

DRAFT ONLY**Call to Order**

The meeting was called to order by Mr. Stumpf at 7:03 p.m. in the Third Floor Conference Room A. The meeting was live cablecast.

In attendance were Chairman S. Jon Stumpf, Margaret (Peggy) Kruse, John Barry, Jr., Eugenie (Janie) Moffitt, Linn Anderson, Bonnie Zahorik and Joanne Marden. Also in attendance was Finance Director, Donna Walsh. Absent were Greg Serrao and Max Arai.

Approval of Minutes July 15, 2015

Upon motion duly made by Ms. Moffitt and seconded by Ms. Zahorik, it was unanimously voted to approve the above minutes as amended. Motion passed 6-0-1 with Ms. Anderson abstaining.

Fiscal Year End 6/30/2015 – Unofficial Overview of FY2015 Results

Ms. Walsh summarized the Town's financial position as of the end of the fiscal year June 30, 2015 (see Financial Statement attached.) She commented that the Town did relatively well this year and highlighted the following:

General Fund, Personal Services - \$1.1M was turned back, which included \$550K in compensation fund which was rebudgeted in FY2016 because none of it was spent; \$331,222 in school salaries which was offset by the same amount in overexpenditures in operating expenses. The actual bottom line of \$276K in personal services was turned back, which is less than 1% of budget. She noted that staff turnover and vacant positions accounted for these variances.

General Fund, Other Expenses - \$600K (factoring in negative of schools) was turned back - 5% of budget; General Government - \$201K, most of which was legal expenses, \$72K less than budgeted; IT- monies left over because of projects not commenced; and Veterans, usually running close to budget, actually turned back \$18K.

Community, Youth and Elder Services – \$21K, majority of which was budgeted for new Youth Center utilities, which has not yet opened; Municipal Services - \$100K mostly for solid waste; Public Safety - \$119K basically for better rates obtained for gasoline; Library - \$20K mostly for electricity; and the Reserve Fund - \$112K. All these amounts will go back to Free Cash.

General Fund – Actual Revenues – Actual receipts were \$2.6M greater than budgeted comprised of motor/excise - \$400K; hotel/motel - \$238K; and the highest amount in licenses and permits - \$1.2M. She commented that even though it was budgeted at a 3-5 year average, this amount exceeded that average and she is asking for a list of the ten largest permit/license fees.

Phillips Academy payment in lieu of taxes went from \$175K to \$242K. Offset receipts variance will have to be raised in the tax rate; excellent property tax collections at 99.7%. Mr. Stumpf questioned the Medicare amount (for services to certain students) which was up over \$100K, and Ms. Walsh responded that it is very hard to anticipate this amount for budgetary purposes. It was agreed a periodic update and an executive summary of this line item would be helpful.

Water and Sewer - made our budget but not by much. Personal Services for water and sewer came in at budget. Interest income is much higher than previous years.

Committee Comments

Mr. Barry questioned the puts and takes of the school budget and Ms. Walsh pointed out only the bottom line is considered, and that all monies budgeted are usually spent. Mr. Stumpf added that he received an email from Paul Szymanski in response to his questions on end-of-year special ed numbers, i.e a surplus of \$450K on 5/31/15 and \$0 on 6/30/15. Mr. Szymanski explained that the money had been used to offset over-expanded out-of-district tuition. These and other questions were addressed in his email which will be sent to Committee members (see attachment.) Mr. Stumpf also mentioned that he was continuing to work with Ms. Gilbert in drafting the Special Ed Memorandum of Agreement.

Ms. Zahorik suggested that Paul Szymanski and others from the school be invited to attend an upcoming meeting. Mr. Stumpf said he would first ask Mr. Szymanski to provide an Executive Summary of end-of-year financials.

Mr. Stumpf noted that several departments were carrying capital improvement project monies dating back to 2010 and asked how these monies were handled. Ms. Walsh responded the monies are carried over and reallocated to subsequent years, as available to spend on original or similar projects. She also noted that the CIP request form asked if there were in fact prior monies associated with the current project that could be applied. If, however, open projects remain open and unused, the monies can be rescinded by Town Meeting. Mr. Stumpf requested that Ms. Walsh distribute the spreadsheet of entire CIP projects still open to the Committee.

Ms. Walsh noted that the independent audit will commence September 28th.

Fiscal Year 2016 Planning

Ms. Walsh reported that the Town Manager has signed a contract and will commence employment on October 13th. She, Mr. Bucuzzo and Mr. Murphy have met with him several times over the past few weeks as well as with the Department Heads.

Ms. Walsh reported the CIP will be available either October 6 or 30th. The first week in December is when the Town Manager presents to the Board of Selectmen. Ms. Anderson noted that the charter and by-laws dictate that the meetings occur at certain intervals. She is in the process of sketching a calendar of dates and will forward to the Committee.

Ms. Walsh was asked when the personal property taxes would be available. She said they would most likely be available at next meeting.

Finance Committee Meetings

Mr. Stumpf asked Ms. Moffit to present a draft calendar of meetings (see attached):

Wednesday, September 9, 2015

Wednesday, October 14, 2015

Wednesday, November 4, 2015

Wednesday, November 18, 2015

Wednesday, January 13, 2016

Wednesday, January 27, 2016

Wednesday, February 10, 2016

Wednesday, February 24, 2016

Wednesday, March 9, 2016

Wednesday, March 23, 2016

Wednesday, April 13, 2016

Wednesday, April 27, 2016

Monday and Tuesday, May 2 and 3 – Town Meeting

Monday and Tuesday, May 9 and 10 – Town Meeting Wednesday, June 8, 2016
 Mr. Stumpf will follow up with Ms. Gilbert for a schedule of Triboard Meetings.

Capital Project Evaluation Checklist

Discussion ensued on the current checklist (see attached.) Several suggestions were made for addition of questions to further clarify the need for the request. Ms. Zahorik agreed to redraft the attached checklist and redistribute to the Committee before the next meeting.

FY16 Liaison Assignments

Mr. Stumpf summarized the liaisons for FY2016 (see attachment):
 School – Mr. Serrao and Ms. Moffitt; Ms. Zahorik (IT aspects only)
 Legislative and Audit – Mr. Arai
 Fire/Police/Ballardvale Fire SubStation/OPEB – Mr. Barry
 Elder Services and ITAC/IT Town – Ms. Anderson
 General Government – Ms. Anderson
 Library and ITAC/IT School – Ms. Zahorik
 Health Insurance, Retirement/Debt Policy and Water/Sewer – Ms. Marden
 Municipal Services/Community Development and Planning/Town Yard – Ms. Kruse
 Youth Services/Building Committee Youth Center/Department of Community Services/– Mr. Arai

Capital Improvement Plan – Prospective Items

Discussion ensued on the following anticipated capital improvement projects:

- a) Capital Project Evaluation Checklist
- b) J. Everett Collins Center
- c) Andover High School Media Center
- d) Major Town Projects
- e) Major School Projects
- f) School Site Improvement Plan
- g) Information Technology

Liaison Updates

Municipal Services – Ms. Kruse reported on the following anticipated projects: a) \$50K for stormwater management; b) \$2.5M for Collins Center repairs; c) \$300K for air conditioning at Wood Hill and High Plain schools; d) \$1.75M for media center; and e) replacement of West Elm windows. Needs analysis is anticipated for a) ballfields; b) school building capital; c) multi-school sprinkler/fire alarm systems; d) repurposing of Shawsheen School. Ms. Kruse will invite Ms. Nicosia, Energy Coordinator, to the Finance Committee meeting in October.

OPEB Advisory – Mr. Barry reported that the committee was in a fact-finding mode discovering the different levers involved in OPEB, including collective bargaining, retirement board, state legislation, etc. The last meeting was well attended by both active employees and retirees. Legislators L’Italien, Moran and Lyons addressed the committee and agreed to refile House Bill 59. The prior meeting was attended by Town Auditors Jim Powers of Powers and Sullivan, addressing the new rules of GASB 74 and 75 and its emphasis on transparency and possibility of early adoption. The Committee is mandated to issue its recommendations by December 31st.

Ms. Walsh reported that the new actuarial contract was awarded to present actuary, Segal Consulting our current actuary.

Public Safety – Mr. Barry reported the Fire Department was now fully staffed. 9-11 Ceremonies planned for September 11th @ 8:30AM. An open house is scheduled for Saturday, October 17th between 10:00-1:00PM. He is planning to meet with the Chief on fiscal plans.

In response to the current opioid crisis, the Board of Selectmen voted to approve to advertise for two additional clinical staff members to address addiction problems town-wide: an addiction clinician and substance abuse program coordinator. Discussion ensued on the original intent of hiring a position to serve the Youth Services, and the present intent to hire this position to serve the town-wide problems vis-à-vis public safety.

School – In Mr. Serrao’s absence, Mr. Stumpf again spoke of Mr. Szymanski’s email detailing end-of-year special ed costs. The special ed reserve fund was \$1.2M at the end of the year. The year end surplus of \$450K was offset by operating expenses in the same amount. There were increases in third and fourth quarter of over 90 out of district students.

The Memorandum of Agreement and first meeting with Ms. Gilbert would be scheduled in early October.

Library – Ms. Zahorik reported that the library deck project was underway.

ITAC - Ms. Anderson reported that two new members with impressive credentials were sworn in. She anticipated that IT costs would grow. CIP articles are due on Friday, and she referenced Mr. Puzanghera’s presentation (see attached.) Ms. Anderson noted that the ITAC was concerned that these articles are requested by the proper department, ie. IT vs. Plant and Facilities etc.

Debt Schedule – Ms. Marden suggested that the Committee needs to decide on what percentage of the budget should be allocated to debt service, etc.

Public Participation

Mr. Roli of 2 College Circle addressed the Committee. He expressed concern that the school purchased books in the amount of \$600K, and every five years books get changed and the amount gets “hidden” in Article 5. Why is it not a school expense? Ms. Marden responded that the amounts were requested under CIP because it was an expense for adoption of textbooks for new programs, not to replace old books. She added that the amounts are allocated every year as it cycles through the different programs.

He also expressed concern that the cable money is used for IT related programs, but was not broken down between town and schools. He also expressed concern that the person hired for the Youth Center last year was supposed to have been hired for the exact reason that two additional persons were approved for hire recently.

It was agreed that a consistent policy should be established for the different categories of CIP, operating expenses, etc.

Next Meeting

Wednesday, October 14, 2015.

Adjournment

Upon motion duly made by Mr. Barry and seconded by Ms. Moffitt, it was unanimously voted to adjourn. Motion passed 6-0.

Meeting adjourned at 9:48 p.m.

Respectfully submitted,

Christine Martin Barraford
Recording Secretary

Attachments:

FY2015 Appropriation Transfer
Schedule of Meetings in FY2016
Paul Puzanghera ITAC resenation