

Citizens Audit Review & Financial Advisory Committee (CARFAC)
February 3, 2015 (to make up for the cancelled January 21st meeting)
5:00PM – Radnor Township Municipal Building, 2nd Floor, Administration Department

Agenda:

1. New Business
 - a. Vacancy Update (5 Min)
 - i. Welcome to Martin Heldring
 - ii. Update on the other vacant position
 - b. 2015 Bond Issuance Opportunities & Considerations (15 Min) (See attached)
 - c. 2014 Annual Report to Board of Commissioners (30 Min)
 - i. Finalize report for distribution (See attached)
 - ii. Discuss efficiency and effectiveness as a team and how to improve.
 - d. Stakeholders Report: (15 Min)
 - i. Update on content / timing
 - e. CARFAC priorities for 2015 (45 Min)
 - i. Assign projects to working groups
 - f. 2015 Meeting Schedule (5 Min)
 - i. (see attached)
 2. Old Business:
 - a. IT / Software Working Group Update (5 Min)
 - b. Comcast Agreement Update (1 Min)
 3. Public Participation
 4. Adjourn (the goal will be no later than 9:00PM)
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Attachments:

1. December 17 Meeting Minutes
2. PFM Report (January 15, 2015) Refunding Opportunities in 2015
3. Draft Annual Report to Board of Commissioners: 2015 Priorities and 2014 Accomplishments
4. 2012 and 2013 Annual reports to Board of Commissioners (for reference only)
5. 2015 Public Meeting Calendar (w/ CARFAC meetings included)

Citizens Audit Review & Financial Advisory Committee
December 17, 2014 7:00PM
Radnor Township Municipal Building
Finance Department, 2nd Floor
301 Iven Ave, Wayne, PA 19087

**** UNOFFICIAL – LACK OF QUORUM ****

Meeting Minutes

The meeting was called to order by Chairman Mark Blair at 7:12PM. The meeting was attended by CARFAC Committee members Mark Blair, Jeff Ruben, Joe Ellis and Carl Rosenfeld. Committee members Ed Caine, Jerry Linden and Michael Antonoplos had conflicts and were unable to attend. There are currently two vacant CARFAC seats. Township staff members present were Assistant Finance Director Bob Tate, and Finance Director Bill White. No members from the public were in attendance.

The Committee discussed the following items:

1. Old Business:

- a. Ardrossan Bond Discussion: Finance Director White provided the Committee with an update on various changes that occurred with the issue since the last time that CARFAC met. There were various issues with the land development submission to the state as well as timing issues with the adoption of the millage legislation that led the Township to restructure the bonds to make 2015 a principal only year. This was necessary since the millage for 2015 was eliminated, and therefore the 2015 payment needed to be as low as possible. All other recommendations made by CARFAC to the Board are still incorporated in the final numbers. The Township priced the bonds on 12/16 and is scheduled to close on the bonds on 12/22, which will allow the Township to close on the land acquisition on 12/23. *The final numbers are attached to these minutes for CARFAC's reference.*
- b. IT / Software Working Group: Chairman Blair provided the update in Mr. Linden's absence. The discussion consisted of updating the Committee on the progress with the three potential vendors (SunGard, New World Systems and Tyler Technologies). Mr. Blair noted that the work was progressing nicely having seen SunGard and New World System's software. The next steps include:
 - i. SunGard: *Schedule a conference call for early January* to explain what we need next from them, which is a presentation on the implementation plan and estimated pricing. The Administration will organize that call. Then, the Committee would like *SunGard to come on January 21st, ahead of the regular CARFAC meeting, to make their presentation.*
 - ii. New World Systems: The Administration will conduct a two-day business process review with New World in order to allow them to build a Radnor specific demonstration of their software. *This is scheduled for early February and we expect the results by early March.*
 - iii. Tyler Technologies: Mr. White suggested that we spend some time with Upper Merion prior to scheduling any meeting/demos to get a sense of current Tyler customer's opinions. Since Upper Merion is local, spending the time with them should help determine if Tyler should even be looked at. *The Administration is scheduling this meeting for January.*

The final item discussed was the completion of the Scope & Objectives document. *The Committee agreed that the working group should finalize the document ahead of the January 21st meeting. Then, the entire CARFAC could review and approve the Scope & Objectives at the January 21st meeting.*

- c. Audit Working Group: It was noted that Mr. Rosenfeld will be replacing Mr. Bupp on this working group moving forward. *Further, that the kick-off meeting was scheduled for Friday December 19th at 8:30 am.* Mr. Tate provided the Committee with an overview of the 2014 Audit Schedule noting that this year's plan was to advance the program to complete the CAFR a month earlier than prior years. *Attached for reference, is the proposed 2014 Audit Plan.*
 - d. Engineering Review Working Group: Chairman Blair updated the Committee on the status of the work completed in 2014, noting that the analysis was complete, but the final recommendation is still outstanding. Rather than completing the final recommendation at this time, given the requests of Commissioner Nagle at the October meeting, *this project will be re-engaged in 2015 to include an analysis on establishing service / performance metrics.*
 - e. Monetize Assets Working Group Update: In Mr. Antonoplos' absence, the Committee discussed how to get this project moved up the priority list with the Township and School District working together. To that end, *Chairman Blair will work with Mr. Antonoplos to engage the Commissioners on the best way to achieve this.* The Committee members and Administration agreed that this was necessary in order to get the support from the Administration's from each entity as well as their Boards.
 - f. Bio-Med Update: Mr. White provided the Committee with an update on the progress that the third party planner was making in developing a revised ordinance, accompanied by analysis regarding the impact on traffic and the financial aspects of the development direction. *Once the planner had a product to share, CARFAC will review specific to the financial impact to the Township and provide feedback to the Board.* The timeframe for this review was unknown at the time of this meeting.
2. New Business:
- a. Vacancy Updates: With the recent resignations of Mr. Bupp and Mr. Chardonnet, The Committee discussed the possibility of two individuals who expressed interest in being part of CARFAC. *Mr. White will reach out to the Board to find out if these two individuals have submitted resumes and where the Board is at with their appointments.* Chairman Blair expressed his interest in having these two members appointed ahead of CARFAC's January 21st meeting if possible.
 - b. Stakeholders Report: There were two aspects of this discussion as follows:
 - i. Year-End Update to the Board of Commissioners: *Chairman Blair and Mr. Ellis agreed to work together on drafting this memorandum* which contains an accounting of the Committee's 2014 accomplishments as well as their 2015 priorities. No specific timetable for completion was discussed.

- ii. Stakeholders Report: *Mr. White agreed to update the prior year's report with updated data. He will have this completed by the January 21st meeting.* From their CARFAC will review, amend, and finalize as necessary. The goal will be to complete the report as quickly into the new year as practical.

- c. Recap on CARFAC Priorities for 2015: Chairman Blair stepped through the priorities discussed at the October 15th CARFAC meeting with Commissioners Schaefer, Nagle and Booker present. Each priority was briefly discussed and summarized as follows:
 - i. Monetizing Assets: As touched on earlier, *this will remain a project for 2015* with the needed priority provided by the Board of Commissioners to ensure progress is made and to ensure that support from the Board will be provided. The specific properties identified included the Township Building, the Public Works Building and the North Wayne Parking Lot/ Senior Center.
 - ii. Engineering Service Delivery: As touched on earlier, *this will remain a project for 2015* with the added element of addressing the service delivery in a "business like" manner. To that end, the analysis will include certain performance metrics.
 - iii. IT Software: It was noted that *this project continues to progress and will continue to do so through completion.*
 - iv. Pension Analysis: CARFAC will look specifically at legality and financial impact of including the leave time lump sum payments in the police officers' pension. Further, CARFAC will re-analyze the assumption provisions added in the 2011 actuarial update, to include the police "bump-up" of 20% to determine if these should continue to be funded. *This will be a 2015 project.*
 - v. Full-Time Staff Reduction: CARFAC discussed that it will work with Administration to review Commissioner Booker's request to include a staffing analysis, historical look at staffing levels, past budget impacts, and whatever else would be important to provide the Board with a summary / recommendation. *This will be a 2015 project.*
 - vi. Public-Private Partnerships: It was agreed by the CARFAC members that this would *be on a case-by-case basis*; that CARFAC would review any potential agreements and provide a recommendation to the Board as needed.
 - vii. Capital Program: It was discussed that CARFAC should take a look at the global capital program with the Administration and provide input and recommendations as deemed necessary. *This will be a 2015 project.*

- d. 2015 Meeting Schedule: Chairman Blair asked the Committee members to *review the proposed meeting dates and indicate if there are any significant conflicts* that we should be aware of. Committee members are asked to bring those to his attention by the January 21st meeting. *For reference, the Board approved meeting schedule is attached to these minutes.*

- e. Comcast Agreement: Mr. White provided a high level review of what the agreement entails. *The Committee agreed that at the January 21st meeting, Mr. White will provide a summary to CARFAC analyzing the impact of the agreement on the Township's finances.*

- f. Moody's Upgrade to "AAA": The Committee discussed the process by which the township could be considered for an upgrade. It was agreed that PFM, the appointed Financial Advisor for the Township should participate at a future meeting where this topic is discussed in more detail. No timetable was discussed, but if the Township should proceed with the refunding of the 2009 bonds in early 2015, this should be part of the discussion.
3. Public Participation: None
4. Adjourn: Being no further business, Chairman Blair moved to adjourn at 9:10 PM.

Township of Radnor



2015 Bond Issuance Opportunities & Considerations

January 15, 2015

Potential 2015 Bond Issuances

- The Township currently has two outstanding bond series that are callable in 2015.

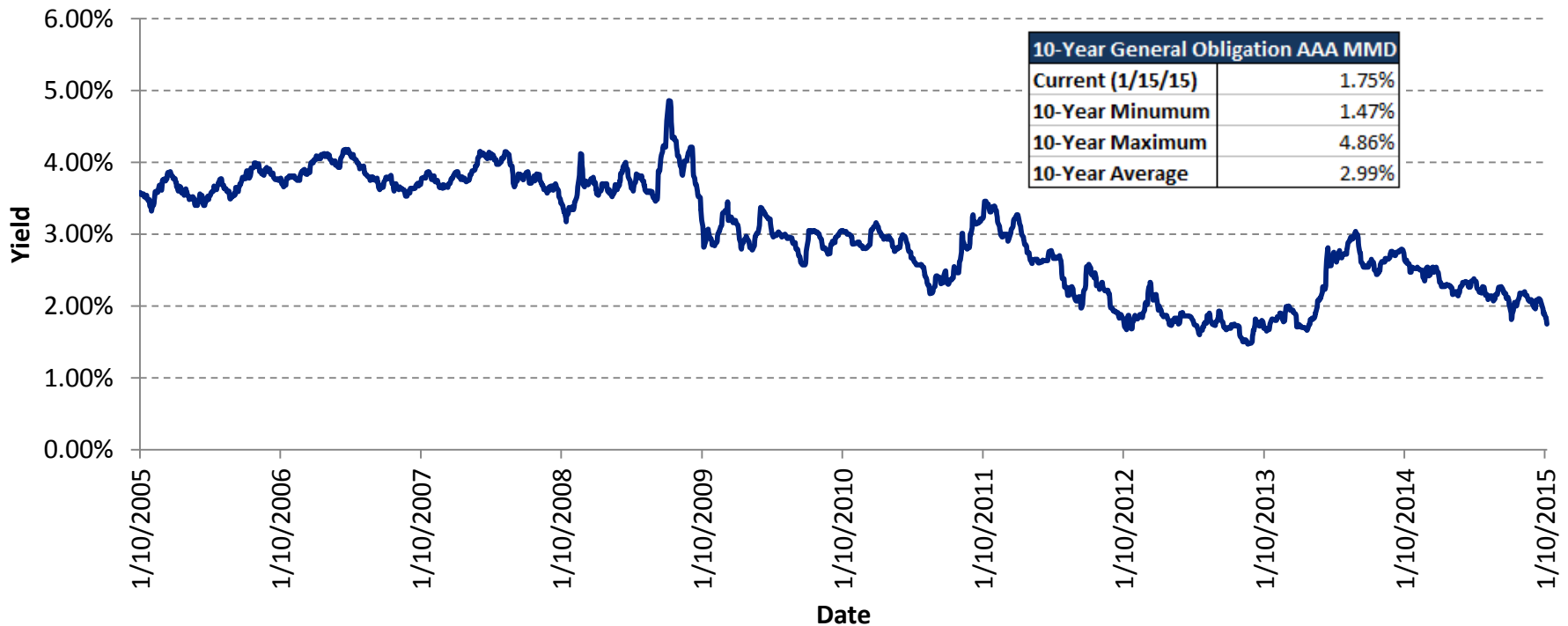
Radnor Township 2015 Callable Series		
	Series of 2009	Series of 2010
Outstanding Par	5,425,000	7,390,000
Next maturity	11/1/2015	6/15/2015
Final maturity	11/1/2026	6/15/2024
First call date	5/1/2015	12/15/2015
Earliest current refunding date	2/2/2015	9/16/2015
Bank Qualified status	Yes	Yes

- The Township may also consider funding current / upcoming capital needs with a new money bond issuance in 2015.

Interest Rates Remain Low

- Tax-exempt municipal borrowing rates remain at near-historic low levels which creates opportunities for refundings and attractive borrowing levels for new money debt.

10-Year General Obligation AAA MMD



Refunding Opportunity – Series of 2009 Bonds

- The Series of 2009 Bonds may be currently refunded beginning on February 2, 2015 (90 days prior to 5/1/2015 call date).
- The refunding bonds may be “deemed designated”, largely preserving the Township’s BQ capacity in 2015.
- Based on current market rates (1/15/2015), this refunding generates \$344,468 (6.35%) of NPV savings (approximately \$28,706 per year, net of issuance costs).
- Borrowing rates must *increase* by more than 61 basis points (uniformly, across the curve) for the NPV savings level to fall below 3.0%.

Radnor Refunding Statistics Series of 2009	
Description	Series of 2009 Refunding
Par Amount Refunded	\$ 5,455,000
Par Amount Issued	\$ 5,455,000
Premium/Discount	\$ 138,221
Bond Proceeds	\$ 5,593,221
Average Annual Debt Service	\$ 530,024
Total Gross Savings	\$ 383,743
Percentage Savings of Refunded Bonds	6.35%
Net PV Savings	\$ 344,468
Savings per Year (net of issuance costs)	\$ 28,706
All-In TIC	2.11%
Refunded Bonds' Weighted Average Maturity	5.96 yrs.
Refunding Bonds' Weighted Average Maturity	5.84 yrs.

Refunding Opportunity – Series of 2010 Bonds

- The Series of 2010 Bonds may be currently refunded beginning on September 16, 2015 (90 days prior to 12/15/2015 call date).
- The refunding bonds may be “deemed designated”, preserving the Township’s BQ capacity in 2015.
- Based on current market rates (1/15/2015), this refunding generates \$181,998 (3.41%) of NPV savings (approximately \$20,222 per year, net of issuance costs).
- Borrowing rates must *increase* by more than 11 basis points (uniformly, across the curve) for the NPV savings level to fall below 3.0%.

Radnor Refunding Statistics Series of 2010	
Description	Series of 2010 Refunding
Par Amount Refunded	\$ 5,330,000
Par Amount Issued	\$ 5,250,000
Premium/Discount	\$ 156,808
Bond Proceeds	\$ 5,406,808
Average Annual Debt Service	\$ 655,540
Total Gross Savings	\$ 198,014
Percentage Savings of Refunded Bonds	3.41%
Net PV Savings	\$ 181,998
Savings per Year (net of issuance costs)	\$ 20,222
All-In TIC	1.85%
Refunded Bonds' Weighted Average Maturity	4.09 yrs.
Refunding Bonds' Weighted Average Maturity	4.09 yrs.

Bank Qualified Status

- Bank Qualified (“BQ”) bonds are bonds issued by “qualified small issuers” (\$10 million or less bonds issued per calendar year) that provide tax benefits to financial institutions that hold them.
 - BQ bonds often provide pricing benefits (lower borrowing rates) and allow for the use of a shorter first call date than non-BQ bonds (5 years vs. 8 years).
- After consultation with bond counsel and review of the Series of 2009 and Series of 2010 bonds, refundings of both of these series may be “deemed designated,” preserving the majority of the Township’s \$10 million of Bank Qualified bonds for 2015.
 - Deemed designated refundings must meet several criteria:
 - No extension of debt (refunding bonds vs. refunded bonds)
 - Final maturity of refunding may not exceed 30 years from original (refunded bonds’) issuance date
 - Par-to-par restriction – any amount issued over the refunded par amount will count towards BQ limits (i.e.; additional bonds issued to fund costs of issuance)

Potential New Money Issuance

- Due to the “deemed designated” status of the refunding issuances, the Township may issue up to \$10 million of Bank Qualified bonds in 2015, potentially resulting in lower borrowing costs and allowing for a shorter (5 years) call option.
- Should the Township choose to fund current or upcoming capital needs with a New Money issuance, there are several issuance timing options available:
 - Include the new money bonds as part of the refunding of the Series of 2009 bonds in early 2015.
 - Include the new money bonds as part of the refunding of the Series of 2010 bonds in late 2015.
 - Should the Series of 2010 refunding not present a sufficient savings opportunity due to the interest rate environment, or if the funding needs are more immediate than the early Fall, the Township may also issue the new money bonds as a stand alone issuance.

Bond Sale Method

Competitive & Negotiated Sales

- 1) Competitive Sale - Typically stronger credits with straightforward security features are sold via PFM's internet auction website www.pfmauction.com
 - National and local investment banks bid on bonds based on lowest True Interest Cost (combination of interest rates, commission and use of bond insurance)
 - 2 minute rule extensions, multiple bids, live auction viewing

- 2) RFP Hybrid Sale - In order to mitigate potential volatility associated with changing market conditions, weaker credits, or complex security, issuers may also use a hybrid competitive RFP process
 - Issue RFP to a select set of regional investment banks asking for proposed interest rates (based on a relative basis to the Municipal Market Data "MMD" tax-exempt index) and investment bank commission
 - Select winner based on lowest True Interest Cost
 - Price bonds with winning bidder, requiring the same "spread to MMD" at time of proposal

- 3) Negotiated Sale – Negotiated sales are executed by a pre-selected underwriter who will structure, pre-market, sell, and typically underwrite, as needed, the bonds. PFM represents the sole interests of the issuer through this process through advising and negotiating:
 - Bond Structure
 - Documentation and rating agency process
 - Proposed interest rates
 - Investment bank commissions
 - Call date provisions

Competitive vs. Negotiated



Comparison of Sale Methods

Competitive Sale	Negotiated Sale
Strong credits, straightforward security profile	All credits
Wider range of investment bank compensation	More consistent investment bank compensation
Transparent – lowest TIC (all-in cost) wins	Reliance on comparables & other market data to achieve fair pricing
Targets institutional investors exclusively	Can target investors, influence distribution of bonds
Flexibility for timing, structuring	Maximum flexibility for timing, structuring
Effective during periods of market stability	Effective during periods of market volatility
Tax-exempt bonds, some taxable & AMT bonds	Tax-exempt, taxable & AMT bonds
New money & refundings	New money & refundings

Sale Type Considerations

- All three sale methods outlined previously (Competitive, Hybrid & Negotiated) have certain benefits in the various interest rate markets we have been experiencing since the financial collapse of 2008.
- At the end of the day, the Township should select the method that they feel most comfortable with – whether that is based on historical relationships or the desire to move in a different direction.
- Given the strong credit nature of the Township and the characteristics of the contemplated issuances, the Township's issuance would fare well in either category of sale; competitive or negotiated.
- **Regardless of the sale type selected by the Township, PFM stands ready to ensure that the Township receives favorable transaction terms at the time of pricing.**

To: Radnor Township Board of Commissioners Finance Committee
From: Citizens Audit Review & Financial Advisory Committee ("CARFAC")
Date: January 21, 2015
Re: Review of 2015 priorities

Elaine Schaefer, John Nagle and Rich Booker joined CARFAC for its October 15, 2014 monthly meeting. Bob Zienkowski, Bill White and Bob Tate were also present. After hearing from the Board and the Township Administration, CARFAC views the following as its priorities for 2015:

CARFAC's view of its priorities for 2015:

- 1) Planning & Budgeting
 - a. Review the Township's pension liability, with emphasis on the legality and financial impact of "pension spiking." This analysis will look at the impact of modifying this practice as it relates to the potential reduction or elimination of the 20% bump-up assumption in the actuarial report.
 - b. Conduct a comprehensive review of the Township's current capital program, with the goal of providing recommendations on program funding, execution, forecasting and any other aspects as it relates to Township finances.
 - c. Review unfunded liabilities on an on-going basis; report back to the Board at least annually.
 - d. Continue to update, refine and design additional approaches to using the five-year planning model for the benefit of the Township.
 - e. As requested by the Township Manager, participate in reviewing public-private partnership possibilities on a case-by-case basis.
- 2) Audit
 - a. Oversee the Audit plan and process; interact with the public accounting firm's staff.
 - b. Continue to work with staff and auditors to identify and address any material weaknesses and/or significant deficiencies that may be discovered as part of the audit process.
 - c. Continue to work with staff to improve financial controls and processes.
- 3) Operations
 - a. Continue to drive the design and implementation planning of an information technology (IT) solution for the Township, with a projected completion of January 1, 2016.
 - b. Continue to work with Township Administration and the Board to recommend and move forward with an approach to monetize certain Township assets.
 - c. Reopen our 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.
 - d. 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.

CARFAC’s view of its accomplishments in 2014:

1) Planning & Budgeting

- a. Recommended adoption of revised Fund Balance and Nonrecurring Revenue Policies as part of the Board’s prescribed priority to recommend the treatment of one-time revenue. The impact of CARFAC’s recommendations is greater financial stability during times when business tax revenue is strongest by establishing up to an additional 10% of expenditures in a rainy day fund.
- b. Maintained on-going review of unfunded liabilities.
- c. Continued to update and refine the five-year planning model, a vital lens through which to anticipate the effects of different strategies.

2) Audit

- a. Participated in the 2013 Audit process; met with the Board to review issues; recommended acceptance of the Independent Auditor’s Report and Audited Financial Statements.
- b. Assisted staff in continuing to reduce the number of Material Weaknesses, Significant Deficiencies and Other Deficiencies in Township financial controls and procedures identified by the outside Auditor:

	2008	2009	2010	2011	2012	2013
Material	11	10	6	1 *	0	0
Significant	4	3	4	0 *	0	0
Other	18	14	17	9 *	2**	3
Total	33	27	27	10	2*	3

* For 2011, seven of the Management Letter comments were addressed in 2011, but still included in the Auditor’s letter. ** For 2012, two of the Management Letter comments were addressed in 2012 but still included in the Auditor’s letter. This table reflects the total comments after those items were removed.

- c. Reported Comprehensive Annual Financial Report (“CAFR”) in a timely manner. The 2013 CAFR was recognized the Government Finance Officers Association (“GFOA”) by receiving their Certificate of Achievement for Excellence in Financial Reporting. This is the third year in a row that the Township has earned this award (2011 - 2013).

3) Operations

- a. Delivered state grants, through Rep. Bill Adolph, totaling \$254,325 for the Clem Macrone Park Master Plan and the Wayne Senior Center.
- b. Recommended an Act 511 Discovery program, approved in 2013 and enacted in 2014, which enhanced net business privilege and mercantile tax revenues by \$136,560 during calendar year 2014.
- c. Recommended an Open Space purchase funding strategy that will save taxpayers roughly \$387,000 over the life of the bonds used to finance the Ardrossan purchase and which permit the borrowing to be ‘bank qualified,” thereby enabling the Township to refinance the bonds in five years rather than ten, if market conditions are favorable.
- d. Began the design and implementation planning of an IT solution for the Township.
- e. Collaborated with the Township Administration and the Board on the initial conversations to design an approach to select and monetize unused or underutilized township assets, and those assets that provide exceptional opportunities to improve the Township’s financial condition.

To: Radnor Township Board of Commissioners Finance Committee
From: Citizens Audit Review & Financial Advisory Committee ("CARFAC")
Date: November 14, 2012
Re: Conversation to discuss 2013 priorities

We'd like to discuss how to be of greatest service to the Board of Commissioners and our citizens in 2013. We request a meeting with the Board's Finance Committee Dec. 5, 2012 at 7:00pm. All Commissioners are welcome.

CARFAC's view of its priorities for 2013:

- 1) Planning & Budgeting
 - a. Continue to work to understand the Pension and Other Post-Employment Benefits ("OPEB") liabilities and educate residents and staff.
 - b. Provide input to Township staff on possible resolution strategies.
 - c. Continue to update and refine the five-year planning model.
 - d. Assist Township staff in development of its 2014 strategic plan.
 - e. Analyze the Swaption.
- 2) Audit
 - a. Continue to work with staff to eliminate Material Weaknesses and Significant Deficiencies while reducing Deficiencies identified by the auditors.
 - b. Continue to work with staff to improve financial controls and processes.
- 3) Operations
 - a. Continue to work with staff on ways to streamline and enhance financial operations at the Township to improve service and reduce costs.
 - b. Assist in the specification, selection and implementation of a new financial system for the township.
 - c. Work with Township staff to enhance, refine and add to the accounting policy and procedure manual.
 - d. Provide analysis of the revenues and costs of the Township's open space.

CARFAC's view of its accomplishments since inception in 2011:

- 1) Planning & Budgeting
 - a. Worked with Township Staff to develop a five-year operating and capital planning model for Radnor Township.
 - b. Worked with Township staff and outside advisors to develop a comprehensive understanding of the township's pension and OPEB liabilities. Our report included quantified action steps to be considered to help address an out-of-market benefit structure and reduce the long-term liability. More immediately, during this project, we discovered that the health care trust in which the Township participates was overcharging the Township for retiree healthcare due to misinformation regarding the treatment of Medicare-eligible retirees. Consequently, the Township's monthly medical insurance decreased by \$11,000. This will result in on-going annual savings of about \$132,000.
 - c. Met with Township department heads for in-depth 2013 budget reviews. These conversations produced a budgetary reduction of \$369,685 as compared with initial department requests.

2) Audit

- a. Assisted staff in significantly reducing the number of Material Weaknesses, Significant Deficiencies and Other Deficiencies in Township financial controls and procedures identified by the outside Auditor:

	2008	2009	2010	2011
Material	11	10	6	2 *
Significant	4	3	4	1 *
Other	18	14	17	14 *
Total	33	27	27	17

* For 2011, several of the Management Letter comments were addressed in 2011, but still included in the Auditor's letter. The following table reflects the total comments after those items are removed:

	2011		
	Noted in Letter	Addressed in 2011	Net Outstanding Matters
Material	2	1	1
Significant	1	1	0
Other	14	5	9
Total	17	7	10

- b. Worked with Township Staff to reduce annual audit fees by \$9,828 or 8.2% during the next three years (2012-2014) through improved audit coordination and preparation.
- c. Worked with Township staff to complete the 2011 Comprehensive Annual Financial Report ("CAFR") in a timely manner. The 2011 CAFR was submitted to the Government Finance Officers Association ("GFOA") for consideration for the Certificate of Achievement for Excellence in Financial Reporting. Radnor Township last earned this distinction in 2007.

3) Financial Operations

- a. Reviewed and assisted in the revision of Township collection and audit procedures for Business Privilege Tax and Mercantile Tax returns. This review assisted in the drafting of revised legislation that will streamline the collection process by combining the annual license and return into one filing. It will also significantly improve the Township's ability to quickly and accurately audit Mercantile Tax returns.
- b. Assisted in the design and development of the Voluntary Contribution Payment for Services program by researching alternative tax programs in use by other municipalities.
- c. Reviewed information regarding certain transactions and items in 2012 including:
- i. 2009 Bond Refunding process
 - ii. Biennial Auditor General audit of the Township's pensions
 - iii. Radnor Township Swaption and 2007-2009 Strategic Plans

To: Radnor Township Board of Commissioners Finance Committee
From: Citizens Audit Review & Financial Advisory Committee ("CARFAC")
Date: February 25, 2014
Re: Review of 2014 priorities

Our thanks to Commissioners Elaine Schaefer, John Nagle and Jim Higgins for meeting with us on January 15. Later in the evening we met with Bob Zienkowski, Bill White and Bob Tate. After hearing from the Board and the Township Manager, CARFAC views the following as its priorities for 2014:

CARFAC's view of its priorities for 2014:

- 1) Planning & Budgeting
 - a. Recommend treatment of one-time revenue receipts.
 - b. Review unfunded liabilities on an on-going basis; report back to the Board at least annually.
 - c. Continue to update and refine the five-year planning model.
 - d. Develop a long-term and strategic business approach to how the Township operates to include potential policy recommendations on public/private partnerships and economic development.
- 2) Audit
 - a. Oversee the Audit plan and process.
 - b. Interact with the Township's public accounting firm's partner(s) and staff.
 - c. Continue to work with Township administrative staff to improve financial controls and processes.
- 3) Operations
 - a. Prepare debt service analysis as it relates to Ardrossan and opportunities for refunding current outstanding debt series.
 - b. Recommend approach to providing engineering services to the Township: Hire in-house engineer, rely on third party firm (either in a consultant capacity or through full-time office hours), or some other approach.
 - c. Recommend an approach to monetize certain Township assets.
 - d. Assist in the design and implementation planning of an enterprise information technology solution for the Township.

CARFAC's view of its accomplishments in 2013:

- 1) Planning & Budgeting
 - a. Advocated termination of the Swaption agreement. Increased Swap discount from 11.4% to 12.0%, generating savings of \$31,078. Termination eliminated future costs and risks estimated to have saved the Township \$2.6 million.
 - b. Contributed to the development of an OPEB funding plan aimed at dedicating annual resources to be invested to fund this liability over a forty-year horizon, beginning in 2014.
 - c. Assisted in the allocation of the \$8.0 million Business Privilege Tax settlement. This allowed the Township to make a material contribution to its unfunded liabilities, fund its 2014 capital program, reduce the initial storm water fee, and provide the Township with funds to proceed with the parking kiosk and enterprise resource planning software projects.

- d. Reviewed and provided input on the collective bargaining agreements building upon the recommendations in CARFAC's Pension and OPEB report to the Board of Commissioners.
- e. Participated in the update to the five year forecast as part of the 2014 budget process. Improvements to the forecast included refined pension forecasts, inclusion of the OPEB funding plan, and calculations for the net revenue from the Ardrossan development.

2) Audit

- a. Participated in the 2012 Audit process; met with BOC to review issues; recommended acceptance of the Independent Auditor's Report and Audited Financial Statements.
- b. Assisted staff in significantly reducing the number of Material Weaknesses, Significant Deficiencies and Other Deficiencies in Township financial controls and procedures identified by the outside Auditor:

	2009	2010	2011	2012
Material	10	6	1 *	0
Significant	3	4	0 *	0
Other	14	17	9 *	2**
Total	27	27	10	2

* For 2011, seven of the Management Letter comments were addressed in 2011, but still included in the Auditor's letter. This table reflects the total comments after those items were removed.

** For 2012, four of the Management Letter comments were addressed in 2012, but still included in the Auditor's letter. This table reflects the total comments after those items were removed.

- c. Reported ("CAFR") in a timely manner. The 2012 CAFR was submitted to the Government Finance Officers Association ("GFOA") for consideration for the Certificate of Achievement for Excellence in Financial Reporting. Radnor Township last earned this distinction for the year ended December 31, 2011.

3) Operations

- a. Identified and followed through on \$59,160 in Mercantile Tax refunds to nine Township business establishments.
- b. Advocated a 2004 Bond Refund. This resulted in a net present value savings of \$2.0 million, or 14.2% of refunded principal.
- c. Reviewed and ultimately recommended proceeding with a third party Act 511 Tax Discovery firm to aid in administrating compliance with business tax laws. This contract was approved by the BOC October 14, 2013.
- d. Met with Township department heads for in-depth 2014 budget reviews. Recommended revenue assumptions and expense/capital reductions that assisted in the delivery of a budget with no real estate tax increase.
- e. Satisfied CARFAC's responsibilities with regard to the Phase II Open Space Policy review of the financial questions posed in the Township's Open Space Policy as it pertains to the purchase of 70+ acres at Ardrossan. Recommended a second, independent appraisal which provided confirmation of the initial appraisal amount.

**Radnor Township
2015 MEETING DATES**

JANUARY

7	HARB
5	Board of Commissioners Reorganization
12	Board of Commissioners
6	Planning Commission - TUESDAY
14	Design Review Board
8	Parks & Recreation Board
21	Citizens Communications Council
21	CARFAC
15	Zoning Hearing Board
28	Shade Tree Commission
22	Environmental Advisory Council
20	Board of Health - TUESDAY
26	Board of Commissioners
8	Stormwater Advisory Committee

FEBRUARY

2	Planning Commission
4	HARB
9	Board of Commissioners
11	Design Review Board
12	Parks & Recreation Board
18	CARFAC
19	Zoning Hearing Board
17	Board of Health
23	Board of Commissioners
25	Shade Tree Commission
26	Environmental Advisory Council
12	Stormwater Advisory Committee

MARCH

2	Planning Commission
4	HARB
9	Board of Commissioners
11	Design Review Board
12	Parks & Recreation Board
16	Board of Health
18	CARFAC
19	Zoning Hearing Board
23	Board of Commissioners
25	Shade Tree Commission
26	Environmental Advisory Council
12	Stormwater Advisory Committee

APRIL

1	HARB
13	Board of Commissioners
6	Planning Commission
8	Design Review Board
9	Parks & Recreation Board
15	Citizens Communications Council
15	CARFAC
16	Zoning Hearing Board
20	Board of Health
22	Shade Tree Commission
23	Environmental Advisory Comm
27	Board of Commissioners
9	Stormwater Advisory Committee

MAY

4	Planning Commission
6	HARB
14	Parks & Recreation Board
11	Board of Commissioners
13	Design Review Board
21	Zoning Hearing Board
18	Board of Health
18	Board of Commissioners
20	CARFAC
28	Environmental Advisory Council
27	Shade Tree Commission
14	Stormwater Advisory Committee

JUNE

1	Planning Commission
3	HARB
15	Board of Commissioners
10	Design Review Board
11	Parks & Recreation Board
15	Board of Health
17	CARFAC
18	Zoning Hearing Board
24	Shade Tree Commission
25	Environmental Advisory Council
11	Stormwater Advisory Committee
17	

JULY

1	HARB
6	Planning Commission
8	Design Review Board
9	Parks & Recreation
13	Board of Commissioners
20	Board of Health
15	Citizens Communications Council
15	CARFAC CARFAC will move to July 8th
16	Zoning Hearing Board
22	Shade Tree Commission
23	Environmental Advisory Council
9	Stormwater Advisory Committee

AUGUST

3	Planning Commission
5	HARB
17	Board of Commissioners
12	Design Review Board
26	Shade Tree Commission
27	Environmental Advisory Council
13	Stormwater Advisory Committee

SEPTEMBER

8	Planning Commission - TUESDAY
2	HARB
14	Board of Commissioners
9	Design Review Board
10	Parks & Recreation Board
21	Board of Health
16	CARFAC
17	Zoning Hearing Board
28	Board of Commissioners
23	Shade Tree Commission
24	Environmental Advisory Comm
10	Stormwater Advisory Committee

OCTOBER

7	HARB
5	Planning Commission
14	Design Review Board
8	Parks & Recreation Board
12	Board of Commissioners
21	Citizens Communication Council
21	CARFAC
15	Zoning Hearing Board
19	Board of Health
28	Shade Tree Commission
22	Environmental Advisory Council
26	Board of Commissioners
8	Stormwater Advisory Committee

NOVEMBER

2	Planning Commission
4	HARB
9	Board of Commissioners
11	Design Review Board
12	Parks & Recreation Board
16	Board of Health
18	CARFAC
19	Zoning Hearing Board
23	Board of Commissioners
12	Stormwater Advisory Committee
17	Environmental Advisory Council

DECEMBER

7	Planning Commission
1	Shade Tree Commission
2	HARB
14	Board of Commissioners
9	Design Review Board
16	CARFAC
10	Parks & Recreation Board
21	Board of Health
21	Board of Commissioners
17	Zoning Hearing Board
10	Stormwater Advisory Committee

MEETING TIMES

5:00 PM

Board of Health

6:00 PM

Executive Session - Board of Commissioners
Design Review Board
Environmental Advisory Council

6:30 PM

Board of Commissioners
Citizens Communications Council
Parks & Recreation Board
Garrett Hill Implementation Committee
Shade Tree Commission

7:00 PM

HARB
Planning Commission
CARFAC (Finance Conference Room)

7:30 PM

Board of Commissioners Reorganization meeting - January 5, 2015
Zoning Hearing Board

APPROVED December 15, 2014

