

MINUTES

FINANCE COMMITTEE MEETING

February 16, 2016

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

OTHERS: Finance Director Barron
Township Manager LeFevre
Township Treasurer Blumenthal
Commissioner Myers

CALL TO ORDER: 7:12 p.m.

MINUTES:

Commissioner Kline made a MOTION, seconded by Commissioner Farren to approve the minutes of the January 19, 2016 Finance Committee Meeting.

MOTION was ADOPTED 5-0.

TOTAL EXPENDITURES:

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

Commissioner Kline made a MOTION, seconded by Commissioner Hecker to recommend approval to the full Board, expenditures, salaries and wages for January, 2016 in the amount of \$2,235,040.39 and \$2,162,183.82, respectively.

Commissioner Sanchez questioned voucher #31470 – Himmer Graphics.

Mr. Barron replied that is for lettering and signage for two refuse vehicles.

Commissioner Sanchez questioned voucher #31494 –Spahr-Evans Printers.

Mr. Barron replied that is for letterhead for the Ardsley Community Center.

Commissioner Sanchez questioned voucher #31549 – Hiway Theater.

Mr. Barron replied Briar Bush Nature Center had an advertisement run prior to movies at the Hiway Theater for four months.

Commissioner Sanchez questioned voucher #31911 – American Alliance of Museums.

Mr. Barron replied that is an annual membership fee for Greta Brunschwyler, Director of Briar Bush Nature Center to belong to the American Alliance of Museums.

Commissioner Farren questioned whether the advertisement at Hiway Theater has been measured as to the effectiveness of it and has it be decided as to whether or not to continue or discontinue it.

Mr. Barron replied he will look into it.

Commissioner Farren questioned voucher #31479 – Class Reimbursement.

Mr. Barron replied he will look into it.

Mr. Luker questioned voucher #31453 – Tuition Reimbursement.

Mr. Barron replied that is tuition reimbursement for a class held last semester.

Commissioner Farren questioned voucher #31517 – ICMA Membership Payments.

Manager LeFevre replied that is for International City/County Management Association.

Commissioner Farren questioned voucher #31525 – Pennsylvania Municipal League.

Manager LeFevre replied that is for training for newly elected official Commissioner Drew Rothman.

Commissioner Farren questioned voucher #31599 – New York State D.A.R.E. Officer Training.

Mr. Barron replied that is training class for the officers.

Commissioner Farren questioned refunds for classes for those listed on the voucher list.

Mr. Barron replied that is Parks and Recreation Special Programs in which if a class is canceled, they are refunded for it.

Commissioner Farren questioned voucher #31739 – Abington Memorial Hospital - Drug Testing.

Manager LeFevre replied post-accident an employee was sent to the hospital for testing.

Commissioner Hecker asked for the status of the Township's prescription plan.

Mr. Barron replied Express Scripts is the new prescription plan and the Township is billed every two weeks.

Commissioner Hecker questioned voucher #31516 – Humana Insurance Co.

Mr. Barron replied retired police officers have an 80/20 prescription plan and non-uniform employees reimburse the Township.

MOTION was ADOPTED 5-0.

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 January, 2016.

Clearing Fund receipts and disbursements for the month of January, 2016 were \$606.46 and (\$2,394.81), respectively.

Deferred Revenue/Expense receipts and disbursements for the month of January, 2016 were \$500.00 and (\$20,126.00), respectively.

Petty Cash balances were approved as presented.

Commissioner Farren asked about the calendar ads.

Mr. Barron replied that is for the 2016 calendar, but soliciting for ads from businesses begins in 2015, which are funds placed into deferred revenue and, in January or February, those funds are moved to revenue for current year.

MOTION was ADOPTED 5-0.

TRAINING AND CONFERENCE EXPENDITURES:

Commissioner Kline made a MOTION, seconded by Commissioner Hecker to recommend approval to the full Board the Training and Conference Expenditures activity. Advance and Travel expenditures for the month of January, 2016 totaled \$0.00 and \$5,164.77, respectively.

YTD Training and Conference Expenditures totaled \$5,164.77.

Commissioner Farren asked is there an average breakdown for training/conference expenditures for each department annually and is it proportional?

Manager LeFevre replied it is heavier in the police department as opposed to other departments as ongoing education is a point of emphasis. Township-wide, training/conference expenditures have been cut back by a third.

Mr. Barron added that he will review last year and report back on it.

MOTION was ADOPTED 5-0.

STATEMENT OF CONDITIONS:

The Committee reviewed statement of conditions for various funds.

Commissioner Luker questioned whether the amount of \$255,000.00 listed under Assets - Investments are interest on investments.

Mr. Barron replied no. \$255,000.00 from the Permanent Improvement Fund is invested in CD's.

CONTINGENCY EXPENSE REPORTS:

The Committee reviewed contingency expense reports.

OTHER MATTERS:

Audit Progress Report – Pam Baker, Audit Partner and Edmund Fosu-Laryea, Supervisor of Barbacane Thornton & Company LLP, CPAs.

Ms. Baker provided a copy of the December 31, 2015 Audit Plan to the Finance Committee for review.

We will issue an opinion as a result of our audit on financial statements. We will be reporting under government auditing standards as well as reporting under the uniform grant guidance. Audit timeline for fieldwork will be February 16, through March 4, 2016. DCED report will be submitted by April 1, 2015. Management discussion and analysis and resolution of any open items will be completed by the end of April. Draft of financial statement will be provided to management by May 10, 2106, and the final audit report will be delivered on May 20, 2016, which may be submitted one week earlier.

Audit approach for 2015 will emphasize cash and investments; capital assets; accounts payable; accrued expenses; long-term debt; pension reporting; other post-employment benefits; net position/fund balance (equity); revenue recognition; expenditures; Federal awards; commitments and contingencies; and financial statement preparation, presentation and disclosures.

Commissioner Sanchez questioned whether the auditors rotate when testing internal controls?

Ms. Baker replied we rotate significant transaction classes, which are revenues, expenditures, and payroll. Every control cycle is put through two to three transactions to see if the controls are working and then rotate statistical testing.

In regards to the CAFR (Comprehensive Annual Financial Report) vs. the Audit report; this is our third year working as the Township's independent auditors and, at the end of the process, we will submit an audit report consisting of the MD&A, financial statements and footnotes.

Following that, Mr. Barron writes a transmittal letter and a statistical section putting together a comprehensive financial report, which is the CAFR. The CAFR contains statistical information including trend analysis and provides more than the audit report.

We suggested to Mr. Barron that it would be more beneficial for the Finance Committee and the Board of Commissioners to have a copy of the CAFR for review. So we will email the audit report to Mr. Barron who will forward that to the Finance Committee for review and then we will make a presentation on the CAFR to the Finance Committee at the June meeting.

Mr. Barron suggested moving the May Finance meeting to May 17, 2016 instead of May 24th and, at the June meeting, the CAFR will be presented by the auditors.

The committee agreed on moving the May Finance Committee meeting to May 17, 2016 at 7 p.m. as well as the CAFR being presented at the Finance meeting in June.

Discussion – Resolution No. 16-008 – Amendment of Travel Policy:

Manager LeFevre suggested the language in the resolution should be revised to say that employees in their last two years of employment are not permitted to attend overnight training conferences with exceptions approved by the Finance Committee. Employees should not have to go before a committee at a public meeting to request to go to a conference.

Commissioner Myers suggested that the final decision be made by the Township Manager and then the Manager would report any exceptions to the Finance Committee.

Commissioner Kline said he does not have an issue with the Manager being the first step for employees making requests to go to conferences; however, the exception should have a greater level of scrutiny.

Commissioner Farren clarified that a written appeal could be sent to the Finance Committee. Is that correct?

Manager LeFevre replied that is correct. The draft policy as it stands now is that no employee is permitted to attend a conference in their last two years of employment and exceptions would need to be approved by the Finance Committee.

Commissioner Sanchez suggested revising the language for exceptions as follows: “The only exception would be for necessary trainings and seminars vital to performing their role in the Township.”

Manager LeFevre referred to the “Meals” section of the draft policy; and suggested that the last paragraph under “Meal Policy” should be written under the “Meals” section.

The committee agreed.

Manager LeFevre said we will redraft the language of the policy and send it to the Finance Committee for review.

Discussion – Montgomery County Housing Authority Agreement:

Manager LeFevre said it was discovered that the MCHA has not been paying for sewer services for the Crest Manor property.

Mr. Barron added that bills were sent for the past three years, plus current year and they owe the Township \$49,443.00. Reps of the MCHA indicated that would be a financial burden and requested to pay it over 10 years. So the Township will receive \$4,944.30 a year for the next 10 years.

Commissioner Kline made a MOTION, seconded by Commissioner Hecker to recommend approval to the full Board to enter into agreement between Abington Township and the Montgomery County Housing Authority for the total amount of \$49,443.00 to be submitted to Abington Township with payments of \$4,944.30 each year for the next 10 years.

MOTION was ADOPTED 5-0.

Discussion – Treasurer’s Monthly Report & Other Matters:

Township Treasurer Jay W. Blumenthal announced that as of February 12, 2016, Northeast Revenue Service, LLC will not be collecting taxes any longer and he has been working on handling this matter.

Commissioner Hecker questioned whether the Township should go back to Portnoff for collection of delinquent sewer and refuse and possibly real estate taxes.

Mr. Barron suggested looking at going back to Portnoff next year to handle delinquent sewer and refuse and possibly real estate taxes; however, that will cost the Township a 5% fee charged by the County.

Commissioner Luker asked was any reason given for this change?

Mr. Barron replied no.

Mr. Blumenthal added that we are trying to get someone from their office to attend the Montgomery County Tax Collector's Association meeting next week to discuss this matter.

Regarding his monthly report; in terms of monies deposited into Republic bank from various Township departments, there are also monies deposited through the Finance Office, so his report is not a true reflection of the amount of cash flow being deposited into the bank.

Mr. Barron asked for input on whether the committee would like to see what is turned into the Tax Office or what is being deposited into the bank overall in cash and revenues.

Commissioner Kline said he would like to see real-time revenue.

Commissioner Luker clarified that real-time revenue is the total amount deposited into the bank. Is that correct?

Mr. Barron replied that is correct.

Commissioner Hecker asked what is the purpose of the report?

Mr. Barron replied it is checks and balances of the Treasurer making sure monies from Township departments are being deposited into the bank.

Commissioner Hecker asked have there ever been any questions of this report at the Board meeting.

Commissioner Kline replied yes. There have been questions about why the Township is behind in payments, which is one of the discrepancies in the reporting in that there is no accounting for actual cash flow.

Mr. Barron replied that is correct.

Commissioner Farren commented that he would like to see the report show the total amount of funds that are deposited into the bank.

Mr. Blumenthal continued that recently, he attended a conference in Lancaster and there was a company called, Muni Services, LLC, who made a presentation about their company. They assist municipalities in getting business owners who are not reporting or under reporting business taxes.

He contacted officials of Cheltenham Township, who has a signed contract with Muni Services, LLC that was reviewed by their legal counsel.

Also, reps of Muni Services came to his office to discuss their services and they have a very interesting concept. They use intuitive-type software and what they find they get a percentage. Their fee is 35% and he asked if they would accept a lower fee and they agreed to a fee of 32%. They asked for a four-year contract and he said that would not be fair in case he is not the Tax Collector next term and that the contract should expire at the end of his term, but they want a two-year contract.

It will not cost the Township anything, but increase revenue for the Township, and he asked Township Solicitor to review their contract.

Commissioner Kline clarified that the fee of 32% is taken from what is collected from their findings. Is that correct?

Mr. Blumenthal replied yes.

Commissioner Hecker asked is there a fee over and above what is found?

Mr. Blumenthal replied no, their fee is based on contingency. Also, this was an item for discussion only.

Invoice History – Rudolph, Clarke:

Mr. Barron provided a copy of Rudolph, Clarke's 2015 invoices from 2015 to members of the Finance Committee for review.

ADJOURNMENT:

9:06 p.m.

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