Special Meeting
April 20, 2010

MINUTES

The Moon Township Board of Supervisors met in special session at the Moon Township Municipal Building, 1000 Beaver Grade Road, Moon Township, PA 15108. The meeting was called to order at 6:00 p.m., Chairman Tim McLaughlin presiding. Supervisors present: Mr. McLaughlin, Mr. Vitale, Mr. Gribben and Mr. Eicher. Also present: Adam McGurk, Lisa Lapaglia and Colleen Deer of Mockenhaupt Benefits Group, actuary for the Moon Township Police Pension Fund. Mockenhaupt provides administrative services for the plan and updates the plan every two years in accordance with State pension laws. They compare the liabilities to the assets to gauge how well the funding is doing and determine what the contribution levels need to be over the next few years. Most of what they do is dictated by State law.

Ms. Deer said that the purpose of the meeting was to update the Board, which she likes to do following a valuation of the plan, to explain the results of the Actuarial Valuation Report dated February 19, 2010 (Exhibit I) as to where things stand and update the Board on any pertinent legislation. What they do is take all the data from the Township (age, salaries, current status, etc.), do calculations and projections to figure out the liability. She explained how these plans are funded and the accrued liability is determined for the plan. She went over details of the actuarial report. Ms. Deer also distributed an overview of Act 44 of 2009 (Exhibit II). Ms. Deer distributed a chart showing a History of State Aid Unit Value (Exhibit III). Following the actuarial discussion and answering questions from the Board, Ms. Deer thanked the Board and left the meeting.

First Quarter 2010 Budget Review:

Ms. Lapaglia said that we are just going to look at the budget for the first quarter of 2010. It is difficult to provide a narrative of the general fund budget for the first quarter since there is not much going on, especially with revenues, since the primary revenues do not start coming in until April 1. We do start getting some real estate transfer tax, some earned income tax and some miscellaneous other revenues, but no major revenues at this point in time. Our expenses are not necessarily out of line in the general fund because we tend to do a lot more work during the spring, summer and early-fall times. There are expenses for salaries and benefits, but there is no one place where you can pinpoint that we will be over budget on a particular item. The only thing in the general fund that may be something to think about is the Public Works salaries and overtime. Due to the winter conditions during the month of February they are somewhat higher. We did budget some overtime into the budget. As the Board may have heard, FEMA has agreed to reimburse municipalities approximately 75 percent of those costs. We are looking to receive an approximately $45,000 reimbursement. The reimbursement would cover the Township’s most expensive 48-hour period. The Township’s most expensive period was from February 5 at 3:30 to February 7 at 3:30. The reason that this period was the most expensive is because all of the hours that the men were out were over a weekend. She provided a comparison of last year and this year. Ms. Lapaglia said that we have completed all of the audits for the last two years.

The balance sheet for this year shows $2.4 million due to other funds. Those are inter-fund transfers that have not yet been done. The biggest portion of this amount ($1.6 million) needs to be transferred to capital reserve. That $1.6 million is recognized on the capital reserve books and the general fund books. However, the physical transfer still has to be done. Everything else is in line with previous years’ numbers. The reason that the transfer was not made was that she was not totally comfortable with making sure that the inter-fund transfers were balanced prior to finishing all the audits. Now she has a very good handle on the numbers and all the transfers will be made before the end of the month.

Regarding the Revenues and Expenditures for the first quarter of 2010, Ms. Lapaglia said that the budget numbers are the entire year budget numbers as we do a lump-sum budget. The 2010 and 2009 year-to-date and month-to-date numbers are reflective of March's numbers and the first quarter of the year's numbers. The only revenue number that is significantly higher than last year is the Local Enabling Taxes. This is due to an earned income tax payment that we received in the month of February that was approximately $300,000 more than it was the previous year. She feels that our earned income tax numbers will be slightly different this year for a number of reasons. The first reason is the Keystone Municipal Collections now has a year of experience and the outstanding issues have been straightened out. The system is now much more functional than it was last year. Secondly, last year we had close to $550,000 worth of non-residential collections that had to be refunded back to other municipalities. We did not learn of this until July of last year when we met with Al Bennett who told us that there was a liability of over $1 million in collections that had not been refunded to other municipalities. She was concerned that Mr. Bennett had not told her that liability was outstanding. Had she known, she would have recorded that information to process those liabilities. Unfortunately, all those liabilities came due during the last quarter of last year after processing by Keystone. So we paid out $550,000 worth of earned incomes taxes collected that we probably collected the year before but were unaware of because of how the reporting was done through the school district. We do not think anything like that will happen this year because within 60 days Keystone promptly forwards non-resident earned income tax to the proper municipality as they are required to do by law. We do not anticipate anything outstanding for 2009, but there is the possibility of some stragglers. She feels that the collections for earned income tax will be different for this year. There is really nothing else out of the ordinary. Every department seems to be in line with their previous year's numbers, if not lower because everyone is being very cautious with their budgets. Under Miscellaneous, the 2010 Year-to-Date number is $109,000. The reason for that is that we pay our Fire and Multi-Peril Insurance and Worker's Compensation Insurance. Per GASB, we then distribute it to the different departments. She has not yet done an analysis to develop a formula for that distribution. She wants to review that further prior to distributing the total amount to the different departments because she did not like the way it worked out last year. It will not change the bottom line, but it might change some of the departmental expenses.

Ms. Lapaglia said that she did provide a brief narrative on the last page of the handout for each of the other funds. What we are looking at in capital reserve this year is the purchase of three new police cars, an off-road vehicle for usage by the Police and Parks Departments, a pick-up truck for the Road Department, a mower replacement for the Parks Department and the Road Program, which was budgeted at $1.1 million but came in at $895,000. On page three, under the Current Year, the Due from Other Funds, the $1.9 million is the amount coming from the general fund into this account. There are "Due To" and "Due From" numbers that have all been reconciled but the actual transfer has not yet taken place. Mr. Eicher asked about the amounts in the capital reserve fund that are "allocated" and those that are "appropriated." He asked the difference in these designations and the amounts spent. Ms. Lapaglia said that she would check into this. If Mr. Eicher had specific questions he can send her an email and she will be happy to provide the answers.

Ms. Lapaglia said that this year the Township sold some equipment through Municibid. Since we sold some equipment and purchased some equipment, those numbers are reflected in capital reserve. As with years past, interest revenue is very low.

Regarding liquid fuels, Ms. Lapaglia said that we received our liquid fuels money on March 1, 2010. Normally it is received on April 1 of the current year. With the severity of the February weather, the State sent out the liquid fuels money earlier to aid municipalities that needed the money to pay for salt and snow supplies. The only thing coming out of the liquid fuels money this year is the electricity cost of the street lights. We used to use liquid fuels funds for the purchase of salt also. But with a $2 million balance in the fund from the local services tax that was not allocated to anything, it was felt to be more appropriate to allocate the salt purchases from this fund. We will still be making money from the local services tax. Our collections from the local services tax are approximately 80 percent better than they were at this time in 2009. Even with the substantial snowfall, we came in under budget on our salt purchases by $4,500 and our bins are currently about ¾ full. Per Jim Henkemeyer, we would have to have the most severe snowfall we have ever had during the period October through December to even use up the salt that we currently have on hand. We anticipate receiving about $19,000 of what we currently spent on salt through the FEMA reimbursement. Those funds will go back into the local services tax fund.

Regarding our bond funds, Ms. Lapaglia said that we have three bond funds. One is a 1999 bond, which we will get rid of this year. We have a 2006 bond fund, which was used for most of the Moon Park renovations. As the 2006 bond fund stands right now, it is overextended by approximately $10,000. Regarding the 2005 bond, we had money in that fund at this time last year in the amount of $277,000 which we primarily used to pay A. Liberoni's last payment of approximately $61,000 for the park project. We currently have a balance of approximately $153,000 (even though the balance sheet says $190,000). We have liabilities amounting to $37,000 that have not yet been paid. Of the $153,000 the most important money we need to spend is $106,000 which is the amount remaining on the contract with A. Liberoni including retainage for the park project. We have to take into consideration that there is a very real possibility that we will have to pay Creative Concrete something for a litigation settlement or some landscaper to finish what they did not complete. We have allocated money from that fund for the paving of the handicapped portion of the parking lot in the park and also the pavement of Olson Park. Ms. Lapaglia said that we are in the process of doing a major analysis of the capital reserve fund. She believes that there probably are some allocations in the capital reserve fund that have been paid through other means.

The last fund we have is the Mooncrest Neighborhood Association Fund. There is $16,000 in that fund. We have submitted our DCED grant. There is some dispute with the DCED about whose money that actually is and until we can get that resolve, it will stay in that fund.

Once we start with April's financial statements, we will definitely see more revenues.

There being no further business before the Board, the meeting adjourned at7:45 p.m.

Respectfully submitted,

Janet L. Sieracki
Assistant Municipal Secretary