

Salford Township
Finance Committee
November 10, 2015
Summary

1. Participants: TClemens, CEckardt, JHill, TWilliamson, GWitmayer, KLandis, JStyer.
2. Prior Meeting Summary: Distributed shortly after previous meeting. No revisions
3. October 2015 Financial Report: Reviewed the report, including the Sewer Operating Fund and noted the current deficit. A deficit is projected for the year ending 12/31/15. Recommended adding an allowance for unpaid fees to the FY16 budget. Discussed the deficit in the Sewer Capital Fund and projected a continuing deficit because the rate of repayment to the bank is shorter than the period during which the loans are being repaid. The deficit is expected to decrease as the loans are repaid by the users. Noted the amount of \$252,141 due from the PA Office of Emergencies as reimbursement for the repairs to Whites Mill dam. This amount is expected to be received within the next several months. Karen is pursuing payment before 12/31/15. Noted the higher than budgeted income due to primarily to the increases in local tax and earned income taxes. Noted that YTD expenses were tracking 11% below the YTD budget.
4. Audit Firm Recommendation: Interviewed the following firms on 11/3 at the Township building: Maille LLP, Bee Bergval & Co P.C., and Styer Associates, P.C. The proposed 3 year annual fees for the audit were: Maille \$15,000, \$15,000, \$16,000; Bee Bergval \$11,500, \$12,000, \$12,500; Styer \$7,500, \$8,000, \$8,500. The interviews included introduction to the partner and manager in charge for the audit, familiarity with municipal accounting reporting and requirements, other municipal clients, and project planning. Prior to the meeting, Karen contacted several of the local references provided by each firm with no concerns raised by existing clients. The Maille firm is a large regional accounting firm, Bee Bergval is somewhat smaller, and the Styer firm is much smaller and local.

The consensus was that all firms were qualified and had the capability and expertise to perform the audit. Also, the type of service that could be expected could be ranked based on the proposed fees.

While the overall view was that the Maille and Bee Bergval firm would provide the best quality service, the consensus was that the higher level of service was not necessarily needed, since the Township accounting system is in good condition and accurate. The perspective was that the Styer firm had adequate resources and expertise to perform the audit.

The recommendation was to engage the Styer firm, unless the BOS wanted a larger firm and if so, both Maille and Bee Bergval would perform acceptably. Complete copies of the proposals would be sent to the BOS. The recommendation was also that the engagement be approved by the BOS as soon as possible as the firm would like to begin to prepare for the audit before year end.

5. Retirement program: The committee has discussed the importance of a retirement program over several meetings during the past year and believes that an opportunity should be provided

to FT Township employees to prepare for retirement by investing on a tax deferred basis. Based on the experience of several committee members, the sense was that very few firms, in the area and with the capability to develop the fund document, prepare and file the required reporting, and manage the funds would be interested in a very small fund like Salford. Since the Township has worked with Univest for many years and since Univest is a trusted local bank, representatives were invited to present their proposal. Michael Davisson and Ron Bitner attended. The first and most important issue was for the BOS to determine whether the Township was committed to developing a retirement program for its FT employees. If so, there would be two types of programs, namely the defined benefit and a defined contribution plans. Univest has the capability to develop the plan, prepare and file the reports and manage the funds. Their experience began in 1992.

There is a State program, for which the Salford plan would be eligible, that would, after 3 years of existence, reimburse the Township a certain amount for each employee enrolled. This year the payment was \$3,920. The financial support is provided by a fund based on fees paid by the insurance companies that operate in the State and the fund is not part of the State budget. The fund began in 1984 and the amount distributed has increased each year.

The Univest fee would be \$3000 per year. The cost to the Township, for each of the first 3 years would be the fee plus the amount contributed to the plan for each employee. Beginning in the 4th year, the State fund would contribute approximately \$3000 per FT employee, which could be used for both employee contributions and administrative costs.

The Committee recommends that the BOS authorize Univest to develop the plan document for BOS approval.

The Committee would work with Univest to develop a proposed plan and present it to the BOS for approval. The Plan document would serve as the basis for an ordinance.

6. Next Meeting: Tuesday, December 8, 2015 at 7:30 pm.