

MINUTES

FINANCE COMMITTEE MEETING

April 19, 2016

PRESENT: Committee Members: Kline-Luker-Hecker-Farren-Sanchez

OTHERS: Finance Director Barron
Township Manager LeFevre

CALL TO ORDER: 7:00 p.m.

MINUTES:

Commissioner Kline made a MOTION, seconded by Commissioner Farren to approve the minutes of the March 15, 2016 Finance Committee Meeting.

MOTION was ADOPTED 4-0. (Commissioner Sanchez stepped out of the meeting room temporarily).

TOTAL EXPENDITURES:

The Committee reviewed voucher list for the month of March, 2016.

Commissioner Kline made a MOTION, seconded by Commissioner Hecker to recommend approval to the full Board, expenditures, salaries and wages for March, 2016 in the amount of \$2,927,831.16 and \$1,791,199.69, respectively.

Commissioner Sanchez questioned voucher #32498 – Associated Paving Contractors.

Mr. Barron replied that was part of engineering’s capital budget to repair multiple sump pump connections to the storm lines throughout the Township.

Commissioner Sanchez questioned voucher #32506 – Dominic Ciliberto.

Mr. Barron replied that was for an emergency plumbing issue at the Ardsley Community Center.

Commissioner Sanchez questioned vouchers #32528 and 32872 Onorato Hladik.

Mr. Barron replied majority of these bills relate to collection issues.

Commissioner Hecker questioned voucher #32546 – RF Design & Integration Inc.

Mr. Barron replied that is a yearly maintenance agreement for the Police Department's computer system.

Commissioner Hecker questioned voucher #32572 – Bergey's Inc, and clarified that this was a budgeted item. Is that correct?

Mr. Barron replied yes, it was part of the refuse budget.

Commissioner Hecker questioned voucher #32934 – TGI Fridays.

Mr. Barron replied the store was sold to a new franchise – refund previous owner.

Commissioner Farren questioned voucher #32556 – Tiffin Insulators Co., LLC.

Mr. Barron replied that was to replace existing defective indoor bus insulators for substation No. 1 and 2.

MOTION was ADOPTED 5-0.

CLEARING FUND/DEFERRED REVENUE/EXPENSE & PETTY CASH

Commissioner Kline made a MOTION, seconded by Commissioner Hecker to recommend approval to the full Board the Clearing Fund activity, Deferred Revenue/Expense activity and Petty Cash balances for the month of March, 2016.

Clearing Fund receipts and disbursements for the month of March, 2016 were \$782.75 and \$0.00, respectively.

Deferred Revenue/Expense receipts and disbursements for the month of March, 2016 were \$1,837.99 and (\$907.26), respectively.

Petty Cash balances were approved as presented.

MOTION was ADOPTED 5-0.

TRAINING AND CONFERENCE EXPENDITURES:

Commissioner Kline made a MOTION, seconded by Commissioner Farren to recommend approval to the full Board the Training and Conference Expenditures activity. Advance and Travel expenditures for the month of March, 2016 totaled \$0.00 and \$4,247.27, respectively.

YTD Training and Conference Expenditures totaled \$11,633.37

STATEMENT OF CONDITIONS:

The Committee reviewed statement of conditions for various funds.

Commissioner Luker questioned item listed in statement of conditions under liabilities – Aqua/PECO Paving.

Mr. Barron replied the amount listed is the escrow portion from Aqua/PECO for paving the streets.

CONTINGENCY EXPENSE REPORTS:

The Committee reviewed contingency expense reports.

OTHER MATTERS:

2015 Year-End Review:

Mr. Barron said general fund (modified accrual basis) showing total revenue collected in the amount of \$39,100,372, which was \$2,453,593 above projected revenue. Total expenditures through departments were in the amount of \$37,468,115 with a net increase in fund balance of \$1,632,257 and the breakdown of that net increase was listed in the report provided by Finance Director.

Fund Balance –

The Board has committed certain public works projects to be funded from fund balance resources.

Financial Statements Total Fund Balance @ 12/31/15 was in the amount of \$16,417,326.

Project balances carried forward at 12/31/15 – (\$1,938,479).

Estimated Financial Statements “Unassigned” Fund Balance @ 12/31/15 was in the amount of \$12,746,096. Available Fund Balance for future @ 1/1/15 was \$9,553,961.

Estimated Financial Statements “Unassigned” Fund Balance @ 12/31/15 was in the amount of \$12,746,096. Available Fund Balance for future @ 1/1/16 is \$3,308,524.

Commissioner Kline asked when the fund balance policy was first put in place; how much money was transferred into the permanent fund and how much was used from it?

Mr. Barron replied the first transfer was approximately \$3.4 million and through the budget process approximately \$1.3 million.

General Fund Revenues 2015 –

Total revenues for the twelve-month period ending 12/31/15 were \$39.1 million, after removing the bond proceeds, representing collections of 106.7% of budget. Total revenues exceeded budget by \$2,453, 593. Summarized was a comparison of budget to actual variances as listed in a report provided by Finance Director.

Analysis of Major Variations –

Total variances to budget equaled 1.3% and analysis of major variances as compared to budget were listed in report provided by Finance Director.

General Fund Expenditures – 2015 -

Expenditures (without capital and transfers) for the twelve-month period ending 12/31/15 were \$34,229,424, representing 97.4% of the adjusted budget of \$35,131,179. Expenditures (with capital) total \$2.325 million less than adjusted budget. \$2.049 million are budget balances from special fund balance projects not yet completed.

During 2015, the Board adjusted the original budget by \$3.066 million from fund balance, as listed:

Prior Years Capital Project Balances Forward	\$2.752 million
2015 Fund Balance Commitment - \$314,130	.314 million

A comparison of departmental adjusted budgets versus actual expenditures was listed in report provided by Finance Director.

General Fund Expenditure Analysis –

Major areas of the general fund’s budget differentials were listed in report provided by Finance Director.

Sewer Operation Fund –

The Wastewater Treatment facility and operation is accounted for as an enterprise (propriety) fund and reported in the financial statements on the full-accrual method of accounting. It is fully supported by user fees charged (sewer rents) and payments from other governments.

Revenues were \$9,066,836 and total expense was \$8,779,301, and on a modified accrual basis, 2015’s revenue exceeded expenses by \$287,575.

Sewer Operations Revenue -

Revenues for the twelve-month period ending 12/31/15 were \$9,066,836 or 101.68% of budget estimate. A summarized comparison of budget to actual revenue collection was listed in report provided by Director of Finance.

Sewer Operating Expenditures –

In order to review actual performance to budget, listed were segregated capital projects.

Operating expenditures for the twelve-month period ending 12/31/15 were \$8.65 million (prior to completion of all full accrual entries) representing 96% of budget or \$370,553 unexpended (without capital projects).

Comparison of budget to actual by program was listed in report provided by Finance Director.

Commissioner Kline asked for the balance of retained earnings for the sewer operation fund.

Mr. Barron replied after funding the projects for 2016, the amount is \$1,945,000.

Refuse Fund –

Established as an enterprise fund in 2007, financials are reported on the full-accrual method of accounting. The fund is fully supported by fees charged for collection and disposal of refuse, and this is also a proprietary fund.

Status of financial results of 2015 was listed in report provide by Finance Director.

On a modified accrual basis, 2015's operating revenues exceeded expenses by \$391,524 and \$350,494 was an intentional drawdown of retained earnings for capital purchases as listed in the report provided by Finance Director.

Full Accrual Method – estimated change in net assets was (\$300,733). Approximately \$1.1 million is available for future spending after removing 2016 capital budget commitments.

Refuse Revenues –

Revenues for the twelve-month period ending December 31, 2015 were \$6.2 million or 106.68% of budget. A summarized comparison of budget to actual activity was listed in report provided by Finance Director.

Refuse Fund Expenditures –

In order to review actual performance to budget, capital purchases has been segregated.

Operating expenditures for the twelve-month period ending 12/31/15 were \$5.6 million or 96% of budget (modified accrual basis). Operating expenditures were \$248,832 below budget. Comparison of budget to actual expense was listed in report provided by Finance Director.

2016 First Quarter Review:

GENERAL FUND

Revenues –

Revenues for the three-month period ending March 31, 2016 were \$8.4 million or 22.5% of budgeted revenues. When comparing 2016 to 2015, revenue for the same timeframe, collections were behind prior period by \$287,338.

Analysis of major revenue variations between 2016 and 2015 were listed in report provided by Finance Director.

Expenditures –

Year-to-date expenditures are \$6.8 million or 17.3% of adjusted budget. This compares to \$6.4 million spent in 2015.

The \$402,000 spending variance between 2016 and 2015 was summarized in report provided by Finance Director.

SEWER OPERATIONS

Revenues –

As of March 31, 2016, the Sewer Operating Fund revenue collections were \$2.9 million and percentages, 31.9% compared to prior year's collections, \$3.3 million, and percentages, 37.8% collected.

The variation was traced to timing of real estate tax payments. Sewer rents for 2016 are running about \$400,000 behind the first quarter of 2015.

Expenditures –

Year-to-date expenditures were \$945,752 or 7.9% of adjusted budget as compared to \$1,142,693 or 10.2% in 2015. The pattern for expenditures was consistent with sewer fund historical data except payment to other, timing of bill.

REFUSE FUND

Revenues -

Revenues collected through March 31, 2016 were \$1.9 million or 33.2% of budget and compared favorably to 2015 collections of \$2.3 million or 40.1% for the same timeframe.

Variation was timing of real estate tax bills. In 2015, the Township received payment for the sale of assets from the Waste Authority (\$423,000). All other revenues are nearly equal to prior years.

Expenditures –

Year-to-date expenditures were slightly lagging in dollars spent last year, \$1,515,356 (23%) as compared to 2015 expenses of \$848,765 (13.6%).

Main difference is the payment for two refuse vehicles (\$460,000) Capital.

Solid waste disposal is up \$206,000 and this is timing of the bills. In 2015, it took the new company until April to get us the first month's bills.

Information/Discussion – 2016 First Quarter Payments to Rudolph Clarke, LLC:

Finance Committee reviewed 2016 first quarter payments to Rudolph Clarke, LLC.

ADJOURNMENT: 8:10 p.m.

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