

**TOWNSHIP OF LOWER MAKEFIELD
CITIZENS BUDGET COMMISSION
WEDNESDAY, OCTOBER 20, 2008**

The regular meeting of the Lower Makefield Township Citizens Budget Advisory Committee was held on Wednesday, October 19, 2007 in the Lower Makefield Township Municipal Building. The meeting was called to order at 7:05 p.m.

Those Present: Colleen Klock
Mike Garry
Ethan Shiller
Ken Martin
Brian McCloskey, Finance Director
Terry Fedorchak, Township Manager
Greg Caiola, Supervisor Liaison
Helen Bosley, Resident

3RD QUARTER FINANCE DIRECTOR'S REPORT REVIEW

Mr. McCloskey stated he sent out the 3rd quarter Finance Director's report to the Commission and would like to discuss the report, the budget process and possible meeting dates to discuss the 2009 budget.

Mr. McCloskey stated that not much has changed since the 2nd quarter. The real estate transfer tax is struggling this year compared to last year and a shortfall is expected. Ms. Cecchine, the tax collector reported to him that 99.4% if the real estate taxes were collected last year and the Township will hit budget on that item. Mr. McCloskey stated that expenditures are cyclical and will hit about 74% in the 4th quarter.

Mr. McCloskey stated the governmental funds are on key except that interest revenue is lagging behind because of the decrease in interest rates. The golf course, pool and sewer are on target for the year. The pool and golf course are generally doing well and the pool is only slightly behind.

Mr. McCloskey stated the budget analysis will be sent to the Board of Supervisors and will be posted on the Township website. He stated the graphs in his analysis show comparisons in things such as the real estate transfer taxes from this year to prior years. He noted the Township is trending well on all taxes. He explained that the cash balances are healthy and each exhibit is specific to certain Township revenue sources.

Mr. McCloskey stated the professional fees made up of the legal and engineering fees are a big part of the General Fund and the Township waits for invoices to be received each month before posting. Both the legal and engineering fees are within budget this year. Mr. McCloskey reviewed the sewer budget with the Committee.

Mr. McCloskey stated that he does not have any surprises to report and is happy to report the General Fund is \$50,000 to \$75,000 better than budget.

Mr. Shiller asked about the notation that revenues are budgeted 5% over budget and noted that is a little high. He asked if the 5% over budget is across the board and Mr. McCloskey replied that applies to all funds. Mr. Shiller asked if there is a page that compares budgets from prior years on one page. Mr. Fedorchak asked Mr. Shiller why he needs a page comparing budgets for prior years.

Mr. McCloskey stated he, Mr. Fedorchak and Mr. Caiola recently met with the Township's investment advisors concerning the pension funds and possible losses the Township may sustain because of the economy. He stated after the meeting they were happy with the investment plan. Mr. Shiller asked if the investments are lagging does that affect the Township's contribution. Mr. McCloskey stated the Township has an actuarial review performed every two years, as required, for the pension funds. The Township has decreased its investment contribution because of actuarial gains. Mr. Fedorchak stated all pension issues are governed by Act 219 and the Township is represented by an actuary to guide the Township in accordance with state law. Mr. McCloskey stated the Township funds the pensions at their legally required obligations.

Mr. Shiller referred to Exhibit B which lists each fund and percentage at budget. He asked why there is a variance. Mr. McCloskey stated interim taxes which are the taxes charged when a homeowner makes an improvement to their home will increase or decrease their taxes and it takes a year for the improvement to get into the county tax system and be a permanent part of the bill.

Mr. Shiller referred to the 2008 deed transfer tax and stated that he did calculations that could lessen the impact on the Township. He estimates the taxes would be short approximately \$300,000 and Mr. McCloskey agreed the shortfall would be approximately \$340,000. Mr. McCloskey stated he and Mr. Fedorchak met and learned that the workers compensation insurance revenue has been increased and would be included in the budget. Mr. Fedorchak stated he has met with his department heads and asked they slow down on spending for the rest of the year.

Mr. Shiller asked about the comment in the report on the salary decrease in the golf course budget and asked do those positions need to be filled. Mr. McCloskey and Mr. Fedorchak stated those vacant positions are key positions, the assistant superintendent and marketing director and need to be filled.

Mr. Shiller asked Mr. McCloskey if he could review the legal and engineering summary again. Mr. McCloskey stated both funds are under budget but the summary shows the legal budget is over. He stated the overage in legal is related to the golf course and that is paid from a cash fund. Ms. Bosley asked why the airport legal fund is over budget noting that she thought the Township only approved a contribution of \$10,000. Mr. Fedorchak stated that BRAMM came to the Board of Supervisors on separate occasions asking for more money and the Board approved.

Mr. Shiller asked what the General Fund budget would finish at this year. Mr. McCloskey stated that the cash position in the general fund would finish at between \$800,000 to \$900,000.

Mrs. Klock asked Mr. McCloskey for a definition of items on the legal and engineering summary. Mr. McCloskey went over all of the legal categories such as the airport and quiet zones. He went over the 2008 engineering projects such as the bridge inspections following the catastrophic bridge collapse in Minnesota and the explosion at Black Rock and Yardley-Morrisville Road. Mrs. Klock asked if all projects have to be bid out to engineers and Mr. Caiola said only for large jobs will the Township go to bid but the current engineering firm is competitive in its fees and the Township usually chooses them. Mr. Martin asked if the increased engineering fees related to the pool are related to the proposed improvements to the pool. Mr. Fedorchak stated that project is on hold because the bid came in \$250,000 over what the architect estimated. Mr. Martin asked what will happen to the \$34,000 in the budget for the pool and Mr. McCloskey stated that money would stay in the pool budget.

Mrs. Klock asked why there is money budgeted for the 9-11 memorial architect. Mr. Fedorchak stated the project is not closed yet because the design committee and architect are still working together. Mr. Shiller asked why the Township is paying for the architect when the memorial has its own fund. Mr. McCloskey stated the Township is not funding that item it comes from the fundraising efforts and is funneled through the Township.

Mr. Fedorchak stated he and Mr. McCloskey have met several times in the last few week as well as meeting with his department heads again and one more change will be made to the budget by Mr. McCloskey. He will have a finished document by Friday. Mr. Fedorchak stated he does not anticipate a real estate tax increase in the budget. Mr. McCloskey stated he provided the Board with the sewer fund forecast and he projects and 15% increase in 2009. Mr. McCloskey suggested that Mr. Caiola may want to present the projected sewer increase to the Board in advance of the budget workshop to approve.

Mr. Fedorchak stated that Mr. Shiller prepared a statement in response to the Budget Committee's discussion to give early signs and alert the Board of Supervisors regarding budget matters and provide a corrective action plan and weave it into the quarterly report. Mr. McCloskey made a comment to the last statement in the Forecasting Responsibility of the Finance Director (quarterly reports). Mr. Shiller also said the Township should draw up a statement about a safe harbor range the Township should adhere to.

Mrs. Klock asked for a list of grants the Township receives. Mr. Fedorchak stated he would get that list to her.

Mr. McCloskey stated that Mr. Shiller brought up the issue of how safe are our bonds and could the Township's debt be recalled. Mr. McCloskey stated he checked and the Township's bonds are insured and certain bonds have call dates no sooner than three to five years from now.

The next meeting is scheduled for Wednesday, November 12th at 7:00 p.m. in the Township Building.

There being no further business, the meeting adjourned at 9:00 p.m.