

MINUTES

FINANCE COMMITTEE MEETING

May 26, 2015

PRESENT: Committee Members: Kline-Hecker-Luker-Jones (7:04 p.m.)

ABSENT: Committee Member: Markman

OTHERS: Finance Director Barron
Assistant Finance Director Hermann
Township Manager LeFevre

CALL TO ORDER: 7:00 p.m.

MINUTES:

Commissioner Kline made a MOTION, seconded by Commissioner Hecker to approve the minutes of the April 21, 2015 Finance Committee Meeting.

MOTION was ADOPTED 3-0.

TOTAL EXPENDITURES:

The Committee reviewed voucher list for the month of April, 2015.

Commissioner Kline made a MOTION, seconded by Commissioner Hecker to recommend approval to the full Board expenditures, salaries and wages for April, 2015 in the amount of \$1,900,203.71 and \$1,764,791.34, respectively.

Commissioner Jones questioned voucher #26434 – United States Marshal Service.

Mr. Barron replied that was a car confiscated and offered to the Township to purchase for \$629.00 for Detectives to use.

Commissioner Jones questioned voucher #26564 – Covanta Energy LLC, in the amount of \$186,348.91.

Mr. Barron replied Covanta did not bill the Township for the months of January, February or March, so that was a combined bill.

Commissioner Hecker questioned voucher # 26416 – RF Design & Integration Inc.

Mr. Barron replied he will look into it.

Commissioner Hecker questioned voucher #26430 – Visual Computer Solutions Inc.

Mr. Barron replied he will look into it.

Commissioner Hecker questioned voucher #26704 – Montgomery County Treasurer.

Mr. Barron replied that is for the County Planner.

Commissioner Hecker questioned voucher # 26747 – Wilcox Recycling.

Mr. Barron replied property was cleaned out and the Township placed a lien on the property in the amount of \$4,000.00

Commissioner Jones asked does the Township get scrap metal value from that cleanout?

Mr. Barron replied there were three bidders and Wilcox was the lowest bidder, and it was negotiated that they could take what they wanted.

MOTION was ADOPTED 4-0.

CLEARING FUND/DEFERRED REVENUE/EXPENSE & PETTY CASH

Commissioner Kline made a MOTION, seconded by Commissioner Luker to recommend approval to the full Board the Clearing Fund activity, Deferred Revenue/Expense activity and Petty Cash balances for the month of April, 2015.

Clearing Fund receipts and disbursements for the month of April, 2015 were \$885.16 and \$1,945.66, respectively.

Deferred Revenue/Expense receipts and disbursements for the month of April, 2015 were \$41.48 and \$0.00, respectively.

Petty Cash balances were approved as presented.

MOTION was ADOPTED 4-0.

TRAINING AND CONFERENCE EXPENDITURES:

Commissioner Kline made a MOTION, seconded by Commissioner Luker to recommend approval to the full Board the Training and Conference Expenditures activity. Advance and Travel expenditures for the month of April, 2015 totaled \$0.00 and \$6,276.39, respectively.

YTD Training and Conference Expenditures totaled \$15,662.71

Commissioner Kline questioned the USPCA Region 6 Patrol Narcotic event in Harrisburg, PA., negative amount of -\$229.80.

Mr. Barron replied that was a refund for someone who could not attend that event.

MOTION was ADOPTED 4-0.

STATEMENT OF CONDITIONS:

The Committee reviewed statement of conditions for various funds.

Commissioner Kline questioned Miscellaneous Expenses in the amount of \$47,040.00.

Mr. Barron replied that is money going back to the five fire companies after LOSAP was approved, which is paid under miscellaneous expense account.

CONTINGENCY EXPENSE REPORTS:

The Committee reviewed contingency expense reports.

OTHER MATTERS:

Presentation and review of 2014 Financial Statements by Pam Baker, Audit Partner and Edmund Fosu-Laryea, Supervisor of Barbacane, Thornton & Company LLC, Township Independent Auditors

Ms. Baker noted that the Financial Statements are stamped as draft because the implementation of pension standards went into effect this year and the other will go into effect next year. The pension standard that went into effect this year meant that the Township's footnote disclosures and required supplementary information for pensions will change in this report. The actuarial reports will provide that updated information and it has not been received yet.

Mr. Barron added that the actuary indicated that the information will be provided to the Township by end of this week.

Ms. Baker continued that Abington has been receiving for the past 13 years an award on their Comprehensive Annual Financial Report (CAFR) and, in order to receive that award, the report must be submitted by June 30th, and she suggested that the CAFR be one document.

Audit adjustments were proposed this year and most of them had to do with full accrual statements. The Independent Auditor's report includes full accrual financial statements and funds level statements and that it is the management's responsibility for the fair presentation of these statements and we have developed an opinion based on our audit.

It also discloses in those statements the Public Library, which we do not audit, but obtain certain assurances from the auditors, who audit the library, and they are presented in the report.

Our opinion is unmodified and the financial statements are fairly presented in accordance with accounting principles generally accepted in the United States. Financial statements have been consistent from year-to-year, but anytime there is a change, it is emphasized. So we emphasized in the report that in 2014, the Township adopted new accounting guidance; GASB Statement No. 67, "Financial Reporting for Pension Plans."

We also disclosed in our opinion that we issued a report on Governing Auditing Standards, and in addition to auditing financial statements and financial fair presentation, we also looked at internal controls over financial reporting and compliance of laws and regulations and we had no findings.

The Management's Discussion and Analysis was prepared by Mr. Barron and that is included in the report and the numbers included in the analysis are indicative of the financial condition as presented in the actual financial statements.

The report shows the full accrual perspective of the financial statements that includes the governmental activities and business-type activities. Township's total net position was \$199,247,240 at end of the 2014, which was approximately \$3.2 million less than prior year. One of the drivers of that change was the OPEB that continues to grow on an annual basis and affects net position. Next year, any unfunded pension will decrease the net position as well.

Commissioner Kline questioned how that net position affects the Township in general.

Ms. Baker replied the only time it is taken into consideration is when the Township would be considered for a bond issue.

Budgetary Comparison Statement – General Fund for year ending December 31, 2014 showed that revenues exceeded budget by \$1.3 million and trends have been consistent with an up tick of transfer taxes, and since Act 32, Earned Income Taxes are coming in above expectations.

Total expenditures came in under budget by almost \$2.1 million, which was due to the Township setting aside \$3.3 million for capital, but only spent \$459,000 in 2014.

Overall, General Fund - Fund Balance decreased to \$14.8 million. At the end of December 2014, general fund - committed funds of \$1.4 million for administration and \$2.8 for Public Works and unassigned of \$10.6 million. Permanent Fund was at \$6.4 million assigned for capital projects.

Statement of Revenues, Expenses and change in net position propriety funds for year ending December 31, 2014 - Sewer Fund had a change in net position of \$639,000 and Sewer Capital had a negative -\$666,000.

Refuse Fund had a slight dip of \$174,000, but out of \$5.1 million in charges for services, that is a slight dip in utility charges.

Police, Non-Uniformed Pensions and Healthcare Fund showed contributions for Police Pension was \$1.4 million and \$1.5 for Non-Uniformed Pension. Net investment income for Police Pension was \$1,998,967 and \$1,794,859 for Non-Uniformed Pension Plans.

Deductions for Police Pension was \$3.5 million and about \$2 million for Non-Uniformed Pension, so Police Pension Plan had a (\$88,788) change in net position and Non-Uniformed Pension increased their net position by almost \$1.4 million. Healthcare Fund had \$4 million in contributions.

There are not many municipalities that fund OPEB as they have a “pay as you go” from the general fund and budget on an annual basis.

Pension footnotes will be clarified next year when we have current numbers. Other than that there were no other changes in the financial statements and footnotes are consistent with prior year.

Single Audit Report showed the Township spent \$919,599 of Federal Funds, so a single audit was performed and was clean with no findings and no violations of any compliance requirements. Right now, if it is over \$500,000, a single audit needs to be performed, but that will change to \$750,000, and we will look at that going forward.

In terms of District Justices, we did an Agreed-Upon Procedures report and we documented procedures and selected a procedure to make sure they followed the procedures. Out of a sample size of 47 traffic violations and 11 non-traffic violations; there were no exceptions in the processing in accordance with procedures. We also reviewed the fines and reconciled them with the books and found no exceptions. The only exceptions we found were how quickly fines were transferred, which in some cases were more than five days on average.

Previously, we discussed with the committee about changing the procedures from auditing the Tax Collector and that is close to being done.

Board Action Request – Acceptance of 2014 Township of Abington Audited Financial Statements, Single Audit Report, Tax Office Financial Statements and Agreed Upon Procedures, as presented by Township Independent Auditors, Thornton, Barbacane and Company LLC

Commissioner Kline made a MOTION, seconded by Commissioner Luker to recommend to the full Board to accept December 31, 2104 Township of Abington Financial Statements, Single Audit Report, Tax Office Financial Statements and Agreed Upon Procedures, as presented by Township Independent Auditors, Barbacane, Thornton & Company LLC

MOTION was ADOPTED 4-0.

ADJOURNMENT: 7:46 p.m.

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