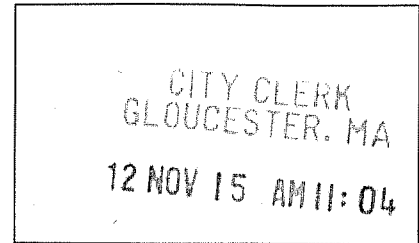




GLOUCESTER CITY COUNCIL CALENDAR OF BUSINESS
SPECIAL CITY COUNCIL
MONDAY, NOVEMBER 19, 2012
5:30 P.M.
FIRST FLOOR COUNCIL CONFERENCE ROOM
CITY HALL
SCM2012-007



AGENDA

ACTION

1. **BUDGET & FINANCE COMMITTEE REPORT OF NOVEMBER 15, 2012**
Administration proposals re: Supplemental Appropriations from Free Cash to
Stabilization and DPW Accounts

(FCV)

ROLL CALL – Bruce Tobey

Linda T. Lowe, City Clerk

The dates are subject to change. Check with City Clerk's Office.

NEXT REGULAR CITY COUNCIL MEETING, November 27, 2012

NOTE: The Council President may rearrange the Order of Business in the interest of public convenience.

The listing of matters is those reasonably anticipated by the Chair which may be discussed at the meeting. Not all items listed may in fact be discussed and other items not listed may also be brought up for discussion to the extent permitted by law.

**City of Gloucester
SUPPLEMENTAL APPROPRIATION - BUDGETARY REQUEST
Fiscal Year 2013**

****CITY COUNCIL APPROVAL- 6 VOTES NEEDED****

APPROPRIATION # 2013-SA- 10 *Auditor's Use Only*

AS AMENDED 11-15-12

DEPARTMENT REQUESTING TRANSFER: _____ CFO _____

APPROPRIATION AMOUNT: \$ 20,000.00

Account to appropriate from:


<i>Unifund Account #</i>	<u>101000.10.000.35900.0000.00.000.00.000</u>
<i>Account Description</i>	<u>GF Unreserved Fund Balance - Free Cash</u>
Balance Before Appropriation	\$ <u>4,849,638.00</u>
Balance After Appropriation	\$ <u>4,829,638.00</u>

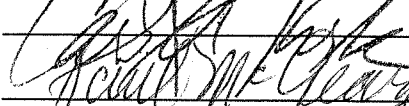
Account Receiving Appropriation:

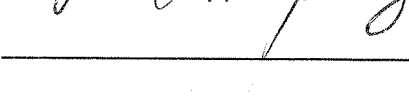
<i>Unifund Account #</i>	<u>101000.10.472.51300.0000.00.000.00.051</u>
<i>Account Description</i>	<u>Facilities Salaries - Overtime</u>
Balance Before Appropriation	\$ <u>(1,261.82)</u>
Balance After Appropriation	\$ <u>18,738.18</u>

DETAILED ANALYSIS OF NEED(S): To fund additional overtime in this department.

APPROVALS:

DEPT. HEAD:  DATE: 11/15/12

ADMINISTRATION:  DATE: 11/15/12

BUDGET & FINANCE:  DATE: 11/15/12

CITY COUNCIL: _____ DATE: _____

**City of Gloucester
SUPPLEMENTAL APPROPRIATION - BUDGETARY REQUEST
Fiscal Year 2013**

****CITY COUNCIL APPROVAL- 6 VOTES NEEDED****

APPROPRIATION # 2013-SA- 11 *Auditor's Use Only*

AS AMENDED 11-15-12

DEPARTMENT REQUESTING TRANSFER: _____ CFO _____



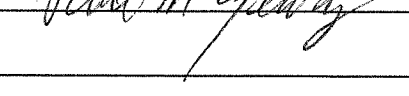
APPROPRIATION AMOUNT: \$ 109,500.00

Account to appropriate from:	<i>Unifund Account #</i>	<u>101000.10.000.35900.0000.00.000.00.000</u>
	<i>Account Description</i>	<u>GF Unreserved Fund Balance - Free Cash</u>
Balance Before Appropriation	\$	<u>4,829,638.00</u>
Balance After Appropriation	\$	<u>4,720,138.00</u>

Account Receiving Appropriation:	<i>Unifund Account #</i>	<u>101000.10.472.52000.0000.00.000.00.052</u>
	<i>Account Description</i>	<u>Facilities - Contract Services</u>
Balance Before Appropriation	\$	<u>166,155.65</u>
Balance After Appropriation	\$	<u>275,655.65</u>

DETAILED ANALYSIS OF NEED(S): To make high priority HVAC improvements at GHS, Plum Cove, Beeman, Veteran's and East Gloucester. To fix doors and windows at West Parish and to purchase a generator for Veteran's.

APPROVALS:

DEPT. HEAD:	<u></u>	DATE: <u>11/15/12</u>
ADMINISTRATION:	<u></u>	DATE: <u>11/15/12</u>
BUDGET & FINANCE:	<u></u>	DATE: <u>11/15/12</u>
CITY COUNCIL:	_____	DATE: _____

**City of Gloucester
SUPPLEMENTAL APPROPRIATION - BUDGETARY REQUEST
Fiscal Year 2013**

****CITY COUNCIL APPROVAL- 6 VOTES NEEDED****

APPROPRIATION # 2013-SA- 12 Auditor's Use Only

AS AMENDED 11-15-12

DEPARTMENT REQUESTING TRANSFER: _____ CFO

APPROPRIATION AMOUNT: \$ 60,000.00

Account to Appropriate from:	Unifund Account #	<u>101000.10.000.35900.0000.00.000.00.000</u>
	Account Description	<u>GF Unreserved Fund Balance - Free Cash</u>
Balance Before Appropriation	\$	<u>4,720,138.00</u>
Balance After Appropriation	\$	<u>4,660,138.00</u>

Account Receiving Appropriation:	Unifund Account #	<u>101000.10.472.52410.0000.00.000.00.052</u>
	Account Description	<u>Facilities Building Maintenance</u>
Balance Before Appropriation	\$	<u>44,791.61</u>
Balance After Appropriation	\$	<u>104,791.61</u>

DETAILED ANALYSIS OF NEED(S): To make critical improvement to wiring and HVAC at the DPW facilities building on Poplar Street. Also, to replace overhead doors at same location.

APPROVALS:

DEPT. HEAD:	<u>[Signature]</u>	DATE: <u>11/15/12</u>
ADMINISTRATION:	<u>[Signature]</u>	DATE: <u>11/15/12</u>
BUDGET & FINANCE:	<u>[Signature]</u>	DATE: <u>11/15/12</u>
CITY COUNCIL:	_____	DATE: _____

**City of Gloucester
SUPPLEMENTAL APPROPRIATION - BUDGETARY REQUEST
Fiscal Year 2013**

****CITY COUNCIL APPROVAL- 6 VOTES NEEDED****

APPROPRIATION # 2013-SA- 13 Auditor's Use Only

AS AMENDED 11-15-12

DEPARTMENT REQUESTING TRANSFER: _____ CFO _____

APPROPRIATION AMOUNT: \$ 67,000.00

Account to Appropriate from:

Unifund Account # 101000.10.000.35900.0000.00.000.00.000

Account Description GF Unreserved Fund Balance - Free Cash

Balance Before Appropriation \$ 4,660,138.00

Balance After Appropriation \$ 4,593,138.00

Account Receiving Appropriation:

Unifund Account # 101000.10.472.54000.0000.00.000.00.054

Account Description Facilities General Supplies

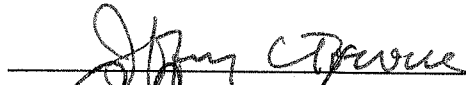
Balance Before Appropriation \$ 53,534.01

Balance After Appropriation \$ 120,534.01

DETAILED ANALYSIS OF NEED(S): To purchase supplies for repairs to heating and exhaust systems
at Plum Cove, Beeman, Veteran's, East Gloucester and West Parish
School Buildings.

APPROVALS:

DEPT. HEAD:



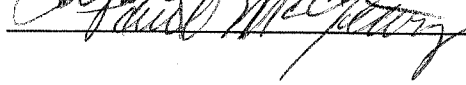
DATE: 11/15/12

ADMINISTRATION:



DATE: 11/15/12

BUDGET & FINANCE:



DATE: 11/15/12

CITY COUNCIL:

DATE: _____

Free Cash

Free cash is a revenue source which results from the calculation, as of July 1, of a community's remaining, unrestricted funds from operations of the previous fiscal year based on the balance sheet as of June 30. It typically includes actual receipts in excess of revenue estimates and unspent amounts in departmental budget line-items for the year just ending, plus unexpended free cash from the previous year. Free cash is offset by property tax receivables and certain deficits, and as a result, can be a negative number.

Cities and towns generally use free cash to support current year operations or as a revenue source for the ensuing year's budget. However, until a balance sheet for the prior year is submitted by the accountant, auditor or comptroller and free cash is certified by the Director of Accounts, it is not available for use. DOR certification protects communities from relying on free cash that does not materialize due to an inaccurate, unconfirmed local estimate.

DOR recommends that communities understand the role free cash plays in sustaining a strong credit rating and encourages the adoption of policies on its use. Under sound financial policies, a community would strive to generate free cash in an amount equal to 3-to-5 percent of its annual budget. Free cash would not be depleted in any year, so that the following year's calculation would begin with a positive balance. Conservative revenue projections and departmental appropriations would be orchestrated to produce excess income and departmental turn backs. As a non-recurring revenue source, a prudent use of free cash would be to fund one-time expenditures, a capital purpose or to replenish other reserves. If projected as a revenue source to support the ensuing year's operations, the amount used would be restricted to a percentage of total free cash.

However, DOR also recommends that free cash not be available to supplement current year departmental operations. By eliminating the expectation of additional resources later in the fiscal year to back-fill budgets, department heads will produce more accurate and realistic annual appropriation requests.

Under any circumstance, the use of free cash requires an appropriation approved by the city council on recommendation of the mayor, town council or town meeting, but only after it is certified by DOR. The same rules apply to DOR certification of retained earnings which is the enterprise fund equivalent of free cash.