

FINANCE AND ADMINISTRATION COMMITTEE

May 11, 2015

Special Meeting

Present: M. Amoroso, M. Bradshaw, R. Carlson, S. Galloway, M. Merino, and T. Sander

Review of 2014 Audit Report

Tim Sawyer introduced himself and his co-worker, Pam Baker, and explained they were present to summarize the financial statements for 2014. He stated his firm, Barbacane Thornton, considered the internal controls of the Township while preparing the report and noted pages 1 through 3 were the audit report. Mr. Sawyer emphasized that it is Township management's responsibility to make the presentations and prepare the financial statements while it is the auditor's responsibility to express an opinion. He stated the Township would be issued a clean opinion on the financial statements issued. Mr. Sawyer noted that he did not conduct the Sewer Authority's audit but used their audit report in order to have its information reflected in Township's audit report.

Mr. Sawyer went on to explain that pages 4 through 14 were an analysis of the audit prepared by management and recommended the Committee read this to assure it is consistent with the financial statements. He reported that page 15 was the statement of net position, which is like a balance sheet and considered both "governmental and business activities." Mr. Sawyer stated the total net position of the Township is \$28,000,000. Total assets are \$40,000,000 and total liabilities are \$12,000,000.

Mr. Sawyer then reviewed page 16, which is the statement of activities. He described this as similar to an income statement. He reported the total revenue was \$8,500,000, with government activities making up \$5,300,000 and business activities making up \$3,200,000. He noted that the net position increased for both in 2014, with government activities being up about \$2,000,000 and business activities being up about \$1,000,000.

Mr. Sawyer moved on to pages 17 through 19 and explained that this was the balance sheet and statement of expenditures. He reported the government fund increased approximately \$590,000 to a total of \$4,900,000. He stated this increase was due to the LST increasing, as well as an increase in licensing and permitting revenue brought in from the Granite Run Mall property.

Mr. Sawyer noted that pages 25 through 27 provided additional information on business activity. Pam noted that recreation funds increased by \$18,000 and commended the job the parks and recreation department does compared to other municipalities. Mr. Sawyer stated pages 30-47 were notes related to the financial statement. Specifically, pages 37 and 38 discuss deposits and

investments. He reported that there is \$6,200,000 deposited (cash) and \$4,300,000 invested. He also noted that page 39 reviews capital assets and breaks down land, building, machinery, equipment, etc. Mr. Sawyer also noted that note 5 on page 41 discusses long term debt and details increases, decreases, the bond issues, etc. There is currently \$10,300,000 in general obligation bonds. Lastly, Mr. Sawyer explained that pages 48 through 49 were a separate report on the internal controls based on the audit. He stated an opinion is not issued on internal controls but commented that he did not see any significant deficiencies with non-compliance.

He asked if there were any questions. There were none. Mr. Carlson thanked them for presenting the information.

Mr. Sawyer noted the recommendation regarding vacation policy status. He stated the Recreation department has a significant amount of vacation accrued (over 1,000 hours) and if that person retired this year, it could cost the Township more than \$37,000. He reported there were also 2 other employees with over 400 hours of accrued vacation. Mr. Galloway thought this issue was already discussed. Ms. Amoroso stated it was and the plan was to offer the employees a percentage of this in cash or to use the vacation by a certain date. She thought this was already completed though. Mr. Carlson instructed Ms. Merino to look into this further and to report back to the Committee with more information on what she learns.

Adjournment

This meeting was adjourned by Mr. Carlson at 6:35 PM.

Respectfully Submitted,



Amanda Allen, Recorder