
**Warrington Township Permanent Finance Committee
Minutes for January 12, 2009 Meeting**

The Regular meeting of the Warrington Township Permanent Finance Committee was held at 7:15 p.m. on January 12, 2009 at the Township Building located at 852 Easton Road Warrington, PA 18976. The members present were as follows:

Marianne Achenbach	Member
Russ Bragg	Member
John Heenan	Member
Glenn P. McKay	Supervisor Liaison
Paul H. Plotnick	Supervisor Liaison
Timothy J. Tieperman	Township Manager
Carolyn Hanel	Director of Admin Services/Parks

1. **Call to Order:** The meeting was called to order at 7:15 p.m.
2. **Committee Reorganization:** This was tabled until all committee members are present.
3. **Approval of Minutes:** Mr. Tieperman asked the Committee to review the November 17, 2008 minutes. Mr. McKay recommended to the Committee to table the minutes until the next meeting since Mr. Braun was not present to vote on them. Mr. Plotnick made a comment under New Business, Section 3. He stated that Warminster and Montgomery Townships do have the more progressive mercantile tax based on gross receipts, not the flat-tax proposal adopted by the Supervisors. If permitted by State law, the Supervisors would have elected to enact this more progressive tax. He stated that he'd like the minutes to reflect this distinction.

New Business:

4. Review proposed 2009 meeting schedule: Ms. Braun stated that she sent members a list of future meeting dates and that the first meetings in January and February would be off schedule due to the Martin Luther King and President's Day Holidays. Everyone approved the proposed schedule change.
5. Review final 2009 operating and capital budget: Ms. Braun stated that the final budget is now posted on the township website (www.warringtontownship.org) under Special Notices. Mr. Tieperman stated that staff is working on finalizing the detailed line item budgets for department utilization. He stated that at the final budget meeting on December 9, the Board froze non-union salaries for 2009, imposed mandatory health insurance contributions in addition to mandatory pension contributions.

As for revenues, the Board eliminated the public works director position and realized last minute revenue savings from reduced workers compensation premiums. The final general fund budget number was approximately \$8,080,000 for FY 2009. The projected fund balance stands at just under 10%.

Mr. Tieperman noted that these fund balance projections were based on revenues that may or may not happen, noting heightened uncertainty over the impact of growing unemployment on earned income tax receivables as well as continued recessionary impacts on the real estate transfer and property tax collectibles. To underline this concern, Mr. Tieperman shared with Committee members the December 2008 figures for real estate transfer taxes, which were tracking below the \$50,000 budgeted benchmark.

Mr. McKay asked Mr. Tieperman how much was finally cut from the preliminary general fund budget. He estimated total cuts of around \$320,000. He stated that these cuts did include non-union furloughs, both line and management positions. Mr. McKay commented to all PFC members that the Board would have applied a similar standard to police personnel but that this will be deferred to the arbitration process.

6. Establishment of 2009 goals/priorities: Mr. Tieperman asked for everyone's feedback for 2009 goals and priorities. He stated his preference to begin the 2010 budget process much earlier, especially given the continuing recessionary trends.

Ms. Achenbach recommended a July target for early budget submittals. Mr. Bragg commented that an earlier date might be in order. Mr. Tieperman suggested that the committee begin discussing 2010 target dates at the February meeting. Ms. Achenbach emphasized the importance of communicating budget parameters to all department heads soon enough to allow ample to evaluate department budgetary requests in concert with zero-based budgeting principles.

She also stated the importance for all committee members to receive monthly budget reports on a regular basis well in advance of scheduled PFC meetings to give members sufficient time to evaluate these. She stated that it would be helpful to see revenue/expenditure tracking reports for each township department. Ms. Hanel explained that she receives a line item budget report every month from Ms. Bell that covers all line item expenditures. It was collectively agreed that department heads should be assigned greater responsibility and accountability for monitoring their department's budgetary trends and explaining any major budget deviations. Ms. Achenbach stated that it's important to evaluate how department heads use their creativity to implement initiatives with limited resources.

Mr. Tieperman explained that it's particularly important that the Committee monitor closely the codes department to ensure equilibrium between revenues and expenditures. This is the one department that is not tax-supported and must remain so as part of its overall fee-based structure.

Mr. Tieperman reviewed briefly the finance department and noted many areas of duplicity which management's trying to reduce through job changes, building consolidation and finance software improvements. Focusing on the latter, he noted the importance of having updated and reliable financial software that can perform multiple financial analyses instantaneously without relying on duplicitous spreadsheets. He stated that binding arbitration, for example, is going to require substantial financial analysis to evaluate the township's long-term fiscal health.

Mr. Plotnick stated that it is hard to monitor these types of financial trends because of the volatility of the marketplace. Mr. McKay mentioned that he would like the township to come up with some "worst case scenario" projections from both a revenue (e.g., real estate transfer taxes) and expense (e.g., utility costs) perspective and develop commensurate action plans to respond to these scenarios. He stated that we should begin now to identify fixed and variable costs so that in a worst case scenario, the Board can make appropriate cost containment decisions early in the budget process. Mr. Tieperman agreed that this information should be gathered as we begin setting 2010 budget parameters for the departments.

Mr. Bragg asked how the township budgets its utility costs. Mr. Tieperman stated that each building has its own utility cost center and that budgets are prepared based on prior year cost trends. Ms. Hanel stated the township does receive an electrical discount from PECO Energy.

Mr. McKay asked Mr. Tieperman to update the Committee on the status of the flat-rate mercantile/business privilege tax and its general reception by the business community. He indicated that the solicitor has received an "intent to sue" letter from a local attorney representing several local businesses. He stated February hearings are planned at Bucks County Courthouse.

Mr. McKay stated that the township pension plans have taken a significant hit in contributions. He asked Mr. Heenan if his pension funds have experienced similar hits. Mr. Heenan stated yes but that no more contributions are needed because they are in a good position. Mr. McKay stated that he is asking because the school district teachers are contributing a modest amount to their pensions but at an insufficient level to avoid taxpayer contributions. Mr. Heenan asked whether the township smoothes out its earnings over a period of time to mitigate major single year losses. Mr. McKay responded that the township does do it, but only over a 2 year period. He expects a major MMO financial hit in 2010.

Future Agenda Topics: Mr. McKay wants the PFC to be comfortable with its financial recommendations. Ms. Achenbach stated that the importance of focusing on the major highpoints of each department's budget and not to be overwhelmed over the details.

Mr. McKay mentioned that he was researching HSA or HRA program for the township to determine whether the township could realize any major new savings. Mr. Heenan stated that his company has some familiarity with these plans and that from his experience, they don't generate that much savings.

7. **Adjournment:** Ms. Achenbach made a motion to adjourn the meeting at 8:23 p.m. It was seconded by Mr. Bragg. Motion was passed by a vote of 3-0.

Respectfully Submitted,

Katie Braun
Recording Secretary

Reviewed By:
Timothy J. Tieperman, Township Manager