

The financial workshop of the Monroe Township Municipal Authority was called to order by Chairman Miller.

ATTENDANCE

Kevin Miller, Chairman
Sue Sunday, Vice Chairperson
Ronald Eckerd, Secretary

Michael Pykosh, Solicitor
Mark Bruening, Engineer
Karen Lowery, Recording Secretary

Mr. Miller this is a workshop to discuss financial information and the budget. The only motion that can be made is to add an item to the agenda of the regular meeting.

Mr. Miller stated that the main purpose of this workshop is to discuss the Northern and Southern districts 2016 budget that the Board of Supervisors will look at and vote on. He provided an agenda with bullet point that can be discussed tonight or at the regular meeting.

Mr. Eckerd asked for an explanation for what the capacity funds are for. Mr. Miller stated that connection fees are paid into this fund and the money is set aside as a rainy day fund for projects or unexpected expenses.

Mr. Eckerd asked why \$5,000 was budgeted for income if there is no capacity available. Mr. Miller stated they can allow for single connections to the system, but not a development. Mr. Bruening then explained the module process needed for developers and approval from the plant.

Mr. Eckerd was very concerned, in all funds, that surplus funds were put into an expense account, instead of having its own line item. Ms. Lowery explained that we are aware of this issue. The budget has been done this way for several years. Ms. Lowery and Ms. Wood met with an accounting firm to review the budget. Several suggestions to improve the budget were made and will be put into place when preparing the budget for 2017.

The Board discussed the surplus is the Sewer South fund and Mr. Eckerd suggested reducing the quarterly rate. The budget for 2016 was prepared with an increase of \$20 per quarter. Mr. Bruening explained that we would want to keep some type of reserve for unexpected expenses, pump station issues, heavy rain periods that cause treatment costs to increase, true-up costs, and additional capital costs. We also have to pay for the Leidigh pump station upgrade, which will be around \$160,000. And we don't know if the SMTMA project will come in on budget or over budget.

Mr. Bruening reviewed the liquidated debt report and projected income and expenses through 2018. In 2017 the debt service payments level off and the rates should hold steady. He added that approximately \$90,000 that was expected to be paid in debt service wasn't yet paid out because the township was able to delay having to draw on that bond due to the delay in the plant upgrade project.

Ms. Sunday will be paying the \$350 per quarter. It's not easy, but she is willing to pay that amount until the SMTMA project is done. If the project comes in under budget then she would hope to see a rate

decrease, provided the debt service can be met. She is not comfortable with reducing the rate yet.

Mr. Bruening stated that by this time next year the SMTMA project will be done so we will know the total amount and debt service will level off.

Carl Kuhl added that from talking to residents in the southern district, he found that they don't trust the township and it is very difficult for some to pay the sewer bill, especially when there is no social security increase for 2016. And that they weren't notified of sewer increases. Mr. Pykosh stated that the increases are explained when bonds are taken out, it is discussed at meetings, and notifications are sent out a quarter in advance of the increase.

Mr. Miller stated that the rate needs to cover the expenses and provide some reserve for out of ordinary expenses. He feels the authority should start to work on budgeting suggestions in the middle of 2016 for the 2017 budget. He would like to help everyone understand what money is collected and what it is used for.

Mr. Bruening suggested creating a list of projects and areas to be fixed for the 2017 budget. Some of the surplus funds could be reinvested into the system to fix the system and open capacity. The Board agreed with this suggestion.

The Board discussed the SMTMA project, what Monroe's percentage will be and what the treatment cost will be.

Mr. Miller stated that we need to be cautious in 2016. The main item is the plant, which is the wild card. We need to have funding set aside for unforeseen items and do some small upgrades that the budget can handle. Ms. Sunday agreed with being conservative until we know what the plant will cost.

Mr. Miller stated that based on how the budget is set there needs to be a reasonable explanation for the amount. He would like to work on the budget for 2017 to breakdown into section further.

Ms. Sunday would like to see the budget more clear. She thanked Ms. Lowery for the work done on the budget since she was thrown into this. There is opportunity to make improvements and this can be done for 2017.

Mr. Eckerd suggested lowering the northern district rate by \$35.00 per quarter. Mr. Miller stated there is only one pump station, but it is 20 years old and is going to need replaced. He suggested we look at this recommendation for 2017.

Ms. Sunday added that she feels it would be best to do a rate reduction in both districts if possible, to eliminate any arguments. Mr. Miller agreed that both districts could be looked at next year.

Mr. Eckerd stated that he appreciated having this workshop. It was a learning situation for him. There seem to be adjustments that need made to the budget and it seems everyone is willing to work on this for 2017.

ADJOURN

The meeting was adjourned at 8:45.

Respectfully Submitted,

Karen M. Lowery
Recording Secretary