



**Mount Joy Borough Council**  
**Administration & Finance Committee Meeting Minutes**  
**April 25, 2019**

Members present: Chairman Youngerman, Councilor Reese and Councilor Feuerstacke.

Others present: Borough Manager Samuel Sulkosky, Bookkeeper/Accountant Jill Frey, from Trout Ebersole and Groff; Megan Senkowski, Amanda Kilroy and Nicole Cradic.

Chairman Youngerman called the meeting to order at 6:30 PM.

Chairman Youngerman announced no Executive Sessions were held.

On a motion by Reese, seconded by Feuerstacke to approve the April 25, 2019 agenda as presented. *Motion carries.*

**Public Input Period: None**

On a motion by Reese, seconded by Feuerstacke, to approve the minutes from the March 28, 2019 meeting, *Motion carries.*

**Administration, Budget, and Finance:**

Each of the members from Trout, Ebersole and Groff introduced themselves and provided the Committee with some background information of the experience with municipal and government auditing. Megan Senkowski announced that Carol Roland could not be present due to another meeting but would be at the Council meeting on May 6, 2019. Carol Roland is semi retiring and moving to Florida. Nicole Cradic will be assuming Carol's audit responsibilities. Cradic has 13 years' experience in government auditing and has been part of the team for the Mount Joy audit. The Committee thanked Carol Roland for her service to the Borough and wished her well in her retirement.

Senkowski reviewed the auditor's report in which items covered included: Statement of Net Position, capital assets, liabilities, OPEB liability, with a total net position of \$2.73 million. Additional items covering included Statement of Activities, GASB 75 of OPEB, Balance Sheet of Governmental Funds, Reconciliation of Government Funds Balance, interest and investment return of \$50,000 on average rate of return for 2018 of 2.4%, increase in revenue of due to improved tax collection and increased investment returns, reduced expenditures of \$740,000 due to health insurance cost reduction of \$351,000, increase in fund balance of \$395,000 in General Fund and \$590,000 Total Government Funds. Senkowski continued with Income Statement, Statement of Net Position of Fiduciary Funds, pension fund loss for 2018, first quarter 2019 gain has recouped the loss for 2018. Senkowski reviewed the Notes to the Financial Statements. Sulkosky asked the auditors to explain the modified accrual versus cash basis of accounting. Senkowski stated that for debt financing issues requires modified accrual basis along with reflecting a more accurate reflection of actual financial activity. Senkowski explained the new Accounting Standards in 2018 such as GASB 75. Senkowski reported that the custodial credit risk was consistent with ACT 72 and the Borough's Investment Policy adopted in June 2017.

Senkowski covered Note 9 – Pension Plans; 23 employees/retirees covered, asset allocation, 2018 rate of return of (6.04)%, net position of uniform plan of 92.5%. A discussion occurred concerning the 7.75 Investment Rate of Return and actuarial assumptions. Senkowski covered the non-uniform pension that has 32 employees/retirees, is 80% funded, 2018 return of (5.31)%, long-term expected real rate of return and asset allocation.

Senkowski covered Note 11 -Other Postemployment Benefits (OPEB); 19 covered employees/retirees, actuarial assumptions and total OPEB liability of \$6,734,396. Youngerman asked what would happen if you placed \$10,000,000 into trust for OPEB? That money could only be used on employees and would not revert to the Borough. It was explained that the benefit payments were that actual amount paid by the Borough and not an assumption.

Senkowski covered the Budget versus Actual General Fund were actual revenues exceeded budgeted amount by \$108,941, actual disbursements was less than budgeted amount by \$244,591 which provided and excess receipts of disbursement of \$353,352. Senkowski covered the Combining Statement for the pension funds and the Concise Statements that need advertised. Cradic explained that the entire audit will need to be provided to the newspaper when advertised which is a new requirement for this year.

Youngerman asked about Note 16 the Prior Period Adjustment. Senkowski stated the 12/31/2017 net position is required to be readjusted downward for a net position 1/1/2018 due to GAB 75.

Senkowski reviewed the Auditor's Letter and the Management Letter which will need to be signed by Councilor Youngerman and the Borough Manager. The Borough Council will need to approve receipt of the Audit which will be presented at the Council meeting on May 6, 2019. Senkowski reviewed the Attachment A which contains the Auditor's Comments and Suggestions. Senkowski noted that the Borough successfully completed an accounting software conversion. Senkowski mentioned that the Capital Fund Medical Insurance and Retirement/Pension line items should not be in the Capital Budget but rather in the General Fund. Cradic mentioned that the pension documents survivorship language needs to be corrected so the CBA and pension documents are consistent.

Youngerman questioned the auditors about the Borough possibly securing a Borough credit card. The Committee and Auditors discussed any issues or concerns with a credit card. Cradic stated that you need a credit card policy. The issue of how many cards and who would get the credit card was discussed. Cradic said that the more cards issued, it would be a potential disaster. Cradic stated that you would want to limit cards to department heads such as Borough Manager, Chief of Police and maybe the Public Works Director.

The Committee discussed the Pension Fund Statement for year ending 12/31/2018 and the 1<sup>st</sup> quarter 2019. The 2018 loss was 5 to 6% while the 1<sup>st</sup> quarter 2019 gain was over 9%. The Committee discussed the asset allocation of Principal Funds. The Committee agreed to have Principal and RG Hall come to the Administration and Finance Committee on July 25, 2019.

The Committee discussed the GRTP grant and the need for some additional information before it can be approved. More details can be provided by the Council meeting. Sulkosky stated the primary component of the grant is derived by the Emerald Necklace that is in the Borough's Comprehensive Plan. On a motion Reese, seconded by Feuerstacke to recommend to Council Resolution No. 13-19 to approve application to the DCED Greenways, Trails and Recreation Grant (GRTP) for pedestrian walkways and parks improvements subject to additional information is provided on what the grant would cover, motion carried unanimously.

The Committee discussed the PLGIT Procurement Card and how it was to be used. Youngerman reported that he received a request from the Chair of the Public Safety Committee. The Committee discussed possibly up to three cards for the Borough Manager, Chief of Police and Public Works Director. Sulkosky stated that one area a card would be used is paying for training which can cost around \$1,000. On a motion by Reese, seconded by Feuerstacke, to recommend to Council for a discussion item, motion carried unanimously.

The Committee discussed the need to update the pension plan document to match with the Collective Bargaining Agreement. Sulkosky requested that the pension document be changed to match the CBA. Youngerman made a motion to authorize staff to amend the pension documents to match the CBA, seconded by Reese, motion approved unanimously.

#### **Manager's Report:**

1. Sulkosky shared the PSAB letter announcing that the Borough was awarded second place in the website and newsletter categories and will be recognized at the June 11, 2019 PSAB Conference Awards Luncheon. It was noted that Lisa Peffley and Jill Frey would be attending the Awards Luncheon.
2. The South Market Street Bridge is scheduled to be open on May 24, 2019. The bridge was open for pedestrian traffic for the Paula's Scholl of Dance 5K Run on April 27, 2019 and went off without any issues.
3. No PLGIT transactions to report.
4. The property at 15 East Main Street settled on April 25<sup>th</sup>. Mr. Jury is in the process of securing alternate living arrangements and is expected to vacate the premises soon.
5. Sulkosky reviewed the Benecon Report which reflects \$59,000 remaining balance as of March 31, 2019. These funds will be disbursed in July 2019 to the Borough and the Authority. The money will be to line item Refund of Prior Year Expenditures.

**Land Development, Zoning & Codes:**

Codes Report was provided in writing.

**Grant Update:** Sulkosky reported that a grant consultant will be needed for the HMGP and Flood Mitigation Program Grants for the Borough Basin Retrofit. The Borough Manager has consulted with Michael Baker, Tetra Tech and AECOM. These three firms are recommended by PEMA as experienced in providing technical supports for the HMGP Grant. ARRO has been consulted and has agreed that a grant writing consultant may be needed. ARRO will continue their work with the design of the basin retrofit and providing project cost estimates. The Borough Manager will be meeting with Michael Baker tomorrow (4/26/2019) to get more information such as costs, scope of work, availability and grant writing experience.

**Public Input Period:** None

**Executive Session:** The Committee went into Executive Session at 9:23 pm for legal issues. The Committee came out of Executive Session at 9:43 pm. No decisions were made.

**Other items:** None

**Adjournment:**

On a motion by Feuerstacke, seconded by Reese, all in favor, the meeting was adjourned at 9:43 pm.



Submitted by: Samuel Sulkosky, Borough Manager/Secretary