

March 12, 2014
Curtis Hall

A regular meeting of the **FINANCE COMMITTEE** was held tonight, Chairman Morton J. Simon presiding. Members present were Commissioners Haywood, McKeown, Norris and Rappoport.

Staff members present were Township Manager Bryan Havir, Director of Fiscal Affairs, Bruce Rangnow, Public Works Coordinator Michael Fleming and Superintendent of Public Works Mark McDonnell. Also in attendance was Finance Officer Stephen Burns. A Public Attendance List is attached.

Mr. Simon stated that an Executive Session of the Board of Commissioners was held prior to the start of the Finance Committee meeting to discuss contract negotiations and litigation issues.

Mr. Simon called the meeting of the Finance Committee to order at 7:35 p.m.

1. The Committee reviewed the 2013 Fund Balance as determined by the Township's independent auditor Maillie LLC as follows:

FUND BALANCE

Balance from Period 1/1/2013 – 12/31/2013	\$ 341,712
Previous Cumulative Fund Balance 1/1/2013	4,735,281*
Total Fund Balance as of 12/31/2013	5,076,993
Amount Budgeted for 2014	800,000
Uncommitted Fund Balance 1/1/2014	\$4,276,993

*Carryover from the 2012 Audit

2. Ed Furman, CPA and Partner from Maillie LLC made a detailed presentation on the results of the annual audit for the year ending December 31, 2013. A draft copy of the final 2013 audit was distributed to the Committee which still needs some cleanup work and finishing footnotes added before it can be released for public disclosure. Highlights of the presentation were as follows:

The 2013 audit review and testing produced no financial anomalies. There were no material weaknesses or findings requiring any corrective action.

Mr. Furman discussed a new accounting rule that will go into effect in 2015 requiring that the municipal pension liability be booked on the Township's balance sheet. At the present time the pension liability is in excess of \$22M.

At the end of 2013 the Township's booked liabilities exceeded the booked assets by \$7,854,501.

It was also noted that based on current costs, the OPEB (Other Post Retirement Benefits) is growing by \$5M a year. As of December 31, 2013 the Township has a total OPEB of \$75,108,044.

The Fund Balance had a net realized gain of \$341,712. This gain continues to build onto the positive improvements made to the fund balance for the past three years. Having a strong fund balance is of significant importance for borrowing purposes and in maintaining a high bond rating.

The pension plan results were strong, with a valuation gain of \$7,256,000.

The township funded 100% of the required MMO (Minimum Municipal Obligation) on all four of the pension plans.

3. Mr. Nissen, Managing Director for of the Acacia Financial Group, Inc., discussed refunding opportunities of the series 2004B and series 2009 bonds with the Finance Committee. At the present time there are several concerns that need to be further researched and evaluated before a determination can be made on the ability to qualify the bonds currently under consideration for refunding. That work should be completed within the next several weeks. The Committee directed Mr. Nissen and Staff to continue to pursue the opportunity to refund the bonds and report back to the Commissioners with an answer as soon as possible.

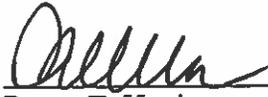
4. Mr. Nissen discussed the Township's opportunity and factors needing to be taken into consideration in undertaking a new money general obligation bond offering before July 1, 2014. In response to a request made at the February Sinking Fund Commission, a handout had been distributed to all of the Commissioners in advance of the Finance Committee defining the break even point on how much current interest rates would need to increase at the present time before it would be advantageous to consider doing a \$12.2M non qualified bond funding rather than a \$7.2M bank qualified bond funding. That break even point was determined to be any interest rate increase within the next year in excess of 111 basis points. Mr. Nissen pointed out that the current projected consensus on interest rate increases for long term Treasury Notes over the next year is between 70 and 100 basis points. Accordingly, Mr. Nissen recommended to the Committee that it would be in the Township's best interest to limit the 2014 bond funding to \$7.2M. It was further indicated that there would be synergies and resulting economies of scale financial costs savings to the Township by completing the required bond closing transactions of any qualified bond refunding and the separate \$7.2M bond funding within fifteen days of one another. The entire Committee appeared to be in favor of these recommendations. Due to the fact that no decision can yet be made with respect to qualifying the bond refundings under current consideration, the Committee consensus was to take no action at this time.

5. The Executive Financial Summary Report for the five year period ending February 28, 2014 was reviewed and accepted. Mr. Simon raised a question as to why the cumulative expenditures through the end of February 2104 were slightly higher than in the previous years. Mr. Rangnow and Mr. Havir indicated that this was due to more blanket purchase orders being encumbered at the beginning of the year in 2014 than in the past to create better accounting operational efficiencies. Mr. Simon also questioned why the EIT year to date

revenue in 2014 was significantly higher than in past years. Mr. Burns explained that the cut off for posting EIT earnings to the prior year had intentionally been stopped after the end of the first week of 2014 in order to provide for more consistency in the reporting of yearly EIT by posting such revenue on a calendar year basis rather than continuing the past practice of posting many weeks of EIT received at the beginning of the New Year as prior year period 13 transactions.

- 5. Old Business – None.
- 6. New Business – None.

There being no further business, upon motion of Mr Simon, the Committee unanimously agreed to adjourn the meeting at 8.27 p.m.



Bryan T. Havir
Township Manager

Per: Bruce Rangnow
Director of Fiscal Affairs

PUBLIC ATTENDANCE LIST
Finance Committee @ 7:30 PM
Public Works Committee @ 7:45 PM
Wednesday, March 12, 2014
Curtis Hall
Wyncote, PA 19095

NAME (Please Print)	AFFILIATION/COMPANY AND/OR ADDRESS	EMAIL ADDRESS AND/OR TELEPHONE NUMBER
Peter Nissen	Acacia	pnissen@acaciafin.com
Liz Cheeseman	ARRO	liz.cheeseman@thearrog.com
ROBERT HYSLOP	211 HARRISON GLENSIDE	215-886-0813