

## **Citizens Audit Review & Financial Advisory Committee (CARFAC)**

October 14, 2015

7:00PM – Radnor Township Municipal Building, 2<sup>nd</sup> Floor, Administration Department

---

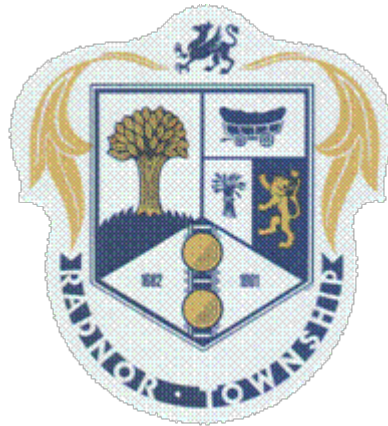
### **Agenda:**

1. 2016 Budget and Forecast Review (45 Min)
  2. Project Updates: To be presented by the project leaders and will include a brief discussion on how we plan on scheduling working group meetings to get these projects wrapped up:
    - a. IT / Software Update (2 Min)
    - b. Monetizing Assets Update (2 Min)
    - c. Capital Asset / Forecast Update (2 Min)
    - d. Unfunded Liability Review (2 Min)
    - e. Engineering Services Review (2 Min)
    - f. Township Staffing Level Review (2 Min)
    - g. 145 King of Prussia Analysis (formally “BioMed” site) Update (n/a)
    - h. Audit Update - Complete
  3. Old Business:
  4. Public Participation
  5. Adjourn (the goal will be no later than 8:00PM)
- 

### **Attachments:**

1. 2016 Budget Summary Presentation
2. CARFAC 2015 Priority Matrix
3. September 30, 2015 Meeting Minutes

# 2016 budget



Summary Presentation  
October 12, 2015

# Presentation goals

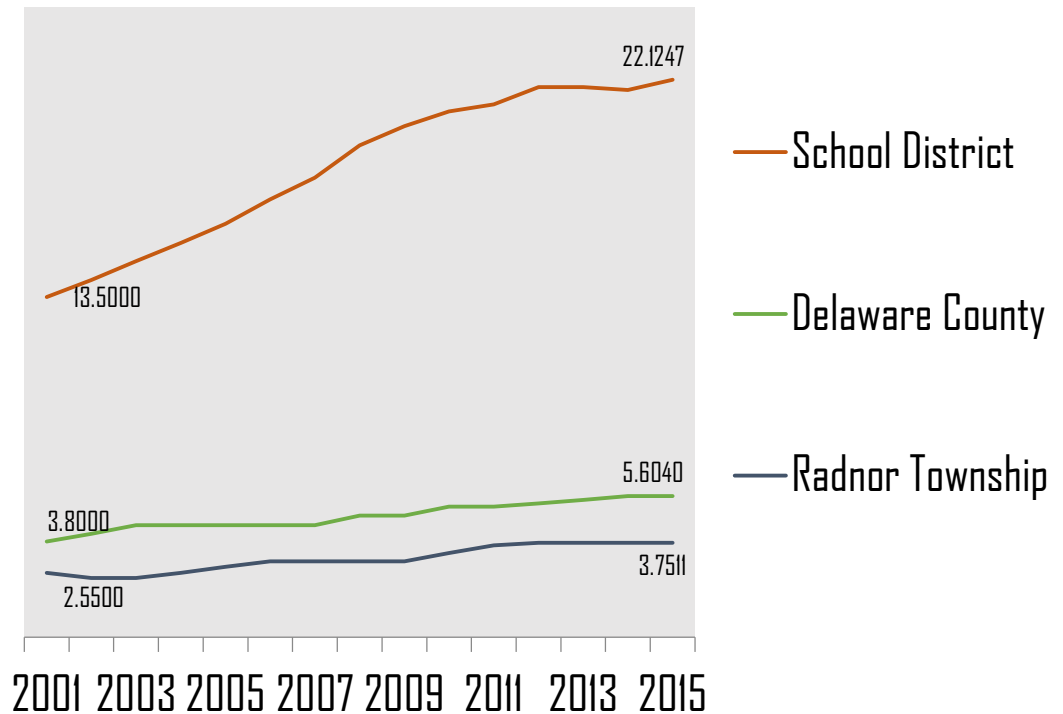
- Major Revenue Assumptions
- Major Expense Assumptions
- 2016 General Fund Summary
- Capital Plan
- Forecast
- Next Steps

# Major revenue assumptions

## Five Year History

Year	Rate	Millage $\Delta$	% $\Delta$
2010	3.3411	0.3311	11.0%
2011	3.6411	0.3000	9.0%
2012	3.7511	0.1100	3.0%
2013	3.7511	0.0000	0.0%
2014	3.7511	0.0000	0.0%
2015	3.7511	0.0000	0.0%
2016	TBD	TBD	TBD

## Historical Millage Rates

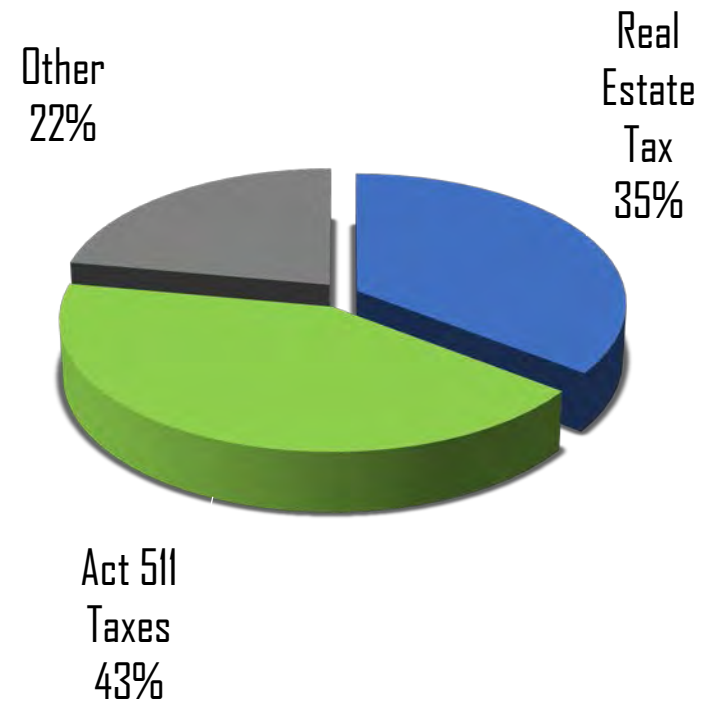
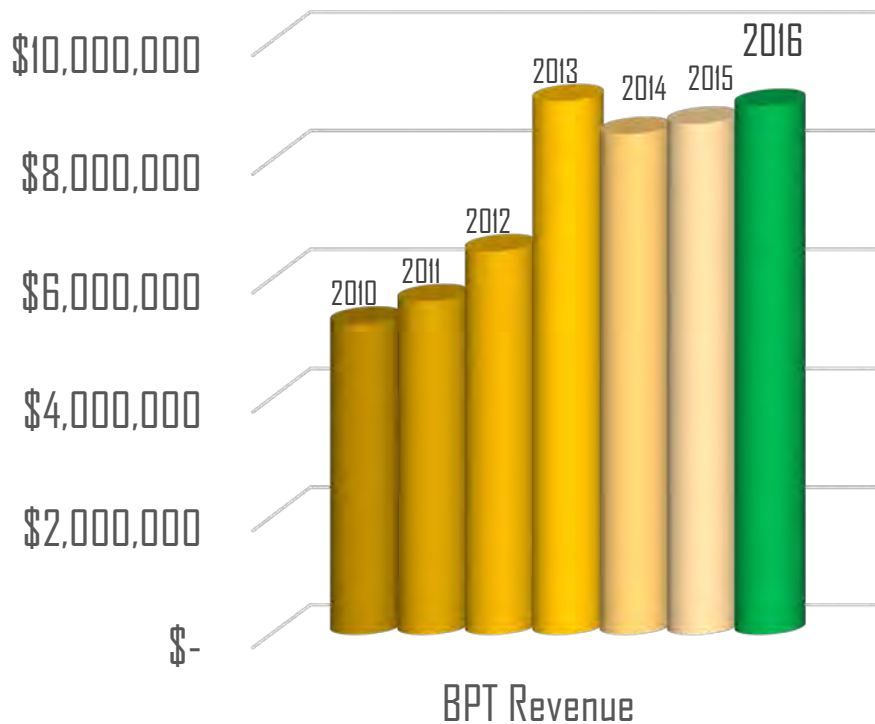


# Major revenue assumptions

- General Fund:
  - *No tax increase* needed to fund operations and 2016 portion of capital plan
  - Depending on direction with Bond Financing, taxes may be needed to support borrowing plan
- Sanitary Sewer Fund:
  - No adjustment to the Sanitary Sewer Rent (\$5.90 per 1,000 gallons of water used)
- Stormwater Fund:
  - No adjustment to the Stormwater Fee (\$29.00 per unit)
- Park and Open Space Fund:
  - No tax increase needed to fund the 2016 OS debt service (use fund bal. and reality trans. tax)

# Major revenue assumptions

- Regular Growth in the Business Privilege Tax Revenues (+3.5%)



Note: The 2013 revenue included a \$1,500,000 one-time payment from a business settlement

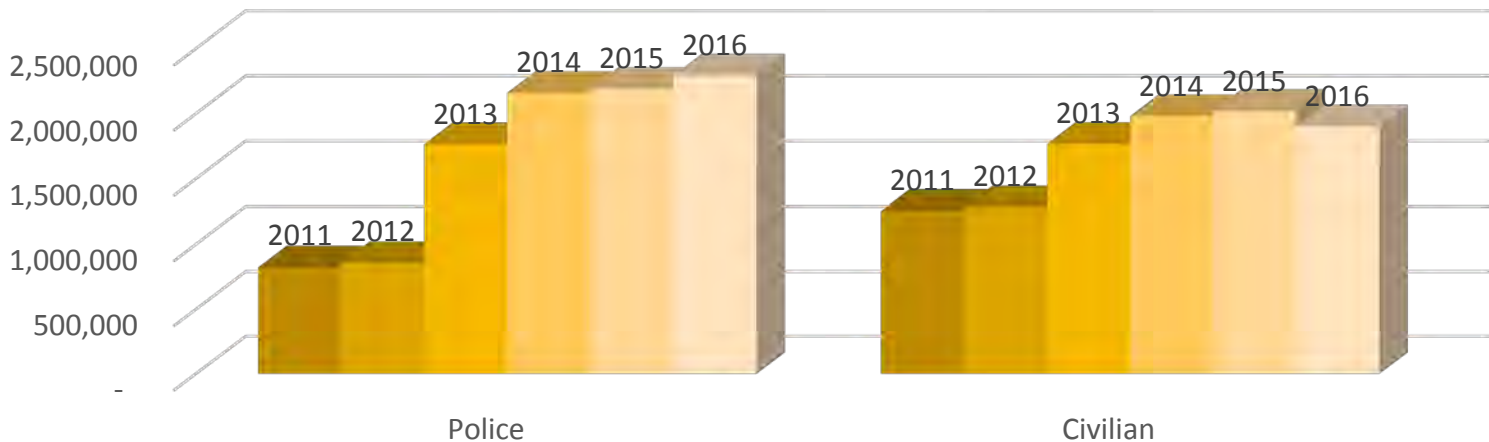
# Major expense assumptions

- Staffing Assumptions:
  - All Departments: Based on today's position counts
- Payroll Related Expenses:
  - Wages: Increases of up to 2.75% (Union = +2.75% / Non-Union is up to +2.75%)
  - Healthcare: Increase of 5%, or (+\$128,151)
  - MMD: *Decrease* of 0.4%, or (-\$17,245)
  - OPEB: Adding year three of funding ramp up (+\$200,000) bringing funding to \$600,000
  - OPEB: Continuing to pre-fund police officers hired after 1/1/2013 and fund actuary losses resulting from the two disability retirements in 2015
- Capital Plan:
  - Funding the capital plan through General Fund Transfers (no dedicated taxes)
  - Library, Park and Trail Improvements through a bond issue (tax implications to be determined)

# Major expense assumptions

- Pension

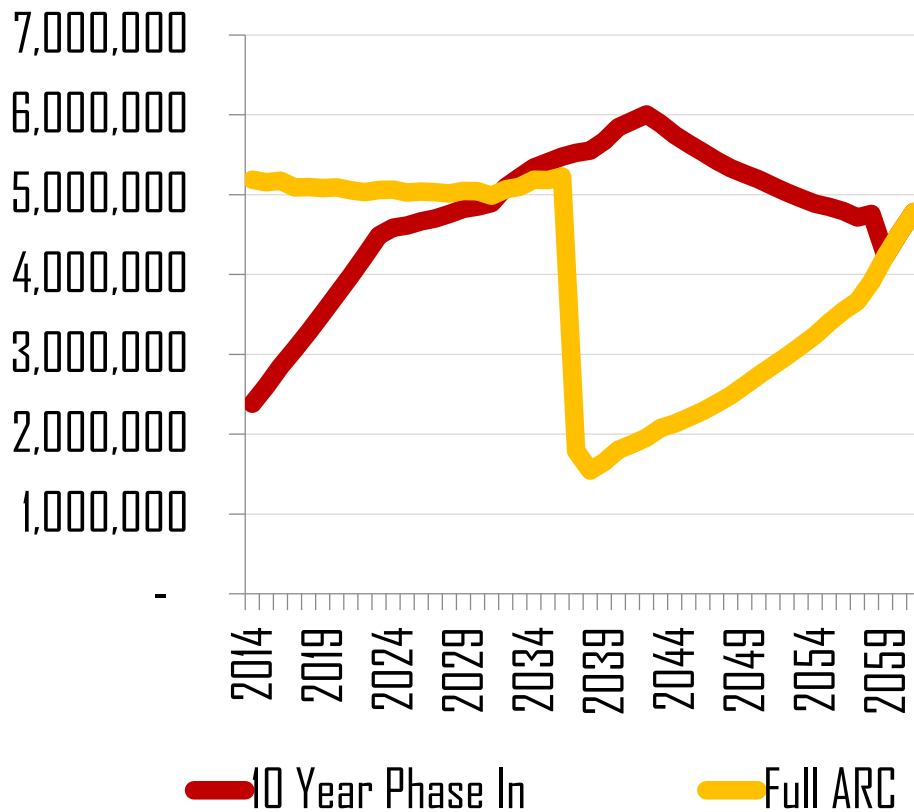
Year	Uniform Plan	Civilian Plan	Gross MMO Obligation	Less: State Aid	Net Township Expense
2011	822,301	1,252,960	2,075,261	985,572	1,089,689
2012	855,232	1,280,125	2,135,357	594,234	1,541,123
2013	1,765,384	1,767,162	3,532,546	610,444	2,922,102
2014	2,160,223	1,979,695	4,139,918	628,139	3,511,779
2015	2,190,903	2,020,393	4,211,296	627,334	3,583,962
2016	<b>2,292,539</b>	<b>1,901,512</b>	<b>4,194,051</b>	<b>622,500</b>	<b>3,571,551</b>





# Major expense assumptions

- OPEB: 10 Year Ramp-Up Funding Plan



## Forecasted Funding Plan:

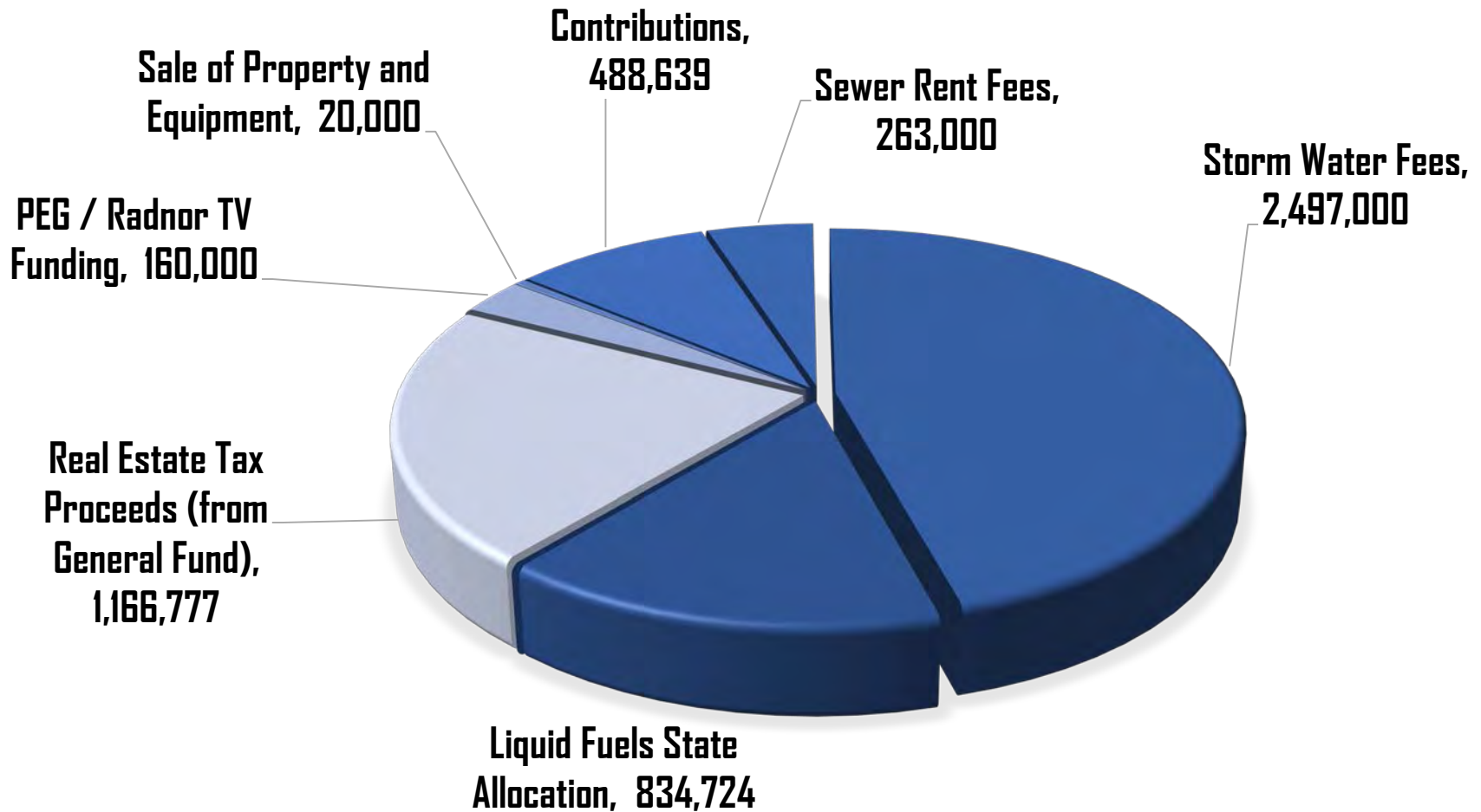
- 2014 \$200,000 (complete)
- 2015 400,000 (complete)
- 2016 600,000
- 2017 800,000
- 2018 1,000,000
- 2019 1,200,000

Additionally: (1) Any new police officer will pre-fund smaller OPEB benefits, (2) Any actuarial changes to plan will be added to funding.

# General Fund Summary 2012-2016

(in thousands)	2012	2013	2014	2015	2016
Revenues:					
RE Taxes	\$ 11,677	\$ 11,720	\$ 11,803	\$ 11,801	\$ 11,880
ACT 511 Taxes	11,098	14,440	13,551	14,467	14,274
All Other	6,959	6,891	7,537	8,160	7,438
<b>Total Revenue</b>	<b>\$ 29,734</b>	<b>\$ 33,051</b>	<b>\$ 32,891</b>	<b>\$ 34,428</b>	<b>\$ 33,592</b>
Expenses:					
Salaries and Wages	9,975	9,999	11,143	10,907	11,565
PR Liab / Benefits	7,844	12,569	10,213	10,739	11,471
Capital	1,196	866	1,019	1,099	1,223
Debt	3,061	3,048	2,673	2,937	2,536
All Other	6,433	6,468	7,697	6,853	6,507
<b>Total Expenses</b>	<b>\$ 28,509</b>	<b>\$ 32,950</b>	<b>\$ 32,745</b>	<b>\$ 32,535</b>	<b>\$ 33,302</b>
<b>Net</b>	<b>\$ 1,225</b>	<b>\$ 101</b>	<b>\$ 146</b>	<b>\$ 1,893</b>	<b>\$ 290</b>

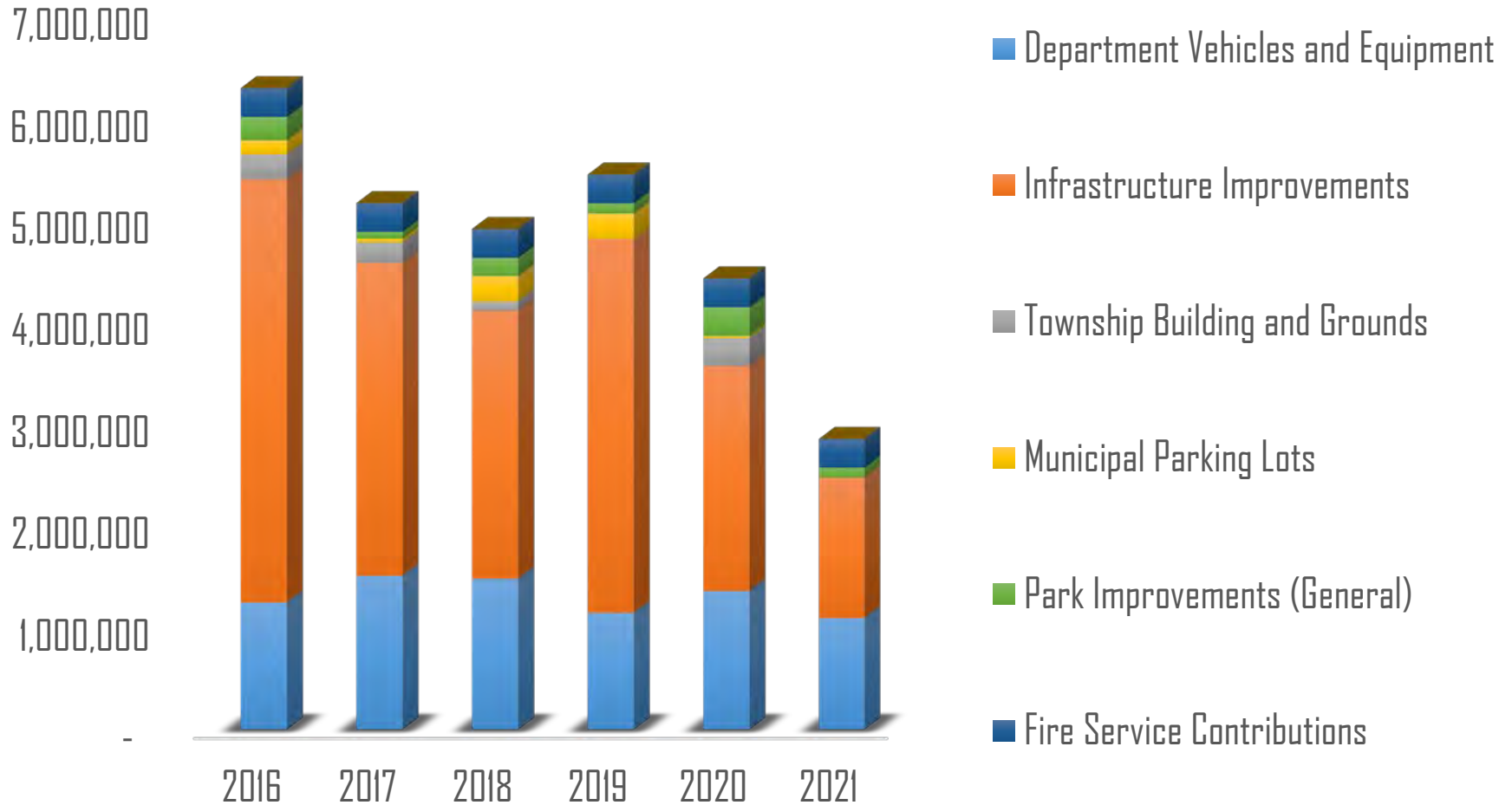
# Capital plan: 2016



## Assumes:

1. Stormwater capital budget as submitted by the SWMAC
2. Delay in needed sanitary sewer work (to see what impact from DELCORA impacts the fund)
3. Park / Trail / Library improvements are funded via' Bond Financing

# Capital plan: 2016-2021



# General Fund Forecast 2016-2021: **BASE**

(in thousands)	2016	2017	2018	2019	2020	2021
Revenues:						
RE Taxes	\$ 11,880	\$ 11,951	\$ 12,023	\$ 12,094	\$ 12,166	\$ 12,239
ACT 511 Taxes	14,274	14,257	14,653	14,706	15,264	15,583
All Other	7,438	7,857	8,285	8,757	9,280	9,858
<b>Total Revenue</b>	<b>\$ 33,592</b>	<b>\$ 34,065</b>	<b>\$ 34,961</b>	<b>\$ 35,557</b>	<b>\$ 36,711</b>	<b>\$ 37,679</b>
Expenses:						
Salary / Wages	11,565	11,910	12,270	12,645	13,036	13,445
PR Liab. / Benefits	11,471	11,677	12,105	12,511	12,930	13,371
Capital	1,223	2,391	2,101	2,064	2,360	1,584
Debt	2,536	2,424	2,466	2,468	1,943	1,947
All Other	6,507	6,662	6,792	6,930	7,067	7,213
<b>Total Expenses</b>	<b>\$ 33,302</b>	<b>\$ 35,065</b>	<b>\$ 35,734</b>	<b>\$ 36,617</b>	<b>\$ 37,336</b>	<b>\$ 37,560</b>
<b>Net</b>	<b>\$ 290</b>	<b>\$ (1,000)</b>	<b>\$ (773)</b>	<b>\$ (1,060)</b>	<b>\$ (627)</b>	<b>\$ 120</b>

# FORECAST MODIFICATIONS

(in thousands)	2016	2017	2018	2019	2020	2021
<b>Revenue:</b>						
Real Estate Tax Adjustment*	549	549	549	549	549	549
VU Development	2,400	375	150	1,000	-	-
PennMed Development	-	720	180	-	-	-
Ardrossan Development	123	157	190	223	288	296
<b>Total Revenue Modifications</b>	<b>\$3,072</b>	<b>\$1,801</b>	<b>\$1,069</b>	<b>\$1,772</b>	<b>\$837</b>	<b>\$845</b>
<b>Expenditures:</b>						
OPEB Funding Plan (implemented)	659	859	1,059	1,259	1,459	1,659
Pension MMO Changes (mandated)	-	435	435	(99)	(208)	(317)
Comp Plan Update	50	-	-	-	-	-
Zoning Ordinance Rewrite	-	100	-	-	-	-
Police Accreditation	45	-	-	-	-	-
Police K9 Budget	21	21	22	22	23	24
Police Emergency Mgmt. Funds	10	10	11	11	11	12
Bond Financing Modifications*	545	545	545	545	545	545
<b>Total Expenditure Modifications</b>	<b>\$1,299</b>	<b>\$1,939</b>	<b>\$2,039</b>	<b>\$1,704</b>	<b>\$1,796</b>	<b>\$1,887</b>

# General Fund Forecast 2016-2021: **Modified**

(in thousands)	2016	2017	2018	2019	2020	2021
Revenues:						
RE Taxes	\$ 12,553	\$ 12,657	\$ 12,762	\$ 12,867	\$ 13,003	\$ 13,084
ACT 511 Taxes	14,274	14,257	14,653	14,706	15,264	15,583
All Other	9,837	8,952	8,615	9,757	9,280	9,858
<b>Total Revenue</b>	<b>\$ 36,664</b>	<b>\$ 35,866</b>	<b>\$ 36,030</b>	<b>\$ 37,329</b>	<b>\$ 37,547</b>	<b>\$ 38,524</b>
Expenses:						
Salary / Wages	11,565	11,910	12,270	12,645	13,036	13,445
PR Liab. / Benefits	11,471	12,113	12,540	12,411	12,722	13,054
Capital	1,223	2,391	2,101	2,064	2,360	1,584
Debt	3,080	2,969	3,011	3,012	2,488	2,491
All Other	6,602	6,762	6,792	6,930	7,067	7,213
<b>Total Expenses</b>	<b>\$ 33,941</b>	<b>\$ 36,145</b>	<b>\$ 36,714</b>	<b>\$ 37,062</b>	<b>\$ 37,673</b>	<b>\$ 37,787</b>
<b>Net</b>	<b>\$ 2,723</b>	<b>\$ (279)</b>	<b>\$ (684)</b>	<b>\$ 267</b>	<b>\$ (126)</b>	<b>\$ 737</b>

# General Fund Forecast 2016-2021: **Fund Balance**

(in thousands)	2016	2017	2018	2019	2020	2021
Target 15% Policy						
<b>Ending Balance</b>	<b>\$ 12,592</b>	<b>\$ 12,313</b>	<b>\$ 11,629</b>	<b>\$ 11,896</b>	<b>\$ 11,770</b>	<b>\$ 12,508</b>
Policy Amount	5,087	5,418	5,503	5,556	5,647	5,664
Difference	7,505	6,895	6,126	6,340	6,123	6,843
Fund Stabilization 25% Policy						
Policy Amount	8,479	9,030	9,172	9,259	9,412	9,441
Difference	4,113	3,283	2,457	2,637	2,358	3,067

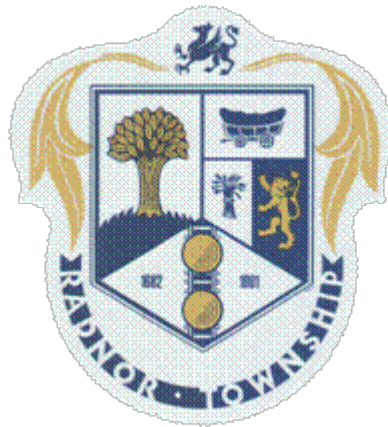


# BUDGET / FORECAST DECISIONS

- **Board Direction on Following Items:**
  - Capital Funding Plan to be decided:
    - Discussion on Park / Trails / Library Improvements and Funding
    - Tax adjustments?
  - Modified Forecast Layers to be decided:
    - Ongoing Discussion on OPEB Funding Plan / Pension Funding
    - Comprehensive Planning Update
    - Zoning Ordinance re-write (2017)
    - Police Accreditation Expense
    - Police K9 Unit
    - Police Emergency Management Funding
    - Use of Excess Fund Balances (to the extent that they actually occur in the future years)

# 2016 budget

## Thank you



Public Hearing #1 – October 26, 2015

Public Hearing #2 – November 9, 2015

Public Hearing #3 – November 16, 2015

Introduction of Budget Ordinances – November 23, 2015

**Radnor Township, PA**  
CARFAC 2015 Priority Interest Matrix

	<b>Priorities</b>	Michael Antonoplos	Mark Blair	Edward Caine	Vacant	E. Martin Heldring	Jerry Linden	Carl Rosenfield	Jeff Ruben	Marty Dwyer	Township Staff
1	Prepare BioMed Redevelopment Analysis: CARFAC to prepare an analysis highlighting the financial impact that the redevelopment would have on the Township's long-term forecast (to include quality of life / traffic as well)	Yes	Lead						Yes	Yes	Yes
2	Review the unfunded liabilities on an on-going basis and report back to the Board annually. In addition, with respect to the pension liability, review the legality and financial impact of "pension spiking." This analysis will look at the impact of modifying this practice as it relates to the decision to reduce or eliminate the 20% bump-up assumption in the actuarial report.		Yes			Yes	Yes		Lead		Yes
3	Continue to update, refine and design additional approaches to using the five-year planning model. Further, in 2015, conduct a comprehensive review of the Township's capital program, with the goal of providing recommendations on program funding, execution, forecasting and any other aspects as they relate to the Township's finances.	Yes	Yes			Lead	Yes				Yes
4	Assist in the design and implementation planning on an information technology solution for the Township		Yes				Lead				Yes
5	Monetizing Real Assets: Continue to work with Board and Administration on identifying and making recommendations regarding assets to monetize	Lead	Yes					Yes		Yes	Yes
6	Reopen analysis of the Township's approach to providing engineering services to the Township. Expand the project to include specific performance/ delivery metrics that can be tracked and reported		Yes							Yes	Lead
7	Review the Township's current and historical full-time staffing levels, and examine the levels required to provide services to taxpayers up to the standards specified by the Board; report to the Board.		Yes			Yes			Yes		Lead
8	Oversee the Audit Plan and process; interact with the public accounting firm's staff.		Yes	Lead				Yes			Yes
9	Continue to work with staff to improve financial controls and processes.		Yes	Lead				Yes			Yes
10	Participate in reviewing public-private partnership possibilities on a case-by-case basis for any non-real assets (to include tangible assets and services)	Yes	Yes					Lead		Yes	Yes

Citizens Audit Review & Financial Advisory Committee  
September 30, 2015  
Radnor Township Municipal Building  
Finance Department, 2<sup>nd</sup> Floor  
301 Iven Ave., Wayne, PA 19087

### Meeting Minutes

Chairman Mark Blair called the meeting to order at 7:00PM. In attendance were CARFAC members Mark Blair, Jerry Linden, Carl Rosenfeld, Michael Antonoplos, and Jeff Ruben. Committee members Martin Heldring, Marty Dwyer, and Ed Caine had business conflicts and were unable to attend. Other persons present included Bill White, Finance Director. No members from the public were in attendance.

The Committee discussed the following items:

1. Project Updates:
  - a. IT / Software Update: Mr. Linden provided an update that included a review of the project summary and draft recommendation memo. The Committee discussed the project timeline moving forward, the feedback after a visit to Whitpain Township (to review their experience with one of the possible providers), and the first draft of the recommendation to be delivered to the Board of Commissioners in October.
  - b. Monetizing Assets Update: Messrs. White and Antonoplos updated the Committee on the stages of the project proceeding concurrently: (1) Michael O'Donnell is performing appraisals at the Township Building, Senior Center and Public Works Facility; (2) Kimmel Bogrette is performing a space analysis for the Administration (to determine if a floor of the Township building could be vacated for leasing and/or what space the entire administration would need if we vacated the building altogether); (3) CRESA is providing its opinion on the highest and best use of the three facility locations; and (4) Avison Young is performing a site search for possible public works facility locations. The initiatives began during the summer and will conclude this fall. Specific completion times will be elicited by the Administration and reported back to CARFAC.
  - c. Capital Asset / Forecast Update: Mr. White updated the Committee on the recent bond issue discussions held by the Board of Commissioners. Specifically, the issue would cover a current refunding of the 2010 GO Bonds, the Township's share of the library improvements, certain trail installations and some portion of the Township's park plan (scope and amount are being deliberated by the Board). Then, the Committee discussed what value it could add to the process given the apparent political will to borrow for these other capital needs. It was discussed that there were two broad categories where CARFAC can still have meaningful impacts: (1) The current bond discussions: input on the method of issuance, the amount of bonds (cash vs. borrowing), and the timing of the borrowing vs. when the funds will be deployed are examples. (2) The larger capital plan: CARFAC can provide: input on how to fund the remainder of the

capital plan, the role of excess fund balances, clarity to the presentation of the capital plan within the budget document, input on the capital fund balance policy and discussion of §44.12, "Pay as you go Capital Funding." These items will be reviewed at the October 6<sup>th</sup> working group meeting.

**Specific to the Township's bond issuance process, a motion was made by Mr. Rosenfeld "recommending the use of best practices by utilizing a pricing agent on all bond issues moving forward." The motion was seconded by Mr. Antonoplos and was unanimously approved (5 ayes, 0 nays).**

- d. Unfunded Liability Review: Mr. White updated the Committee that the Township expects the Pension Actuarial Update (dated 1/1/2015) no later than October 7<sup>th</sup>. Once received, a working group meeting will be scheduled to review the pension liability, OPEB liability and legal matters surrounding the pension benefit calculations.
  - e. Engineering Services Review: Mr. White stated that he will contact the Public Works Director for an update. Mr. White will propose potential meeting dates to the working group forthwith.
  - f. Township Staffing Review: Mr. White noted that all information requested at the first meeting is ready. He will propose meeting dates within the month of October.
  - g. 145 King of Prussia Analysis (formally "BioMed" site) Update: No update other than that Penn Medicine has filed a petition with the County to have the property deemed "exempt" from real estate taxes.
  - h. Audit Update: No update was necessary as this project is complete.
2. Old Business: Mr. Linden discussed CARFAC's review of the 2016 budget and suggested that we include an hour at the end of the October agenda to step through the macro-level review. After a brief discussion, Mr. White agreed to send out an email asking what the members preferred: (a) adding to the end of the October 14<sup>th</sup> agenda, or (b) Meeting earlier in the evening of October 14<sup>th</sup> and inviting the department heads to attend and present to CARFAC.
  3. Public Participation: None
  4. Adjourn: Being no further business, Mr. Rosenfeld moved to adjourn at 8:10PM.