

MINUTES

FINANCE COMMITTEE MEETING

April 16, 2019

CALL TO ORDER: 7:00 p.m.

PRESENT: Committee Members: Chairman Kline (7:23 p.m.)-Vice
Chairman Vahey-Luker-Zappone-Winegrad

OTHERS: Finance Director: Hermann

MINUTES:

Commissioner Vahey made a MOTION, seconded by Commissioner Luker to approve the minutes of the Finance Committee Meeting of March 19, 2019.

MOTION was ADOPTED 4-0.

PRESENTATION: None.

UNFINISHED BUSINESS:

Item FC-01-011519:

Consider a motion to approve transfer from Sewer Capital Fund Balance to Sewer Capital Account #17-10-966-7335 Tookany Basin Upgrades.

This matter was tabled to a future date.

NEW BUSINESS:

Item FC-01-050919 – Investments for March 2019:

Commissioner Vahey made a MOTION, seconded by Commissioner Luker to approve investments for the month of March. It was noted that investments for the month totaled \$2,129,000.00. Interest rate yields ranged from 2.350% to 2.500%.

MOTION was ADOPTED 4-0.

Item FC-02-050919 – Expenditures, salaries and wages for March 2019:

Commissioner Vahey made a MOTION, seconded by Commissioner Luker to approve the March expenditures in the amount of \$1,928,417.86 and salaries and wages in the amount of \$2,945,307.98, and authorizing proper officials to sign vouchers in payment of bills and contracts as they mature through the month of June 2019.

Commissioner Vahey questioned voucher #53557 – Card Member Service.

Ms. Hermann replied that is the Township credit card system and she will report back on the details of those charges.

Commissioner Vahey questioned voucher #53571 – EZ Storage.

Ms. Hermann replied there is a monthly fee for Parkdale Avenue as part of a property maintenance situation and she will report back on it.

Commissioner Luker questioned voucher #53418 – Abington Township Public Library.

Ms. Hermann replied library officials requested \$40,000 that was approved in 2019 budget for the adult literacy program because they were going to lose it as part of State grant funding. There are 30-40 volunteers in that program and there are expenses related to their training fees.

Commissioner Winegrad asked about commission for Jay Blumenthal.

Ms. Hermann replied the Township pays 2.5% for certain taxes collected and 3% for other taxes collected relating to business privilege, mercantile and local service taxes that is offset by refunds, etc. Also, the commission is set by policy by the Board of Commissioners.

Commissioner Zappone asked for the amount charged by the Township to Mr. Blumenthal for office space.

Ms. Hermann replied it is a nominal amount and she will report back on it.

MOTION was ADOPTED 4-0.

Item FC-03-050919 – Clearing Fund activity, Deferred Revenue/Expense activity and Petty Cash disbursements:

Commissioner Vahey made a MOTION, seconded by Commissioner Luker to approve the Clearing Fund, the Deferred Revenue/Expense activity and Petty Cash balances for the month of March. Clearing fund receipts and disbursements for the month of March 2019 were \$4,537.02 and (\$13.50), respectively. Deferred Revenue/Expenses receipts and disbursements for the month of March 2019 were \$5,478.29 and (\$88.00), respectively.

Petty Cash balances were approved as presented.

MOTION was ADOPTED 4-0.

Commissioner Kline, Chairman of Finance Committee, entered the meeting at 7:23 p.m.

Item FC-04-050919 – Training and Conference Expenditures for March 2019:

Commissioner Vahey made a MOTION, seconded by Commissioner Luker to approve Advance and Travel Expense activity for March 2019. Advance and Travel Expense reports were \$0.00 and \$3,801.82, respectively. Three-month expenses totaled \$6,856.29.

MOTION was ADOPTED 5-0.

STATEMENT OF CONDITIONS:

Finance Committee reviewed Statement of Conditions for various funds.

Commissioner Luker questioned “Permanent Improvement Liens Received” and “Allowance for Liens” as listed under Assets category.

Ms. Hermann replied that is payment of liens.

CONTINGENCY EXPENSE REPORTS:

Finance Committee reviewed Contingency Expense reports.

Item FC-05-050919 – Amended Lincoln Financial 457 (b) Plan Document:

Commissioner Vahey made a MOTION, seconded by Commissioner Luker to adopt the amended Lincoln Financial 457 (b) Deferred Compensation Plan to conform to the requirements of Code Section 457 (b) and to add Roth Contributions, effective June 1, 2019.

Ms. Hermann explained that in the fall of last year, Lincoln Financial questioned whether they could offer Roth contributions as an option to Township employees, and during that time, it was realized that the plan document as required to have on file by the IRS had not been updated in 25 years, so updated plan document was reviewed by Township Solicitor and deemed acceptable.

MOTION was ADOPTED 5-0.

Discussion – 2018 Year End Financial Review:

GENERAL FUND

Memorandum dated April 16, 2019 was provided to Finance Committee noting that 2018 year end financial review is preliminary as audit will be completed by June when CAFR and final revenues/expenditures of 2018 will be presented.

In 2018, expenses tracked 2.5% below estimates leaving \$928,717 unspent by departments. Revenues exceeded budget by 1.8 million. Due to transfers for capital and OPEB, per Fund Balance policy, there was a decrease in the fund balance end of 2018 of (\$1,673,525). Available fund balance for future @ 1/1/19, \$2,692,449 and overall fund balance is \$14,373,929, but most of it is dedicated to allocated items.

General Fund Revenues 2018:

Total revenues for the twelve-month period ending 12/31/18 were \$41.2 million, after removing the bond proceeds, representing collections of 104.8% of budget. Total revenues exceeded budget by \$1,892,051. Summarized was comparison of budget to actual variances as listed in the report. Total variances to budget equaled 4.8% and analysis of major variations were provided.

General Fund Expenditures 2018:

Expenditures (without capital and transfers) for twelve-month period ending 12/31/18 were \$37,130,339, representing 98% of the adjusted budget of \$38,059,056. Expenditures (with capital and transfer) total \$3.3 million more than adjusted budget. Comparison of departmental adjusted budgets vs. actual expenditures was provided.

SEWER OPERATION FUND

The wastewater treatment facility and operation is accounted for as an enterprise (proprietary) fund and is reported in the financial statements on the full-accrual method of accounting. It is fully supported by the user fees charged (sewer rents) and payments from other governments. On modified accrual basis 2018 – revenues were \$9,103,748 and expenses were \$9,149,199 and revenues were short of expenses by \$45,451.

Sewer Operation Revenues 2018:

Revenues for twelve-month period ending 12/31/18 were \$9,103,748 or 102.66% of budget estimate. Summarized was a comparison of budget to actual revenue collection as listed in the report.

Sewer Operation Expenditures 2018:

Operating expenditures for twelve-month period ending 12/31/18 were \$9.017 million (prior to completion of all full accrual entries) representing 101.7% of budget or \$149,785 over expended (without capital projects). Comparison of budget to actual by program was listed in the report. “Payments to Other Governments” expense was due to a large increase from the City of Philadelphia. The fees are based on flows that vary from year-to-year. Several line items in the operations program contributed to budgetary overages. Compensated absence is over \$160,558. Payments to other governments are over \$95,181. Contingency had a balance of \$45,000.

REFUSE FUND

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

This year’s operating revenues were short expenses by \$162,570. \$401,858 was an intentional drawdown of retained earnings for capital purchases. +\$12,621 – revenue budget overage; -\$175,200 unspent departmental appropriations; -\$52,685 capital drawdown; total - \$215,264.

Refuse Fund Revenues 2018:

Revenues for twelve-month period ending 12/31/18 were \$5.88 million or 100.22% of budget. Summarized was a comparison of budget to actual activity as listed in the report.

Refuse Fund Expenditures 2018:

Operating expenditures for twelve-month period ending 12/31/18 were \$6.0 million or 103% of budget (modified accrual basis). Operating expenditures were \$175,191 over budget.

Comparing budget to actual, Administration and the “Solid Waste Collection” were the largest contributors towards coming in under budget. Hourly/part-time wages/benefits and insurance account for the major variances. Compensated absences were over \$267,601.

Discussion – 2019 First Quarter Review:

General Overview -

A comparison of 2019 and 2018 actual receipts and expenditures to budgeted dollars for three-month period ending 3/31/19 were reflected in memorandum dated April 16, 2019.

GENERAL FUND:

Revenues:

Revenues for the three-month period ending March 31, 2019 were \$6.59 million or 16% of budgeted revenues. When comparing 2019 to 2018 revenues for same timeframe, collections are behind prior period by \$3,564,282. Analysis of major revenue variations between 2019 and 2018 were reflected in the report.

Expenditures:

Year-to-date expenditures are \$7.8 million or 19.1% of adjusted budget and this compares to \$7.5 million spent in 2018. The \$300,000 spending variance between 2019 and 2018 was summarized in the report.

SEWER OPERATIONS:

Revenues:

As of March 31, 2019, the Sewer Operating Fund revenue collections were \$1.85 million and percentages, 20.2% compared with prior year collections, \$3.95 million and percentages were 44.6% collected. Variation is traced to the timing of Real Estate Tax payments. Sewer rents collections for 2019 were down about \$2.1 million from the first quarter of 2018.

Expenditures:

Year-to-date expenditures are \$756,320 or 6.8% of adjusted budget as compared to \$961,264 or 8.7% in 2018. The pattern for expenditures is consistent with the sewer fund historical data except payments to others, timing of bill.

REFUSE FUND:

Revenues:

Revenues collected through March 31, 2019 are \$1.75 million or 28.9% of budget and compare favorably to 2018 collections of \$3.16 million or 53.95% for the same timeframe. Variation is traced to the timing of Real Estate Tax payments. Refuse fee collections for 2019 are down about \$1.8 million from the first quarter of 2018. State grants recycling is up \$428,872 due to early receipt of 904 Recycling Grant.

Expenditures:

Year-to-date expenditures are slightly down in dollars spent last year, \$972,351 (19.1%) as compared to 2018 expenses of \$1,134,896 (15.0%). Pattern for expenditures is consistent with the refuse fund historical data.

PUBLIC COMMENT: None.

ADJOURNMENT: 8:09 p.m.

Respectfully submitted,

Liz Vile, Minutes Secretary