

ANDOVER TOWNSHIP COMMITTEE MEETING MINUTES

MICHAEL LENSAK, MAYOR
JANIS MC GOVERN, DEPUTY MAYOR
DOLORES BLACKBURN
JACK E. BURKE
TOM WALSH

FEBRUARY 23, 2015

BUDGET WORK SESSION – 6:30 P.M.

REGULAR MEETING – 7:30 P.M.

The budget work session of the Andover Township Committee was called to order at 6:30 P.M. by Mayor Lensak, followed by a salute to the flag.

ROLL CALL: Present: Ms. Blackburn, Mr. Burke, Ms. Mc Govern,
Mr. Walsh, Mayor Lensak
Also present: Attorney Semrau

OPEN PUBLIC MEETING STATEMENT Statement of compliance with Chapter 231, P. L. 1975 was made by Mayor Lensak.

2015 MUNICIPAL BUDGET WORK SESSION Chief Financial Officer Magura was present for this session. She stated that she sent all the budget work copies to the Auditor for his review. She said she inserted the requests from all the department heads and if she didn't receive any, she used the figures based on what was used in the prior year. She directed everyone to look at the numbers highlighted as those we are obligated to pay based on current contracts. She said that after speaking with Auditor Sarinelli, in order to keep a flat budget we will have to cut \$339,498 from the existing draft. We cannot do much with the surplus because we only increased by a little more than \$13,000. She also explained that we have no issue with the CAP. The increase in the tax rate is partially due to the loss of \$4 million in ratables. She stated that \$1 million is due to a computer glitch, which was corrected, and the remainder is through tax appeals. Attorney Semrau stated the majority of the revenue loss is from the Farmstead settlement.

Mr. Lensak asked what the percentage increase would be. She explained there are items outside the CAP that do not count towards the percentage which is why we are below the 2% CAP. The tax rate would be 5.8% increase based on this budget before the Committee. Included in this budget is a 2% increase for all contracts being negotiated along with 2% for the non-contractual staff. She also stated that there is an increase in Capital because we were going to try to put more reserves there so to eliminate the need for bonding. With the CAP Banks, we can only cut \$77,000 out of Capital; the rest would have to come out of main budget.

Ms. Mc Govern asked how the fire truck purchase affects this budget and Ms. Magura explained that we issued a bond ordinance and we had money in Capital to cover quite a bit of it and the rest to be funded in future budgets over 10 years if that is what the Committee wants. We can pay for the remainder out of cash reserves. There is no interest or attorney fees for the bond sale.

Mayor Lensak reviewed the budget draft and the revenues sheet presented and stated we are picking up \$80,000 in revenues with the Joint Municipal Court. He added that going for a flat budget is not wise. Mr. Burke asked why we couldn't use the revenues from the Court in our budget. She explained when can only anticipate the amount we are paying out. The amount that comes in goes into our surplus. We can use that amount for 2016.

Mr. Walsh spoke about the Reserve for Taxes which is at \$1,040,000 and we increased to \$1,100,000 and he asked if we can increase that line by \$10,000. Ms. Magura will check with the auditor on that. She said if our collection rate goes down, we have to use that money.

2015 MUNICIPAL BUDGET WORK SESSION (CONTINUED) Mayor Lensak asked Ms. Magura where she sees the biggest jump from last year. She said we had some increases in personnel but that is not a big jump. She stated there is not much we can tackle. We have been putting more in Capital. Mr. Walsh stated we put \$25,000 in engineering to cover the grant application for Pinckneyville Road. If we do not get the grant, we could eliminate that amount. We do not know at this time if the funding is required.

Mr. Walsh stated he spoke earlier to Ms. Thompson and we agreed that we could decrease the amount under Audit. He stated that there is currently \$44,000 and the contract for 2015 states it will not increase \$33,985.00. This line item was cut to \$34,000.

Mayor Lensak asked about the increase in accumulated sick time and Ms. Magura stated that we do not have a lot in our reserve and due to the retirement of an employee, that line item has to be increased. He then confirmed that the Municipal Court line items increased from \$69,000 to \$162,000 but that is offset by revenue. Mr. Walsh questioned the line item for the Newton Water Company and the increase there. They will look into that amount. She stated that something might have been charged to this line item, adding she tries not to do that to avoid confusion. We may be able to cut something from that line item as well.

Mayor Lensak stated the main issue with this year's budget is due to the loss of revenue of \$4 million. Farmstead's appeal settlement was \$1.5 million reduction and \$1 million for the computer error. There was almost \$25 million in jeopardy under appeal. The nursing home appeal was withdrawn and we have nothing pending at this time.

There was discussion regarding the items that may be necessary for Capital. Ms. Magura reminded everyone that if we cut the budget down to nothing and if monies are needed at the end of the year, we have nowhere to transfer from, we are forced to do an Emergency Appropriations.

Ms. Blackburn asked about the increase in the Finance Education line item and Ms. Magura explained that in hiring a replacement for Ms. Pieragowski, it was decided that this candidate would take the CFO certification classes to be the CFO upon her retirement.

There was then some discussion regarding the state of the County and the potential of a huge increase in taxes, due to the solar project settlement. Mr. Burke then asked the governing body to consider a decrease in their salary for 2015. Mr. Lensak stated that in the spirit of giving back he offered to take the same as the Committee. Ms. Blackburn added that if we take the \$77,000 and the \$17,000, which is all of the salaries, we are at \$95,000. They added the other line items and together there seems to be a cut of \$108,000.

Mr. Burke asked if it is possible to go back to the department heads and ask them if there is any further reductions in their budgets that they can make. Following a short conversation, it was decided to ask the department heads to revisit their budgets and make some changes. In the event they cannot, they have to come before the Committee and ask why they need the full funding they requested.

PUBLIC PORTION Mayor Lensak opened the discussion to the public. Diane Gillespie applauded the Committee for forfeiting their annual salaries. She added that every year all the numbers in red cannot be touched and they cannot be touched this year but they can be adjusted through negotiations and contracts. She said if you look at the budget that is where the majority of the budget lies, in the red numbers. In addition to working on a budget, she asked the Committee to keep in mind that those red numbers are what really is creating a lot of today's problem. She then reference her own personal retirement benefits stating that it is not that we don't want our employees to have health benefits but we all have to pull in our belts and this is the new reality. She then questioned the increase in the Emergency Management line item.

Seeing no hands, Mayor Lensak closed the public portion of the meeting.

ADJOURNMENT No further business appearing before the Committee at this time, Ms. Mc Govern moved the meeting be adjourned at 7:25 P.M., seconded by Ms. Blackburn and carried unanimously.

RECESS WAS CALLED AT THIS TIME

Respectfully submitted,



Michael Lensak, Mayor



Vita Thompson, R.M.C.
Clerk/Administrator