

BUDGET AND FINANCE COMMITTEE REPORT – NOVEMBER 8, 2021

Members: Ressler, Chairman; Richard, Vice Chair; Reinhold, Member; Zimmerman, Alternate; Thompson, Bartow, Staff

Attendees: Ressler, Chairman; Richard, Vice Chair; Reinhold, Member; Zimmerman, Alternate; Martin, Barr, Dudley, Council; Thompson, Bartow, Petrick, Staff; 4 Guests: Wendy Stover, Ron Fasnacht, Teresa Caruthers, Rebecca Beres

The Budget & Finance Committee met on October 25, 2021 and discussed the following:

Action Items:

None

Discussion Items:

1. Ms. Bartow and Mr. Thompson discussed emergency notifications for persons on a medical certification list maintained by the business office staff for purposes of utility disconnects. Staff will further investigate medical equipment being utilized and create a call list in Swift Reach to be utilized in power outages.
2. Ms. Bartow and Mr. Thompson discussed transitional banking issues due to the timing of the retirements of President Rowe and Borough Manager Thompson. The Committee will recommend at the November meeting a resolution to remove President Rowe on 12/31/2021 and Mr. Thompson on 1/15/2022 from banking. Resolutions to add the new President and Borough Manager effective 1/16/2022 will be recommended at the January 3rd meeting. For the interim two-week period, Mr. Thompson and Ms. Bartow will be the signatories of banking transactions, and will do so manually until new signature stamps are in place.
3. Ms. Bartow advised the Committee that a contract with Springbrook to migrate to a cloud-based version of the software has been signed by Mr. Thompson. The contract has a migration fee of \$12,000.00 and a first year Annual Maintenance fee of \$77,166. The annual fee is roughly \$16,000 more than the current software, offset by a reduction of approximately \$4,000 per year in IVR fees for the voice payment system through the same vendor. The Committee will recommend that Mr. Thompson's signature be ratified at the November meeting.
4. Ms. Bartow advised that a letter to exempt property holders requesting a payment in lieu of taxes (PILOT) was sent on October 20th, to be repeated bi-annually. Staff will provide a report on outcomes in early 2022.
5. Ms. Bartow discussed the Ephrata Public Library's request for reimbursement of their 2020 audit fees in the amount of \$9,500.00. The current year's budgeted amount of \$7,000 was utilized in March 2021 to reimburse the 2019 Audit fees which were not submitted for reimbursement until 2021. The 2020 Budgeted amount was not utilized, as the request for reimbursement was not timely made. The Committee will recommend an additional unbudgeted expenditure for \$7,000 in 2021. The Committee will also recommend that staff no longer budget for audit fee reimbursement, and request Library staff consider the change in their Civic Contribution request.

6. The Committee reviewed the 3rd Quarter Budget Review, noting that revenues and expenses are on trend to result in performance that exceeds budget. The 2021 Budget had the General Fund in a deficit, but the year is trending to result in an increase to fund balance.
7. Ms. Bartow discussed Civic Contribution requests, noting that the written requests have been placed in the DropBox for Committee review and a summary of what is included in the draft budget. The Committee discussed inviting all organizations to the November 22nd meeting. A time limit of five (5) minutes per organization will be allotted.
8. Ms. Bartow updated the Committee on the changes to the Draft Budget since the October 7th Budget Night presentation, as well as the items that were still pending as of 10/25/2021. A full draft budget will be delivered to Council on November 1st. Ms. Bartow discussed two specific items with the Committee:
 - a. Recommendation that \$300,000 be transferred to the Mobile Equipment Fund from the General fund for the current budget year. The five-year forecast of large mobile equipment will quickly deplete fund balance. The current years budget performance is favorable due primarily to open positions, and deferred projects in the current supply chain climate. The General Fund has fund balance in excess of the recommended 25-50%. Making the transfer now in lieu of increasing annual transfers, which might require funding by real estate tax increases was discussed. The Committee will recommend the Budget Transfer from current year operations at the November 8, 2021 voting session.
 - b. A new community policing program (with partial pending grant funding) was presented on Budget Night and staff requested council direction on inclusion in the draft budget, given that the funding would require a real estate tax increase of .278 mills. This millage increase would be over and above operational trends indicating a need to consider an approximate .25 mill increase. With a majority of Council present, discussion as to the cost/benefit of the new program at the current time, the Committee instructed staff not to present in the draft budget. Upon this decision point being made, Staff recommended to utilize fund balance for the 2022 budgeted deficit. The Committee supports the staff's recommendation.
9. Staff provided the Check and ACH registers to the Committee for October to date. No further action is required.

Old Business Items:

None