

June 12, 2014
6:15 PM

The Monroe Township Board of Supervisors workshop was called to order by Chairman Kehoe.

ATTENDANCE

Phil Kehoe, Chairman
Samuel Simmons, Supervisor

Michael Pykosh, Solicitor
Marjorie Metzger, Admin. Asst.
Mark Bruening, Engineer

The purpose of the workshop was to have the 2013 Audit report presented by Smith, Elliott, Kearns & Company. Craig Witmer and Jess Mihalov were present.

Mr. Witmer went through a PowerPoint presentation that explained the 2013 Audit, financial statements, and management letter. He provided a summary of the surplus and deficit, income and expenses, fund balances, corrections made and trends. Mr. Witmer provided a sewer fund analysis and reviewed a couple findings. There were also a number of graphical analysis provided.

Rod Smith, 1056 Kuhn Road, thanked the Board for providing the workshop. He asked if there will be an official response to the comments. The response was no, it is not required. He mentioned cash versus accrual could lead to some issues. The high expense related to debt is a concern, which is being covered by increasing sewer rates. The Township needs to look at other sources of revenue to try to address this debt.

Mr. Kehoe questioned the million dollar per year debt payment that the township will start paying in 2016. Mr. Witmer explained that not only is the sewer debt, but also the building project debt from 2002.

Mr. Kehoe questioned the auditor's finding concerning the chart of accounts and posting of transactions, and asked why so much is occurring every year and why it has not been corrected. Mr. Witmer said it is a coding issue and the corrections are required to make the township's state report correct. It is a matter of correcting some internal coding. This is something that can be worked on in the budget process because more individual line item account numbers will have to be added.

Mr. Kehoe asked how the township is doing overall. Mr. Witmer said the biggest concern is the sewer. As far as the General Fund and the Reserve Funds, the township is doing the right thing by planning for the future with different buckets. The sewer is a bad situation with the rate increases planned. The township must provide the service.

Mr. Kehoe questioned what threshold or financial analysis such as debt ratios should be used to know when the township reaches the danger point. If there is another sewer failure, or another break, it just makes it worse. Mr. Witmer said that is where the bond counsel comes in. If the township's bond rating starts to drop off, it could cost more money to finance. You must know the debt to equity ratio. Mr. Witmer questioned how high can the rates be raised without becoming a collectible issue? How much more can the people bear?

Mr. Kehoe thanked Mr. Witmer for his presentation. It was very informative, and should be done on a regular basis, and would like to address the township modernizing its accounting codes to be compliant with the state's financial reporting requirements.

ADJOURN

The workshop was adjourned at 7:00 PM.

Respectfully submitted,

Marjorie E. Metzger
Admin. Asst./ Secretary-Treasurer