Finance Committee Meeting June 15, 2023

The stated meeting of the Finance Committee of the Board of Commissioners of the Township of Abington was held via webinar on Thursday, June 15, 2023 with Chairman Commissioner Winegrad presiding.

CALL TO ORDER: 7:01 p.m.

PRESENT: Committee Members: Commissioners Chairman WINEGRAD Vice Chairwoman CARSWELL, VAHEY, BOLE, SPIEGELMAN

OTHERS: Finance Director Hermann
Township Manager Manfredi
Manager of Financial Services Embery
Director of Emergency Management McAneney
Deputy Chief Porter
Fire Marshal Platz

CONSIDER APPROVAL OF MINUTES:

Commissioner Winegrad made a MOTION, seconded by Commissioner Spiegelman to approve Finance Committee Meeting minutes from May 18, 2023.

MOTION was ADOPTED 5-0.

UNFINISHED BUSINESS: None.

NEW BUSINESS:

Item FC-01-071323:

Commissioner Winegrad made a MOTION, seconded by Commissioner Carswell to approve the May 2023 expenditures in the amount of $3,143,700.60 and salaries and wages in the amount of $2,136,038.61 and authorize the proper officials to sign and approve invoices and supporting documentation in payment of bills and contracts as they mature through the month of August 2023.

Commissioner Winegrad asked for a separate report on statement of conditions for ARPA funds.

Ms. Hermann replied the dashboard includes ARPA expenditures; however, a separate report will be provided.

Commissioner Winegrad asked for any comments from Commissioners. There were none.

Commissioner Winegrad asked for any public comment. There was none.

MOTION was ADOPTED 5-0.

Preliminary 2022 Audit Results - Barbacane, Thornton & Company:

Mr. Edmund Fosu-Laryea noted that auditing standards are generally accepted in the U.S. Government Auditing Standards and the audit was conducted to obtain reasonable assurance about whether the financial statements were fairly presented in accordance with the applicable basis of accounting, and there were no significant deficiencies or material weaknesses in the internal controls over financial reporting or noncompliance. The audit included ARPA and CDBG funds and the Township met the requirements of a low-risk auditee.

Audit process included procedures designed to target areas of greater risk such as inquiries of individuals of various levels of Township staff, management, and Board; documentation of the Township's internal controls and analytical procedures; and review of minutes, contracts, and agreements.

Fund Balance results were presented. General fund budget results showed that revenues exceeded budget by $5.5 million with some line items realizing higher revenues such as property taxes, earned income taxes, and interest/dividends; expenditures were under budget by $2.1 million resulting in an increase in fund balance of $6.8 million.

Commissioner Vahey clarified that the fund balance is equivalent to equity in the for-profits audit. Is that correct?

Mr. Fosu-Laryea replied yes.

Commissioner Winegrad clarified that the fund balance of $6.8 million is actual revenue over actual expenditures. Is that correct?

Mr. Fosu-Laryea replied that is correct.

Ms. Hermann added that the annual comprehensive financial report will contain data on why there were increased revenues as well as why expenditures were under budget, which is often related to personnel.

Pension Plans –

As of December 31, 2022, the Police Pension Plan was funded at 75.37% resulting in a net pension liability of $22.7 million. Non-Uniformed Pension Plan was funded at 79.94% resulting in a net pension liability of $14.8 million. The Township made all required payments related to the pensions.

OPEB Liability –

As of December 31, 2022, the OPEB plan was funded at 116% resulting in a net OPEB asset of $3.8 million.

In addition to a financial statement audit, the Township is required to have a single audit under requirements of the Office of Management and Budget's Uniform Grant Guidance 2022. A single audit is required when federal expenditures equal or exceed $750,000 in a fiscal year. A single audit is a separate audit that reviews the Township's compliance with federal regulations regarding the use of federal funds and the entity's internal controls over compliance.

There were no disagreements with management or difficulties incurred during the audit process and there was cooperation from management and staff members.

Commissioner Winegrad asked for any other comments from Commissioners.

Commissioner Vahey questioned whether this is the first time the Township had significant federal fund expenditures to require a single audit.

Mr. Fosu-Laryea replied no, the Township had a single audit for several years as part of the process.

Commissioner Winegrad asked if a single audit is triggered by expenditures or the receipt of federal funds.

Mr. Fosu-Laryea replied it was triggered by expenditures, and there were no deficiencies with internal controls or material noncompliance. The audit will be finalized by the end of the month.

<u>Presentation of the Abington Township Fire Department's Five-Year Capital Plan:</u>

Mr. McAneney reported that the ATFD is comprised of five all-volunteer fire companies serving the Township for over 100 years. Currently, there are 231 members with approximately 125 active firefighters who respond to 1,707 annual calls for service per day, 365 days a year, equating to an average of 22,064 hours of volunteer service per year and 60.5 volunteer hours per day.

We are the only all-volunteer fire department who has received accreditation for public safety excellence and one of the requirements is to have an updated strategic plan, which was finalized and presented to the Strategic Plan Committee of the Board of Commissioners this past week.

Commissioner Vahey commented that previously a claim was made by a resident that our fire department borrows services from paid firefighters from another municipality, and he asked Mr. McAneney to clarify.

Mr. McAneney explained that fire departments in Pennsylvania work under a mutual aid system where if a call comes in from a location along the border of the Township, we want the closest fire company to respond regardless of the name on the side of the truck. On the Township's northern border is Upper Moreland Township who has a paid crew, so if there is a fire or rescue call close to that border, they are called along with the ATFD to assist, and we go to Upper Moreland to assist them as well. ATFD does not pay them to assist, and we do not receive payment to help them.

Commissioner Vahey questioned whether there is any concern about recruitment of volunteers.

Mr. McAneney replied when there is a fire call there is no issue with the number of members responding, however, for other types of calls such as less serious in nature, there is less response. It is not an immediate concern, but it is something that will need to be addressed going forward.

Commissioner Spiegelman commented that recruitment is an issue nationally for emergency services, so there is nothing abhorrent about what the ATFD is experiencing at this time.

Mr. McAneney agreed that volunteerism has decreased over decades; however, the ATFD's 231 members has remained steady over the past five to 10 years.

Presented was a recap on each fire company's Capital Plan from 2019-2023 including anticipated and in-progress projects.

Commissioner Bole asked about other sources of revenue used to support larger scale projects.

Mr. McAneney replied that most of the revenue for the five fire companies comes from the Township's appropriations. They each hold their own fundraisers and the State provides some grant funding of approximately $15,000 for each fire company. Also, there are insurance and preventative maintenance reimbursement programs for fire trucks, and some of the funding from general appropriations is saved for the next truck, which is the most expensive item in an all-volunteer fire department.

Also, presented was a recap of the Strategic Plan from 2019-2023.

Commissioner Vahey requested a full itemization on approved projects from the prior strategic plan.

Commissioner Winegrad asked is it the responsibility of each station to do their own accounting?

Mr. McAneney replied projects are submitted a year in advance following all Township procurement policies and then a purchase justification is submitted, which is reviewed by the Finance Department and the Township Manager, and if approved, we proceed with the project and keep an account on how much is spent.

The ATFD Strategic Plan for 2023-2028 is a roadmap for future projects noting community expectations are fast response times; well-trained firefighters; and proper equipment and staffing. Areas of concern are staffing; recruitment & retention; proper funding; and community outreach. The plan includes updated vision, mission and values statements, and goals and objectives for the next five years.

Proposed 2024-2028 Capital Projects include air truck replacement; breathing air compressors for fire stations; replacing stucco on 1958 drill tower; replace F-550; replace fire prevention smokehouse; and ongoing maintenance of fire training.

The guideline of the plan is to continue allocation of $60,000 per fire company for capital improvements, but requested is to adapt the program somewhat to include a pre-approved list of capital equipment and station repairs/improvements for which these funds can be used. This would allow the program to be more flexible and responsive to the needs of the fire companies and service demand while maintaining fiscal responsibility and oversight, and it would still go through the same procurement procedures.

Manager Manfredi said if the Board of Commissioners continues to approve allocations to the fire companies, it is requested that funds not be tied to specific projects but instead have an approved list of items that would be reviewed prior to signing off to allow some flexibility.

Mr. McAneney continued the ATFD’s Strategic Plan aligns with the Township’s plan that includes excellent public services, fiscal sustainability, sustainable infrastructure, economic growth, and inclusive community. Also, the cost of equipping a firefighter as well as an apparatus and major equipment were presented.

Commissioner Winegrad asked for any other comments from Commissioners.

Commissioner Carswell said she agrees with allowing for some flexibility as things happen that are not planned, and certain items can be difficult to find. Especially in this line of work, there could be damage due to fire or adjustments are needed for a banner year in recruitment.

Commissioner Winegrad agreed there should be some flexibility and clarified that this is funded through the fire tax. Is that correct?

Mr. McAneney replied that is correct.

Manager Manfredi added that this was an approved additional fire tax to support the five-year plan.

Commissioner Winegrad clarified that for the upcoming budget season the request is to maintain that additional fire tax. Is that correct?

Mr. McAneney replied yes.

Commissioner Bole suggested a strategic plan for why, what, and when to fund the list of priorities to send a more compelling message about volunteerism, retention/recruitment.

Mr. McAneney replied that two of the six goals in the strategic plan are directly tied to staff recruitment/retention and identifying trends.

Manager Manfredi said this matter was brought before the Finance Committee for feedback on this unique program, which is specific to a five-year capital plan, and proposed is to shift it from a specific-project program to a more menu-driven program that would be built into the upcoming budget.

Commissioner Winegrad questioned whether additional funds would need to be allocated for recruitment/retention/safety.

Mr. McAneney replied we will need to research the type of program that will work for our department.

Commissioner Vahey said he would support keeping the level of funding; however, there should be consideration on how it will be spent.

Commissioner Bole agreed there should be oversight and accountability, and he supports making it as efficient as possible to get what they need when they need it.

PUBLIC COMMENT ON NON-AGENDA ITEMS ONLY: None.

ADJOURNMENT: 8:48 p.m.

Respectfully submitted,

Liz Vile, Minutes Secretary