

MINUTES

FINANCE COMMITTEE MEETING

April 18, 2017

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

EXCUSED: Committee Member: Hecker

OTHERS: Finance Director Barron
Commissioners Myers, Schreiber

CALL TO ORDER: 7:00 p.m.

MINUTES:

Commissioner Kline made a MOTION, seconded by Commissioner Farren to approve the minutes of the March 21, 2017 Finance Committee meeting.

MOTION was ADOPTED 4-0.

TOTAL EXPENDITURES:

The Committee reviewed voucher list for the month of March, 2017.

Commissioner Kline made a MOTION, seconded by Commissioner Farren to recommend approval to the full Board, expenditures, salaries and wages for March, 2017 in the amount of \$2,520,974.43 and \$2,745,905.61, respectively.

Commissioner Sanchez questioned voucher #39739 – Kirkland Printing, Inc.

Mr. Barron replied that was for business cards for police officers.

Commissioner Sanchez questioned voucher #39785 – The College of New Jersey – Career Fair.

Mr. Barron replied that was payment for a table at a Career Fair Police Officer Recruitment event.

Commissioner Sanchez questioned voucher #39880 – C.A.P.T.

Mr. Barron replied that was a purchase by the Abington Township Fire Department Recruitment and Retention to place an ad in the C.A.P.T. book

Commissioner Kline questioned voucher #39709 – Block Communications.

Mr. Barron replied that is lighting for the police cars.

Commissioner Kline questioned voucher #40083 – Keystone Agency, Inc.

Mr. Barron replied that was deposits for purchase of homes.

Commissioner Kline questioned voucher #40221 – Roslyn Valley Business Association.

Mr. Barron replied that was for the purchase of bags for the bingo fundraiser.

Commissioner Kline questioned voucher #40230 – GATSO – USA.

Mr. Barron replied that was January 2016 payment to GATSO for red light camera program.

MOTION was ADOPTED 4-0.

CLEARING FUND/DEFERRED REVENUE/EXPENSE & PETTY CASH

Commissioner Kline made a MOTION, seconded by Commissioner Farren to recommend approval to the full Board the Clearing Fund activity, Deferred Revenue/Expense activity and Petty Cash balances for the month of March, 2017.

Clearing Fund receipts and disbursements for the month of March, 2017 were \$860.95 and (211.11), respectively.

Deferred Revenue/Expense receipts and disbursements for the month of March, 2017 were \$904.50 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 March, 2017 totaled \$0.00 and \$1,570.90, respectively.

YTD Training and Conference Expenditures totaled \$4,582.19.

Commissioner Kline asked about Fort Indiantown Gap.

Mr. Barron replied it is for recertification of rifles and sniper shooting.

MOTION was ADOPTED 4-0.

STATEMENT OF CONDITONS:

The Committee reviewed statement of conditions for various funds.

CONTINGENGY EXPENSE REPORTS:

The Committee reviewed contingency expense reports.

OTHER MATTERS:

2016 Year-End Review:

General Fund (Modified Accrual Basis):

Revenues – original budget - \$37,472,623 and collected was \$40,830,603 variance was \$3,357,980.

Expenditures – original budget - \$37,472,623 and spent \$40,595,322 and adjusted budget was \$90,659 was capital projects and there was a net increase of \$235,281 that was added to Fund Balance.

Available Fund Balance for future @ 1/1/17 - \$ 4,736,935.

General Fund Revenues 2016:

Total revenues for the twelve-month period ending 12/31/16 were \$40.8 million after removing the bond proceeds, representing collections of 108.96% of budget. Total revenues exceeded budget by 3,357,980. Summarized was a comparison of budget to actual variances.

Analysis of Major Variations:

Total variances to budget equaled 8.9% and analysis of major variances as compared to budget were as follows:

Earned Income Tax +\$453,222
 Deed Transfer Tax +\$291,735
 Fees, Licenses and Permits +\$443,268
 Grants +\$1,407,140
 Program Revenues -\$141,089
 Fund Balance Forward -\$69,416

General Fund Expenditures – 2016:

Expenditures (without capital and transfers) for the twelve-month period ending 12/31/16 were \$35,210,754 representing 97.9% of the adjusted budget of \$35,968,261.

Expenditures (with capital) total \$90,000 more than adjusted budget. \$1.145 million are budget balances from special fund balance projects not yet completed.

During 2016, the Board adjusted the original budget by \$2.882 million from fund balance as listed:

Prior Years Capital Project Balances Forward	\$2.532 million
2016 Fund Balance Commitment - \$350,240	.350 million

Presented was a comparison of departmental adjusted budgets vs. actual expenditures.

General Fund Expenditure Analysis showed:

Wages and Benefits -\$428,736
 Electric and Gas -\$27,266
 General Insurance -\$6,293
 Office Materials & Supplies -\$17,028
 Uniform Expense -\$10,799
 Unemployment -\$19,367
 Equipment & Materials Purchase – Minor -\$41,013
 Training -\$15,928
 Contracted Services -\$57,515
 Gasoline -\$381,165
 Advertising & Printing Expense -\$10,445
 General Materials and Supplies -\$11,180
 Interdepartmental Allocation \$85,084
 Transfers (New Fund Balance Policy) \$1,993,681
 Misc. Expense – Police Holiday \$275,871

Sewer Operation Fund:

Revenue - original budget \$9,130,956 – Actual \$8,713,937
Total Expense \$8,293,764

On a modified accrual basis, this year's revenues exceeded expenses by \$420,173

Commissioner Kline said revenue was \$8.7 million and this year's revenues exceeded expense by \$420,173 and budgeted was \$9.1 million, so why was there a sewer rate increase?

Mr. Barron replied because we only brought in \$8.4 million and budgeted was \$8.8 million this year, so to make up the difference we needed a rate increase for 2017.

Commissioner Kline commented that he would like to see more discretion going into 2018's budget.

Sewer Operations Revenues:

Revenues for twelve-month period ending 12/31/16 were \$8,713,937 or 95.43% of budget estimate. Presented was a comparison of budget to actual revenue collection.

Payments from Other Governments -\$66,664
Refunds/permits/Sale of Property +\$25,549
Sewer Rents-\$350,259
Delinquent Sewer Rents -\$20,810

Sewer Operating Expenditures:

Operating expenditures for twelve-month period ending 12/31/16 was \$8,293 million (prior to completion of all full accrual entries) representing 96% of budget or \$370,553 unexpended (without capital projects).

Presented was a comparison of budget to actual by program.

“Payment to Other Governments” represents 41.5% of the 2016 variance. The fees are based on flows which vary from year-to-year.

Several line items in the operations program contributed to budgetary savings. Contracted services, equipment maintenance, training, equipment and material purchases minor/major, and material and supplies contributed \$162,000 towards a positive variance.

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 like the sewer fund is a Proprietary Fund.

Revenues - original budget \$5,807,416 – actual collected/spent \$5,855,907

Expenditures - Operations – actual collected/spent \$5,538,502

Total Expense -

On a modified accrual basis, this year’s operating revenues exceeded expenses by \$317,405. \$768,857 was an intentional drawdown of retained earnings for capital purchases.

+\$	48,491	Revenue budget overage
+	268,914	Unspent departmental appropriations
-	768,857	Capital drawdown
-\$	451,451	

Refuse Revenues:

Revenues for the twelve-month period ending 12/31/16 were \$5.8 million or 101% of budget. Presented was a comparison of budget to actual activity.

Refuse Fund Expenditures:

Operating expenditures for the twelve-month period ending 12/31/16 was \$5.5 million or 95% of budget (modified accrual basis). Operating expenditures was \$268,914 below budget. Presented was a comparison of budget to actual expense.

2017 First Quarter Review:

GENERAL FUND:

Revenues:

Revenues for the three-month ended 3/31/17 were \$7.6 million, or 19.95% of budgeted revenues. When comparing 2017 to 2016 revenues for the same timeframe, collections are behind prior period by \$857,950. Presented was an analysis of major revenue variations between 2017 and 2016.

Expenditures:

Year-to-date expenditures are \$7.6 million or 19.6% of adjusted budget. This compares to \$6.8 million spent in 2016.

The \$777,000 spending variance between 2017 and 2016 was summarized in the report.

SEWER OPERATIONS:

Revenues:

As of 3/31/17, the Sewer Operating Fund revenue collections are \$2.77 million, and percentages, 31.33% compared with the prior year collections, \$2.9 million and percentages, 31.9% collected.

The variance is traced to the timing of Real Estate Tax payments. Sewer Rents for 2017 is running about \$170,000 behind the first quarter of 2016. Payment of others is up \$29,000.

Expenditures:

Year-to-date expenditures are \$873,137 or 7.2% of adjusted budget as compared to \$945,752 or 7.9% in 2016. The pattern for expenditures is consistent with the sewer fund historical data except payment to other, timing of bill.

REFUSE FUND:

Revenues:

Revenues collected through 3/31/17 are \$1.8 million or 32.03% of budget and compares favorably to 2016 collections of \$1.9 million or 33.2% for the same timeframe. The variation is timing of Real Estate Tax bills. All other revenues are nearly equal to prior years.

Expenditures:

Year-to-date expenditures are slightly lagging in dollars spent last year, \$1,124,488 (14.7%) as compared to 2016 expenses of \$1,515,356 (23%). Main difference is the payment for two refuse vehicles (\$460,000) Capital. Solid waste collection is up \$45,000 and Solid waste disposal is up \$21,000. Insurance is up \$3,000.

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

Committee reviewed first quarter payments to Rudolph Clarke, LLC.

Discussion – 2018 Police Budget:

Chief Livingood asked his staff to review cost cutting measures taken over the last year and what will be done in the coming year.

Lt. Webb, Administrative Division Commander, noted that there were two changes that began last year that were fully implemented this year. In the Administrative Division, we eliminated a fulltime clerical position, and in addition, in the Detective Division there was a transition from a fulltime clerical position to a part-time clerical position and together there was a \$100,000 savings in the 2017 budget.

More recently, we completed an additional change in administration where we transitioned a fulltime clerical position into a part-time clerical position resulting in an approximate savings of \$15,000 in 2017 budget.

Deputy Chief Molloy said departmental staff was requested to create efficiencies in operations, and in the Patrol Division, he created a Community Response Team, which was scheduled during the busiest hours and department-wide training was scheduled while on-duty as opposed to paying overtime resulting in a net savings of approximately \$30,000 in overtime.

Lt. Warner said Penn State University has a new resident's hall that will be filled with 400 freshman students and officials of Penn State reached out asking for police coverage and indicated they are willing to pay for half of the salary of a police officer. We would assign an officer from the department's current staff to the resident's hall part-time as more of liaison officer as opposed to enforcement for the students to turn to if they need something.

Chief Livingood added that officials of Penn State indicated that every campus with dorms has a sworn police officer on-duty. Details are still being worked out, but this will work well in that the department will not be hiring an additional person, it will be someone already on staff, so there will be incoming revenue with no expenditure to offset it.

Chief Livingood provided a copy of the staffing allocation to the committee for review.

Discussion – Tree work throughout the Township:

A memo was provided to the committee from Director of Public Works, Mr. Micciolo.

Mr. Barron noted there are Township properties (not park-related) where trees need to be removed and Mr. Micciolo is requesting permission by the Board of Commissioners to take \$30,000 from Contingency Fund to hire a contractor to do tree removal work. Emergencies need to be done as soon as possible, but if it is in danger of falling, the Township can contact three companies for the best price quote for removal.

Commissioner Kline questioned whether this would be a yearly expenditure or a one-time expenditure.

Mr. Barron replied it is a one-time expenditure at this time.

Commissioner Myers commented that it may become a yearly expenditure.

Consensus by committee was to recommend that the full Board of Commissioners approve request by Mr. Micciolo.

Discussion of Phone System for Township Building:

Mr. Barron noted the phone system in Township building is 17 years old. Phone vendors have been contacted to discuss pricing as well as Avaya, which is the current phone system vendor. He will get price quotes together to send to the committee via email prior to next Finance Committee meeting.

ADJOURNMENT: 8:43 p.m.

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