

Citizens Audit Review & Financial Advisory Committee (CARFAC)

June 19, 2013

7:00PM – Radnor Township Municipal Building, Finance Department

Agenda:

1. Approval of Minutes from May 15, 2013 Meeting (attached)
 2. Approval of Minutes from June 10, 2013 Meeting (attached)
 3. OPEB Funding Scenario Review / Recommendation (Will come under separate cover)
 4. 2013 Action Item Updates by Working Group (see Action Item Report attached):
 - a. Planning:
 - i. RATE Negotiation Update
 - ii. Five Year Plan Updates
 - iii. Citizen Centric Reporting Update
 - b. Operations:
 - i. Willows Proposal Update
 - ii. Open Space / Ardrossan Analysis
 - iii. Open Space / Cresa Report Analysis
 - iv. Storm Water Funding
 - v. Act 511 Discovery Contract Proposal (Update from Administration)
 - c. Audit:
 - i. BOC meeting recap
 - ii. Remaining 2012 CAFR Schedule
 5. Old Business: Open Action Items to be addressed
 - a. Reassess ADP as a vendor [4/17 meeting]
 - b. Request Orphans Court process outline (from Solicitor) [4/17 meeting]
 - c. Request Solicitor's written opinion on 29 year lease option (from Solicitor) [4/17 meeting]
 - d. Establish outline and deadline for Solicitor to "clean up" outstanding property items identified in the Cresa report (from Solicitor) [4/17 meeting]
 - e. Add CARFAC to weekly Email of newsletters [4/17 meeting]
 - f. Document need for Street Sweeper (PW Director) [3/20 meeting]
 6. General Discussion
 7. Public Participation
 8. Adjourn
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NOTES:

**Radnor Township
CARFAC – List of Action Items
Updated June 12, 2013**

CARFAC – Committee as a Whole

- I. CARFAC Scorecard
 - a. Mercantile Tax Refunds: proactively returned **\$59,160** to nine establishments to-date
 - b. Swap: Increased Swap discount from 11.4% to 12.0%, generating **\$31,078** in savings
 - c. Swap: Eliminated future costs and risks associated with variable rate bond market and swap payments to Counter Party (conservatively estimated to have saved the Township **\$2.6 million**, documented)
 - e. 2004 Bond Refund: NPV savings of **\$2,013,920** or 14.198% of Refunded Principal
 - f. Contributed to the development of a dedicated OPEB Fund to begin the process of funding the long-term liability
 - g. Participate in the 2012 Audit process; Met with BOC to review issues; Recommend Acceptance of the Independent Auditor’s Report and Audited Financial Statements

Planning Working Group

- I. OPEB Funding Strategy
 - a. Review RATE Negotiation progress/ Items as they relate to OPEB / Pension project
 - b. Bill to ask PFM for a proposed approach to managing the OPEB trust funds.
 - c. Incorporate any OPEB funding strategy into five-year plan
 - d. Meet to agree on recommendation to BOC [June 4, 7pm, Township Bldg.]
 - e. Recommendation to BOC:
 - a. Submit written recommendation to CARFAC not later than Friday, June 14.
 - b. Review preliminary alternatives at June 19th CARFAC meeting and determine recommendation for BOC
 - c. Submit CARFAC recommendation to BOC by June 21.
 - d. BOC to review at special meeting on June 24
- II. Five Year Plan Updates
 - a. Bill is updating five-year plan spreadsheets
- III. Strategy for Bond Payments
 - a. This should be an item reviewed periodically for opportunities
- IV. Stakeholder Communications (a.k.a. “Citizen Centric Reporting”)
 - a. Research/publish the citizen-centric reporting approach – agree on theme, frequency and format – meet with web-site developer/consider e-mail strategy
 - b. Plan is to design the initial CCR for distribution at budget time. Thereafter we plan to publish twice per year.

**Radnor Township
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Operations Working Group

- I. Analyze Willows proposals (Administration recommendation, which included CARFAC’s work, was submitted to the BOC on June 6. BOC expected to review at the special meeting on June 24)
- II. Open Space / Ardrossan
 - a. Review Solicitor’s written description of Orphan Court procedures once we receive it.
 - b. Review Solicitor’s opinion on 29 year lease once we receive it.
- III. Open Space / Cresa Report
 - a. Review report and verify the Township’s cost to own property - Administration (Bob T.) to develop a matrix of all property by location, date acquired, acreage, cost, fair value, purpose, zoning and other notes. (Initial Draft Distributed by Bob T. on May 31)
 - b. Report back to the Board of Commissioners in 2013
- IV. Storm Water Strategy
 - a. No action items at this time
- V. Business Tax Discovery
 - a. CARFAC to send Bob comments on the MuniServices/Discovery Services proposal by May
 - b. Township to counteroffer 25% rather than 32% per proposal

Audit Working Group

- a. Issue CAFR by June 30, 2013 GFOA Deadline
- b. Financial Systems – consider framework for evaluation of software

Township Administration

- f. Reassess ADP as a vendor [4/17 meeting]
- g. Request Orphans Court process outline (from Solicitor) [4/17 meeting]
- h. Request Solicitor’s written opinion on 29 year lease option (from Solicitor) [4/17 meeting]
- i. Establish outline and deadline for Solicitor to “clean up” outstanding property items identified in the Cresa report (from Solicitor) [4/17 meeting]
- j. Add CARFAC to weekly Email of newsletters [4/17 meeting]
- k. Document need for Street Sweeper (PW Director) [3/20 meeting]

Citizens Audit Review & Financial Advisory Committee
May 15, 7:00 p.m.
Radnor Township Municipal Building
Administration Department, 2nd Floor
301 Iven Avenue, Wayne, PA 19087

DRAFT

Meeting Minutes

The meeting was called to order by the Chairman Mark Blair at 7:00pm. The meeting was attended by Laurent Chardonnet, Jerry Linden, Karl Bupp, Jim Bowes, Michael Antonoplos, Mark Blair, Joe Ellis, and Ed Caine. Leigh Gourmand had a scheduling conflict and was unable to attend. Township staff members present were Township Manager Robert Zienkowski, Assistant Finance Director Bob Tate, and Finance Director Bill White. Also in attendance were representatives Bruce Braunewell CPA and Nancy Gunza CPA from CliftonLarsonAllen LLP, the Independent Auditors to the Township. There were no members from the public present.

The Committee discussed the following items:

1. **Approval of Minutes:**
 - a. Public Meetings:
 - i. April 17, 2013 Meeting minutes – Approved 6-0 as written (Mr. Caine and Mr. Antonoplos were not in attendance for the vote)
2. **Audit: Presentation by CliftonLarsonAllen LLP:** The Auditors stepped through a presentation to the Committee that included various aspects of the engagement including the impact of new accounting standards, financial statement highlights, management letter review, required communication with governance, and remaining timetable (for the Opinion Letter and publication of the Financial Statements). During the presentation, the Committee and Auditors discussed some specific questions regarding information included in the draft financial statements as well as the auditing techniques used in the detection of fraud / misstatement.

At that point, the representatives from the Township's Management exited the meeting and CARFAC held an executive session with the Auditors to discuss matters pertaining to the audit.

At the conclusion of the executive session, the Township Management rejoined the meeting to discuss the remaining timetable. The next steps include Management completing the remaining items (MD&A, Transmittal, and Statistic Tables) by Friday May 17, 2013. That would allow CliftonLarsonAllen LLP to update and distribute final drafts by May 23, 2013, which will be sent out to the entire CARFAC for final review along with a draft of the Resolution being recommended to the Board of Commissioners. CARFAC then agreed to meet on Wednesday May 29, 2013 at 7:00pm to take a final vote on the Resolution for the Board of Commissions and accompanying Financial Statements.

Being no further discussion on the 2012 Audit and Financial Statements, the representatives from CliftonLarsonAllen LLP were excused from the remainder of the meeting.

3. Working Group Project Updates:

a. Planning Group:

- i. OPEB / Pension Funding: Jim Bowes highlighted that the working group met with The Township Management to review some preliminary numbers provided by Mockenhaupt that outlined several funding options. During that meeting, the Committee developed several other options and asked Mockenhaupt to run those variables and provide them back. The Committee has since planned two follow up meetings to review all of the information. The urgency of the meetings is based on the Commissioners desire to have some draft funding recommendations by the June 10th Board Meeting. The Committee then discussed the use of the OPEB trust and some investment strategies that should be considered. To that end, Bill White will get the financial advisor to provide a proposal / approach which CARFAC will take a look at prior to implementation.
- ii. Swap Termination / 2004 Bond Refunding: Bill White noted that the final approvals were executed by the Board of Commissioners on Monday May 13, 2013. He noted that he was going to send CARFAC updated actual numbers on the refunding, highlighting the comparisons between the two bond structures previously discussed by CARFAC.
- iii. Strategy for Bond Payments: Jerry Linden recommended they should look at working with the Township on establishing best practices for choosing future underwriters and the method of future bond sales to make sure that the Township is receiving the best pricing the market has to offer. There was no disagreement from other CARFAC members or the Township Administration.

b. Operations Group:

- i. Open Space / Willows Adaptive Reuse Proposal Analysis: The Working Group had met with representatives from the Township in a special meeting to review the two remaining proposals, and based on the facts as they existed at that time, were ready to recommend the Township move forward with the Conroy Catering proposal. However, the Committee had since learned that the recommendation was postponed by the Administration. CARFAC then held a discussion on why the delay occurred and what should be addressed in future negotiations with the two firms.
- ii. Open Space / Ardrossan / Cresa Report: Laurent Chardonnet noted that the Working Group held a special meeting to review these items and develop a plan moving forward. The take away's from that meeting were that (a) this information is needed sooner rather than later in the event that a decision becomes imminent from the Board on future purchases, and (b) that the Township Administration was going to prepare a table of all of the properties

along with certain facts such as purchase date, purchase purpose, price, updated value, and others.

Follow Up Items: Finance Director White was asked to follow up with the Solicitor and get (a) the Orphan's Court process outlined, (b) a written opinion on the 29 year lease issue, (c) a timeline / follow up report on the Cresa report's "clean up" items needed at the County level. CARFAC would like to see a specific time line and due date on when these items will be completed by the Solicitor.

- iii. Act 511 Discover Contract Proposal: Bob Tate reviewed the proposal from a 3rd party firm with the Committee. The Committee then provided some immediate feedback in terms of the price and processes included in the draft agreement. It was asked that any interested Committee member review the agreement and provide Management with their comments by Friday May 24, 2013.

4. **General Discussion:**

- a. **Citizen Centric Reporting:** Jerry Linden provided the Committee with some revised formatting options as well as a summary of the AGA's format and the GFOA's Popular Annual Financial Report (PAFR). Next, the Committee discussed the timing and associated content of the publication with two options to choose from: (1) Publish during the budget season and tie the information back to the budget and/or (2) Publish in conjunction of the release of the annual audit / CAFR. The Committee decided that doing both might be the best approach. The Committee also discussed what (if any) inclusion of CARFAC projects / items should be included in the report. That decision was left open to further review at future meetings.

5. **Public Participation:** No members from the public were present.

Being no further business, the meeting was adjourned at 9:48 p.m.

Citizens Audit Review & Financial Advisory Committee
June 10, 8:30 a.m.
Radnor Township Municipal Building
Administration Department, 2nd Floor
301 Iven Avenue, Wayne, PA 19087

DRAFT

Meeting Minutes

The meeting was called to order by the Chairman Mark Blair at 8:33 a.m. The meeting was attended by Jerry Linden, Karl Bupp, Jim Bowes, Mark Blair, Joe Ellis, and Ed Caine. Leigh Gourmand, Michael Antonoplos, and Laurent Chardonnet all had scheduling conflicts and were unable to attend. Township staff members present were Assistant Finance Director Bob Tate, and Finance Director Bill White.

The Committee discussed the following items:

1. **Review and Approval to Recommend to the Board of Commissioners the Passage of Resolution 2013-78:** After a short review of the Resolution, a motion was made by Mr. Caine and seconded by Mr. Ellis. The members present voted unanimously to approve the wording in Resolution 2013-78, recommending that the Board of Commissioners accept the Independent Auditor's Report and Audited Financial Statements.

Being no further business, the meeting was adjourned at 8:35 a.m.