

Meeting Minutes
State College Borough Council
June 19, 2006

The State College Borough Council met in a regular meeting on Monday, June 19, 2006, in the State College Municipal Building Council Room, 243 South Allen Street, State College, PA. Mr. Welch called the meeting to order at 7:30 p.m.

Present: Bill Welch, Mayor
Catherine G. Dauler, President of Council
Thomas E. Daubert
Ronald L. Filippelli
Elizabeth A. Goreham
Donald M. Hahn
Craig R. Humphrey
Absent: Jeffrey R. Kern

Also present: Thomas J. Fountaine, II, Borough Manager; Terry J. Williams, Borough Solicitor; Thomas Kurtz, Assistant Borough Manager; Mark A. Whitfield, Director of Public Works; Thomas R. King, Chief of Police; Michael S. Groff, Finance Director; Norma J. Crater, Accounting Supervisor; Carl R. Hess, Director of Planning; Sheila Lubold, Recording Secretary; members of the media; and other interested members of the public.

Mr. Welch began with a moment of silence and the pledge of allegiance.

PUBLIC HOUR – Hearing of Citizens. Tom Donohue addressed Council and requested their support in a yellow ribbon campaign. With the sponsorship of Park Crest Terrace Apartments, "Operation: Support Our Troops" will begin on June 28, 2006 at noon until 8:00 p.m. The community is encouraged to drop off care package items, cards and posters, which will be mailed to those serving in Operation Iraqi Freedom. Five local florists will provide yellow bows beginning June 28, 2006 through July 28, 2006 and make them available to the public. These florists are: State College Floral Shoppe, Woodring's Floral Gardens, Queen Anne's Lace, Avant Garden, and George's Floral Boutique.

CONSENT ITEMS

Upon motion by Ms. Dauler and second by Ms. Goreham, Council unanimously approved the following consent items:

- o The use of High and Holly Alley from East Foster Avenue to High Street for a block party on Saturday, August 26, 2006, from 5:00 to 8:00 p.m., conditioned on Holly Circle remaining open for emergency vehicles.
- o The use of Foster Avenue from Locust Lane to Central Parklet for the Kids on Wheels Parade conducted by Centre Region Parks & Recreation, on Saturday, July 1, 2006 from 9:30 a.m. to 11:30 a.m.
- o Vouchers for the month of May 2006 for the Borough in the amount of \$2,701,520.16 and, as agents for the Centre Region Council of Governments, in the amount of \$603,013.74.
- o Council minutes for the regular meetings of May 1 and May 15, 2006 and the work sessions of May 8 and 19, 2006.

The motion passed with at 6-0-0 vote.

NEW BUSINESS

Annual Audit Report. Mr. Fountaine said that Robert Lent from Maher Duessel CPA's, the Borough's auditor, was present to provide a summary of the 2005 audit. Information on the audit was previously distributed under separate cover and included the auditor's letter and staff's response. The audit will also be available at www.statecollegepa.us beginning on June 20, 2006.

Mr. Groff introduced Mr. Lent and explained that he is an independent auditor and has been the Borough's auditor for eleven plus years. Along with the Borough's audit, Mr. Lent's office also completed the audits for Schlow Library, COG and the Authorities.

Mr. Lent began with a review of the required communications and the policies the auditors must follow when preparing budgets. The company is responsible for preparing financial statements that are free of error on the material content but do not state the figures used in the financial statements are 100% correct. A process of risk assessment is completed but every transaction and figure is not reviewed. It is the auditor's job to make sure the action of the Borough complies with state and local laws but an opinion is not given concerning the Borough's internal controls. The adjustments made to the audit were related to compliance with standards issued by the

Government Accounting Standards Board (GASB). The auditor does not know of any disagreements among management or that the Borough has looked to other auditors for advice.

Mr. Lent advised Council that his staff did not encounter any difficulties while performing the audit. Any information that was requested was easily provided by Borough staff. Mr. Lent added that he does many audits for governmental agencies and the Borough is one of the best governments to work with as far as professionalism, organization of records and an all around professional environment. This is by far one of the easiest audits because the Borough staff understands what is being requested and the information is well documented. He enjoys working with the Borough staff and recognized the staff takes their jobs very seriously.

Mr. Lent explained the government statements are to give a financial position of the Borough and show the financial condition of the Borough. The value and depreciation of all capital assets are shown along with the liabilities incurred by the Borough.

Mr. Lent reviewed the bonds issued in 2005 and stated \$2.5 million went for capital projects while \$7.5 million went to the parking facilities and the pay-on-foot system. The Borough has a lease payment of \$90,000 to be paid in 2007 to the library and a final payment of \$1.455 million in 2008 at which time the property will be turned over to the Schlow Library.

Mr. Lent also gave a brief review of the Borough's remaining commitment to the Alpha Community Ambulance Service with the final payment of \$57,000 to be paid in 2006.

OMB Circular A-133 Audit is required based on the amount of money spent by the Borough. \$1,335,353 of federal funds were expended with a majority of that amount relating to CDBG and HOME programs. There are no reportable conditions of noncompliance and reports are filed in a timely manner complying with Federal laws and regulations.

Mr. Lent next reported on the governmental net assets. The capital showed an increase from 2004 to 2005 with nothing major to attribute to this change. There was a decrease in restricted assets and a slight increase in unrestricted assets. The business account net assets did not have a huge gain in capital and the unrestricted assets were down due to a decline in the Parking Fund. The start-up costs related to parking projects also helped to contribute to the decline but this can be minimized in the future.

The past year was a good year for the General Fund. The reserved fund had a substantial increase because monies were not spent during the year. This was the first time in several years that the revenues exceeded the expenditures.

Mr. Lent also gave a preview of things to be mindful of for the next budget. The Statement on Auditing Standards No. 99 was rewritten and resulted in new fraud policies, which will require more work and documentation on the part of the auditors. Also by the 2007 audit the Borough must determine values for all the infrastructure as well as depreciation values.

The Comprehensive Annual Financial Report (CAFR) is 90% completed. A transmittal letter and a statistical report showing ten years of historical data are still needed. This information is helpful in comparing data.

Mr. Lent then allowed for questions and comments from Council.

Council questioned the benefits of completing a CAFR. Mr. Lent explained when dealing with the debt market, agencies look favorably upon the completion of CAFR reports because the reports encompass a lot of information the agencies need. Mr. Lent has witnessed better deals received from the debt market when a CAFR is available. Another benefit is the helpfulness to the public in reviewing the information. Mr. Fountaine added this report has been a long term goal of the Finance Department but help will be needed in gathering the information needed in the reports. The data should go back ten years if it is available. Mr. Groff has previously requested an intern to collect the required data.

Mr. Groff completed the discussion by recognizing Mr. Lent and his firm for their professionalism and also Ms. Crater for her hard work.

Consider a Policy to Discourage Acts of Fraud and Similar Misconduct. Council was provided with a draft fraud policy. Mr. Fountaine explained the Borough wants to establish and maintain an environment of fairness, ethical behavior and honesty. In trying to continue the deterrence, detection and correction of fraudulent acts, a fraud policy has been drafted and defines concerns of suspected acts of fraud by employees and others. The policy would establish procedures to prevent, detect, and investigate fraud. The policy would also provide specific guidance regarding the appropriate action to be taken in case of suspected violations.

After reviewing the fraud policy some minor changes were suggested. The majority of the changes pertained to having information provided to Borough Council rather than just the Borough Council President.

Council also asked for clarification as to the personnel covered under this policy. Mr. Fontaine stated the policy will apply only to Borough employees and if a violation occurs with a contractor or a private firm the matter would be referred to the proper law enforcement agency.

Ms. Goreham moved and Ms. Dauler seconded a motion to approve the Acts of Fraud and Similar Misconduct Statement of Policy Principles. The motion passed with a 6-0-0 vote.

Resolution Opposing State and National Cable Franchising Legislation. Mr. Fontaine asked Council to approve a resolution regarding the opposition to state and national cable franchising legislation. Council is familiar with the proposed resolution as Council has previously corresponded with representatives in Harrisburg and Washington regarding this matter. Mr. Fontaine also distributed for Council's review a letter received today from Adelphia.

Council briefly discussed how the legislation was being received by the representatives and the results of the representatives' voting.

Mr. Daubert moved and Ms. Dauler seconded a motion to approve Resolution 913 to oppose the State and National Cable Franchising Legislation. The motion passed with a 6-0-0 vote.

OLD BUSINESS

CDBG 2005 and 2006 Consolidated Plan Amendments. Mr. Fontaine said a public hearing was held on June 5 to consider two CDBG Consolidated Plan amendments. The first amendment would reprogram \$18,814 in 2005 and \$201,736 in 2006 HOME funds from the Temporary Housing Foundations Rental Rehabilitation project to the Temporary Housing Foundations First Time Homebuyer project. The second amendment would reprogram \$13,969 of CDBG human services funds from Stormbreak Girls Group Home to Burrowes Street Youth Haven. No public comment was received during the public hearing. At the May 11 meeting of the CDBG Citizens' Advisory Committee, the Committee unanimously recommended the approval of both amendments.

Mr. Hahn moved and Ms. Dauler seconded a motion to approve the CDBG 2005 and 2006 Consolidated Plan Amendments. The motion passed with a 6-0-0 vote.

OFFICIAL REPORTS AND CORRESPONDENCE

Staff/Committee Reports. Eastern Inner Loop Funding/Relocation. Mr. Fontaine reported at its May 19 meeting, the COG Transportation Committee approved a motion recommending the funding earmarked for the Eastern Inner Loop be reprogrammed to the North Atherton Street Signal Coordination project. This item will be considered by the COG General Forum at their meeting of June 26 and there is some urgency in deciding on this matter. Council is asked to consider this proposal to make a recommendation at the General Forum meeting.

Council questioned the cost of the project and thought the amount projected was high. It was explained the project is expected to greatly improve the traffic on North Atherton Street. Mr. Whitfield added the lights need to be interconnected to effect a change in the flow of traffic. Mr. Whitfield did not feel the price was unreasonable and actually was less than he expected. He added a command center would be housed in Clearfield and the center would monitor traffic and change the signals accordingly.

COG Updates. Mr. Fontaine noted Council would not meet prior to the next COG General Forum Meeting and there were several items of importance discussed during the meeting. Mr. Fontaine stated the facility renewal report for the Park Forest Community Pool would be presented and a discussion would be held of the agreement regarding the Regional Growth Boundary/Sewer Service Area. Council briefly discussed other items that were listed on the agenda.

Lastly, Mr. Fontaine addressed a letter that was received from Robert Barnoff regarding the denial of removing the 2:00 a.m. to 6:00 a.m. parking on the 600 block of Nimitz Avenue. The Barnoffs were not made aware of when this item would be reviewed by Council and therefore did not attend the previous meeting. Mr. Fontaine is recommending Council revisit this request and add it to the next meeting agenda so the Barnoffs have the opportunity to attend the meeting and explain their request. Council agreed.

There being no further business, the meeting adjourned at 8:32 p.m.

Respectfully submitted,

Cynthia S. Hanscom
Assistant Borough Secretary