

**To:** Radnor Township Board of Commissioners Finance Committee  
**From:** Citizens Audit Review & Financial Advisory Committee ("CARFAC")  
**Date:** February 27, 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. Prepare a financial analysis pertaining to the BioMed redevelopment site. The analysis will highlight the financial impact that the redevelopment would have on the Township's long-term forecast (to include quality of life / traffic impact as well)
  - b. Review the Township's unfunded liabilities on an on-going basis. Additionally, in 2015, conduct a review of 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.
  - c. Continue to update, refine and design additional approaches to using the five-year planning model. At the same time, conduct a comprehensive review of the Township's current capital program, with the goal of providing recommendations on program funding, execution, and how the capital plan incorporates into the Township's long-term forecasting model.
  - d. 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 real 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) Stakeholder’s Financial Summary Report: One of the Committee’s primary goals is to help educate the Board of Commissioners and Residents on the financial position of the Township. That being the case, CARFAC developed the first ever “Stakeholder’s Financial Summary” report that was published in March 2014. This was a pioneering effort aimed at bringing awareness and transparency to the Township’s finances.
- 2) 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.
- 3) 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        |
| <b>Total</b> | <b>33</b> | <b>27</b> | <b>27</b> | <b>10</b> | <b>2</b> | <b>3</b> |

\* 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).
- 4) 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.