

**MEETING MINUTES**  
Finance Committee  
3<sup>rd</sup> Floor Selectmen's Conference Room  
Wednesday, July 11, 2012

**Call to order: 7:50 P.M.**

The regular Finance Committee reconvened following an Executive Session. Members in attendance included: Chairman S. Jon Stumpf, Vice Chair Mary O'Donoghue, Joanne Marden, Peggy Kruse, Greg Serrao, Mark Merritt and Paul Fortier. Also present: Finance Director Donna Walsh. This meeting was cablecast live.

**Approval of Minutes**

Mark Merritt moved and Peggy Kruse seconded to approve the minutes of May 24, 2012 as written. The motion passed unanimously 7-0.

**Year End Budget Transfers**

There was a brief discussion regarding a \$99,000 deficit in the General Government budget. Ms. Walsh explained that the CD&P deficit was due to a long term illness and death of an employee thereby requiring temporary employment expenses as well as a Veterans Services account overage due to the addition of a veteran receiving benefits. Mr. Stapczynski and Ms. Walsh noted that Veteran benefits paid by the Town are reimbursed 75% the following year.

Peggy Kruse moved and Mark Merritt seconded to approve Transfer Request #2012-8 in the amount of \$105,000 to be transferred from the Reserve Fund to General Government – Legal Services. The motion passed unanimously 7-0.

**Sewer Fund User Charge**

Ms. Walsh gave an update regarding the status of Sewer usage collections. She noted that accounting reports indicate that commitments are due to come in over what was budgeted.

**FY2013 State Aid**

Mr. Stumpf informed Committee members that State Aid came in \$714,000 higher than was estimated at Town Meeting. Ms. Marden cautioned that New Growth and Local Revenue numbers were still not known. Discussion followed.

**Monthly Reports Update**

Committee members reminded Ms. Walsh that they would like to receive monthly Health Insurance Reports. Ms. Walsh noted the reports consist of just the number of subscribers. She added that while health insurance rates remain the same; the number of subscribers affects cost.

**Finance Committee Election**

Mary O'Donoghue moved and Greg Serrao seconded to re-elect Jon Stumpf as Chairman of the Finance Committee for another year. The motion passed unanimously 7-0.

Joanne Marden moved and Peggy Kruse seconded to re-elect Mary O'Donoghue as Vice Chairman of the Finance Committee. The motion passed unanimously 7-0.

### **Communications and Liaison Updates**

Ms. Marden informed Committee members that the Tax Increment Financing Plan (TIF) was close to being finalized. She explained the process of approval and thought it would be ready to go to the State in September.

Paul Fortier gave a status update on the Ballardvale Fire Station Building Committee. He said that the Committee's number one choice for location of a new fire station remains South School and added they intend to have a needs analysis completed within 60 days.

In response to a question by Greg Serrao regarding Warrant Article 33 – DPW Vehicles, Ms. Walsh stated that the request for appropriating funds for purchasing DPW vehicles would be rescinded at the next Town Meeting.

School Building Committee Chairman Tom Deso gave an update on the Bancroft School Project. He stated that construction on Knoll Road was on schedule, approximately \$10M had gone out for bid, 2 new members have joined the committee with construction background and that \$3M had been cut out of the budget due to legal delays. Mr. Deso added that the Committee expected good numbers on the bids.

Joanne Marden distributed a CIP Evaluation Checklist written in 1987 and a letter dated 2/8/2006 from the Finance Committee to the Town Manager regarding Andover's FY2007 Budget Review Process. Ms. Marden thought the two documents would be useful during future CIP policy making.

### **Future Meetings**

The Finance Committee agreed to schedule future meetings the 2<sup>nd</sup> and 4<sup>th</sup> Wednesdays each month from September through January.

### **Adjournment – 8:30 P.M.**

Respectfully Submitted,

*Carolyn Lynch*  
Recording Secretary

**TOWN OF ANDOVER**  
REQUEST FOR TRANSFER FROM THE RESERVE FUND

Transfer # 2012-~~x~~8

Date: June 30, 2012

Dear Finance Committee:

Request is hereby made for the following transfer from the Reserve Fund in accordance with Chapter 40, Section 6, of the Massachusetts General Laws:

Amount requested: **\$105,000.00**

To be transferred to (appropriate Title) **General Government-Legal Services**

Original Appropriation: **\$351,000.00** Previous Reserve Fund Transfers: **\$0**

Present Balance in Appropriation: **(\$137,524.67)**

The amount requested will be used for (give specific account):

<u>ACCOUNT NO.</u>	<u>OBJECT CODE</u>	<u>AMOUNT</u>
011512	5295	\$105,000.00

This expenditure is extraordinary and/or unforeseen for the following reasons:

**Significant legal expenses due to a number of large unexpected cases. General Government budget is over in total. See attached for detail.**

*Richard S. Stagnoski*  
 Town Manager

Balance in Reserve Fund through Transfer #: **(\$200,000.00)**

**ACTION OF FINANCE COMMITTEE**

Date of Meeting: 7/11/12 Number present and voting: 7

Transfer voted in the sum of \$: 105,000 Transfer approved: 7

disapproved: 0

Reserve Fund Account No. 011322-5700

*AAA*  
 Chairman, Finance Committee

(Request should be made and transfer voted before any expenditure in excess of appropriation is incurred.)

**SUMMARY OF LEGAL CHARGES**

	<u>FY12</u>	<u>FY11</u>	<u>FY10</u>
GILMAN & ASSOCIATES	\$ 36,046.50	\$ 97,766.14	\$ 86,900.54
PHILIP COLLINS	\$ 91,306.75	\$ 16,135.00	\$ -
SHERIN AND LODGEN LLP	\$ 16,354.06	\$ 18,507.58	\$ 21,793.79
URBELIS AND FIELDSTEEL	\$ 321,104.12	\$ 237,781.32	\$ 237,075.30
OTHER	\$ 23,713.24	\$ 19,967.48	\$ 10,979.25
<b>GRAND TOTAL</b>	<b>\$ 488,524.67</b>	<b>\$ 390,157.52</b>	<b>\$ 356,748.88</b>
<b>BUDGET</b>	<b>\$ 351,000.00</b>	<b>\$ 327,251.00</b>	<b>\$ 325,450.00</b>
<b>DEFICIT</b>	<b>\$ (137,524.67)</b>	<b>\$ (62,906.52)</b>	<b>\$ (31,298.88)</b>

GENERAL GOVERNMENT EXPENSE PROJECTION

GAAP Period 99

DEPARTMENT	BUDGET	EXPENDED 7/11/12	ENC	BALANCE	ADD'l	PROJ	Exceptions
011222 SELECTMEN	12,419	9,453	2,900	66	-	66	
011232 TOWN MANAGER	21,915	17,062	3,506	1,347	-	1,347	
011242 COMM FOR DISABILITIES	7,013	3,794	-	3,219	-	3,219	
011312 FINANCE COMMITTEE	24,650	22,172	-	2,478	-	2,478	
011332 FINANCE	2,400	4,366	-	(1,966)	-	(1,966)	
011352 TOWN ACCOUNTANT	63,666	57,541	5,285	840	-	840	
011382 CENTRAL PURCHASING	12,852	8,264	638	3,950	-	3,950	
011412 ASSESSING	44,500	22,026	17,503	4,971	-	4,971	
011452 COLLECTOR/TREASURER	56,250	47,596	6,000	2,654	-	2,654	
011512 LEGAL	351,000	487,724	800	(137,524)	-	(137,524)	Chg \$55K to Bancroft (Done 5/11/12)
011552 INFO SYSTEMS	175,718	167,885	6,675	1,158	-	1,158	
011592 CENTRAL SERVICES	97,650	87,470	-	10,180	-	10,180	
011612 TOWN CLERK	68,591	48,898	4,775	15,018	-	15,018	STM-\$1,292
011802 COMMUNITY DEVELOPMENT	126,170	148,002	837	(22,669)	1,000	(23,669)	
015432 VETERANS	89,346	102,616	-	(13,270)	-	(13,270)	
016922 PATRIOTIC	28,100	27,368	-	732	-	732	
019002 DAMAGES	2,000	-	-	2,000	-	2,000	
019102 EMPLOYEE BENEFITS	380,495	351,686	-	28,809	-	28,809	
GRAND TOTAL	1,564,835	1,613,923	48,919	(98,007)	1,000	(99,007)	

DEFICIT

(99,007)

**Massachusetts Department of Revenue  
Division of Local Services  
FY2013 Local Aid Estimates**

**ANDOVER**

	FY2012 Cherry Sheet Estimate	FY2013 Governor's Budget (H2)	FY2013 House Final Budget	FY2013 Senate Final Budget	FY2013 Conference Committee Budget
<b>Education:</b>					
Chapter 70	6,928,057	7,341,539	7,341,539	7,950,343	7,950,343
School Transportation	0	0	0	0	0
Charter Tuition Reimbursement	1,786	9,159	6,924	6,914	8,256
Smart Growth School Reimb	0	0	0	0	0
<b>Offset Receipts:</b>					
School Lunch	30,465	30,333	30,333	30,333	30,333
School Choice Receiving Tuition	0	0	0	0	0
<b>Sub-Total, All Education Items</b>	<b>6,960,308</b>	<b>7,381,031</b>	<b>7,378,796</b>	<b>7,987,590</b>	<b>7,988,932</b>
<b>General Government:</b>					
Unrestricted Gen Government Aid	1,402,081	1,402,081	1,511,358	1,513,073	1,511,358
Local Share of Racing Taxes	0	0	0	0	0
Regional Public Libraries	0	0	0	0	0
Urban Renewal Projects	0	0	0	0	0
Veterans' Benefits	74,068	77,538	74,459	74,459	74,459
State Owned Land	196,191	196,254	196,254	196,254	196,254
Exemptions: Vets, Blind, Surviving Spouses & Elderly	46,176	44,016	44,016	44,016	44,016
<b>Offset Receipts:</b>					
Public Libraries	34,884	34,080	34,080	34,080	34,080
<b>Sub-Total, All General Government</b>	<b>1,753,400</b>	<b>1,753,969</b>	<b>1,860,167</b>	<b>1,861,882</b>	<b>1,860,167</b>
<b>Total Estimated Receipts</b>	<b>8,713,708</b>	<b>9,135,000</b>	<b>9,238,963</b>	<b>9,849,472</b>	<b>9,849,099</b>

## FY2013 Local Aid Assessments ANDOVER

	FY2012 Cherry Sheet Estimate	FY2013 Governor's Budget (H2)	FY2013 House Final Budget	FY2013 SWM Budget	FY2013 Conference Committee Budget
<b>County Assessments:</b>					
County Tax	0	0	0	0	0
Suffolk County Retirement	0	0	0	0	0
<b>Sub-Total, County Assessments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>State Assessments and Charges:</b>					
Retired Employees Health Insurance	0	0	0	0	0
Retired Teachers Health Insurance	1,914,379	1,954,609	1,954,609	1,954,609	1,954,609
Mosquito Control Projects	108,630	113,975	113,975	113,975	114,084
Air Pollution Districts	12,225	12,490	12,490	12,490	12,490
Metropolitan Area Planning Council	0	0	0	0	0
Old Colony Planning Council	0	0	0	0	0
RMV Non-Renewal Surcharge	34,600	35,400	35,400	35,400	35,400
<b>Sub-Total, State Assessments</b>	<b>2,069,834</b>	<b>2,116,474</b>	<b>2,116,474</b>	<b>2,116,474</b>	<b>2,116,583</b>
<b>Transportation Authorities:</b>					
MBTA	56,525	85,343	85,343	85,343	85,343
Boston Metro. Transit District	0	0	0	0	0
Regional Transit	152,939	130,460	130,460	130,460	130,460
<b>Sub-Total, Transportation Authorities</b>	<b>209,464</b>	<b>215,803</b>	<b>215,803</b>	<b>215,803</b>	<b>215,803</b>
<b>Annual Charges Against Receipts:</b>					
Special Education	13,389	13,926	13,926	13,926	13,834
STRAP Repayments	0	0	0	0	0
<b>Sub-Total, Annual Charges</b>	<b>13,389</b>	<b>13,926</b>	<b>13,926</b>	<b>13,926</b>	<b>13,834</b>
<b>Tuition Assessments</b>					
School Choice Sending Tuition	10,000	5,000	5,000	5,000	5,000
Charter School Sending Tuition	25,228	45,611	43,895	43,895	43,895
Essex County Tech Sending Tuition	98,175	87,325	87,325	87,325	87,325
<b>Sub-Total, Tuition Assessments</b>	<b>133,403</b>	<b>137,936</b>	<b>136,220</b>	<b>136,220</b>	<b>136,220</b>
<b>Total Estimated Charges</b>	<b>2,426,090</b>	<b>2,484,139</b>	<b>2,482,423</b>	<b>2,482,423</b>	<b>2,482,440</b>

Date: February 8, 2006

To: Buzz Stapczynski, Town Manager  
Board of Selectmen  
Claudia Bach, Superintendent of Schools  
School Committee

From: Joanne Marden, Finance Committee

Re: Andover's FY2007 Budget Review Process

In preparation for budget review meetings three years ago the Finance Committee developed a list of questions for department heads/budget managers to help us understand the actions they were taking to allow the continued delivery of essential services in spite of severe funding limitations. Current revenue and expenditure projections for FY2007 tell us that this will be another difficult budget year. In an effort to insure that this year's Town Meeting will have all the information it needs to make good budgetary decisions, we will be asking many of the same questions again during budget review meetings.

As always, the Finance Committee will be working on ways of improving public understanding of the big picture, of just how all of the pieces fit together. We see a need to demonstrate the interdependence of departmental budgets, a need to show specifically how grant funded expenditures and revolving accounts supplement the budgets appropriated by Town Meeting, and a need to explain how this year's decisions will affect future budgets. Since these are essentially the same questions you have been addressing in your budget presentations for the last three years, we expect you will be able to show us specific examples of actions you have taken to enable you to continue to deliver top quality services with limited resources. We are also interested in your assessment of future budgetary needs. The following questions are intended to help us all understand how and why the decisions authorizing spending for the coming fiscal year will define the level of services which can be provided now and in the years to come.

**Have you made or are you planning any operational changes which will reduce the cost to the taxpayer for any of the services you provide?** Have you been able to or do you anticipate being able to take advantage of a retirement or vacant position to reorganize and redistribute duties? Have you worked with any other departments to develop ways of consolidating positions and operating more efficiently? Have you investigated any proposals for saving money by contracting for services rather than utilizing your own staff? What have you done to insure that you are getting the best prices for everything you buy? Have you been able to take advantage of any new materials, equipment or technology to reduce your costs? Have you been able to respond to new demands on your department by finding efficiencies elsewhere in your budget? Are there investments Andover should be considering to improve efficiency and reduce future operating costs?

**Can you eliminate any functions without compromising your ability to fulfill your core responsibilities?** What do you see as your core responsibilities? Have you set priorities within your department to insure that your employees' time and energy are being directed to where they can be most productive? Have you or should you be considering dropping a service due to limited demand? Is the town providing services which could be provided just as well by the private sector? Are there legal mandates that restrict your ability to reduce services? Do you have any contractual obligations which must be funded? Would the elimination of a function impact revenues? If you eliminated a function, how would that impact other Town or School departmental operations and/or budgets?

**What has your department/division done or what can it do to increase revenues?** Do you provide any services which are partially or fully funded with grants or user fees? Could anything else you do be funded on a fee for service basis? If user fees were adopted or increased, would you anticipate any change in the demand for services? Are there any grants available to support your operations? Does your cost analysis of fee or grant supported services include all costs, both direct and indirect? How do your fees compare both to those charged by other communities and to those charged for similar services provided by the private sector? If fee or grant revenues are run through a revolving account, what associated program expenditures are paid directly from that account, and what costs are included in departmental budgets? Is there any mechanism for using grant or user fee income to offset budgets voted by Town Meeting? Are there policies defining which program costs are expected to be covered with grants or user fees and which program costs are to be funded with tax dollars?

**Does your department have any critical needs which are not being addressed in the FY2007 budget?** Looking to the future, are you seeing any trends likely to increase pressure on your budget? Have the years of level funding resulted in deferred expenses which will need to be addressed in the next five years? Are there any red flags which should be alerting us to significant unmet needs, staffing shortages, or specific problem areas? Are there any new state or federal mandates or regulatory changes on the horizon which could impact your department's budget?

The Finance Committee knows that Town and School employees are always thinking of ways of reducing costs and improving the delivery of services. We want to make sure that those efforts are well documented. We want Town Meeting voters to feel confident that they are approving a budget which gets the most in services from each available tax dollar. It is very important that all of the difficult questions are asked and thoroughly answered in the public budget review process. Ready availability of the details behind the line item requests builds public confidence in the figures. When the Finance Committee asks for additional documentation, it is not our intent to second guess the professionals. We expect you to be able to demonstrate that there are appropriate and adequate systems in place to insure that the job is getting done and that you are efficiently and effectively managing the resources available to you.

## CAPITAL PROJECT EVALUATION CHECKLIST

### I. Definition of need and urgency of project

1. Does this project address a significant public health or safety problem?
2. Is the project mandated by court order or state or federal law?
3. Does the project prevent deterioration of existing facilities thus saving money in the long run?
4. Is the project cost effective in terms of service delivery? Can departmental operating costs be reduced as a result of this investment?
5. Is this project needed to maintain existing levels of service because of new development or population growth?
6. Is the project one step in an overall long range plan?
7. Does the project benefit the community as a whole or a specific neighborhood or interest group?
8. Is the project needed to maintain existing levels of service or does it represent a new or expanded service?
9. Is there any way of having the same service provided by the private sector?

### II. Determination of Total Cost - Both Short and Long Term

1. What are the direct costs of planning and construction?
2. Are there outside sources of funding available such as state or federal grants?
3. Will this project generate revenue?
4. Are there other related capital projects which will be required because of this project?
5. What are the annual maintenance and operating costs?
6. What are the annual budgetary impacts both on the department directly responsible for the project and on other departments.
7. Does the project have an impact on growth and development of the town?

### III. Scheduling of Debt Service

1. Has financing been scheduled to minimize interest costs?
2. How does the payback schedule relate to the useful life of the project?
3. Can the budgetary increases for maintenance and personnel required by the project be managed within the projected increases for operating budgets under the 2 1/2 levy limit?
4. If either the debt service or operating costs of the project cannot be managed without either an override of Proposition 2 1/2 or dramatic cuts in existing services, will the vote authorizing the project be contingent on a successful referendum?
5. What is the timing of the Town Meeting vote approving the project in relation to the debt service schedule and the first principal payments?

DATE: July 13, 1987  
TO: Kenneth R. Mahoney, Town Manager  
FROM: Joanne Marden, Finance Committee  
SUBJECT: July 15, 1987 meeting with Finance Committee

As we said, both in the Finance Committee Report and at the Town Meeting, the development of a capital budget for Andover is of highest priority to the Finance Committee. We welcome the opportunity to meet with you this week so you can update us on how you plan to proceed and Finance Committee members can share with you their ideas and concerns relative to planning for Andover's future capital needs.

I have attempted to summarize some of the questions and concerns that have been raised in previous Finance Committee discussions of capital planning and are sure to be brought up Wednesday. At this point the Finance Committee is most interested in defining the capital budgeting process. We recognize that a significant amount of staff work must be done to identify the town's capital needs, to develop rough cost estimates, and to propose a debt schedule showing how these projects might be financed. What is the timetable for this work? When can we expect to see a preliminary listing of potential projects? When will we see an updated debt schedule incorporating both already approved bonding and future capital needs?

A workable plan will require input from all segments of the community. How will priorities be established? How will the various boards and committees be involved? What roles do you see for the Selectmen, School Committee, Planning Board, Finance Committee, and Town Meeting? How can this capital budgeting process be coordinated with the School Master Plan? How will we balance capital needs with operating budget needs in allocating the tax dollars limited by 2 1/2?

On several occasions the Finance Committee has expressed to you its concerns about Andover's aging infrastructure. A good start was made in defining Andover's water, sewer, and road needs. What progress has been made in creating some sort of schedule for addressing these needs? How will the planning for capital projects financed with water and sewer revenues be coordinated with other planning efforts? Have we defined the size community we are planning for? How will changes in land use impact Andover's capital needs?

The Finance Committee believes that it is extremely important to have a five year capital improvement plan in time for the budget planning for the 1988 Town Meeting. We look forward to working with you on this important project.