

## **Board of Supervisors Special Budget Work Session October 29, 2013**

The special budget work session of the Board of Supervisors of Sadsbury Township was conducted on October 29, 2013 commencing at 9:00 a.m. Chairwoman Stephanie Silvernail called the meeting to order. Present were Supervisors Ms. Horan and Mr. Greenfield, Township Engineer/Zoning Officer, Mr. MacCombie, and Township Accountant, Mr. Drozd.

The moment of silence and Pledge of Allegiance were waived.

Larry Maulo of Maulo & Company, Ltd. Certified Public Accountants, presented to the Board the audit report on the 2012 financial statements. Mr. Maulo stated he conducted the financial audit for the 2012 year for Sadsbury Township using the methods required by the Governmental Accounting Standards Board. Mr. Maulo pointed out several items. Page 1 of the report presents the Independent Auditor's opinion that the audit resulted in a clean opinion. Page 36 shows the general fund results with a budget comparison. The general fund balance at December 31, 2012 was \$945,618, an increase from \$774,606 at December 31, 2011. The increase in fund balance is due primarily to an increase in Act 511 taxes, (Earned Income Taxes and Real Estate Transfer Taxes) and bringing in expenses under budget. Page MD&A 11& 12 presents graphs showing the sources of revenues, mostly from taxes and very little from grants. Page 3 shows all of the Township's assets and liabilities on an entity wide basis. This full accrual basis statement shows that the unrestricted balance of the Township at December 31, 2012, was \$1,299,952. Pages 9 & 10 show the results of the Sewer Fund for 2012. This full accrual basis statement shows that the sewer fund has \$3,661,156 of assets (net of depreciation) and an unrestricted balance of \$571,764. Mr. Maulo stated that a management letter is done when there is a lack of control or if fraud has been an issue. Mr. Maulo stated there will be no need for a management letter this year as items noted in previous management letters have been addressed. Mr. Maulo cited two small items for the Township to consider. 1. Review of outstanding checks from 2009, 2010 and 2011. 2. Board consideration of recycling grant submission.

Mr. Drozd stated he will forward the report to Delaware Valley Financial who holds the sewer loans.

Mr. Drozd stated he would like to go over the general fund 2014 budget detail report he prepared. The property tax for 2013 is .75 mills which is projected to bring in \$138,300 for 2014. Mr. Drozd stated he averaged the transfer tax for the last 7 years and proposed \$89,000 for 2014. Contractor and plumber registrations have been adjusted for the new state law requiring registration with the state. Liquid Fuel allocation from the state will be \$87,500 for 2014. The building and use permits are proposed to increase, and the trash collection contract is to be renewed on September 1, 2016. Loan repayment amount is proposed to be \$15,810 from the Capital Reserve Fund for the repayment of the police vehicle that was purchased in 2013. There will be no Act 209 revenue for 2014 as Lincoln Crest Mobile Home Park for \$48,990 and the Larry

Constable Subdivision for \$6,000 is on hold. The proposed revenue for 2014 is \$1,800,440. Expenses for the year 2014 include legal expenses for the year increasing by 2.5% due to a rate increase. Insurance rates will increase by 11% for workers compensation and 6% for PIRMA insurance. Engineering has no rate increase in 2014, except for design engineer from \$80.00 per hour to \$85.00 per hour. Special Projects projected to be an expense of \$46,100, the Sadsbury Village Enhancement to cost \$40,000 and other projects to cost \$6,100. The libraries in Coatesville and Parkesburg should be given a \$1,500 donation each. The Hilltop Drive, 2013 project for scratch coat and oil & chip will be completed in 2014.

Ms. Silvernail stated she did not want to make any decisions about health insurance benefits for family coverage or single coverage as the Police Contract negotiations are still on-going. Sergeant Imhoff stated that at this time the police would like to keep the insurance as a single rate with Delaware Valley Trust, which is a group policy with numerous Townships. Sergeant Imhoff stated it would save the Township an additional expense to keep the insurance as a single coverage. Mr. Drozd stated he would like to know the payments per month so he can work it into the budget. Mr. Drozd will also look into the audit report for Delaware Valley Trust.

Mr. Drozd reported the sewer budget proposed no tapping fees for the year 2014 as many projects are delayed. West Caln Tapping fee is proposed to be \$14,690 for 5 connections from Calnshire Estate. Capital Projects for the flow meter & pit at Stottsville Pump Station for \$47,500. Pennsylvania American is projected to have a rate increase of 18.86% and is charging the Township a new Industrial User Surcharge, the proposed budget amount for the 2014 budget for sewer treatment is \$620,700. Mr. Drozd stated the fees for the Industrial Surcharge jumps all over the place. The whole sewer system is absorbing the cost. This charge should be charged to industries discharging into the system. Mr. Drozd stated that from February 2013 to August 2013, the Township was charged \$3,000 for Industrial User Fees. Ms. Silvernail stated that would have to be done by ordinance. The proposed budget for 2014 for generator maintenance 1 major, 3 minor is \$31,000. The estimated cash balance at ending of year 2014 is a deficit of \$92,310. Mr. Drozd stated that he would have to have a rate increase of sewer rates from \$12.00 per thousand gallons to \$15.00 per thousand gallons if Pennsylvania American raises their rates by 18.86%. Mr. Drozd stated that the more sewer debt that is collected the better off we will be. Ms. Silvernail stated that Pennsylvania American can charge for lost revenue if the Township has water turned off at residences that do not pay their sewer bills. Ms. Silvernail stated that we need to get clarification from Judge Cabry's office as to the procedure for collection of sewer payments. The larger amounts owed on sewer should still go to the Solicitor's office for liens.

Mr. Drozd stated that non-union employees will receive a 3% salary increase in 2014, according to the police union contract they will receive a 4% pay increase, and the Road Department will follow their union contract. Mr. Drozd asked if a part-time person is still considered to be hired. Sergeant Imhoff stated that since the Cody System was

installed, there is little clerical work to be done. He might be able to use a person a few hours a week. Ms. Silvernail stated to keep the part-time position in the budget.

The Road Department presented a quote from Stephenson Equipment, Inc. from Harrisburg, PA for a backhoe with attachments of a snow plow and street sweeper. Mr. MacCombie stated that street sweeping must be done at some point in time according to the MS4 Program. Ms. Silvernail stated to purchase the standard equipped backhoe and justify purchasing the attachments with the exception of the mechanical thumb. Mr. Drozd stated the price for the backhoe with mower attachment and mechanical thumb would be \$124,056.00, which could possibly be purchased from the Liquid Fuels Account. Ms. Silvernail stated the Board would not do anything with the purchase from Stephenson Equipment until they are certain the prices are State Contract Prices which must be in writing; also, try to come up with better pricing.

Mr. Drozd stated he will make some changes to the proposed budget for the next meeting before adoption.

Ms. Silvernail made a motion, seconded by Mr. Greenfield, to have the next budget meeting on Monday, November 25, 2013 at 9:a.m. With there being no questions, the Board voting "aye", the motion passed unanimously.

Ms. Silvernail stated the Board has received a quote from Code Inspections to take over the Zoning for the Township. Ms. Sarbaum, Township Treasurer stated there seems to be a conflict over the Zoning and Code Enforcement Departments. It seems that a lot of the time Mr. Dickey, the Building Codes Officer is handling Zoning issues. Mr. MacCombie, the Zoning Officer stated that zoning is building setbacks and also grading permits. Ms. Silvernail suggested that Mr. MacCombie meet with Mr. Dickey to determine what is a zoning issue and what is a building code issue.

Ms. Silvernail stated that the Village Enhancement Project needs to have an inspector. The inspector can be PennDOT or an external firm. PennDOT will be the inspector with a 15% charge. They will use the old Township Building for an office until the job is complete. The old building has internet use, heat, electric, and bath rooms. The cost will be \$69,000 which is 15% of the grant of \$465,000. The external firm is one out of New Jersey and they would also use the old Township Building.

Ms. Silvernail instructed Mr. MacCombie to find out if his office would be allowed to be the Village Enhancement Project Inspector and to also get input from Mr. Pompo.

Ms. Silvernail stated that the CCATO Conference at the Mendenhall Inn is on Thursday, November 7, 2013.

Ms. Silvernail made a motion, seconded by Mr. Greenfield, for the Board of Supervisors, Township Secretary, and Township Engineer to attend the CCATO Conference to be held on Thursday, November 7, 2013 at the Mendenhall Inn. With there being no questions, the Board voting "aye", the motion passed unanimously.

Ms. Silvernail stated she would like to have on the agenda for the Board of Supervisors meeting in November to discuss the payment of the Fireman's relief and the yearly contribution to Sadsburyville Fire Company.

Ms. Silvernail stated that there has not been a replacement appointed to the Zoning Hearing Board since the resignation of Reitzel Swaim. A resident of Sadsbury Township, Magdalena Salewski has expressed interest in being appointed to the Zoning Hearing Board.

Mr. Greenfield made a motion, seconded by Ms. Silvernail to appoint Magdalena Salewski to the Zoning Hearing Board to fill the vacancy left by the resignation of Reitzel Swaim. With there being no questions, the Board voting "aye", the motion passed unanimously.

Ms. Silvernail also stated that there is a vacancy for an alternate on the Zoning Hearing Board.

With there being no further business, Mrs. Silvernail made a motion, seconded by Ms. Horan to adjourn the meeting. With there being no questions, the Board voting "aye", the motion passed unanimously.

Respectfully Submitted,

Linda Shank  
Secretary