

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