

**RYE TOWNSHIP
SUPERVISORS' MEETING
April 25, 2011**

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PRESENT: Chairman Robert Lightner, Vice-Chairman Ron Evans, Supervisor, Ken Quigley, Daisy Lightner, Secretary/ Treasurer, Ronald L. Cree, Zoning Officer, Pete and Barb Fitting, Henry III, and Jeanine Holman, Peggy and Sean Fedder, Elwood Brubeck, Linda Ekelman, Barbara and Bill Holley, Jessica Sprajcar of the Patriot News, Jean Snyder, John M. Fitzsimmons, Jr., Scott Weaver, Lou Simonetti of the Marysville Sportsmens' Association, Cathy and James Sabo, and P. Richard Wagner, Esquire.

FORMER SUPERVISOR PRESENT: Phyllis Page

The meeting was held at the municipal building and called to order at 7:30 PM. Chairman Robert Lightner convened the meeting with the pledge of allegiance to the flag. The meeting was tape recorded to aid with the preparation of minutes. Linda Ekelman notified the Board that she would video and audio record the meeting.

CITIZEN PARTICIPATION: Chairman Lightner welcomed everyone and asked if there was any citizen participation. Linda Ekelman of Weaver Drive asked about the outcome of the unfair labor practice hearing with former police officer, Clinton Shoop. Chairman Lightner offered that the union requested the hearing examiner table the outcome of the hearing until after the impact arbitration is held. The arbitration for impact bargaining is scheduled for May 20, 2011.

APPROVAL OF THE MINUTES: Vice-Chairman Evans made a motion to approve the minutes of the March 28, 2011 supervisors' meeting. Supervisor Quigley seconded. Motion carried unanimously.

Supervisor Quigley made a motion to approve the minutes of the April 8, 2011 Special Meeting. Vice-Chairman Evans seconded. Motion carried unanimously.

OPEN/AWARD ROAD BIDS: The bid request for road resurfacing was advertised in the Duncannon Record on April 7 and April 14 and proof of publication is on file. Four sealed bids were opened by the Secretary/Treasurer and read by Chairman Lightner as follows:

<u>BIDDER</u>	<u>TOTAL BID</u>
Pennsy Supply, Inc.	\$ 115,368.74
Handwerk Site Contractors, Inc.	\$ 101,546.78
Eastern Industries, Inc.	\$ 122,155.00
Jay Fulkroad & Sons, Inc.	\$ 125,123.56

With all bid bonds in place and upon due consideration, Supervisor Evans made a motion with a second from Supervisor Quigley to accept the lowest bid and award the road contract to Handwerk Site Contractors, Inc. in the amount of \$101,546.78. Motion carried unanimously. The Secretary/Treasurer will notify the bidders and acquire necessary contract paperwork and signatures.

PERSONS TO BE HEARD: Craig Witmer, CPA and Jessica Mihalov, CPA of Smith, Elliott, Kearns, & Co were present. They approached the Board to present a brief synopsis of the 2010 Financial Audit report for Rye Township. CPA Witmer thanked the Board for the opportunity once again for SEK to conduct the audit. Witmer said SEK issued an unqualified, clean audit opinion, which is the best opinion that may be given indicating that SEK is confident that the financial statements are not materially misstated.

CPA Jessica Mihalov explained the letter accompanying the Financial Statements stating that the statements are prepared on the modified cash basis and the opinion, as stated by CPA Witmer, is an unqualified, clean opinion. The Management Discussion & Analysis, (M D & A) on pages 3-11, which is prepared by the Secretary/Treasurer, provides a good overall summary of the year financially. Jessica recommended reading the MD & A in conjunction with the financial statements to provide better details of what occurred throughout the year.

Jessica Mihalov reviewed page 13, the Balance Sheet, and explained the cash & cash equivalents in each fund at the end of 2010 as follows: General Fund - \$682,819; Capital Reserve Fund – \$538,821; Highway Aid Fund - \$95,759 for a total \$1,317,399. Mihalov noted that Capital Assets and Net Assets decreased approximately \$74,000 from the prior year due to the sale of the police cars and the current year's depreciation.

Mihalov explained the categories of unreserved-undesignated, reserved-Memorial Fund, and unreserved-board designated on page 14 of the Balance Sheet. Note 9 on page 28 of the report provides additional details for the designated fund balances.

Referring to page 15 - the Statement of Revenues, Expenditures, and Changes in Fund Balances, Mihalov explained that total revenues received decreased by \$10,000 from the prior year due to a decrease in tax revenue received with the state of the economy. Accordingly, the Township instituted cost containment measures and decreased their expenditures in 2010.

Mihalov explained that the Board disbanded the police department in July of 2010 which resulted in a savings of approximately \$20,000. However, the sole officer is a member of a collective bargaining unit, and the union demanded to bargain over the impact of the Township's decision to disband the department. The Township has no way of determining the ultimate outcome or cost of this situation until an impartial arbitrator determines what the Township has to pay in severance or other benefits, if deemed appropriate.

Page 16, the Statement of Revenues, Expenses and changes in Net Assets for the Solid Waste Fund figures remain consistent with the prior year. Expenses were increased due to the clean up of a property on Pine Hill Road. A lien was placed on the property to recover the expense, but it cannot be determined when that money will be reimbursed.

Jessica completed her report by highlighting pages 19-28 of the 2010 Financials, which contains the footnotes.

CPA Witmer concluded their report by reviewing the April 11, 2011 management letter, which includes a finding involving the preparation of external financial statements. Witmer assured the Board this finding is solely because of newly revised auditing standards and is included in 95% of their clients' letters. As part of the audit, SEK assists in applying complex accounting standards & prepares the financial statements and footnotes from records provided from the Township staff. For internal control purposes your auditor cannot function as part of your internal control system over financial reporting. Witmer explained that this is not a negative comment reflecting on the Township staff, but the practice of most municipalities this size and even larger.

Witmer explained that GASB 54 regulations require a more structured fund balance classification and clarifies the definitions of existing fund types. A process to track those classifications is required and already in place at the Township. Witmer explained the four colored graphs, which assist the Board in understanding the financial statements. Cash and Investments Balances Graph shows the trend for the years 2007 through 2010. The Revenues are decreasing gradually from 2007 to 2010 due mainly to a decrease in earned income and real estate transfer taxes. The pie graph indicates the largest expenditure for 2010 was once again the Public Works/Highways at 27%.

Catherine Sabo of Reed Drive asked about the disclosure of any unfunded liability for the pension plans. CPA Witmer offered that the Township Board has been adding additional monies to the two pension plans over the past several years to assure they remain fully funded. As of the last actuarial study in 2009, both plans are fully funded and are not in any financial distress.

Sabo also asked about the disclosure of the liability created with the former police officer and his demand for arbitration to recover severance and benefit payments. CPA Witmer explained that the amount is not determinable at this time, and therefore not recordable. The outcome of the arbitration and any resulting costs to the Township, if and when awarded, would be disclosed in the 2011 or future audit report.

With no further questions or discussion on the 2010 Financial Audit, CPA Witmer and CPA Mihalov thanked the Board and the residents for their time and left the meeting.

MONTHLY MUNICIPAL REPORTS: The March Zoning Report was submitted by Zoning Officer, Ron Cree & made available for review. Zoning Officer Cree read the report as follows: twelve (12) calls/complaints, two (2) zoning permits, mileage reimbursement for 26 miles, \$135.00 in fees collected.

No Sewage Enforcement Report was submitted by Mike Higgins, SEO.

The March Road Report was submitted by Road Foreman, Brad Sloop. Supervisor Quigley read the report and noted that with all of the rainy weather, the road crew has been making necessary repairs to the trucks and plows. Quigley placed the report on the table for public review.

Bill Holley reported that the Recreation Board held the Easter Egg Hunt and the Spring Fest on April 9th. The following events are upcoming:

- ◆ Fishing Derby on Saturday, May 21, 2011 at the Marysville Sportsmen's Association in Marysville at 9:00 AM- this event is also "Free." Bring along your own bait and pole. The event was relocated to the Sportsmen's Association for better parking with a larger area for easier accessibility for fishing.
- ◆ Strawberry Festival, June 5 at 6:00 PM. This event is FREE.

No Emergency Management report was provided.

The March Treasurer's Report was submitted for public review and read by the Secretary/Treasurer & with no discussion was accepted as read pending the final approval of the independent auditors.

LAND DEVELOPMENT PLAN: On behalf of the Marysville Sportsmen's Association, Lou Simonetti approached the Board of Supervisors to request final approval of the Final Minor Land Development Plan for the Marysville Sportsmen's Association Trout Nursery. Approval letters from the Department of Environmental Protection, the Perry County Conservation District, and the Fish and Boat Commission were received. A copy of the deed of easement with Robert P. Matsko, Sr. was also provided. The plan was reviewed and recommended for approval by the Rye Township Planning Commission on April 5, 2011 contingent upon the addition of a title

block on the plan and notarized signature of the property owner and an authorized representative from the Sportsmen's Association.

Upon due consideration and review and with all conditions met, Supervisor Quigley made a motion with a second from Supervisor Evans to accept and approve the Final Minor Land Development Plan for the Marysville Sportsmen's Association,(MSA) Additional Trout Nursery located off Lambs Gap Road. Motion carried unanimously.

Chairman Lightner made a motion with a second from Supervisor Evans to waive any and all filing and security deposit fees for the above-referenced plan given that the MSA is a community organization that serves Rye Township and its residents. However, the Township requests a copy of the recorded plan for the files. Motion carried unanimously.

On behalf of the Marysville Sportsmen's Association, Lou Simonetti acknowledged and stated that he understood the request to provide the Township a final recorded copy of the land development plan.

Mr. Simonetti announced that on Sunday, June 19th and 26th the Marysville Sportsmen's Association is sponsoring a fly fishing class. More information would be provided closer to the date. Mr. Simonetti thanked the Board and left the meeting at this time.

LEGAL BUSINESS: Solicitor Wagner reviewed a simple maintenance agreement for the private R-O-W located off Brubeck Circle and utilized for access to three parcels addressed as: 29 Brubeck Circle, 30 Brubeck Circle and 31 Brubeck Circle. The Solicitor advised the purpose is to assure that the maintenance of the private drive is solely the responsibility of the current and future property owner(s). The Solicitor approved of the agreement with one revision:

1. Add a recording block to the document, gain all signatures and record the agreement in the miscellaneous docket at the Perry County courthouse

The Secretary/Treasurer offered to check on the language and make the requested revision, provide the revised agreement to the Driveway Permit Officer to provide to Bret Adams, the owner requesting a driveway permit to provide access to a proposed single family dwelling.

ORDINANCE: Supervisor Evans made a motion and Supervisor Quigley seconded to authorize the Secretary/Treasurer to advertise for adoption at the May 23, 2011 meeting an Ordinance to temporarily close Grier Point Road for the annual Strawberry/ Bluegrass festival held by the Bethel United Methodist Church on Saturday, June 11, 2011. Motion carried unanimously.

OLD BUSINESS: There was no old business for discussion.

NEW BUSINESS: The Board of Supervisors received correspondence dated April 8, 2011 from Larry Smeigh of the Perry County Emergency Management Agency regarding Advanced Life Support Order of Response. Mr. Smeigh requested written notification as to the wishes of the order of response care for ALS for Rye Township. Upon due consideration Supervisor Quigley made a motion with a second from Supervisor Evans to consult with Marysville Fire Chief, Scott Weaver and Marysville Ambulance Captain, John Richards and provide the ALS response list to Perry County EMA according to their recommendations. Motion carried unanimously. The Secretary/Treasurer indicated she would provide the requested written notification once the recommendations are known.

The Secretary/Treasurer reported that the Township's health insurance will be renewing on June 1, 2011. With a 7.2% increase proposed, she requested permission to explore other comparable options. Supervisor Quigley made a motion and Chairman Lightner seconded to authorize the

Secretary/Treasurer to comparison shop for a more cost effective health insurance package with similar benefits in compliance with the current union contract, provide information to and meet with fellow road employees, come to an agreement and authorize Administrative Superintendent Evans to sign any paperwork on behalf of the Board to renew the health insurance for 2011-2012. Motion carried unanimously. Current health insurance benefits are with Highmark Blue Shield. The current PPO plan through Highmark is no longer offered after June 2011.

Chairman Lightner announced the following event:

- ◆ Spring Clean up- Friday, May 6th from 6:00 AM to 2:00 PM and Saturday, May 7th, 2011 from 8:00 AM to 12 noon.

APPROVAL AND PAYMENT OF THE BILLS: The Secretary/treasurer provided a March expense check register and submitted the following checks for approval, signature and payment: General Fund Check s #s 13007-13030 in the amount of \$24,254.64. No checks void.

Payroll checks #s 5962-5971 in the amount of \$4,921.75. No payroll checks void.

Payroll checks #s 5972-5980 in the amount of \$6,537.87. No payroll checks void.

An electronic transfer, ELF was made from the General Checking account by PCI, Insurance on April 20, 2011 in the amount of \$3,468.54 for May's health insurance.

An electronic transfer, ELF was made from the General Checking account by United Concordia on April 20, 2011 in the amount of \$154.75 for May's dental insurance.

Supervisor Evans made a motion & Supervisor Quigley seconded to approve and sign the checks & pay the bills as presented. Motion carried unanimously.

CITIZEN PARTICIPATION: Chairman Lightner asked if there was any citizen participation at this time. Linda Ekelman of Weaver Drive asked what regulation(s) changed that no longer permit Supervisor Evans to participate in the Township's group insurance. The Secretary/Treasurer said she received notification the beginning of this year from the Underwriting Department of Highmark Blue Shield that Mr. Evans is no longer eligible for participation in the group insurance because he is considered an employee by Highmark, even though he technically was not hired as an employee, but is an elected official who receives only pay for meeting attendance. Highmark does not make that differentiation. It was thought perhaps the regulations came down through the Federal government since Medicare is involved.

Elwood Brubeck of Valley Road asked why the Teamsters does not provide the union employees their health insurance instead of the Township. Supervisor Quigley offered that the employees opted to keep the Township's insurance. Solicitor Wagner offered that either way there is expense to the Township. This issue could be negotiated for the next contract.

Phyllis Page reported a concern with a pavement issue on Pine Hill Road.

Supervisor Quigley said he is aware of the concern & hopes to resolve it soon.

Peggy Fedder commended the Board and the Secretary/Treasurer for an excellent job at taking care of the Township's funds for the taxpayers.

ADJOURNMENT OF THE MEETING: There being no further business before the Board, Supervisor Quigley made a motion and Vice-Chairman Evans seconded to adjourn the meeting at 8:35 pm. Motion carried unanimously.

Respectfully submitted,

Daisy Lightner
Secretary/Treasurer