

MINUTES

FINANCE COMMITTEE MEETING

March 17, 2015

PRESENT: Committee Members: Hecker-Luker-Markman-Jones (7:45 p.m.)

ABSENT: Kline

OTHERS: Finance Director Barron
Township Treasurer Blumenthal

CALL TO ORDER: 7:31 p.m.

MINUTES:

Commissioner Markman made a MOTION, seconded by Commissioner Luker to approve the minutes of the February 17, 2015 Finance Committee Meeting.

MOTION was ADOPTED 3-0.

TOTAL EXPENDITURES:

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

Commissioner Markman made a MOTION, seconded by Commissioner Jones to recommend approval to the full Board expenditures, salaries and wages for February, 2015 in the amount of \$1,885,316.82 and \$1,814,746.91, respectively.

Commissioner Jones asked do all municipalities in the area purchase Morton Salt?

Mr. Barron replied yes, it is a consortium bid with about 35-36 different municipalities included in the consortium, and Morton Salt was the lowest responsible bidder.

Commissioner Jones noted that calcium comes from a different source, but is it included in the bid price?

Mr. Barron replied yes.

Commissioner Jones questioned voucher #25421 – Donnelley, R. R.

Mr. Barron replied that was for traffic citation forms.

Commissioner Jones questioned voucher #25253 – DSI Medical Services.

Mr. Barron replied that was for one volunteer firefighter that was drug tested. It was also questioned whether all volunteer firefighters get tested, and they are tested before they are brought on as volunteer firefighters.

Commissioner Jones said he is just asking because he is curious. They are volunteers, but are they looked at like employees as there is a ranking system and the fire company is conducted as a traditional fire company. Do the same employment regulations, laws, policies and conduct apply to volunteers?

Mr. Barron replied yes, and he spoke with Fire Marshal Clark and, if there is suspicion of drugs, the volunteer firefighter will be tested.

Commissioner Hecker questioned voucher #25551 – Verizon.

Mr. Barron replied that is for back billing by Verizon for a phone line in the Refuse Department and, since this phone line is not used anymore, service was canceled.

Mr. Blumenthal suggested going out for bid for one vendor for all Township departments for business cards, forms, notepads, etc. so as to possibly get better pricing.

Mr. Barron replied we will look into it.

MOTION was ADOPTED 4-0.

CLEARING FUND/DEFERRED REVENUE/EXPENSE & PETTY CASH

Commissioner Hecker 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 February, 2015.

Clearing Fund receipts and disbursements for the month of February 2015 were \$17,976.33 and (\$17,314.51), respectively.

Deferred Revenue/Expense receipts and disbursements for the month of February, 2015 were \$500.00 and (\$3.89), respectively.

Petty Cash balances were approved as presented.

MOTION was ADOPTED 4-0.

TRAINING AND CONFERENCE EXPENDITURES:

Commissioner Hecker made a MOTION, seconded by Commissioner Jones to recommend approval to the full Board the Training and Conference Expenditures activity. Advance and Travel expenditures for the month of February, 2015 totaled \$0.00 and \$1,946.50, respectively.

YTD Training and Conference Expenditures totaled \$5,936.04.

Commissioner Hecker asked for the total amount spent on training for one year for all departments.

Mr. Barron replied \$35,000.

MOTION was ADOPTED 4-0.

STATEMENT OF CONDITIONS:

The Committee reviewed statement of conditions for various funds.

Commissioner Luker questioned Payment for Municipal Services in the amount of \$35,499.00.

Mr. Barron replied that is the first in-lieu-of payment received by the Township.

CONTINGENCY EXPENSE REPORTS:

The Committee reviewed contingency expense reports.

Commissioner Hecker referred to expenditure for the sump pump and asked for the location of it.

Mr. Barron replied throughout the Township.

OTHER MATTERS:

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

Ms. Baker reported that Edmund and his staff completed their fieldwork at the Township last week.

Engagement letters were the same as last year; one for basic financial statements (gaap basis) and the Finance Department was successful in receiving award of Certificate for Excellence in Financial Reporting.

The DCED report is due by the end of this month and it has been drafted all but pension information. It is a regulatory report filed electronically for the State. This year, there is a new statement, GASB 67, which is complicated in its application of pension financial statements and the Township's pension consultant is still working on it.

If the information is not ready to be included into the DCED report; it would not preclude the Township from filing the DCED report, and we would note that the Township elected not to include their pension financial statements so as to meet the deadline and then it can be included later.

Mr. Blumenthal said for example; there is one investment advisor that uses 10 investment firms; do all 10 need to be included in the report?

Ms. Baker replied yes. The weighted average earnings have to be disclosed on every one of the investments for 10 years.

Commissioner Luker questioned whether an extension to file the DCED report could be requested.

Ms. Baker replied no, the State does not grant extensions. She advised to meet the deadline and revise it later.

Regarding the Tax Collector audit report; we met with Township's Tax Collector and Finance Director to discuss the audit of the Tax Collector. The Township mixes a function of an office that collects different types of taxes with an individual. We reviewed whether tax bills were sent out properly and were they in accordance with County Assessments and also were collections posted and were lien lists done properly.

So this year, we will change the Tax Collector audit engagement letter to better define the scope of work including what was reviewed previously in terms of taxes and also test business privilege taxes such as take a statistical sampling removing Mr. Blumenthal out of the equation.

Commissioner Markman asked what mechanisms are in place to find out whether fraud has been committed?

Ms. Baker replied fraud would be if the Tax Collector stole tax money and that is audited.

The District Justices report will include agreed upon procedures.

Timeline for basic financial statements and DCED report (per planning memorandum); we completed preliminary fieldwork on January 6, 2015; confirmations and internal controls were updated that were documented from last year. We also continued to build on the permanent file development reviewing relevant policies, ordinances and contracts, and then developed an audit plan.

Final fieldwork was conducted from February 17 thru March 11, 2015 with fraud interviews being done during that time.

Commissioner Hecker asked how many fraud interviews were conducted?

Mr. Barron replied interviews were conducted with Doug Wendell and Andy Oles from Parks and Recreation and Lt. Hochwind and Lt. Webb.

Commissioner Markman questioned whether overtime for police is audited.

Mr. Fosu-Laryea replied yes, we did a payroll test for controls where we tested the entire payroll cycle and reviewed overtime of employees.

Ms. Baker added that we ask a lot of questions to try to get a sense of any disgruntled employees and how they run their department so as to see if there are any problems.

Commissioner Hecker said with impending transition of leadership in multiple departments; would this firm conduct an audit and compliance review to see whether there are any pressure points that needs to be focused on?

Ms. Baker replied we can speak with Mr. Barron about where there has been change or potential for change in the Township departments.

As Edmund mentioned, we tested payroll cycle controls and tested expenditure cycle controls and we sent out a lot of confirmations with a positive return and we used materiality to determine the extent of our testing.

Due dates for DCED report is April 1st; final basic financial statements are due by May 26th; and CAFR (Comprehensive Annual Financial Report) should be ready to submit by May 30th.

Progress to-date; we met our targeted dates/work schedule and had no difficulties. We spoke with Mr. Barron about a practice done historically in the Township for recording liability when a department head wants to set money aside for an expense and assigns it for that expense, but it should not be recorded until it is spent, which is something that should be revised. We reviewed adjusting journal entries prepared by management that is a process making sure financial data was not manipulated, and we discussed implementation of GASB (Governmental Accounting Standards Board) standards.

Commissioner Markman asked for the firm's view on the Township's post retirement healthcare liability.

Ms. Baker replied the Township established a trust fund, which is the best way to proceed. Additionally, audit for Tax Collector should commence on April 13, 2015 and agreed-upon procedures for District Justices will be completed on April 20, 2015.

ADJOURNMENT: 8:38 p.m.

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