

West Vincent Township  
Special Board of Supervisors Meeting

September 9, 2015 7:30 PM

Attendance: Chairman Kenneth Miller, Jr., Vice Chairman David Brown, John Jacobs, James Wendelgass Township Manager, and Tammy Swavely Township Secretary.

Chairman Miller called the meeting to order at 7:30 PM. He stated that this special meeting was to discuss the proposed budget needs for 2016.

Mr. Wendelgass gave the Board his proposed schedule for the 2016 Budget. He plans on giving the Board a draft by October 12<sup>th</sup> for review. The Board can then discuss it at public meetings on October 26<sup>th</sup> and November 9<sup>th</sup>. The Budget must be advertised according to State Law and available for public inspection for 20 days prior to adoption. This means the best day to make final changes and authorize advertisement would be November 23<sup>rd</sup> for adoption on at the December 14<sup>th</sup> Board meeting. This leaves an additional Board meeting, December 28<sup>th</sup> if additional time is needed.

Mr. Wendelgass stated that he spoke with all department heads and did a review of historical revenues. To come up with his proposed numbers for revenues Mr. Wendelgass stated that the Township will be seeing an increase in transfer taxes from the 50 new homes built in Eagle Farms and Bruner developments. That is a conservative number since both developers predict more than that. That makes an increase of \$125,000. The increase in real estate taxes from these new houses will be approximately \$30,000 and the increase in earned income will be \$30,000. There is an assumption of no new taxes or increase in taxes.

The assumption of expenses was reviewed. The police contract calls for a 3.5% increase. The non-uniformed union is in negotiations. One of the police cars will need to be replaced with another car and the police will need to update aged firearms. The offices will need to replace aged and potentially dangerous file cabinets. Other expenses include barn roof repairs to the barn adjacent to the Township building dependent on the architectural study results. A new boiler to the Griffith homestead so the house can be rented out and funds to begin soffit repairs. The administration building needs to make preparations for replacing the heat pump according to the contractor who maintains it. Funding for an architectural study for future space needs is part of long term planning. A new service truck will need to be purchased and the old body can be removed from the truck. The vehicle will be kept in service to plow snow. Road projects include repaving Horseshoe Trail from Davis Lane to St. Matthews Road, drainage work along Kimberton Road, repaving the ends of Flint Road and an engineering study to determine what to do with the swamp area in the middle of Flint Road. Tar and chip will be applied to Red Bone Road the same as was done to the dirt part of St. Matthews this year as long as it holds up to winter maintenance.

With these assumptions, the revenues over expenses is \$98,000. Mr. Jacobs asked where that money will go. Mr. Wendelgass stated that it will be in either the Carry Forward or Miscellaneous Income. Mr. Miller asked the other Board members if they had comments or questions. Mr.

Brown stated that he would like to start the budget process to include 24 hour police services. He knows that it is not good for this year due to space issues but if we start the process, then maybe by 2017 it could start. Mr. Jacobs asked Mr. Wendelgass if it would not be too much trouble to write a budget summary paragraph so that it is easier to understand. Mr. Brown added that while it would be a nice thing to have, the State mandates the format and last year the solicitor advised against a summary since one has to be careful with that type of document. He suggested that this will have to be done with the advice of counsel. Mr. Wendelgass stated that a summary of what is in the Carry Forward would not be a problem.

Mr. Miller stated that while it may not be the appropriate time to discuss, he stated that maybe the Township should look into shifting from a Cash basis to an Accrual basis. He realizes that the auditor, Barbacane Thornton doesn't recommend it, but with the Township becoming larger with more line items it may be a good thing to consider. Mr. Wendelgass stated that going to Accrual in one year can be difficult to make comparisons from year to year but it is something to consider. Given the workloads it would create, it would be possible a consultant would have to be hired.

The Board took comments from residents.

Sara Shick, 1201 Davis Lane thanked Mr. Wendelgass for the clear description of the budget proposals. She asked if the Board has the final say in what amount goes in each line item, including the Carry Forward. Mr. Wendelgass answered yes, and there may be something that the Board feels needs funding that he does not know of.

Maria Jacobs, 2351 Beaver Hill Road asked about the salaries for non-police. Mr. Wendelgass stated that the Board has a proposed number but he cannot share the information due to the negotiations that are on-going. Mrs. Jacobs asked about the earliest date the Open Space Bond could be paid off. Mr. Wendelgass stated that it would be July 2016, but that would not affect the budget other than the Carry Forward. Mrs. Jacobs asked why switch to the Accrual system. Mr. Miller stated that it may be a better way to track money coming in and out and it is a more detailed way to see where the money is going adding that many businesses are accrual based. Mr. Wendelgass stated that for future planning you need to set reserves and money gets set aside each year for capital purchases. That is difficult in a Cash basis system. Accrual accounting helps with planning. The budget process is mandated by the state and to change from Cash to Accrual would be difficult.

Frances Ellis, 2823 Flowing Springs Road asked how the Township budgets for snow removal. Mr. Wendelgass stated that in 2015 the total for all categories that have to do with winter maintenance total \$80,000. That number does not decrease and it will increase a little bit over time. If we have more money at the end of the year it is a good thing, but it is better to budget for it than not.

Brian Curry, 512 Black Horse Road asked why it is difficult to set up reserves in a Cash basis system. Mr. Wendelgass stated that he discussed it before with the auditors and it is difficult to explain the process. Mr. Miller asked if the cash reserve is in the General Fund at this time. Mr.

Wendelgass answered yes. Mr. Miller asked if the reserves are delegated to a particular need and Mr. Wendelgass stated that no, they are not.

Ms. Shick stated that since the Board has final say as to what goes into each line item as to what needs to be spent, then they are doing what they are elected for. At some point the residents need to rely on the Board they elect in to office. Mr. Wendelgass stated that the Board has final approval of all expenditures.

Mr. Miller discussed the Accrual accounting system. If the Township reserved funds in an accrual account for a car a year ahead of time and the Township had an emergency that needed that funding, that the Board could not use the funds in that reserve if it was not designated for the car replacement. The Township would need a much higher surplus in Accrual accounting than in Cash accounting and there is no flexibility at all. Mr. Miller stated that the Board will have to rethink a lot of information before the Township would switch to Accrual accounting.

Mr. Jacobs stated that he did manage an apartment complex at one time and it was accrual based. In the fall he had a hard time coming up where he was going to spend money until the end of the year, and basically it was made up. How do you know where you need to spend money? Mr. Wendelgass stated that doing Accrual would double the workload on him. He would need to find out how to spend the money in each line item in the fall as well as work on the next year's budget. He asked what happens when a department using its budget too early, does it get penalized? What happens when it snows? When it snows, the road department needs to be out in the nights and weekends to clear it. The overtime expenditures get used up before March, and there is a big snow storm in March, then what? The Township cannot stop providing services since it is not like a corporation.

David Pomanto, 289 Black Horse Road asked if the Township has a Line of Credit. Mr. Wendelgass stated that no, it is not permitted by State Law. The Township can obtain a Tax Anticipation Note but to obtain one, the Township has to show cumulative deficiencies of revenue over expenditures. Mr. Miller stated that the Township has over \$1,000,000 in surplus funds, so it has not qualified to obtain a TAN. In Pennsylvania Townships cannot get a Line of Credit. That is why West Vincent carries a surplus.

Mrs. Jacobs addressed the issue with overtime and snow. She feels that it could be managed by informing the road department that after 40 hours of work, not to come in. If they get their hours in the evening and weekend hours, then that should be all that they come in for. Mr. Wendelgass stated that the Road Department hours are managed as best as can be. The Township is service based, not income based.

George Dulchinos, 1415 Hollow Road asked if something could be put on the website with the information that Mr. Wendelgass shared with the Board this evening. Mr. Wendelgass hesitates because a lot of it has to do with union negotiations and all Budget materials are not subject to the Right to Know Law. He stated that he will identify items in a summary and forward it to the Board. They can then determine what goes on the website. The budget will be ready for public view in one month.

Jane Altman, 276 Black Horse Road stated that now that the Budget conversation is over could she discuss the repairs to Black Horse Road. Mr. Miller stated that he and Mr. Brown are ready to move forward with the project. Mr. Jacobs stated that he is almost there but this isn't the meeting to discuss it in.

Meeting adjourned 8:25 PM.

Respectfully Submitted,

Tammy Swavely  
Township Secretary