
Lower Saucon Township
Budget Advisory Committee Meeting

Meeting Minutes

November 12, 2015

Meeting began at 4:02 PM

Roll Call: Present – Charlie Luthar, Tina Krasnansky, Cathy Gorman
Lou Mahlan, Absent

1. **Financial reports.** One comment from a resident was that the reports don't show revenue. Cathy asked what financial reports they would think council would want to see. Council sees the balance sheet that shows the 3 funds. Cathy suggested council should receive receipt reports as well to show how much revenue came in and what type. Tina and Charlie agreed. Tina asked what prompted this detailed report in the check register. Cathy explained that a resident questioned a payment made and she explained what it was and what account it came from. Charlie suggested not posting the check register on the website but have it available for review at Township Hall. The recommendation from the committee is that the balance sheets, a cash report and the check register to be given to council.
2. **Systems Capability.** Cathy said we recently upgraded our Freedom/CityShare computer system we have and these are the documents it can produce. There are no recommendations to change anything, cost prohibitive. Cathy said for the most part it works pretty fluidly. We considered doing the taxes in house, however, we pay Berkheimer \$75/month and that is more cost effective.
3. **5 year planning module:** Cathy said our capital plan consists of infrastructure improvements, vehicle improvements and building improvements including IT improvements which are \$25,000 or more in value and have a depreciation life of 7-10 years. The police cruisers life increased from 100,000 miles to 125,000 miles. Cathy presents a 5 year capital plan in August to council. She recommends having a fixed amount put into the capital fund so you don't fall short. Charlie recommends if a vehicle is sold to not put the money back into the capital fund; it should go in a reserve. Cathy presents a 5 year plan to Council, but Roger gives her a 10 year plan. Charlie said he likes the 10 year plan better. He recommends giving council a 10 year plan instead of a 5 year plan. Tina agrees. Cathy said we can present that recommendation in the report to council. Charlie suggested having a checklist for the public works as far as projects go. Cathy said they do utilize a check list for buildings and parks. Charlie asked what else in the capital plan is important; that Cathy needs to worry about from a financial stand point. Cathy said if there are things that are required such as sidewalks, utilities, traffic lights that would be the Township's responsibility we would need to look at those projects for their maintenance costs too. Cathy said it might be wise to also look at whatever results from EDTF decisions. We may have to look at infrastructure improvements and their costs. Charlie said that will cost more money than replacement of vehicles. Cathy said the township may or may be responsible for any of the cost of it; developers will be included. Charlie asked if there were any other active committees working on any projects. Cathy said not now, a lot falls under EDTF.
4. **Financial Policies:**
 - a. Appropriate Level of Unrestricted Fund Balance: Cathy said one of the things she tries to get council to recognize is an appropriate level for an unrestricted fund balance. Our budgeting process previously always encompassed a fund balance and a contingency. It created difficulty understanding how much money we had. The way it is done now is more straight forward. Our operational reserve was created by transferring money from the landfill. It is used to offset costs such as taxes or emergencies. Our council likes to leave that amount there. They are comfortable having that there in case of an emergency. It can

only be used for its purpose, not things such as contract negotiations. The environmental reserve is the landfill closing fund. By the beginning of next year we should have \$3,600,000 but we will be transferring \$600,000 of that. Cathy said she budgets revenues on the low and expenses on the high and actuals fall somewhere in between. That is why there is \$700,000 more in revenue. \$300,000 of that is from IESI for the tipping fees. Cathy said our recommendation should be when you are using your general operational budget, GFOA recommends having a plan to replenish any money used from savings. The committee can recommend a certain percentage. She needs an amount to target for. There should be a cap that determines how much council could use and at that point discuss whether to raise taxes or cut certain expenses. There should be a policy that says if this amount is taken; how will they pay it back and for how long. What should be the minimum in the fund? What would be the maximum of unallocated reserves for a township this size? Tina asked if GFOA has a recommendation? Cathy said she thinks so and she will check. Council would have to be able to justify to residents the need. Charlie said his worst fear is that the landfill will shut down and where will the money come from. Cathy said that is on reason why she started the process to come up with a plan. The committee agreed to come up with a number and percentage to present to council using recommendations from GFOA for an appropriate level of fund balance. Council will have the opportunity to change the way they are planning for the future.

- b. **Debt Management:** Cathy said we can incorporate options, but that is also something that should have a cap. It could be 1 mills worth, then it should be defined in a policy. Tina asked what if we tied them together? Cathy said we could. We can recommend that there is a set figure that would be the maximum exposure of what we will obligate the Township financially to be responsible for in debt. The banks will probably give us a better bond rate because they will know we have the taxing capability to handle it. The committee discussed the township annual debt obligation not exceeding a certain millage. Cathy said our debt payments were \$900,000 per year. Due to the refinancing, payments are now at \$551,000 and are at a 10 year fixed rate of 2.78%. This was just done at the end of 2014. 1.25 mills would equal about \$500,000. Charlie said that we should have a way that allows the council to go out for additional debt if something catastrophic happens. There should be a policy that limits a certain amount but it can be reviewed.

Next Meeting: TBD after Council Reorganization

Minute Approval: Motion to approve September 9th minutes as written

Meeting adjourned at 5:40 PM