

A regular meeting of the **FINANCE COMMITTEE** was held tonight, Commissioner Dan Norris presiding. Members present were Commissioners Rappoport, Sharkey, Holland, Simon and Portner.

Staff members present were Township Manager, Bryan Havar, Director of Fiscal Affairs, Bruce Rangnow, Public Works Coordinator Michael Fleming, Chris Clewell, Director of Public Works and Alyson Elliott, Assistant Township Manager. Also in attendance was Finance Officer Stephen Burns, A public Attendance List is attached.

Mr. Norris stated that an executive session of the Board of Commissioners was held prior to the start of the Finance Committee meeting to discuss a possible real estate acquisition, pending and potential litigation issues and privileged client matters.

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

1. The Executive Financial Summary Report for the five year period ending June 30, 2015 was reviewed and accepted.

2. Ed Furman, Audit Partner from Maillie, LLP, made a summary presentation on the final results of the annual financial audit for the year ending December 31, 2014. A copy of the audit results was distributed to the Committee. Highlights of the presentation and discussions were as follows:

The 2014 audit review and testing produced no financial anomalies.

Operating expenditures only grew 1% in total over the past three years.

The Township's General Fund Balance grew by \$929,196 in 2014 and now stands at \$5,210,970.

Based on current costs, Other Post Retirement Benefits (OPEB) grew by \$5M in 2014, which was added to the Township's unfunded liability total for 2015. As of December 31, 2014, the Township had an OPEB liability obligation of \$30,074,994. The annual required OPEB contribution is \$7,121,542.

The Township currently has a total OPEB unfunded liability of \$79,650,586. This unfunded liability will need to be booked to the Township's government wide balance sheet in 2017 based on the Governmental Accounting Standards Board (GASB) Statement No. 68.

The Township funded 100% of the required Minimum Municipal Obligation (MMO) for all four of its pension plans. The Township's net unfunded liability at the end of 2014 was \$19,953,131. This liability will be required to be booked to the Township's government wide balance sheet at the end of 2015 based on the recently adopted GASB Statement No. 67.

As one means to reduce down some of the OPEB unfunded liability exposure the Township needs to have all employee medical plans integrated with Medicare.

Copies of the handouts distributed for the presentation made at the meeting are attached to the minutes.

Recommendation to the Board of Commissioners: Upon motion of Mr. Norris, the Committee made a unanimous recommendation to the Board to accept the 2014 Annual Financial Report

3. Mr. Havir presented the Committee with a proposed resolution for increasing certain fees and adding new fees. After a lengthy discussion it was decided that the Township Manager should re-evaluate the fee schedule and consider multiple definitions of transient vendors based on size of venue and bring back alternative considerations for future discussion. Mr. Havir suggested that this would also impact the Boards' consideration of the "Peddling, Soliciting and Transient Sales" Ordinance for advertisement of a public hearing on August 19, 2015 at its July 15, 2015 meeting. He recommended tabling advertisement of the Ordinance so it can be revised and brought back for further review and discussion along with the fee schedule at the August 5, 2015 Public Affairs Committee meeting.

4. Mr. Havir presented the Committee with his intended process and plans for preparing the 2016 General Operating and Capital Budgets. At next week's management meeting, all department heads will be instructed to begin working on their 2016 budgets with calendar dates set up to meet individually with the Township Manager and Director of Fiscal Affairs the 2nd and 3rd week of August to review each proposed departmental budget. The preliminary budgets will be given to the Commissioners for their review on October 2, 2015. The first all day long budget workshop with the Commissioners is scheduled for Tuesday, October 6, 2015, as advertised in the Township calendar. A second budget workshop, if needed, will be setup for Tuesday, October 13, 2015 or Tuesday, October 20, 2015.

5. Old Business – None.

6. New Business – Mr. Sharkey presented a suggestion for consideration to have the future number of Finance Committee meetings be increased to nine meetings a year, scheduling all such meetings to be standalone from any other scheduled meetings taking place on the same night, and rolling the yearly Sinking Fund Committee meetings into the Finance Committee meetings. He also suggested eliminating the Parks and Recreation Committee and to incorporate all parks and recreation matters in the Public Affairs Committee. This matter will be discussed at the next Public Affairs meeting scheduled for Wednesday, August 5, 2015.

7. Citizen's Forum - None

There being no further business, upon motion of Mr. Norris, the Committee unanimously agreed to adjourn the meeting at 8:14 p.m.



Bryan T. Havir
Township Manager

Per: Bruce Rangnow
Director of Fiscal Affairs

Partners

Robert L. Caruso
James M. Powers
Glenn B. Bachman
D. Scott Detar
Edward J. Furman
Robert L. Boland
Donald J. Pierce
Richard A. Flanagan IV
Craig S. Springer
Robert C. Hershey, Jr.
Gregory J. Shank
Laurie E. Harvey
William Breslawski, Jr.

TOWNSHIP OF CHELTENHAM

AUDIT PRESENTATION

December 31, 2014

TOWNSHIP OF CHELTENHAM
AUDIT PRESENTATION
DECEMBER 31, 2014

Agenda:

- Audit scope and timing
- Required communication under Statement of Audit Standard 114 and 115
- Review of financial report
- Prospective issues

TOWNSHIP OF CHELTENHAM

AUDIT PRESENTATION

DECEMBER 31, 2014

Audit Scope and Timing:

- Trial balance and supporting account analysis completed timely
- Review of internal control system
- Cash and investments - Act 72 collateral and market value
- Capital assets:
 - Vouching material additions
 - Review of depreciation expense
- Accounts Payable - Search for unrecorded liabilities
- Debt - Confirmations
- Revenues - Confirmations and reconciliations
- Expenses - Pivot tables
- Data Extraction:
 - Benford test
 - General ledger
 - Subsequent disbursements
 - Journal entry testing
 - Employee testing
 - Reasonable compensation
 - Duplicate addresses

TOWNSHIP OF CHELTENHAM

AUDIT PRESENTATION

DECEMBER 31, 2014

Required Communications:

- Unqualified Audit Opinion - Financial statements
- SAS 114 and 115 Reports - No disagreements or material weaknesses noted related to financial reporting

Prospective:

- Pension Accounting - 2015 reporting
- OPEB Accounting - 2017 reporting

TOWNSHIP OF CHELTENHAM

AUDIT PRESENTATION

DECEMBER 31, 2014

1. Government-Wide Financial Statements:

	2014	2013	2012	2011
A. Statement of Net Position:				
Cash and investments	\$ 16,753,582	\$ 11,867,674	\$ 14,880,427	\$ 14,148,876
Receivables	\$ 1,667,939	\$ 2,200,066	\$ 1,419,741	\$ 2,272,241
Capital assets, net	\$ 49,540,283	\$ 50,992,408	\$ 50,277,204	\$ 46,642,679
Accounts payable	\$ 209,951	\$ 263,908	\$ 301,446	\$ 223,218
Notes and bonds payable	\$ 51,500,921	\$ 46,045,380	\$ 46,234,131	\$ 40,649,132
Net OPEB obligation	\$ 30,074,994	\$ 25,112,481	\$ 20,632,602	\$ 15,928,426
Net Position	\$ (14,812,750)	\$ (7,854,501)	\$ (2,392,604)	\$ 3,633,034
B. Statement of Activities				
Earned income tax	\$ 4,037,242	\$ 3,805,308	\$ 3,709,876	\$ 3,264,941
Real property tax	\$ 13,936,877	\$ 13,278,034	\$ 13,495,824	\$ 13,302,041
Transfer tax	\$ 1,517,861	\$ 498,864	\$ 457,397	\$ 356,072
BPT	\$ 1,966,868	\$ 2,181,301	\$ 2,023,644	\$ 2,027,682
General government	\$ 7,036,409	\$ 5,792,047	\$ 6,587,483	\$ 5,805,503
Public safety	\$ 19,664,286	\$ 19,076,310	\$ 19,234,578	\$ 18,192,309
Highways	\$ 5,736,125	\$ 5,143,325	\$ 4,940,675	\$ 4,999,465
Parks and recreation	\$ 3,658,541	\$ 3,679,613	\$ 3,667,944	\$ 3,571,544
Health and sanitation	\$ 9,767,247	\$ 10,028,133	\$ 10,912,363	\$ 9,684,636
Interest	\$ 1,742,607	\$ 2,107,599	\$ 1,799,230	\$ 1,673,196
Change in Net Position	\$ (6,963,030)	\$ (5,461,897)	\$ (5,441,119)	\$ (3,687,764)

2. General Fund

Fund balance, unassigned	\$ 4,310,970	\$ 3,376,993	\$ 3,035,281	\$ 4,595,613
Change in fund balance	\$ 929,196	\$ 341,712	\$ 139,668	\$ 456,908

3. Pension Trust Fund

4. Footnotes:

- A. Investments
- B. Capital Assets
- C. Debt
- D. Pension Plans
- E. OPEB

5. Budget to Actual

Government Jobs Data
Pension Data
12/31/2014

Client	Total Pension Liability 2014	Fiduciary Net Position 2014	Net Pension Liability	Covered Payroll 2014	MMO
1 Police	7,730,170.00	6,978,604.00	751,566.00	1,745,838.00	381,761.00
1 Non- Uniform	4,318,387.00	3,993,163.00	325,224.00	1,634,978.00	242,099.00
2 Police	18,234,742.00	14,910,784.00	3,323,958.00	2,502,173.00	868,240.00
3 Police	16,163,593.00	14,812,321.00	1,351,272.00	3,080,805.00	611,018.00
4 Police	23,600,842.00	20,349,696.00	3,251,146.00	3,784,157.00	865,432.00
5 Non- Uniform	4,014,025.00	3,871,613.00	142,412.00	1,389,910.00	186,797.00
5 Police	12,082,675.00	9,002,631.00	3,080,044.00	1,668,327.00	563,368.00
6 Police	44,844,824.00	32,791,702.00	12,053,122.00	6,394,443.00	1,826,101.00
6 Non- Uniform	33,575,764.00	25,675,755.00	7,900,009.00	6,757,421.00	1,480,268.00
7 Police	8,407,503.00	7,321,996.00	1,085,507.00	2,142,334.00	455,099.00
7 Non- Uniform	6,614,003.00	5,238,914.00	1,375,089.00	1,968,721.00	503,231.00
8 Police	15,196,227.00	12,782,032.00	2,414,195.00	2,445,223.00	717,943.00
8 Non- Uniform	4,136,509.00	3,771,070.00	365,439.00	608,470.00	281,382.00
9 Police	10,584,890.00	9,035,193.00	1,549,697.00	2,292,087.00	402,517.00
10 Police	10,206,357.00	11,335,482.00	(1,129,125.00)	2,464,671.00	280,261.00
10 Non- Uniform	8,507,591.00	9,480,225.00	(972,634.00)	3,329,098.00	196,291.00
11 Police	41,979,184.00	27,972,183.00	14,007,001.00	6,468,876.00	2,819,919.00
11 Non- Uniform	32,435,280.00	24,297,982.00	8,137,298.00	7,547,780.00	1,515,034.00
12 Non- Uniform	12,484,501.00	11,290,558.00	1,193,943.00	3,342,885.00	485,243.00
12 Police	15,549,938.00	14,107,412.00	1,442,526.00	2,849,146.00	410,503.00
13 Police	13,807,329.00	12,082,153.00	1,725,176.00	2,630,522.00	675,622.00
13 Non- Uniform	4,542,098.00	5,040,445.00	(498,347.00)	1,847,086.00	132,470.00
16 Police	13,550,119.00	13,517,060.00	33,059.00	2,240,563.00	510,278.00
16 Non- Uniform	5,662,579.00	6,457,568.00	(794,989.00)	1,638,392.00	76,501.00
19 Police	2,688,592.00	2,216,522.00	472,070.00	464,976.00	54,795.00
19 Non- Uniform	2,024,702.00	2,079,848.00	(55,146.00)	502,883.00	42,475.00
20 Police	6,472,172.00	4,801,501.00	1,670,671.00	1,393,628.00	433,998.00
20 Non- Uniform	2,010,788.00	1,549,117.00	461,671.00	1,186,612.00	113,577.00
Maille Client Average	13,622,335.14	11,312,983.21	2,725,785.89	921,986.81	2,961,395.43

Pension Comparison Data

Client ID 88737P

Client Name Township of Cheltenham (police)

	MAILLIE CLIENT AVERAGE	Township of Cheltenham (police)
Total Pension Liability	13,622,335	44,844,824
	MAILLIE CLIENT AVERAGE	Township of Cheltenham (police)
Total Fiduciary Net Position	11,312,983	32,791,702
	MAILLIE CLIENT AVERAGE	Township of Cheltenham (police)
Net Pension Liability	2,961,395	12,053,122
	MAILLIE CLIENT AVERAGE	Township of Cheltenham (police)
MMO	921,987	1,826,101
	MAILLIE CLIENT AVERAGE	Township of Cheltenham (police)
Covered Payroll	2,725,786	6,394,443
	Average Net Pension Liability/ \$1 Covered Payroll	Township of Cheltenham (police) Net Pension Liability / \$1 Covered Payroll
Net Pension Liability / \$1 Covered Payroll	1.09	1.88

Pension Comparison Data

Client ID 88737N

Client Name Township of Cheltenham (non- uniform)

	MAILLIE CLIENT AVERAGE	Township of Cheltenham (non- uniform)
Total Pension Liability	13,622,335	33,575,764
	MAILLIE CLIENT AVERAGE	Township of Cheltenham (non- uniform)
Total Fiduciary Net Position	11,312,983	25,675,755
	MAILLIE CLIENT AVERAGE	Township of Cheltenham (non- uniform)
Net Pension Liability	2,961,395	7,900,009
	MAILLIE CLIENT AVERAGE	Township of Cheltenham (non- uniform)
MMO	921,987	1,480,268
	MAILLIE CLIENT AVERAGE	Township of Cheltenham (non- uniform)
Covered Payroll	2,725,786	6,757,421
	Average Net Pension Liability/ \$1 Covered Payroll	Township of Cheltenham (non- uniform) Net Pension Liability / \$1 Covered Payroll
Net Pension Liability / \$1 Covered Payroll	1.09	1.17

Government Jobs Data
 OPEB Data
 12/31/2014

Client	Most Recent Unfunded Liability	Most Recent Covered Payroll	Annual OPEB Cost 2014	Net OPEB Obligation 2014
1	1,729,975.00	1,745,838.00	243,129.00	976,089.00
2	2,685,017.00	2,466,527.00	323,085.00	1,907,590.00
3	2,226,846.00	3,188,430.00	243,373.00	1,135,660.00
4	19,432,286.00	5,300,942.00	1,833,663.00	14,024,745.00
5	1,119,445.00	1,484,220.00	143,462.00	514,283.00
6	79,650,586.00	13,215,040.00	7,121,542.00	30,074,994.00
7	590,522.00	2,142,334.00	85,539.00	347,231.00
8	3,355,051.00	2,773,360.00	403,223.00	1,484,969.00
9	9,311,652.00	4,022,306.00	906,918.00	3,588,802.00
10	2,073,525.00	5,017,257.00	173,636.00	420,132.00
11	39,250,000.00	15,618,567.00	3,816,456.00	11,139,646.00
12	1,878,962.00	6,117,670.00	195,792.00	1,112,375.00
13	2,678,885.00	2,794,482.00	300,449.00	1,287,543.00
14	70,420,090.00	5,790,004.00	5,383,367.00	29,948,993.00
15	2,591,448.00	-	426,877.00	1,050,931.00
16	3,123,458.00	2,471,021.00	291,101.00	2,790,461.00
17	1,813,647.00	1,877,020.00	221,963.00	1,200,402.00
18	4,149,289.00	7,580,318.00	-	-
Maillie Client Average	13,782,260.22	4,917,960.94	1,440,557.28	6,059,108.59

Maillie has 13 Municipal Clients who have no OPEB Obligations.

OPEB Comparison Data

Client ID 88737

Client Name Township of Cheltenham

	MAILLIE CLIENT AVERAGE	Township of Cheltenham
Unfunded Liability (UL)	13,782,260	79,650,586
Covered Payroll	4,917,961	13,215,040
3 Year Average Annual OPEB Cost	1,262,277	7,010,307
3 Year Average Net OPEB Obligation	4,951,620	25,273,359
	MAILLIE CLIENT AVERAGE	Township of Cheltenham
2014 Annual OPEB Cost	1,440,557	7,121,542
	MAILLIE CLIENT AVERAGE	Township of Cheltenham
2014 Net OPEB Obligation	6,059,109	30,074,994
	Average UL/ \$1 Covered Payroll	Township of Cheltenham UL / \$1 Covered Payroll
Unfunded Liability (UL) / \$1 Covered Payroll	2.80	6.03