

1506

HILLTOWN TOWNSHIP  
BOARD OF SUPERVISORS

MINUTES OF MEETING

March 26, 1990

This meeting of the Hilltown Township Board of Supervisors was called to order by Chairman William H. Bennett, Jr. at 7:35 p.m. with the Pledge of Allegiance.

Board Members present were as follows:

William H. Bennett, Jr., Chairman  
Kenneth Bennington, Vice-Chairman  
Betty J. Kelly, Supervisor

Others present were as follows:

Francis X. Grabowski, Township Solicitor  
C. Robert Wynn, Township Engineer  
George C. Egly, Chief of Police  
Donna C. Jacobini, Township Recording Secretary

A. MINUTES APPROVAL

On motion of Mr. Bennington, seconded by Mrs. Kelly, the Minutes of the March 12, 1990 Board of Supervisors' Meeting were unanimously approved.

B. CURRENT BILLING APPROVAL

Mr. Bennington questioned three items on the Bills List; responses were as follows:

1. American Express Corporate Card Account  
The account has been cancelled.
2. NCR Annual Service Contract - \$4,276.00  
This maintenance agreement will be looked into.
3. Bell of Pennsylvania Telephone Bill - \$3,036.05  
The entire telephone situation will be checked into and subsequently reported on.

Mrs. Kelly made a motion that all bills be paid when due. The motion was seconded by Mr. Bennington and unanimously carried by the Board.

C. TREASURER'S REPORT

Mr. Bennett reviewed the current Treasurer's Report. Mrs. Kelly made a motion to accept the Treasurer's Report. The motion was seconded by Mr. Bennington subject to the audit and unanimously carried by the Board.

D. RESIDENT'S COMMENTS ON AGENDA ITEMS

No report was made at this time.

E. CONFIRMED APPOINTMENTS

1. Mr. Bill Mehl, representing the Bridle Run Subdivision addressed the Board explaining that a letter had been written by the applicant to the Board of Supervisors. The main concern of the letter related to the future right-of-way into the adjacent property and the request for a capital contribution in the decision to extend Holly Court. He stated that off-site improvements already incurred amount to over \$84,000 and that any additional improvements would prove to be in excess of \$30,000 per unit. The applicant, Mr. Jeff Clemons, therefore requested that the aforementioned improvements in the amount of \$13,000 be waived emphasizing that he has already provided sewer line extension, the right-of-way and the access road. He further explained that a future developer would incur no other off-site improvements other than this extension. In response to a question from the Board, Mr. Wynn stated that this issue should be resolved to the satisfaction of the Board of Supervisors. On motion of Mr. Bennington, seconded by Mrs. Kelly the Board unanimously approved the above waiver with the recommendation that the Planning Commission insure that any future developer bear the costs of extending Holly Court.

F. ENGINEERING/PLANNING REPORT

1. Richter Drafting Land Development - Mr. Wynn addressed the Board and reviewed this proposed Preliminary Plan. He stated that the Plan had been presented to the Zoning Hearing Board and that the ZHB had granted three ordinances and that a warehouse, office, and store would be built on the property with the existing twin home to be restored into a single family dwelling. He also stated that the Planning Commission had recommended approval of the Preliminary Plan pending PennDot's approval and the proposed dedication to the Township of the right-of-way. On motion of Mr. Bennington, seconded by Mrs. Kelly, the Board unanimously granted approval to this Preliminary Plan based upon the recommendation of the Planning Commission.

2. Lotier Land Development - This Preliminary Plan proposes the conversion of an existing residential building to a retail and consumer service shop. Required improvements include a parking area, storm drainage and piping. As the property had been zoned as non-commercial, the Zoning Hearing Board has granted a variance. The Planning Commission recommends Preliminary Plan approval subject to the following conditions:

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1. Installation of corrugated pipe reinforcement in compliance with Township specs.
2. Final approval of the North Penn Water Authority.
3. Final approval of the Bucks County Conservation District regarding erosion sedimentation control.
4. Establishment of an escrow account guaranteeing all public improvements.
5. Verification of the acceptability of the existing septic system by the Bucks County Health Department. Due to lack of applicable records, this verification has not been forthcoming; however, no failures have ever been reported and the fact remains that the actual usage would be reduced in the transition from residential to commercial use.

A recommendation was made that the building be equipped with a water saving device and that this become part of the Agreement. Based on the recommendations of the Planning Commission and the conditions as specified above, Mr. Bennington made a motion to approve the Preliminary Plan. The motion was seconded by Mrs. Kelly and unanimously approved by the Board.

At 8:02 p.m., the Board of Supervisors Meeting was temporarily adjourned and a Hearing for the Occupational Privilege Tax Ordinance was conducted.

Mr. Grabowski addressed the Board explaining that this ordinance, if adopted would assess \$5.00 per occupation within Hilltown Township. He stated that the ordinance was duly advertised in the Perkasie News Herald and that proof of publication is on file in the Township Administration Office. Mr. Grabowski went on to explain that the purpose of the tax is to provide general revenue and is imposed upon the privilege of engaging in an occupation within Hilltown Township beginning in 1990 and every calendar year thereafter. The ordinance provides that the tax would not be imposed on any person whose total income is less than or equal to \$5,000 and Berkheimer Associates is prepared to act as the collection agency in this collection beginning with the second quarter of 1990. Mr. Bennett stated that this tax would raise approximately \$30,000 for the Township.

Mr. John Bolger requested an opportunity to address the Board and questioned the increase in tax mills from 5 to 11 in two years and the corresponding increase, or lack thereof, of services to the residents.

Mrs. Kelly made a motion to adopt this Occupational Privilege Tax Ordinance as Ordinance #90-2. Mr. Bennington seconded the motion and the motion was unanimously approved by the Board.

The March 26, 1990 Board of Supervisors Meeting was reconvened at 8:20 p.m.

3. Steigleman Act 537 Revision - Chapter 71 of DER Regulations established that action should be taken on this issue before April 17, 1990. This Act provides for an extension of Hatfield Municipal Public Sewer service to commercial properties with boundaries from where the racetrack used to be north, to Swartley Road. This Revision has been endorsed by the Planning Commission. On motion of Mr. Bennington, seconded by Mrs. Kelly, the Board unanimously accepted the Steigleman Act 537 Revision as amended, and adopted Resolution #90-11.

4. Stellabott Subdivision - This subdivision received final Preliminary Plan approval two years ago. The original plan shows a driveway easement which would allow access to the driveway without crossing wetland area. The required permit necessary to cross wetland area has been received by the Township. A corrugated pipe arch on the property is required as a condition of the revised Final Plan. Mr. Wynn stated that the Planning Commission recommends approval of this Plan subject to any remaining conditions. Mr. Grabowski stated that he had recently received an executed Deed of Dedication for the required right-of-way. On motion of Mr. Bennington, seconded by Mrs. Kelly, the Board unanimously approved this Plan.

5. Country Square Land Development - This Preliminary Plan proposes an office and auto accessory shop and has received numerous extensions in the past. Mr. Wynn stated that the Planning Commission recommends denial of this Plan due to outstanding issues. He also requested that no further extensions be granted on this Plan. On motion of Mr. Bennington, seconded by Mrs. Kelly, the Board unanimously denied this Plan.

6. Toth Subdivision - On motion of Mr. Bennington, seconded by Mrs. Kelly, the Board unanimously granted a 90-Day Extension for this subdivision.

7. Philadelphia Electric Subdivision (3 Lot) - On motion of Mr. Bennington, seconded by Mrs. Kelly, the Board unanimously granted a 90-Day Extension for this subdivision.

8. Philadelphia Electric Subdivision (7 Lot) - On motion of Mr. Bennington, seconded by Mrs. Kelly, the Board unanimously granted a 90-Day Extension for this subdivision.

6. BFI Land Development - On motion of Mr. Bennington, seconded by Mrs. Kelly, the Board unanimously granted Unlimited Extension for this subdivision.

6. Elysian Fields - On motion of Mr. Bennington, seconded by Mrs. Kelly, the Board unanimously granted a 90-Day Extension for this Plan.

G. MANAGER'S REPORT

1. Recycling Committee - Mr. Jack Fox announced that a Public Meeting is scheduled for March 29, 1990. He stated that a curbside recycling program has been mandated to the Township and encouraged attendance at this meeting as it provides an opportunity and forum for public input and suggestions to the program.

2. Obsolete Police Car Bids - Five (5) bids were received for the five (5) obsolete police cars all of varying amounts. The best bid was confirmed at \$3,950 for all five cars. Mr. Bennington questioned what happened to the wheels on four (4) of the cars. The answer to his question was not determined. Mrs. Kelly made a motion to accept the bid for \$3,950. Mr. Bennington seconded the motion "with reservation about what happened to the wheels". The motion was unanimously approved by the Board and Mr. Bennett indicated that he would look into the issue of the wheels.

3. New Appointments

Assistant Township Manager

Pending a background investigation, Mrs. Susan Lee Buchanan Gregory has been selected as the best candidate for the Township's position of Assistant Township Manager. On motion of Mrs. Kelly, seconded by Mr. Bennington, the Board unanimously approved the appointment of Mrs. Gregory at a salary of \$32,000 commencing April 9, 1990.

Park and Recreation Board

Per resignations rendered by Mr. Scott Tagg and Ms. Patricia Traynor, two vacancies have developed on the Park and Recreation Board. Mr. Nick Lupinacci, past Director of the Hilltown Civic Association and Ms. Susan Kell, Landscape Design Degree candidate have been recommended for appointment to this Board. On motion of Mr. Bennington, seconded by Mrs. Kelly, the Board unanimously approved the appointment of the aforementioned candidates to this Board.

Acting Township Treasurer

On motion of Mr. Bennington, seconded by Mr. Bennett, the Board unanimously appointed Mrs. Betty Kelly as Acting Treasurer.

H. SOLICITOR'S REPORT

1. Hockman Deed of Dedication - Mr. Grabowski stated that he had received all appropriate affidavits pertinent to the Stellabout Subdivision Plan. On motion of Mr. Bennington, seconded by Mrs. Kelly, the Board unanimously accepted the Deed of Dedication and adopted it as Resolution #90-12. On motion of Mr. Bennington, seconded by Mrs. Kelly, the Board unanimously adopted Resolution #90-13 declaring its public purpose for which it is being offered.

2. Coleman Land Development - The Agreement has been executed and Escrow Agreements have been provided for \$64,460.49. Mr. Grabowski recommended that the Board authorize execution of both Agreements at the end of the meeting. On motion of Mr. Bennington, seconded by Mrs. Kelly, the Board unanimously approved said execution.

\*G. MANAGER'S REPORT Continued

4. Review of N.D.P. Audit - Chairman Bennett began the discussion of this issue with an overview. He stated that Hilltown Township is a non-profit entity that theoretically balances revenue and expenses every year. To be successful, it must be run like a business, or, at least, in a business-like manner. The major difference between a municipality and a business entity is the absence of profit, accounting on a cash basis rather than an accrual basis, and a lack of stockholders.

Mr. Bennett went on to state that it is only sound business practice to conduct an independent audit. In a public company, there is a required annual audit. Independent audits of municipalities are mandated due to Federal Revenue Sharing. Most recently, Hilltown Township had an independent audit performed in 1979, 1982 and 1985. However, although recommended on at least two occasions following the annual audit of our elected auditors, the Township has had no outside audits done since 1985. The primary purpose of an independent audit is to verify the accuracy of revenue and expenses, assets and liabilities; and to recommend to management better ways to conduct their business.

Chairman Bennett explained that it became clear to him early last year that the Township was not running in a business-like manner. He highlighted the reasons for this belief as follows:

1. Calls from creditors regarding late payment of bills.
2. Late filing of County and State reports.
3. Funds being transferred from one account to another.

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4. Continual delays in conducting an auction or sale of obsolete Police cars, etc.
5. Late application for CD Funds and Recycling Grants.
6. Numerous complaints from residents indicating a lack of attention from Township officials.
7. Inattention to the cleaning out of files, furniture, etc., from the old Municipal building.
8. Lack of receipts to substantiate personal expenses.
9. Lack of notification to the tax collector of the 3 mill Debt Service Tax.
10. Lack of adequate Township job descriptions.

He explained that whenever he questioned the above enumerated items, he was answered "it has been taken care of", or "it will be done shortly".

Chairman Bennett explained that our own elected auditors had been somewhat critical of our accounting procedures during previous years and had difficulty obtaining information. In their final report to the Supervisors in November, 1989, they recommended an independent audit. This was acted upon when a majority of the Supervisors agreed it was necessary. Accordingly, Niessen, Dunlop and Pritchard was retained on January 4, 1990. The results confirmed our suspicions as the following became clear:

1. A net deficit of \$157,000.00 had accumulated over the past few years.
2. A Tax Anticipation Loan to pay bills and meet payroll had become an absolute necessity.
3. A change in management was required.

Chairman Bennett went on to explain the deficit as follows. He reported that at the end of 1986, the Township enjoyed a surplus of \$158,000; however we accumulated deficits of \$99,000 in 1987, \$37,000 in 1988 and \$87,000 in 1989 totaling \$271,000. This total less the beginning surplus of \$158,000 yielded a deficit of \$113,000. In addition, \$44,000 was charged to 1989 but not paid until January of 1990. Therefore, the amended net deficit of the Township is \$157,000.

He stated that the primary reason for this deficit was an overspending of \$212,000 on the new Township building. He pointed out that there are two ways to resolve this dilemma, one is to raise taxes approximately 5 mills and the second is to cut expenditures. The Supervisors will have a meeting this week to review the 1990 Budget and determine where we can cut expenditures to the bone.

In matters relating to Cash Receipts, the Auditors noted delays from the time such currency was received in the office until the time when the corresponding entries were made in the General Ledger. The Police Department maintained records which alerted the auditors to this problem; however, due to the lack of pre-numbered documents, no absolute verification is possible. The auditors report that it is their belief that a minimum of \$1,145 was received, but not deposited. In addition, it was pointed out, that a total of \$400 was reported as the total amount of currency collected in 1989; however, to date, in January and February of 1990, a total of \$1,000 has already been collected.

- 2. The need for improved cash disbursements recording.

Documentation to indicate receipt of goods purchased should be strengthened as well as controls in the area of employee reimbursements under the Township's Dental Plan. Employee expense reimbursement forms should be properly documented prior to reimbursing any employee. Mr. Singley received \$3,650 of reimbursements, most of which had no documentation. Credit cards should be cancelled and the signing of blank checks should be prohibited.

- 3. The need for accurate reporting of financial transactions.
- 4. The need for strengthening control over the issuance and recording of various permits.
- 5. The need for periodic review of Agreements with developers to assure that all revenues due to the Township are being received.

The above suggestions denote significant control weaknesses. Significant additional recommendations and comments were made by the Auditors and are listed in Exhibit A of these minutes. Mr. Gruver pointed out that a plan of action needs to be developed to reduce the deficit and he recommended a limited review of the financial reports of 1987 and 1988. He also stated that the auditors recommended an evaluation of the Township Manager's competency and integrity. In addition, he indicated the the records and accounting functions under the responsibility of Mrs. Christine Morgan (Bookkeeper) were kept in a competent and well organized manner and that she provided considerable assistance to the auditors.

Mr. Grabowski reviewed the Pension Fund deficit and clarified the fact that the deficit is related to those funds submitted by the Township and not those contributed by the state of



Pennsylvania in the PMRS Fund. In 1989, the account was overfunded and the extra monies were kept in a separate account and earmarked as Pension Benefit. Monies were transferred from this "surplus account" into other funds in the budget. He stated that these monies need to be replaced. He also stated that not a dime from past employee contributions has been touched.

Mr. Bennington and Mr. Bennett recommended that the Auditor General's office be contacted to investigate the feasibility of a further review and/or audit.

#### I. RESIDENT'S COMMENTS

Mr. John Bolger stated that he was in agreement that the Auditor General's office be contacted. He also questioned the raising of taxes and stated his discontent with this concept.

Mr. John Gillispie addressed the Board and asked why an independent audit was not performed in previous years. He also recommended that a quarterly statement be done. Mr. Bennett responded that a quarterly statement will now be enforced. Mr. Gillispie then asked what the Township plans to do to protect the residents from this happening again. He also asked about errors and omissions insurance coverage. Mr. Bennett responded that it may be necessary to postpone the hiring of an additional police officer which had previously been planned. He also stated that the recommendations of the auditors would be implemented and that, in fact, some had already been incorporated into the Township's operating plan.

Mr. Jack Fox stated that quarterly reports had been supplied until approximately three years ago. He said that he could not understand how this could occur without someone knowing about it or how it could possibly have gone on for so long. He suggested that a audit be performed for each year during which Mr. Singley worked for the Township.

Mr. Jay Poggi addressed the Board and asked that the Board of Supervisors inform the residents when an additional tax would be levied with a specification as to when the tax would be lifted.

Mr. Robert Grunmier then made a statement of clarification that a Supervisor's position is a part-time position and that, as a past Supervisor, he worked with hired administration in faith. He then read portions of the elected auditor's report. He also voiced his defense of Mr. Singley, and the difficulties he had been facing.

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Mr. Ken Beard asked if a method existed which would allow the Township to determine how much money is missing from the budget.

Mr. Al King stated that it was his opinion that a complete audit is mandatory at this point in order to set a precedent for the Township.

Additional dialogue ensued concerning a cost versus benefit decision in this regard and the Board of Supervisors agreed that they will consider spending more funds to investigate the issue further. Mr. Bennington asked if the Auditor General's office is contacted, what would the possibility be that his office would take action. An answer was not determined.

Mrs. Jean Bolger asked about the chain of command and who is in charge. Chairman Bennett explained the various Boards are appointed by the Board of Supervisors and that the Planning Commission is a recommending body to the Board of Supervisors. He further explained that the Zoning Hearing Board is actually a small court and that the Municipal Authority is a totally independent authority.

J. SUPERVISOR'S COMMENTS

Mr. Bennington asked if any further violations of the Cease and Desist Order issued to Ferguson Towing had occurred. He also asked that Mr. Groeber be prepared to enter his journal log as court evidence in this case. If further violations are occurring, a citation would be issued and a daily fine would be incurred.

Mr. Bennington requested that a Zoning Officer check to determine if the pumps are functioning at the gas station located at the intersection of Route 313 and Blue School Road. In the event the pumps are not working, he suggested that the owner be cited accordingly.

K. PRESS CONFERENCE

Mr. Sean Lebofsky of the North Penn Reporter asked the following questions and received the following responses:

1. Since Mr. Bennett and Mrs. Kelly were both members of the previous Board, why wasn't anything done sooner?  
Mr. Bennett responded that he assumed the past Chairman was acting on behalf of the Township.
2. Did you expect to find such problems as a result of the audit?

Mr. Bennett stated that he discussed his reasons for seeking an independent audit earlier in the meeting.

- 3. Does the institution of the Occupational Privilege Tax (acted upon at the 8:00 p.m. Hearing) have anything to do with the deficit?  
Mr. Bennett responded that it did not.
- 4. Did Mr. Singley make recompense for the two extra paychecks he received?  
Mr. Singley paid it all back in February.
- 5. Will the recommendations of the audit be implemented?  
Yes.
- 6. Does the Township plan to file any criminal charges?  
The Township Solicitor will look into it.
- 7. How much was the previous Township Manager paid?  
\$45,000.
- 8. Will a new Township Secretary be hired and at what salary?  
This is being looked into; the previous Township Secretary was paid \$22,000 annually.

L. ADJOURNMENT

There being no further business to come before the Board, Mr. Bennington made a motion, seconded by Mrs. Kelly and unanimously approved by the Board to adjourn this meeting of the Hilltown Township Board of Supervisors at 11:25 p.m.

Respectfully submitted,



Donna C. Jacobini  
Hilltown Township Recording Secretary