

**SPRINGETTSBURY TOWNSHIP
WORK SESSION – BUDGET**

**OCTOBER 26, 2015
APPROVED**

The Springettsbury Township Board of Supervisors held a Budget Work Session on Monday, October 26, 2015 at 7:00 p.m. at the offices of Springettsbury Township located at 1501 Mt. Zion Road, York, PA.

MEMBERS IN

ATTENDANCE: Mark Swomley, Chairman
George Dvoryak
Bill Schenck
Kathleen Phan

MEMBERS NOT

IN ATTENDANCE: Julie Landis (due to illness)

ALSO IN

ATTENDANCE: Kristen Denne, Township Manager
Barbara Lindeman, Finance Director
Jean Abreght, Stenographer

1. CALL TO ORDER

SWOMLEY Chairman Swomley called the Budget Work Session to order. The purpose of this Budget Work Session was to discuss the first draft of the 2016 Budget.

DENNE Ms. Denne indicated this presentation was for the first draft of the 2016 budget. She noted the budget is within \$60,000 of being balanced. There are several outstanding items that she is reviewing with regard to employee health care insurance. The budget still includes Use of Fund Balance of \$910,000. Property values have increased resulting in another property value assessment by the end of the year amounting to \$100,000 over and above. Overall revenues are up 4%.

SCHENCK Mr. Schenck questioned what the new real estate assessed value will be. He noted that previously the number was \$2,075,000,000.

DENNE Ms. Denne indicated that information was in her office, but she would send it to the board.

DENNE Ms. Denne indicated they had contained costs very well, so there are no big surprises in this budget, as well as no new Capital. She will meet Thursday with the financial advisor to determine any refinancing options available for next year.

SWOMLEY Chairman Swomley questioned how much was used of the Fund Balance.

SCHENCK Mr. Schenck commented that \$300,000 was used, and \$900,000 had been budgeted in 2014.

- DENNE** Ms. Denne indicated for 2015, there had been no Use of Fund Balance. The need for Use of Fund Balance occurs during the last quarter of the year.
- SWOMLEY** Chairman Swomley asked if there is a projection of the Fund Balance and what will be spent, as well as any anticipated numbers for what that might look like.
- DENNE** Ms. Denne stated what they really need is a cash flow analysis to show what months are over and under. Essentially at the first part of the year are the fat months vs. the lean months until April. She noted they do borrow from the fund balance and reimburse the fund. Then from April on it levels out and then again in November/December is when it starts to get lean again.
- SWOMLEY** Chairman Swomley stated he did not mind doing that, understanding what the cash flow is going to look like. He was trying to determine what is generally spent in a year and how much of that gets pulled from the fund balance and how it looks this year compared to other years, as well as if they have anticipated anything that is going to be used more than normally.
- DENNE** Ms. Denne noted she can take the compilation she has been doing on each treasurer's report and show the cash flow analysis month to month. As far as for the rest of this year she did not feel they overspent so there are no surprises. She stated they did gain net position this year with the fund balance because they had a huge EIT influx last year that was completely unexpected and Ms. Lindeman is in the process of organizing a meeting with York Adams Tax Bureau to layout the expectation year to year. Another place they see that greatly fluctuates is in the real estate transfer tax.
- SWOMLEY** Mr. Swomley indicated he was aware there are some big real estate transactions that can swing out one way or the other, but as Mr. Schenck pointed out before there seems to be some of this every year. So while the ones that happened this year might be unique they are not unique in the overall scheme of things.
- DENNE** Ms. Denne stated she was not saying it was right or wrong. It is just municipal finance. She noted they could get a huge snow year or a small snow year; it's all over the board.
- SWOMLEY** Chairman Swomley noted this year's snow was January, February and March.
- DENNE** Ms. Denne noted she was saying next year in general. But as overall fiscal health of what they are looking at they have budgeted \$900,000 every year out of the fund balance.

SWOMLEY Chairman Swomley commented that the use had been between \$300,000 and \$600,000.

DENNE Ms. Denne agreed noted that is the shortfall that has to be made up at some point, whether it be 5 or 10 years. There is going to be a period where it all comes at once. We have basically taken our chances with the law of averages and luck, but it is really unsustainable.

SWOMLEY Chairman Swomley stated he questioned whether it's luck or if that is really the way it is or the history has not been sufficiently researched to understand what generally happens.

SCHENCK Mr. Schenck suggested they do know and that prior to 2008-2009 every year they were consistently building surplus every year. Then the recession hit and it was decided it was time to spend the surplus down and in his opinion, they waited too long to get back on the tax side.

DVORYAK Mr. Dvoryak commented on Mr. Swomley's question. He had a slightly different opinion, noting his perspective was that it had been very conservative budgeting. They had discussed that in the past and are more comfortable staying conservative and meeting the numbers than trying to make the budget more realistic or closer to expectations.

SCHENCK Mr. Schenck responded that he agreed and was completely comfortable with the conservative budgeting, but they still need to address the results of that. They have budgeted conservatively and used surpluses, which is not sustainable.

DENNE Ms. Denne stated she went back and did trending back to 2008 when the recession hit and determined the reason they were able to build surplus is because it was not billed. She noted the big influxes will be when the new assessed value comes, but the days of a new development coming mid-year unanticipated cannot be assumed. She noted they passed this budget conservatively which is a fiscal improvement, but voiced concern about a \$500,000 hole. It's really not \$900,000. We manage positions throughout the year, which are not quickly filled. Spending is very limited. She noted what she is looking at is in the 5 year period what could happen that would increase spending. She is also looking at 2017 for other costs, i.e., Cadillac tax, Unfunded Mandates, pension costs. She asked the board if they wanted to wait until 2017 and then do a huge increase or incremental or nothing at all. In addition, there are capital items to address that would require financing options. She noted the general fund budget is well balanced. Staffing is constant with a slight increase. There is a 4.1 percent increase in healthcare. There is no huge capital spending. In regards to the police the only item in the budget is for two cars which need rotation, to include the camera systems which is becoming a part of police work and is an insurance product. She referred to discussion held

regarding the five year road rotation and the 5 year truck rotation. She indicated a decision will need to be made as to doing anything in the next step and if so, will it require either a tax increase or funding refinancing.

SCHENCK Mr. Schenck referred to the last bond note in the budget which was around \$300,000 for which payment was made. Essentially that was used as a \$300,000 cash.

DENNE Ms. Denne noted she kept it in the budget for 2016 because she was looking at the fact of possible refinancing. She noted it is under Capital Reserve for \$350,000. She noted that could be zeroed out if it is determined.

SCHENCK Mr. Schenck noted he and Ms. Denne met today and discussed the police cars, noting it is an operating expense.

DENNE Ms. Denne stated she pointed out to Mr. Schenck how back logged they are with Public Works vehicles that are essentially doing 3 or 4 passes because they do not have spreaders and plows on the same truck. She stated this is something that needed to be addressed but could take years unless the board opts to float a bond and do it all at one time.

PHAN Ms. Phan questioned when the last tax increase was levied.

SCHENCK Mr. Schenck noted it was part of the 2014 budget and was passed in 2013.

DVORYAK Mr. Dvoryak thought that might have been the OPT tax.

SCHENCK Mr. Schenck noted it was .8 to 1 mil.

PHAN Ms. Phan stated that she was not against a tax increase.

The board continued a lengthy discussion with details to be included in the proposed budget. The items included in the discussion were capital purchases, the EIT and Mercantile Taxes, Real Estate Taxes, York Adams Tax Bureau, blighted properties, importance of addressing traffic issues including funding that had been spent addressing a number of road improvements, Land Development, Building Permits, Violations and Fines, Interest earnings, rental buildings, the Recycling Grant, State Highway Funds, Pensions (including non-uniformed and Teamsters), Drug Task Force, YAUFRA Administrative Fund, EMS, Plumbing Licenses, Waste Reduction Fees, Parks and Recreation Program, Insurance Proceeds, Police Department, Public Works, Salaries and Wages, Workers Comp, Martin Library and Capital Planning.

2. PUBLIC COMMENT

SWOMLEY Chairman Swomley asked for comments from the public. There were none.

3. ADJOURNMENT

SWOMLEY Chairman Swomley adjourned the meeting at 9 p.m.

Respectfully submitted,

Doreen K. Bowders
Secretary

ja