



Board of Supervisors

Budget Work Session

~ Notes ~

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Tuesday, April 18th, 2017

4:00 PM

Public Meeting Room

Meeting called to order 4:00 PM

In Attendance: Barbara N. Lyons, Chairman, Rick Colello, Vice Chairman, Ken Snyder, Shawn Touhill; Stephanie Mason, Township Manager, Ken Wallace, Finance Director, Autumn Canfield, Special Projects Coordinator, David Tomko, Director of Operations, Karen Sweeney, Park and Recreation Director, Sinclair Salisbury, Director of Code Enforcement, Keith Hass, Executive Director of DTMA, Brenda Bray, Chairman Ways & Means, Ed Ebenbach, Vice Chairman Ways & Means, Joe Delikat, Ways & Means, Bob Salanik, Ways & Means, Ed Denton, Ways and Means

Expectations for meeting:

1. Review 2017 trends
2. Audit Update
3. 2017-2021 forecast using 2016 actuals
4. 2018 budget cycle- initiatives for the next meeting

Audit Update:

Mr. Wallace indicated the DCED report had been submitted. The auditors are getting through the tax year and financial statements should be available by early June.

The State Liquid Fuels Audit is underway and the Township should receive a report within a month.

The Workers Compensation Audit is occurring this week.

Review of trends:

The real estate transfer tax is up compared to the first quarter of 2016.

Building permit revenues are up and running strong in 2017.

Revenues are up, driven by the increased revenues in building permits.

In the police department, wages expenses are down. An officer retired in the first quarter of 2016 and as of 2017 the department is not at full staff. One officer will be hired in 2017 and one in 2018. Vehicle repair costs are up due to the outfitting of new vehicles.

In administration, wages are up as there was a retirement and the final wages were incorporated.

Building supplies are up due to the purchase of lift.

Electricity is up, a change to utilities, potentially due to warmer weather and use of air conditioner.

Costs for engineering are down due to less activity.

Insurance costs are up from the prior year, driven by workers comp expenses.

Shared traffic lights means revenue from other townships.

In Public Works, costs for road supplies are down, there was a bridge repair in 2016. Electricity is up do to street lights and traffic signals for posting an accounting.

Contracted Service costs are down due to the mild winter and lack of snow removal.

Mr. Delikat asked if that will be the number they rely on for 2018.

It is not. Since the weather is unknown, trends from the past four years are looked at to determine budgeting for it.

Maintenance wages are down as there was a resignation. Mr. Tomko hopes to have a full staff by sometime in May.

In the Code Department, supply costs are up due to equipment the Fire Marshal needed, for example, a helmet that met compliance regulations.

Printing costs are up from last year as a code enforcement supplement book was needed.

Legal costs are up as well as zoning has been very active in 2017.

Fringe costs- Mr. Delikat questioned the pension payments that get paid once a year in October. There is concern that paying one time in October is causing a loss of interest on ten months out of the year. This is something that needs to be examined further.

Health insurance is up but costs seem to be appropriate.

5 year forecast:

Mr. Ebenbach sent out a forecast that represents fund balances based on actual results from 2016. The spending line for the general fund declines by \$1.7 million; \$425,000 a year. When 2022 is added to the end of the forecast, if nothing else is changes, it will be at least another \$400,000 less.

2016 is the first year in a long time that the Township spent less than it took in. The general fund grew from 2015-2016. It was not planned that way and in the future, the forecast predicts decline.

2016 ended approximately \$800,000-\$900,000 higher than expected to in November. In the forecast, the starting balances were the only thing that changed and much higher numbers are reflected throughout the years.

We will be below what is shown in 2022 but still have room to maneuver. There are a number of projects that can be considered for funding with the money. One example is the pensions.

Overfunding of restrictive funds was questioned. Mr. Ebenbach explained that the funds were spent where and when they could be.

Review of Assumptions:

1. Borrowing for bridge and building
 - a. In 2017 10 million dollars borrowed
 - b. In 2018 an additional 2 million will need to be borrowed
 - c. Term of the loan is 25 years

- d. Payback is built into the plan- the tax plan to support the costs is also built in
2. Plan was to adjust the real estate tax to repay the bond
 - a. Tax would go up $\frac{1}{2}$ mil in 2018 and 1 mil in 2019
 - b. Also included is funding for a steady roads program spending \$900,000 a year for 5 years
 - i. Stopped funding road repair out of the general fund
 - c. Spending and funding will balance

Mr. Colello indicated that the difference in the project 2016 budget and actual 2016 budget would be studied as part of the 2018 budgeting process. It was suggested to identify the top five items of interest and address why they were different than expected.

Mr. Ebenbach suggested it be on the list of things to be studied and be included in the lessons learned. Mr. Snyder indicated that revenue was missed by 1 mil and that is not very bad. Historically, the budget was projected conservatively. Should it be less conservative in the future?

Ms. Lyons indicated that by being conservative we got extra.

Mr. Snyder asked about expenses and if we knew about them early enough to build them into the plan. If not, why and can it be added earlier?

Mr. Colello indicated it was the staff's responsibility to make updates and Ms. Lyons said all the money coming in is seen at the Board meetings. Mr. Colello indicated it didn't change in the budget.

Mr. Ebenbach indicated that it was a 2 mil miss overall. 1 mil of it was anticipated in the revised budget. Only 1 mil was unaccounted for. The elements need to be looked at and the top items determined.

Ms. Bray added that it should be determined if those things are one time or continual. In regards to the bond rating, Moody's likes conservative budgeting and it is not a good idea to miss in the other direction.

Ms. Mason discussed the schedule moving forward. The next meeting is June 20th.

Mr. Ebenbach pointed out that 3 of the next 4 meetings are sandwiched between other meetings and in June, the topics cannot be covered in a single hour. Another meeting may have to be scheduled. At some point in the schedule, department managers may present their budgets. The move of the meetings will be discussed at Ways and Means.

On June 20th, there will be a report on the evaluation of the pension plans. Mr. Denton gave a brief overview of the subcommittee work on the pension plan evaluation. They are looking at the current state of the pension plans and researching. The information will be brought to the Ways and Means Committee as well as the Board of Supervisors. The group aims to investigate best practices. The goal is to bring some information to the next Ways and Means meeting and to have information for the next budget session and a recommendation by September.

Ms. Mason indicated that capital expenditure reports would be reviewed at the next budget work session as well along with discussion of financial report for the fire company and a roads program infrastructure database. Lesson from 2016 will also be presented.

Ms. Mason asked for any other topics that should be included and Ms. Lyons said to e-mail any to her by the Friday before the next meeting.

It was asked if the money spent last year on the bridge and building will be recaptured and put toward the bond. It will eventually be recaptured.

With no other business, meeting adjourned at 4:54pm.

Minutes respectfully submitted by

Autumn Canfield
Special Projects Coordinator