

## MINUTES

BUDGET WORKSHOP

President John Yerman called the October 26, 2020, Budget Workshop of Macungie Borough Council to order at 7:30 p.m. Due to the Coronavirus Pandemic (COVID-19), the meeting was held via telecommunications. The change in venue was announced on the Borough website and by a notice being posted on the Macungie Institute and Borough Hall doors. The meeting was open to the public where participants could “attend” the meeting by using an assigned web link or telephone number and access code. The 2021 Budget Workshops were advertised in the East Penn Press Newspaper and on the Borough website. Council Members in attendance were Alma Akinjiola, Angela Ashbrook, Barry Bloch, Ryan Hanosek, Todd Rutledge (7:30 p.m. to 8:30 p.m.), Roseann Schleicher and John Yerman. Also present were Borough Manager Robert Glisson, Administrative Assistant Selma Ritter and Mayor Ronald Conrad.

Borough Manager Glisson discussed a list of proposed major projects he drafted for the 2021 Budget. The list included the Hickory Street Bridge Replacement (\$350,000.00), Cotton Street Bridge Repair (\$40,000.00-45,000.00), Mountain Creek Retaining Wall Replacement (150,000.00) or Streambank Restoration (\$40,000.00), street paving at various locations (\$80,000.00) and PRP Streambank Restoration (\$187,000.00 includes an additional \$40,000.00 for the wall removal and work to slope). He commented the projects would be funded by 2021 Borough funds, FEMA funds and/or loan(s) from a lending institution(s). Council Member Bloch questioned why the Cotton Street Bridge repairs were listed at \$40,000.00 to 45,000.00, when Council was previously told they would cost approximately \$25,000.00. Borough Manager Glisson explained it was increased because Barry Isett & Associates Engineer Stan Wojciechowski had someone look at the damage and the estimate came back higher than originally stated.

The Macungie Police Department’s proposed 2021 Budget was discussed, which included MPD salaries, pension plan funding and the post retirement fund. It was noted all MPD salaries are a contractual amount. Sgt. Travis Kocher discussed the budget line item funds that were not fully used: (1) Patrol Officer Wages from an officer being on medical leave (approximately \$73,000.00); (2) MPD Pension (approximately \$22,500.00); (3) Vehicle Fuel (approximately \$4,000.00); and (4) Vehicle Maintenance (approximately \$3,000.00). He estimated a total surplus from the MPD 2020 Budget to be approximately \$80,673.00, less outstanding vacation buyout time, needed police equipment (Taser and bulletproof vests), and part-time and over-time pay wages. He suggested Council use the MPD surplus to help fill the 2021 Budget deficit, however they see fit.

There was a discussion on why the 2020 Budget MPD Pension amount was \$90,566.00, but the 2020 estimated amount as of December 31, 2020 is \$68,066.00, which is a difference of \$32,000.00. It was explained the \$68,066.00 amount is the 2020 Minimum Municipal Obligation (“MMO”) for 2020 and the \$90,566.00 is the MMO amount plus extra money Council planned to put into the MPD Pension Plan to aid the deficit. President Yerman stated he believes Council should put the extra money (\$22,500.00) into the MPD Pension plan as they originally budgeted. Sgt. Kocher stated the police salary costs need to be updated in the 2021 Budget to include the contractual pay increases.

President Yerman discussed MPD line item #04.410.500 titled “Transfer to Post Retirement Pension Fund.” He stated the name of the line item should be titled “Transfer to Post Medical Benefits” because it is money to provide medical insurance coverage to retired officers from the time they retire to age 65 years old when they are eligible for Medicare. He stated it is not a co-pay; it provides continuation of the retired employee’s (not their family) current medical insurance/coverage.

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Discrepancies in some of the Beginning Balance (carryover; cash on hand from the prior year) amounts listed in the 2021 Budget were discussed. The carryover amounts in the 2021 Budget listed the Beginning Balance amounts for 2018 Budget (\$300,000.00), 2019 Budget (\$200,000.00) and 2020 Budget (\$43,249.53). It was questioned why the spreadsheet had the 2020 Budget amount as \$43,249.53, when the 2020 Budget Council passed in December 2019 (distributed in January 2020) stated it was \$390,000.00. It was also noted the 2019 Actuals, 2020 Budget, 2020 Actuals as of 9/30/2020 and Estimated 2020 at 12/31/2020 all had the exact same amount of \$43,249.53, which would be very unlikely. President Yerman explained the reduction in the forecasted annual Budgeted amounts are due to the Expenditures being deducted from the Revenues. He stated the 2020 Budget amount of \$390,000.00 was changed in the 2021 Budget to \$43,249.53 because it was not accurately predicted for 2020 and the \$43,249.53 was the actual amount left at the end of 2020. Council Member Akinjiola questioned what all of the 2020 Budgeted money was spent on. One plausible explanation for the \$390,000.00 carryover amount was the possibility of grant funds being applied for in 2019, accounted for in the 2020 Budget, but in 2020 the Borough was denied the funds. It was suggested Council have a meeting with the people who prepared the 2020 Budget, so they can explain how they determined the carryover amount. President Yerman requested the temporary Borough Clerk/Assistant Treasurer draft a budget report showing the 2019 Budget, 2019 Actuals, 2020 Budget and 2020 Actuals as of 09/30/2020 to ensure Council has the correct starting points.

The low predicted carryover amount of \$20,657.00 for the 2021 Budget was noted and discussed. Concern was expressed of the Borough not having enough funds to pay expenses (salaries and bills) for the first four to five months in the beginning of 2021. Borough Manager Glisson discussed how he determined the carryover amount. President Yerman explained the \$20,657.00 is the amount of money that will be left at the end of 2020, then carried over to 2021.

President Yerman stated action plan items include: (1) get a clean report from the temporary Borough Clerk/Assistant Treasurer; (2) Council Members Schleicher and Yerman, along with Borough Manager Glisson, will meet on Thursday, October 29, 2020 at 9:30 a.m. to discuss the expenditures, line item by line item, then compare them to the forecasted amount; and (3) get a printed accounting of all of the grant checks (what the Borough submitted, what has come back and where it was deposited). He also suggested Council receive an accounting for all engineering costs (check by check what the Borough paid for), so Council can determine why they are so high. The report should include reimbursable engineering costs to ensure developers paid what they were supposed to.

ADJOURNMENT

Council Member Akinjiola made a motion to adjourn the 2021 Budget Workshop at 8:43 p.m., second by Council Member Bloch.

Respectfully submitted,

/s/ *Selma Ritter*

Selma Ritter  
Administrative Assistant