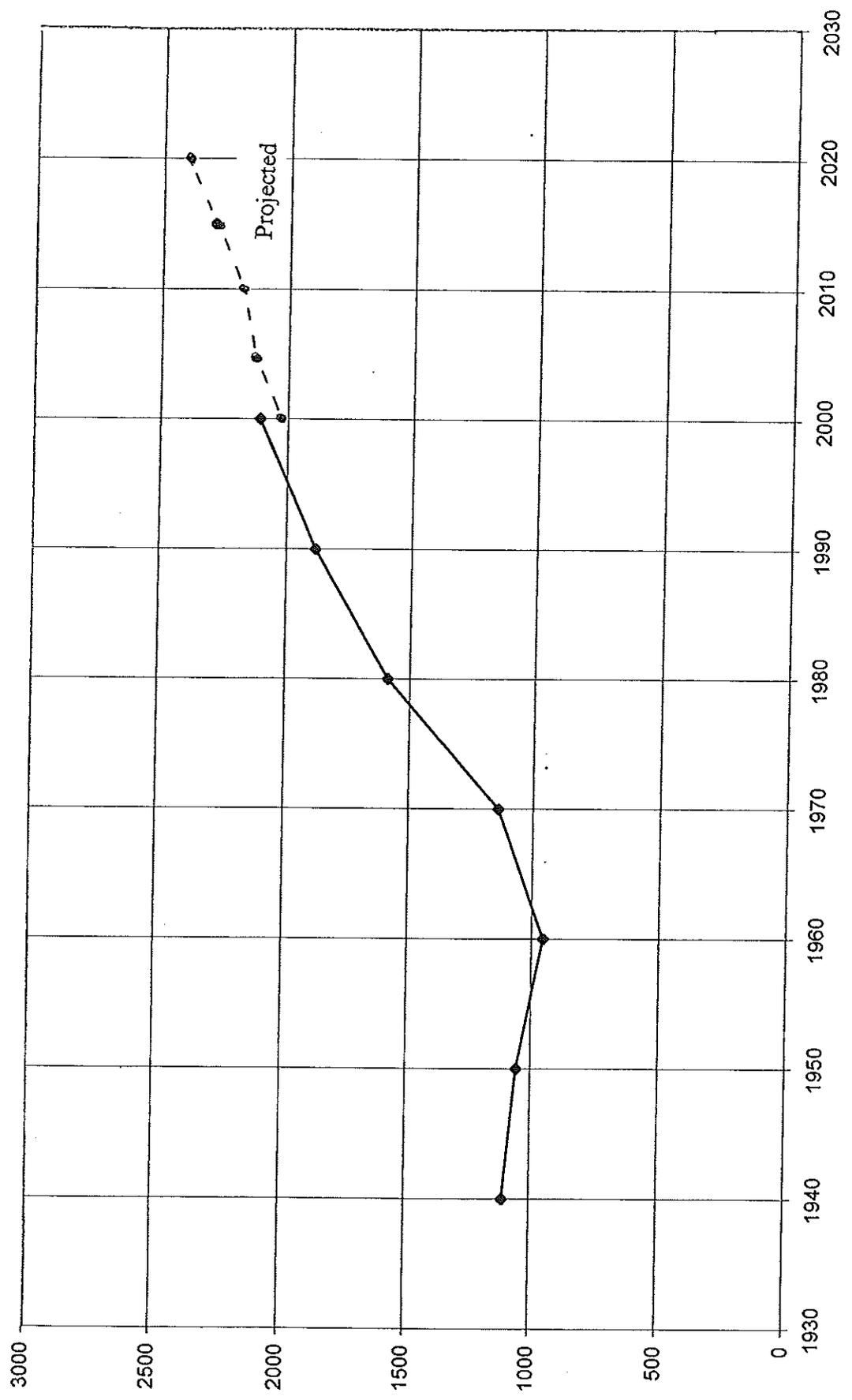
	2000	2005	2010	2015	2020
Andover population	2,021	2,121	2,179	2,280	2,391
avg change per year		1.0%	0.5%	0.9%	1.0%

Projection by NH OSP, October 1997

5.2 Andover School District

Table 5 presents Andover's school population over the past 10 years. It shows that the total enrollment in the Andover school system has grown from 313 in the 1991-92 school year to 327 in the 2001-02 school year, an average increase of 0.4% per year. Projections of future school enrollment figures have been presented in a report prepared for the Andover School District by the NH School Administrators Association dated December 4, 2001. Three different extrapolations from the historical data were considered in that report. The extrapolation that predicted the largest growth rate in Andover's school population (the so-called "three-year weighted average" method) is tabulated in Table 6

Figure 2 - Andover Population Projection



and plotted in Figure 3. This extrapolation suggests that the Andover school enrollment will grow from 327 to 346 (average annual growth rate of 0.6% per year) over the future 10-year period from 2001-02 to 2011-12.

Table 5 - Andover School Population

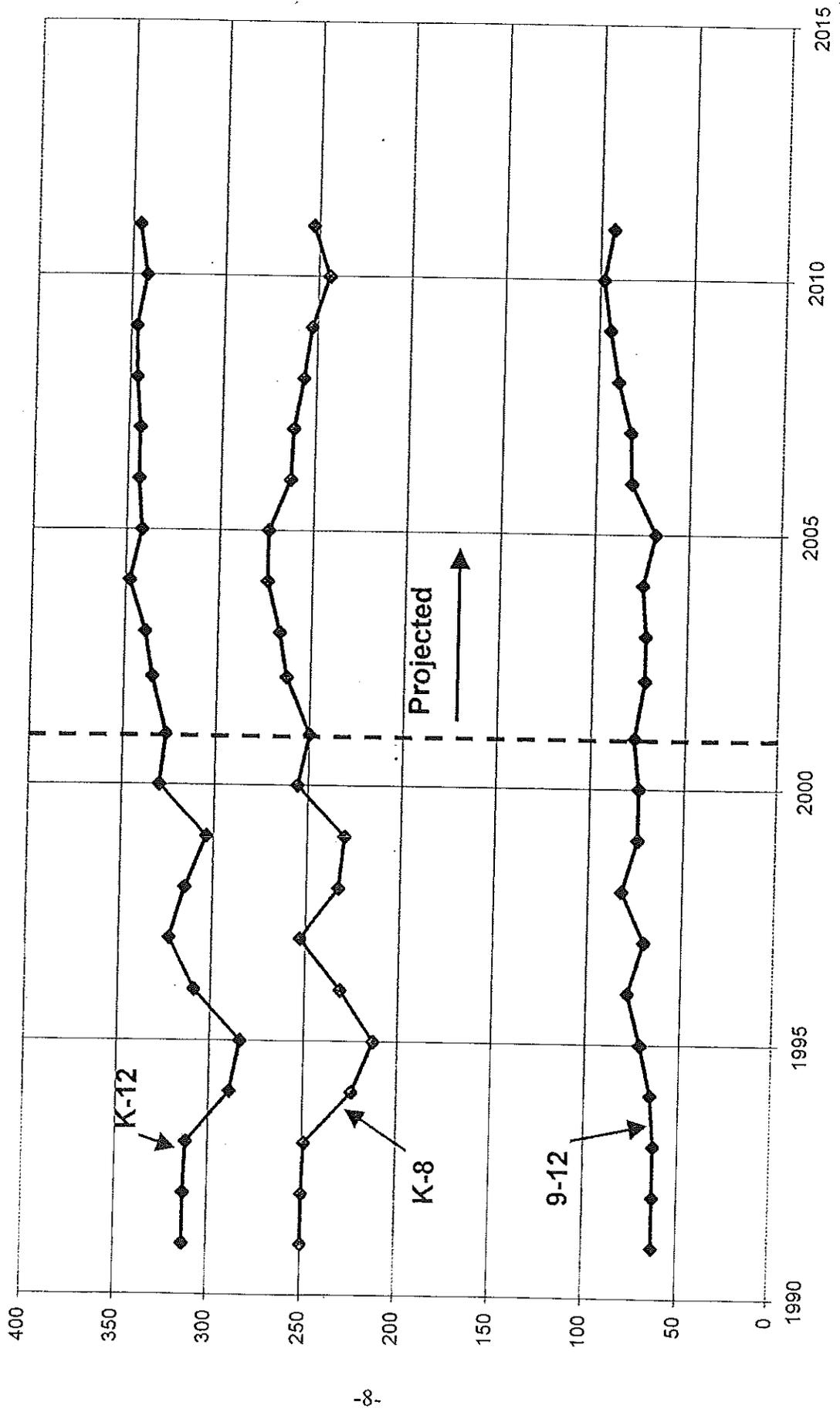
School year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Grades K-8	250	250	249	224	213	231	253	233	230	256	250
pct. change		0.0%	-0.4%	-10.0%	-4.9%	8.5%	9.5%	-7.9%	-1.3%	11.3%	-2.3%
Grades 9-12	63	63	63	65	71	78	70	82	74	74	77
pct. change		0.0%	0.0%	3.2%	9.2%	9.9%	-10.3%	17.1%	-9.8%	0.0%	4.1%
Total	313	313	312	289	284	309	323	315	304	330	327
pct. change		0.0%	-0.3%	-7.4%	-1.7%	8.8%	4.5%	-2.5%	-3.5%	8.6%	-
											0.9%

Table 6 - School Population Projections

School year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Grades K-8	250	263	267	274	274	263	262	257	253	244	253
pct. change	-2.3%	5.2%	1.5%	2.6%	0.0%	-4.0%	-0.4%	-1.9%	-1.6%	-3.6%	3.7%
Grades 9-12	77	72	72	74	68	81	82	89	94	98	93
pct. change	4.1%	-6.5%	0.0%	2.8%	-8.1%	19.1%	1.2%	8.5%	5.6%	4.3%	-5.1%
Total	327	335	339	348	342	344	344	346	347	342	346
pct. change	-0.9%	2.4%	1.2%	2.7%	-1.7%	0.6%	0.0%	0.6%	0.3%	-1.4%	1.2%

Projections by NH SAA based on "3-year weighted average" formulation.

Figure 3 - Andover School Population



6. Historical Review of Financial Trends

Andover has four separate legislative bodies: (1) the Town of Andover, (2) the Andover School District, (3) the Andover Fire District and (4) the East Andover Fire District. Each of these bodies has its own separate budget and funding requirements. The total tax burden borne by the tax payers of the Town of Andover is the sum of the taxes required to fund each of these bodies. A review and analysis of the past expenditures and sources of funding will provide a basis for projecting the funding requirements into the future. Both capital expenditures and operations expenditures will be reviewed for the past 10 year period for each of these bodies separately, in a combined form.

6.1 Town of Andover

A summary of the Town of Andover's capital expenditures for the years 1992-2001 is presented in Table 7. Major capital expenses during this period consisted of a property revaluation of the Town in 1992, the purchase of a police cruiser in 1998, the Town Office/Library building addition in 2000 and ongoing highway and bridge projects. Contributions were made on a regular basis to capital reserve funds for funding future purchases of a police cruiser and highway equipment. Sources of funding for these capital expenditures (other than town taxes) included a bond for the revaluation expense, withdrawals from various capital reserve funds, grants and donations. The unusually large highway project expenditure in 1999 of \$175,000 resulted from the fact that some \$60,000 of that expense was planned for the previous year but not expended then (which explains the unusually small expenditure for this item in 1998 of \$39,000).

The annual net tax burden for these capital expenses, after taking into account the sources of external funding, varied approximately from \$57,000 to \$109,000 (omitting the year 2000 when the \$245,000 building addition cost was funded by use of unexpended surplus from the previous year).

A summary of the history of the Town of Andover's operations expenses is presented in Table 8. These expenses have been generally growing each year, from approximately \$448,000 in 1992 to \$699,000 in 2001. Although the amounts vary from year to year, the general trend has been an annual increase that averaged about 3.7% up until 1999. But the increase for the year 2000 was 10.9% and for the year 2001 was 11.1%. Thus there is a definite trend over the last two years toward significantly higher Town operating costs.

Revenues other than real estate taxes that offset the operating expenses of the Town have varied widely over the years. Timber yield taxes, motor vehicle fees and sales of Town property are some of the widely varying items. In some years external revenues have more than offset the actual operations expenses.

6.2 Andover School District

The capital expenses for the Andover School District are summarized in Table 9. These expenses have primarily been payments of capital and interest on bonds for the purchase

of the Hamp House (final payments made in 1995) and for the school building addition (final payment will be made in the year 2002). Withdrawal from the Building Improvements Capital Reserve Fund was made in 1992 to fund some improvement expenses. Some building improvements in 1999 were funded directly by taxation. Building Aid from the State of N.H. was received to offset a portion of the principal payments for the building addition.

The operating expenses for the School District are summarized in Table 10. These expenses have risen from approximately \$1.6 million in 1992 to \$2.8 million in the year 2001. This increase averaged approximately 4.6% annually from 1992 to 1999, but then increases more rapidly, by 13.2% for the year 2000, and by 13.7% for the year 2001. This definite trend over the last two years toward significantly higher School operating costs directly parallels the similar trend observed in the Town operating costs over the same two-year period.

Revenues offsetting the operations expenditures vary over the years. The major change in these revenues occurred in 1999, when the new State of NH Education Grant was introduced. Whereas in years prior to 1999 the State educational aid was approximately \$40,000 to \$50,000, in 1999 the new State aid became \$694,541. Examining the net operations expenditures to be raised by taxes (after applying the offsetting non-tax revenues) it is seen that the annual increase had been between 0% and 12% (except for 1999 as explained above), but there was an increase of 20.7% in the year 2000 and an increase of 26.4% in 2001.

6.3 Andover Fire District

Both the capital expenses and the operating expenses for the Andover Fire District are summarized in Table 11. The major capital expenditure has been for a new fire truck in 1992, mostly paid for by use of funds from a capital reserve account. Contributions to this account were continued in anticipation of a future fire truck purchase. An assessment was made for this District's share of costs for a new dispatch center for the Lakes Region Mutual Aid organization, which is being funded by annual payments over 9 years through a no-interest loan from the LRMA. New communications radio equipment was purchased in 2000 and funded directly through taxation. The net capital expenditures have grown over the 10-year period from about \$10,000 per year to nearly \$29,000 in 2001.

The annual operating expenses for this District have grown gradually from about \$16,000 in 1992 to about \$31,000 in 1998, and have since reduced somewhat to about \$25,000 in 2001.

6.4 East Andover Fire District

Table 12 shows both the capital expenses and operation expenses for the East Andover Fire District. A fire truck was purchased in 1997, funded partially by withdrawal of funds from a capital reserve fund, and partly by a bond. The assessment for this District's

share of costs for the LRMA dispatch center are being funded by payments over a 3-year period through a no-interest loan from the LRMA. The net capital expenditures have grown over the 10-year period from about \$14,000 per year in 1992 to about \$25,000 in 2001.

The annual operating expenses have grown from about \$14,000 in 1992 to about \$24,000 in 2001.

6.5 Combined Town Components

Table 13 presents the 10-year history of the net capital expenditures incurred by all four Andover governmental bodies. It is seen that there are two anomalous years – 1999 and 2000 – in which capital expenditures were well above average. In 1999 the School District made an unusual expenditure of \$81,000 for building improvements, and the Town expended some \$60,000 on highway projects in that year that were meant to be expended in the previous year. In 2000 the Town funded the office/library building addition of \$245,000 out of previous year surplus. Except for these two special years, the total net capital expense averaged about \$210,000 per year.

Table 13 also shows the amounts of real estate taxes collected for each of the governmental units and for the Merrimack County assessment. It can be seen that the total net capital expenditures typically were between 8% and 12% of the total real estate tax burden (excepting the two unusual years of 1999 and 2000 as explained above).

Table 14 shows the 10-year history of net operating expenditures (after off-setting non-tax revenues) for the combined four Andover governmental units. Over the years of 1992 to 1999 these operating expenses grew gradually at an annual rate of between 4% and 6%. However, in the years 2000 and 2001 the net operations expenditures grew by approximately 13% per year for each of these two years. Thus there has been a significant increase in the cost to the tax payers over the last two years.

Table 7 - Town of Andover - 10-Year History of Capital Expenditures

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Capital Expenditures										budget
Highway projects		31,696	42,457	46,196	87,796	104,256	39,377	175,282	130,717	126,101
Revaluation	60,575									
Bobcat loader			8,278							
Blackwater Park			15,000					12,250		
Highway sweeper				7,995						
Police cruiser										
Bog Bridge repair						23,000				22,000
Bradley Lake Bridge repair								10,000		
Keniston Bridge repair									169,188	
Town Office/Library addition									245,000	17,240
Town Library renovation										16,600
Capital Reserve Fund Contributions										
Police Cruiser				5,000	5,000	5,000		5,000	5,000	
Highway Equipment							10,000	10,000	10,000	10,000
Library Renovation Fund							500	14,818		
Bond Payments										
Transfer station	10,795									
Landfill closure	37,067									
Road grader	13,544									
Revaluation	1,235	34,239	31,726							
Total Capital Expenditures	123,216	65,935	97,461	59,191	92,796	109,256	72,877	227,350	559,905	191,941
REVENUES										
Cap Reserve Fund Withdrawal										
Highway Equipment Fund			6,800	1,806						
Police Cruiser Fund							16,051			10,000
Library Renovation Fund										16,600
Bond Proceeds										
Revaluation Bond	60,325									
Other Funds/Grants										
Library Renovation donation								12,818		
Bradley Lake Bridge Aid									82,577	60,663
Total Revenues	60,325	0	6,800	1,806	0	0	16,051	12,818	82,577	87,263
Net Capital Expense	62,891	65,935	90,661	57,385	92,796	109,256	56,826	214,532	477,328	104,678

Table 8 - Andover Town - 10 year History of Operations Expenses

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 budget
Operating Expenses										
General Government	22,221	21,532	24,150	24,102	22,641	21,854	24,782	25,505	25,973	29,370
Town Office Expenses	64,784	63,271	66,944	75,936	78,504	88,429	96,032	100,446	108,554	119,154
Town Office/Library Building	4,796	4,817	4,171	4,513	5,550	5,449	14,813	6,724	10,452	22,670
Planning & Zoning	3,590	2,193	1,551	2,921	4,138	5,504	5,110	6,030	8,162	7,500
Insurance	30,990	24,794	12,256	23,139	30,761	29,447	18,151	14,831	14,790	15,000
Cemeteries	8,028	7,345	7,572	8,699	4,951	10,609	10,161	11,735	12,117	12,500
Legal Expenses	2,012	4,235	8,453	9,382	3,415	10,070	5,694	3,185	5,262	10,000
Public Safety	20,946	21,642	28,350	36,964	32,796	46,796	102,588	79,525	95,932	94,796
Highways & Bridges	139,357	140,622	145,484	163,237	175,722	173,826	208,490	178,154	185,573	188,850
Solid Waste Disposal	98,418	83,098	87,391	87,258	79,210	76,652	83,708	95,630	97,639	114,473
Health & Welfare	14,743	15,472	17,169	14,129	10,568	25,684	11,441	10,575	12,326	19,418
Culture & Recreation	20,444	20,659	19,685	24,816	27,235	28,051	28,897	30,960	32,017	41,188
Tax Anticipation Note	17,735	9,463	16,056	23,564	19,874	20,030	20,350	15,921	22,832	24,000
Total Operating Expenditures	448,064	419,143	439,232	498,660	495,365	542,401	630,217	579,221	631,629	698,919
Revenues other than Taxes										
Yield Taxes, etc.	67,518	86,073	66,199	88,315	71,905	81,132	85,104	135,654	83,382	55,000
State Revenues	81,666	85,708	89,796	90,100	89,652	103,775	110,927	120,937	139,152	119,626
Licenses & Permits	128,200	144,268	161,263	176,414	190,839	221,837	241,795	270,637	298,096	237,700
Charges for Services	9,634	8,654	11,037	14,717	7,150	9,001	55,501	35,072	29,074	17,200
Sale of Town Property	1,438	17,979	10,739	68,777	1,000	35,573	2,191	790	800	500
Other Revenues	15,220	8,618	33,939	61,786	71,134	79,103	77,888	76,927	96,254	56,200
Total Offsetting Revenues	303,676	351,300	372,973	500,109	431,680	530,421	573,406	640,017	646,758	486,226
Net Operating Expenses to Taxes	144,388	67,843	66,259	-1,449	63,685	11,980	56,811	-60,796	-15,129	212,693

Table 9 - Andover School District - 10-Year History of Capital Expenditures

	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02 budget
Capital Expenditures										
Building improvements	185,000									
Building addition	975,000							81,337		
Bond Payments										
Hamp House	49,660	46,900	44,140	40,380						
Bldg addition	30,844	149,975	144,675	140,375	134,075	128,775	118,608	113,525	108,347	103,076
Total Capital Expenditures	1,240,504	196,875	188,815	180,755	134,075	128,775	118,608	194,862	108,347	103,076
REVENUES										
Cap Reserve Fund Withdrawal										
Building Improvements Fund	185,000									
Bond Proceeds										
Building Addition Bond	975,000									
Building Aid (State of NH)		54,584	53,384	53,384	53,384	53,384	39,884	39,884	39,884	39,884
Total Revenues	1,160,000	54,584	53,384	53,384	53,384	53,384	39,884	39,884	39,884	39,884
Net Capital Expense	80,504	142,291	135,431	127,371	80,691	75,391	78,724	154,978	68,463	63,192

Table 10 - Andover School District - 10 year History of Operations Expenditures

	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Operating Expenses										budget
Regular Education	558,413	579,427	571,052	578,593	688,869	692,432	746,398	762,421	855,068	949,097
Highschool Tuition	324,933	431,151	469,222	531,035	537,094	466,785	469,987	391,966	376,202	481,400
Special Education (incl transp)	196,490	213,246	246,389	225,324	211,170	212,167	190,858	154,838	189,410	346,436
Other Special Programs	36,892	44,891	47,791	53,854	60,756	102,067	86,913	119,650	112,771	163,405
Co-Curricular Programs	6,631	8,567	9,859	11,773	9,203	8,422	10,569	12,773	12,865	18,483
Staff Training	7,008	4,455	3,013	2,510	3,077	6,798	12,497	23,798	13,148	20,640
Library	13,983	13,805	14,051	16,795	17,266	17,176	11,301	18,120	15,673	23,579
Administrative Expenses	116,713	123,970	138,564	157,269	153,650	154,327	166,246	178,978	182,803	217,080
Building Services	128,334	131,106	121,987	121,944	131,990	119,691	144,774	138,540	193,365	203,486
Transportation (not Spec Ed)	86,130	81,221	85,227	95,224	110,441	122,319	167,964	174,267	178,650	187,500
Federal Reading Program	36,077	32,171	45,323	33,459	33,543	88,056	35,087	81,350	83,881	82,000
Food Service	61,794	56,387	70,308	61,732	81,276	81,713	79,034	103,930	77,057	87,000
Expendable Trust Fund Contributions										
Special Education Fund									50,000	
Building Maintenance Fund									10,000	
Total Operating Expenditures	1,573,398	1,720,397	1,822,766	1,889,512	2,038,335	2,071,953	2,121,628	2,160,631	2,350,893	2,780,106
Revenues other than Taxes										
Education Grant (State of NH)	123,417	114,918	33,309	53,766	40,347	83,430	42,305	694,541	694,541	673,599
Special Ed Aid (State of NH)	262	1,053	3,053	21,218	10,906		13,663	11,881		
Food sales	33,356	34,240	27,941	35,072	31,400	29,150	29,157	27,758	35,000	33,850
Federal Food Assistance	16,428	16,982	16,329	16,336	18,695	24,036	22,348	22,799	20,000	23,150
Federal Reading Program	36,077	32,171	45,323	33,459	33,543	88,056	35,087	81,350	45,000	82,000
Other	25,886	20,945	12,256	14,523	11,586	4,543	24,320	32,724		
Total Offsetting Revenues	235,426	220,309	138,211	174,374	146,477	229,215	166,870	871,053	794,541	812,599
Net Operating Expenses to Taxes	1,337,972	1,500,088	1,684,575	1,715,138	1,891,858	1,842,738	1,954,758	1,289,578	1,556,352	1,967,507
Annual pct. Change		12.1%	12.3%	1.8%	10.3%	-2.6%	6.1%	-34.0%	20.7%	26.4%
								(new state aid)		

Table 11 - Andover Fire District - 10-Year History of Capital and Operating Expenditures

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 budget
Capital Expenses										
Fire Truck	102,462									
LRMA Dispatch Center									24,000	
Capital Reserve Fund Contributions										
Fire Truck	12,310		10,000	10,000	9,064	10,000	10,000	10,000		20,000
SCBA Equipment								7,583		4,000
Building						3,000		1,000	750	2,000
Communications Equipment									26,471	
Bond Payments										
Fire Truck Bond		12,944								
LRMA Debt Service (9 yrs)									2,761	2,761
Total Capital Expenditures	114,772	12,944	10,000	10,000	9,064	13,000	10,000	18,583	53,982	28,761
REVENUES										
Capital Reserve Fund Withdrawal										
Fire Truck Capital Reserve	90,000									
Bond Proceeds										
Fire Truck Bond	12,500									
LRMA Dispatch Center Loan									24,000	
Total Revenues	102,500	0	24,000	0						
Net Capital Expense	12,272	12,944	10,000	10,000	9,064	13,000	10,000	18,583	29,982	28,761
Operating Expense	15,830	18,130	20,245	21,438	24,880	24,503	30,564	29,735	23,907	25,275

Table 12 - East Andover Fire District - 10-Year History of Capital and Operating Expenditures

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Capital Expenses										budget
Fire Truck										
SCBA Equipment			12,000		150,000				9,000	
Building								8,200		
LRMA Dispatch Center									24,000	
Capital Reserve Fund Contributions										
Fire Truck		2,300	2,687	16,188	16,664	16,424				
Bond Payments										
Fire Truck Bond	13,608	13,608	13,598				19,523	18,739	17,941	17,170
LRMA Debt Service (3 years)									4,000	8,000
Total Capital Expenditures	13,608	15,908	28,285	16,188	16,664	166,424	19,523	26,939	54,941	25,170
REVENUES										
Cap Reserve Fund Withdrawal										
Fire Truck Capital Reserve						72,000				
Bond Proceeds										
Fire Truck Bond						78,000				
LRMA Dispatch Center loan									24,000	
Total Revenues	0	0	0	0	0	150,000	0	0	24,000	0
Net Capital Expense	13,608	15,908	28,285	16,188	16,664	16,424	19,523	26,939	30,941	25,170
Operating Expense	14,152	15,352	14,775	15,612	17,900	18,100	17,370	18,636	18,121	23,550

Table 13 - All Andover Components - 10-Year History of Capital Expenditures

Net Capital Expenditures	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 budget
Andover School District	80,504	142,291	135,431	127,371	80,691	75,391	78,724	154,978	72,166	63,192
Andover Town	62,891	65,935	90,661	57,385	92,796	109,256	56,826	214,532	477,328	104,678
Andover Fire District	12,272	12,944	10,000	10,000	9,064	13,000	10,000	18,583	29,982	28,761
East Andover Fire District	13,608	15,908	28,285	16,188	16,644	16,424	19,523	26,939	30,941	25,170
Total Net Capital Expenditures	169,275	237,078	264,377	210,944	199,195	214,071	165,073	415,032	610,417	221,801

Amount Collected by Taxes	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Andover School District	1,445,373	1,564,897	1,747,254	1,855,167	1,973,102	1,887,512	1,982,695	1,507,927	1,568,742	1,863,252
Andover Town	286,487	204,206	138,927	118,987	94,923	240,275	223,436	228,142	232,738	236,509
Andover Fire District	30,302	31,078	31,561	31,450	32,112	35,796	37,785	43,902	50,849	52,995
East Andover Fire District	28,222	31,577	43,167	32,513	34,254	34,195	35,247	41,231	48,567	48,292
Merrimack County Assessment	191,767	217,521	185,178	212,312	217,721	231,264	242,480	233,729	287,012	326,945
Total Taxes Collected	1,982,151	2,049,279	2,146,087	2,250,429	2,352,112	2,429,042	2,521,643	2,054,931	2,187,908	2,527,993

Capital Expenses as pct of Taxes	8.5%	11.6%	12.3%	9.4%	8.5%	8.8%	6.5%	20.2%	27.9%	8.8%
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Table 14 - All Andover Components - 10-Year History of Operations Expenditures

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 budget
Andover School District	1,573,398	1,720,397	1,822,786	1,889,512	2,038,335	2,071,953	2,121,628	2,160,631	2,446,297	2,780,106
Andover Town	448,064	419,143	439,232	498,660	495,365	542,401	630,217	579,221	631,629	698,919
Andover Fire District	15,830	18,130	20,245	21,438	24,880	24,503	30,564	29,735	23,907	25,275
East Andover Fire District	14,152	15,352	14,775	15,612	17,900	18,100	17,370	18,636	18,121	23,550
Merrimack County Assessment	191,767	217,521	185,178	212,312	217,721	231,264	242,480	233,729	287,012	326,945
Total Operations Expenditures	2,243,211	2,390,543	2,482,216	2,637,534	2,794,201	2,888,221	3,042,259	3,021,952	3,406,966	3,854,795
Annual pct Change		6.6%	3.8%	6.3%	5.9%	3.4%	5.3%	-0.7%	12.7%	13.1%

7. Projected Capital Expenditures for the Next 6 Years

Projected capital expenditures were determined through interviews with department heads of the various governmental components in the Town of Andover. In all cases the assumption was made that the trends in total population, in school-age population, and the future economic growth characteristics of the Town would be as projected in the earlier chapters of this report.

Projections are included here for the next 6 years – 2002 through 2007. Due to the increasingly less precise nature of such projections as one looks further into the future, it is the intention that these projections be updated each year.

7.1 Town of Andover

The projected capital expenditures over the next 6 years for the Town of Andover are shown in Table 15. Significant funding is proposed for highway projects. Capital reserve funds have been established to provide future funding for highway equipment, bridge restoration and purchase of a replacement police cruiser. The average annual capital expenditure is estimated to be about \$175,000.

7.2 Andover School District

Anticipated capital expenditures over the next 6 years for the Andover School District are shown in Table 16. The last payment for the elementary/middle school building addition will be made in the year 2002. State aid for this expense will be received through the year 2003. No other capital expenditures are foreseen at this time.

7.3 Andover Fire District

Table 17 depicts the anticipated capital expenditures for the Andover Fire District. A new fire truck will be purchased in 2002, funded partly by withdrawing funds from an existing capital reserve fund and partly by the proceeds of a loan. Payments will continue throughout this 6-year period to the Lakes Region Mutual Aid organization for the new facility. Some building expansion is planned for the year 2002, funded partly by an existing capital reserve fund and partly by taxes.

7.4 East Andover Fire District

Table 18 shows the anticipated capital expenditures for the East Andover Fire District. The last payment on the fire truck bond remains to be made in 2002. Also the last payment to the Lakes Region Mutual Aid organization for the new facility will be made in 2002. In subsequent years contributions will be made to the capital reserve fund for a new fire truck purchase.

7.5 Combined Town Components

In Table 19 all of the anticipated Andover department capital expenditures are summarized. It is seen that anticipated capital investment expenditures will run about \$200,000 per year.

Table 15 - Town of Andover - 6-Year Projection of Capital Expenditures

	2002	2003	2004	2005	2006	2007
Capital Expenditures						
Highway projects	125,000	125,000	125,000	125,000	125,000	125,000
Police cruiser				24,000		
Cemetery restoration	4,000	4,000	4,000			
Capital Reserve Fund Contributions						
Highway Equipment	30,000	30,000	30,000	30,000	30,000	30,000
Bridge Fund	10,000	10,000	10,000	10,000	10,000	10,000
Police Cruiser	6,000	6,000	6,000		6,000	6,000
Bond Payments						
Total Capital Expenditures	175,000	175,000	175,000	189,000	171,000	171,000
REVENUES						
Cap Reserve Fund Withdrawal				18,000		
Police Cruiser Fund						
Bond Proceeds						
Other Funds/Grants						
Total Revenues	0	0	0	18,000	0	0
Net Capital Expense	175,000	175,000	175,000	171,000	171,000	171,000

Table 16 - Andover School District - 6-Year Projection of Capital Expenditures

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Capital Expenditures						
Bond Payments Bldg addition	100,000					
Total Capital Expenditures	100,000	0	0	0	0	0
REVENUES						
Cap Reserve Fund Withdrawal						
Bond Proceeds						
Building Aid	39,884	39,884				
Total Revenues	39,884	39,884	0	0	0	0
Net Capital Expense	60,116	-39,884	0	0	0	0

Table 17 - Andover Fire District - 6-Year Projection of Capital Expenditures

	2002	2003	2004	2005	2006	2007
Capital Expenditures						
Fire Truck	188,500					
Building	18,000					
Capital Reserve Fund Contributions						
Fire Truck	10,000					
Bond Payments						
Fire Truck Bond (5 yrs)		16,000	16,000	16,000	16,000	16,000
LRMA Debt Service (9 Yrs)	2,761	2,761	2,761	2,761	2,761	2,761
Total Capital Expenditures	219,261	18,761	18,761	18,761	18,761	18,761
REVENUES						
Cap Reserve Fund Withdrawal						
Fire Truck	110,000					
Building	7,500					
Bond Proceeds						
Fire Truck Bond	78,500					
Total Revenues	196,000	0	0	0	0	0
Net Capital Expense	23,261	18,761	18,761	18,761	18,761	18,761

Table 18 - East Andover Fire Distr - 6-Year Projection of Capital Expenditures

	2002	2003	2004	2005	2006	2007
Capital Expenditures						
Fire Truck						
Capital Reserve Fund Contributions						
Fire Truck		16,000	16,000	16,000	16,000	16,000
Bond Payments						
Fire Truck Bond	16,385	0				
LRMA Debt Service	10,500	0				
Total Capital Expenditures	26,885	16,000	16,000	16,000	16,000	16,000
REVENUES						
Cap Reserve Fund Withdrawal						
Bond Proceeds						
Total Revenues	0	0	0	0	0	0
Net Capital Expense	26,885	16,000	16,000	16,000	16,000	16,000

Table 19 - All Andover Depts - 6-year Projection of Capital Expenditures

	2002	2003	2004	2005	2006	2007
Andover School District	60,116	-39,884	0	0	0	0
Andover Town	175,000	175,000	175,000	171,000	171,000	171,000
Andover Fire District	23,261	18,761	18,761	18,761	18,761	18,761
East Andover Fire District	26,885	16,000	16,000	16,000	16,000	16,000
Total Net Capital Expenditures	285,262	169,877	209,761	205,761	205,761	205,761