



**MINUTES
Special Meeting – Public Hearing
May 20, 2014**

1. The Chairman called the meeting to order at 7:32pm.
2. The Chairman read the statement in compliance with C. 231,PL 1975.
3. Roll Call: the following Commissioners were present: DaPuzzo, DePhillips, Gabbert, Kasparian, Kelaher, Plumley, Salazer and Chairman Chewcaskie.
4. Salute to the Flag was led by the Chairman.
5. Chairman's Remarks.

The Chairman stated the purpose of this special meeting was to conduct a public hearing on the adoption 2014 Sewer Connection Fee based upon the report entitled, "2014 Sewer Connection Fee Rate Study Update" prepared by the Authority's Auditor, Paul Lerch of Lerch, Vinci & Higgins, LLP.

The Chairman noted that the Commissioners have received the report and the testimony of Mr. Paul Lerch regarding the connection fee study analysis. In the past, the written testimony is incorporated as part of the minutes of the meeting and suggested the Board do the same this year unless any members of the Board had an objection to this. The Board was in agreement to include the testimony as part of the minutes and include the report as an exhibit to the minutes. They passed a motion to accept the written testimony and incorporate it into the minutes of the meeting. Commissioner DaPuzzo made the motion and Commissioner Kasparian seconded it. All Commissioners present voted in favor of accepting the motion.

At this time Mr. Jeffrey Zenn, the Authority's General Counsel, swore in Mr. Lerch and asked him to identify himself for the record as the Auditor for the Authority and to give a summary of what is included in the report and testimony.

The Chairman asked Mr. Lerch to clarify that whenever it states NBCUA-1 within the testimony, this refers to the report dated April 23, 2014. Mr. Lerch stated that is correct. At this time, Mr. Lerch gave a summary of what is in the testimony attached to these minutes.

The Chairman noted that the Authority has in the past reduced the connection fee by 50% which is allowable by law. This is the practice of the Authority since the beginning of the

connection fee in December 2006. With the 50% reduction, the connection fee to be adopted for 2014 is \$2,235.00

6. Public Hearing on the Adoption of 2014 Sewer Connection Fee. The Chairman opened the meeting to the public for comment on the sewer connection fee rate study.

There were no public comments.

7. Vote on the Resolution:

Resolution No. 52-2014 – Authorization to Adjust the Sewer Connection Fee: The Resolution was offered by Commissioner Gabbert, seconded by Commissioner DaPuzzo. The following commissioners voted in favor of passing the resolution: DaPuzzo, DePhillips, Gabbert, Kasparian, Kelaher, Plumley, Salazer, Chairman Chewcaskie.

8. Commissioner Kasparian made a motion to adjourn the meeting at 7:41pm. Commissioner DePhillips seconded the motion. All Commissioners present voted in favor to adjourn the meeting at 7:41pm and proceed into the regular meeting.


Alison Gordon, Secretary

NBCUA
CONNECTION FEE HEARING
MAY 20, 2014

PAUL LERCH

Educational Background

1986 – William Paterson College, Bachelor of Arts in Accounting

Year of CPA License

1990

When did you begin the practice of accounting

1986

Have you practiced accounting continuously since then

Yes

Serve as Auditor for NBCUA

Since 2003

Chairman qualifies Paul as Expert Witness in accounting

Did you perform an investigation for the NBCUA with respect to proposed connection fee program?

Yes

Did you render a report to the NBCUA with respect to the results of that investigation?

Yes, our report is dated April 23, 2014.

Mark Report as NBCUA – 1

Are you familiar with N.J.S.A. 40:14B-22?

Yes

In particular, are you familiar with the formula for calculating connection fees in that statute?

Yes

Did you follow that formula in preparing the report marked NBCUA –1?

Yes

1. The first step in the calculation is to determine the total investment of the Authority in the existing system?

Correct

In that context, what was the first thing you did in your investigation?

Gathered historical financial data contained in audits, bond closing documents and public offering statements for the purpose of determining amounts paid toward the cost of the sewer system funded by bonded debt, loans and temporary financings.

What did you include as amounts paid toward the cost of the sewer system?

I included all principal paid on bonded debt and loans and interest paid on bonded debt, loans and temporary financings.

How far back did you go in determining the principal and interest paid?

I went back to debt issued in 1961 and included all payments made for principal and interest through 2012.

What records were available to you in that context?

Audits and/or official statements provided the information for all principal and interest payments made on Wastewater Treatment System Bonds and Notes issued.

What records were not available to you?

Audit reports for the years 1967 and 1968, and for the years prior to 1961 were not available. Official Statements for the following debt issues were not available: 1965 BANs, 1966 BANs, 1967 BANs, 1968 BANs, 1969 BANs, 1970 BANs (2 issues), 1973 BANs, and 1974 BANs.

How did you deal with the absence of that data?

The combination of available Audits and Official Statements provided all of the information necessary to compile the principal and interest payments made on all Wastewater Treatment System Bonds and Notes issued.

What was the total amount of principal and interest which you determined?

\$153,292,281

Where does that appear in your report, NBCUA – 1?

Page 6 – Exhibit C

What steps, if any, did you take to confirm or prove the correctness of that figure?

We compared principal and interest paid as provided in the analysis of debt information contained in our report Exhibit C to principal and interest paid per the audits for reasonableness.

Did you include any adjustment for inflation?

No

Did you include any compounding of interest?

No

How did you treat defeasance or refunding bond issues?

Any bonded debt which was subsequently defeased or refunded was not included in the amounts paid toward principal and interest. The defeased amounts were eliminated from the scheduled debt service payments contained in the closing documents and official documents and therefore was not included in the total cost

In other words, you were careful not to count the same principal amounts twice in the case of bonds which were defeased or refunded.

Correct

How did you treat capitalized interest?

Capitalized interest was not included in the calculations and was eliminated from the scheduled debt service payments for interest contained in the official statements.

Again, you were careful not to include the same interest payments twice in your calculation

Correct

How did you treat scheduled future debt service requirements?

Future debt service requirements as of December 31, 2012 were not included in the calculation. The sewer connection fee should be adjusted on an annual basis to reflect the future debt service payments as they occur.

Where do those items appear in your report?

Page 19 – Exhibit G

2. Did you determine the total capital expenditures funded by capital outlay, in other words, any amounts paid for capital expenditures from the Authority's own funds and not from the proceeds of bond issues?

Yes

How did you go about determining the amount paid from capital outlay?

Summarized the amount of capital outlay which was expended per the Authority's audits for the period 1961 through 2012.

How did you treat vehicles and equipment in this context?

In order to be conservative, we assumed that all purchases made for vehicles and equipment not related to the sewer system were paid from capital outlay expenditures. The amount of capital outlay expenditures was then reduced by the amount paid for vehicles and equipment not related to the cost of the sewer system.

How did you go about determining the value of the vehicles and equipment purchased (i.e. – non-infrastructure assets)?

I reviewed the audited fixed asset report for vehicles and equipment as of December 31, 2012 to determine the portion of amounts paid for vehicles and equipment which were not paid toward the cost of the sewer system.

What were the results of that determination?

I determined that out of the \$14,545,711 spent from capital outlay for the period 1961 through 2012, \$969,201 was spent on vehicles and equipment.

Where does that appear in your report?

Page 5 of my report – Exhibit B

3. Under the statute, the next step is the total of all gifts, contributions & subsidies

Correct

What investigation did you do in that context?

Review audits for the years 1961 through 2012 as well as financial data to determine if any grant awards, gifts, contributions or subsidies were used to defease debt.

How do you know that Grant Proceeds were not included in the capital outlay spent as part of the budget process?

The grant awards have guidelines established which require that these funds are separately accounted for outside of the budget process. I reviewed audits to ensure that the grant awards were not included in the operating budget where capital outlay is paid from.

What did you determine as to whether any grants or gifts needed to be included in the calculation?

**\$3,071,137 of Federal and State Grant funds received were used to defease bonded debt service on the 1973 A Bond Issue.
\$620,000 of Federal and State Grant funds received were used to pay down the principal on the 1974 Bond Anticipation Notes.**

What did you determine as to whether any contributions or subsidies needed to be included in the calculation?

There were not any contributions or subsidies received that needed to be included in the calculation.

4. The next prong under the statute is the amounts paid to the NBCUA by any public entity on account of capital costs

Were there any such costs paid?

There were no costs paid by any public entity toward capital expenses as per NBCUA representation.

5. Did you then calculate the NBCUA's net investment in the sanitary sewer collection and treatment system permissible under the statute?

Yes

How did you go about calculating that amount?

The results of my calculation are presented in my report on Page 5 – Exhibit B.

What did you determine the net investment in the system to be?

\$153,074,492

6. The next step under the statute is determining the average daily flow from the average single family residence in the service area to compute a base service unit

Correct

How did you go about determining that number?

I contacted the NBCUA's consulting engineer Keith W. Henderson from T&M Associates and relied on his recommendation of 300 gpd as the average daily flow for a single family residence, which has been used to determine the equivalent service unit for the NBCUA

7. The next step was a determination of the total number of equivalent service units in the service area

How did you go about determining that?

I used the NBCUA 2012 Historical Flow Information for the last 5 years by member municipality. I then averaged the 5 years and divided the sum by 108,000 gpy (or 300 gpd) to determine the number of equivalent service units.

Why did you average 5 years of flow?

In order to be conservative and discount the possibility of an aberrant year based on above average or below average rainfall

What did you determine to be the number of equivalent service units in the NBCUA system?

34,237

Where does that appear in your report?

Page 4 – Exhibit A

8. The next step was the calculation of the connection fee cost per service unit.

How did you go about that calculation?

We divided (i) the net total investment in the system (i.e., the total debt service and total capital costs paid) by (ii) the number of equivalent service units

What did you determine that number to be?

\$4,471

9. The connection fee statute requires that the combination of the NBCUA's service charges and the connection fees will meet the requirements of N.J.S.A. 40:14B-23. What is your understanding of that statutory requirement?

That the combination of service charges and connection fees of the NBCUA will at all times be adequate to pay all of the expenses of operation and maintenance of the system without creating a windfall to the Authority.

Does the combination of the service charges and the proposed connection fees meet that requirement?

Yes

HOWARD HURWITZ

After determining the connection fee cost per service unit, the Authority requested that you apply a reduction across-the-board to reach a lower fee.

The Commissioners determined that the cost of \$4,471 per EDU was onerous and asked that the staff investigate connection fees at other facilities. Based on this investigation, I recommended to the Commissioners that a reduction (of 50%) be applied to the actual cost of \$4,471 per EDU.

By applying the reduction of 50% across-the-board, is the resulting reduced fee fair and reasonable?

Yes. The recommended 50% reduction will result in a Connection Fee of \$2,235 per EDU, which is considered fair and reasonable when compared with other connection fees within New Jersey.

KEITH HENDERSON

What is your educational background?

I have been awarded a Bachelors Degree in Civil Engineering from Drexel University, a Masters Degree in Environmental Engineering from Manhattan College and a year of post Masters study in Biochemical Engineering at Drexel University.

What licenses do you hold?

I hold Professional Engineering Licenses in New Jersey and Pennsylvania. I am also a Licensed Professional Planner in New Jersey and a Licensed Land Surveyor in Pennsylvania.

How long have you been an engineer?

I have been an engineer for 39 years and a Professional Engineer for 34 years.

How long have you served as Engineer for NBCUA?

I have served as one of the NBCUA's engineers since 2004.

What is your recommendation as to the daily flow for a single-family residence to determine the equivalent service unit for the NBCUA?

The amount of flow attributed to a single family, three-bedroom residence is 300 gpd. This is the industry and NJDEP standard and is widely utilized to estimate sewage flows.

What is that based upon?

The NJDEP standard was established in NJAC 7:14A-23. The regulations also include flow standards for many other types of buildings and uses that have been incorporated into the NBCUA's connection fee program.

EXHIBIT A

THE NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED – UPON PROCEDURES**

2014 SEWER CONNECTION FEE RATE STUDY UPDATE

**Prepared By
Lerch, Vinci & Higgins, LLP
Dated: April 23, 2014**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED UPON PROCEDURES

Honorable Chairman and Members
of the Board of Commissioners
The Northwest Bergen County Utilities Authority
30 Wyckoff Ave. at Authority Drive
Waldwick, New Jersey

We have performed the procedures enumerated below, which were agreed to by management of the Northwest Bergen County Utilities Authority (the "Authority" or "NBCUA"), solely to assist you in resetting the sewer connection fee effective May 20, 2014, for new users connecting to the existing NBCUA Wastewater Treatment System for the first time.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institution of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures were as follows:

- Review of statute N.J.S.A. 40:14B-22 "Sewerage Service Charges" which defines the current formula and procedures for the imposition of a sewer connection fee.
- Prepare an analysis of debt information based upon the official statements and closing documents for all Wastewater Treatment System Bonds and Notes issued from date of inception. We prepared an analysis of: i) sources and uses of funds, ii) projects associated with each bond issue, iii) bonded debt issued, iv) capitalized interest by issue, v) amounts subsequently refunded, and vi) amounts paid by issue.

Our procedures were as follows: (Continued)

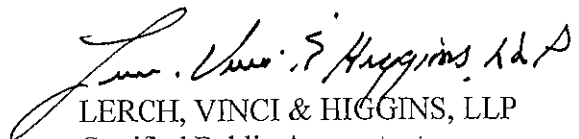
- Review audits for the years ended December 31, 1961 through December 31, 2012 for State and Federal Grant funds received to determine if any amounts received were used to defease and/or pay down bonded debt previously issued.
- Compare interest expense in the audits for the years ended December 31, 1961 through December 31, 2012 to interest paid on debt service as provided in our analysis of debt information. Investigate all differences between interest expense and interest paid on debt service as provided in our analysis of debt information.
- Compare principal paid in the audits for the years ended December 31, 1961 through December 31, 2012 to principal paid on debt service as provided in our analysis of debt information. Investigate all differences between principal paid per audit and Authority financial information and principal paid on debt service as provided in our analysis of debt information.
- Review audits for the years ended December 31, 1961 through December 31, 2012 for amounts paid from Capital Outlay.
- We reduced the total investment in the System by the amounts paid for Vehicles & Office Equipment, as these do not represent investments in the Wastewater Treatment System.
- Prepare an analysis of Equivalent Dwelling Units (“EDUs”) for the Authority’s Wastewater Treatment System. The NJDEP currently recognizes 300 gallons per day or 108,000 gallons per year as the average sewage flow for a single-family residence, which is 1 EDU. The number of EDUs utilized in our report was based on a five-year average of EDUs presented in sewage flow reports provided by the Authority.
- Calculate the 2014 Sewer Connection Fee Rate per EDU by dividing the total investment in the System through December 31, 2012 by the total number of EDUs.

The results of our procedures were as follows:

- The 2014 Sewer Connection Fee Rate per EDU was calculated to be \$4,471 as presented in Exhibit A.
- The total principal and interest paid by issue net of refunding for the period January 1, 1961 through December 31, 2012 is presented in Exhibit C. The total interest paid in this report is adjusted to reflect capitalized interest on applicable debt issued as indicated in Exhibit B.
- Based on our review of audits for the years ended December 31, 1961 through December 31, 2012, \$3,071,137 of Federal and State Grant funds received were used to defease bonded debt service on the 1973 A Bond Issue. In addition, \$620,000 of Federal and State Grant funds received were used to pay down the principal on the 1974 Bond Anticipation Notes.
- Based on our review of audits for the years ended December 31, 1961 through December 31, 2012, the principal and interest paid as presented in Exhibit B is reasonable when compared to amounts per audit.
- Based on our review of audits for the years ended December 31, 1961 through December 31, 2012, \$14,545,711 was spent for Capital Outlay from budgeted amounts raised.
- Audits for the years ending December 31, 1967 and 1968 as well as audits prior to 1961 were not available for review.
- Our analysis of debt information based upon our review of closing documents and official statements is presented in the appendix of this report.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying financial information. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

This report is intended solely for the information and use of the Board of Commissioners and management of the Northwest Bergen County Utilities Authority and is not intended to be and should not be used by anyone other than these specified parties.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants

Fair Lawn, New Jersey
April 23, 2014

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SEWER CONNECTION FEE RATE STUDY
RATE PER EDU**

Net Investment in System through 12/31/12	\$ 153,074,492
# of EDUs	<u>34,237</u>
COST PER EDU	<u><u>\$ 4,471</u></u>

HISTORICAL FLOW INFORMATION

<u>Year</u>	<u>Flow (in thousands of Gallons)</u>
2008	3,689,414
2009	3,651,858
2010	3,779,192
2011	4,167,593
2012	<u>3,199,820</u>
5 Year Total	<u>18,487,877</u>
5 Year Average	3,697,575
divided by :	
108,000 Gallons/EDU	<u>108</u>
# of EDUs	<u><u>34,237</u></u>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SEWER CONNECTION FEE RATE STUDY
TOTAL INVESTMENT IN SYSTEM**

Total Debt Service Paid through 12/31/12:

Principal	\$ 69,243,877	
Interest	<u>84,048,404</u>	
		\$153,292,281
1973A Bonded Capitalized Interest for Bonds		(2,021,177)
1973A Bonded Capitalized Interest for Notes		(1,171,000)
Grants Used to Pay 1974 BAN Principal		(620,000)
Grants Used to Pay Debt Service on 1973A Bond		(3,071,137)
1984 Bonded Capitalized Interest for Bonds & Notes		(6,452,527)
1984 Bonded for Renewal and Replacement		(250,000)
2009 BCIA Bonded Capitalized Interest for Bonds		(120,448)
2010B NJEIT Loan Capitalized Interest		(61,833)
2012A NJEIT Loan Capitalized Interest		(26,177)
Capital Outlay		<u>14,545,711</u>
Total Investment in System - 12/31/12		154,043,693
Vehicles & Office Equipment		<u>(969,201)</u>
Net Investment in System - 12/31/12		<u><u>\$153,074,492</u></u>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SEWER CONNECTION FEE RATE STUDY
DEBT SERVICE PAID BY ISSUE - NET OF REFUNDED DEBT
FOR THE PERIOD JANUARY 1, 1961 TO DECEMBER 31, 2012**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1965 BANs		\$ 4,125	\$ 4,125
1966 BANs		28,500	28,500
1967 BANs		307,853	307,853
1968 BANs		700,000	700,000
1969 BANs		361,500	361,500
1969 A - 1st Issue		667,304	667,304
1969 A - 2nd Issue		630,267	630,267
1970 BANs - 1st Issue		100,574	100,574
1970 BANs - 2nd Issue		67,787	67,787
1970 B - 1st Issue		403,233	403,233
1970 B - 2nd Issue		1,533,829	1,533,829
1971 Series C		179,930	179,930
1971 - First Additional		140,254	140,254
1973 Series A	\$ 6,585,000	12,073,076	18,658,076
1973 BANs		21,700	21,700
1974 BANs	620,000	13,950	633,950
1980 Project Notes		426,250	426,250
1981 Project Notes		1,680,000	1,680,000
1982 Project Notes		1,543,833	1,543,833
1983 Project Notes		761,250	761,250
1984 Series	5,380,000	10,771,727	16,151,727
1986 Series	1,325,000	19,915,839	21,240,839
1992 Series	1,440,000	15,552,839	16,992,839
1993/2003 Wastewater Loan	13,721,425	3,783,923	17,505,348
1996 Series	13,105,000	3,640,479	16,745,479
1997/2006 Wastewater Loan	6,453,582	2,532,912	8,986,494
2004 Series	19,570,000	5,067,649	24,637,649
2008 Solar Bonds	798,870	77,888	876,758
2009 BCIA Bonds	100,000	889,173	989,173
2010B Wastewater Loan	145,000	144,583	289,583
2012A Wastewater Loan		26,177	26,177
	<u>\$ 69,243,877</u>	<u>\$ 84,048,404</u>	<u>\$ 153,292,281</u>

APPENDIX

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SEWER CONNECTION FEE RATE STUDY
DEBT ISSUED- PROJECT DESCRIPTION**

<u>Issue Name</u>	<u>Par Amt. Issued</u>	<u>Maturities</u>	<u>Project Description</u>
1965 Bond Anticipation Notes	\$ 550,000	1966	Temporarily finance the "Initial Project", which includes interceptor and trunk sewers, pumping stations, force mains, and meters to serve the municipalities
1966 Bond Anticipation Notes	950,000	1967	Same as 1965 BANs
1967 Bond Anticipation Notes		1968	Same as 1965 BANs
1968 Bond Anticipation Notes	11,000,000	1969	Same as 1965 BANs
1969 Bond Anticipation Notes	11,300,000	1970	Same as 1965 BANs
1969 A Sewer System Bonds - 1st Issue	3,100,000	1974-1980	Permanently finance the "Initial Project", which includes interceptor and trunk sewers, pumping stations, force mains, and meters to serve the municipalities
1969 A Sewer System Bonds - 2nd Issue	2,900,000	1981-1992	Same as 1969 A - 1st Issue
1970 BANs - 1st Issue	3,190,000	1970	Same as 1965 BANs
1970 BANs - 2nd Issue	3,190,000	1971	Same as 1965 BANs
1970 B Sewer System Bonds - 1st Issue	2,000,000	1974-1980	Same as 1969 A - 1st Issue
1970 B Sewer System Bonds - 2nd Issue	7,570,000	1981-2005	Same as 1969 A - 1st Issue
1971 C Sewer System Bonds - 1st Issue	1,930,000	1974-1997	Same as 1969 A - 1st Issue
1971 C Sewer System Bonds - 2nd Issue	1,500,000	1974-1997	Same as 1969 A - 1st Issue

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SEWER CONNECTION FEE RATE STUDY
DEBT ISSUED- PROJECT DESCRIPTION**

<u>Issue Name</u>	<u>Par Amt. Issued</u>	<u>Maturities</u>	<u>Project Description</u>
1973 A Sewer System Bonds	22,530,000	1974-2013	Provide funds to refund previous issues
1973 Bond Anticipation Notes	620,000	1974	Provide funds to refund previous issues
1974 Bond Anticipation Notes	620,000	1974	Provide funds to refund 1973 BAN
1980 Project Notes	5,500,000	1981	Provide funds for the "1980 Project" which consists of the construction of certain lines, pumping station and force main facilities to serve portions of Wyckoff, Mahwah and Ramsey (also referred to as the "Stage II Project")
1981 Project Notes	14,000,000	1982	1980 Project as well as the "1981 Project" which consists of certain improvements to the sludge incinerator facilities including the replacement of outdated components and an increase in sludge burning capacity
1982 Project Notes	15,700,000	1983	Redeem the \$14,000,000 principal amount of the 1981 Project Notes, to provide for the payment of the interest on the 1982 Notes at maturity and to pay the costs and expenses of issuing and delivering the 1982 Notes
1983 Project Notes	12,180,000	1984	Provide funds for the payment of principal of the \$15,700,000 1982 Project Notes, and payment of the issuance costs of the 1983 Notes
1984 Utility System Revenue Bonds	34,525,000	1985-2013	Provide funds for payment of principal of the 1983 Project Notes, refund the outstanding 1973 Series A bonds, payment of costs of various improvements to the treatment plant ("1984 Project")
1986 Revenue Refunding Bonds	34,435,000	1991-2013	Provide funds to advance refund a portion of the 1984 Series bonds

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SEWER CONNECTION FEE RATE STUDY
DEBT ISSUED- PROJECT DESCRIPTION**

<u>Issue Name</u>	<u>Par Amt. Issued</u>	<u>Maturities</u>	<u>Project Description</u>
1992 Revenue Refunding Bonds	24,115,000	1994-2013	Provide funds to refund a portion of the outstanding 1986 Series bonds
1993/2003 Wastewater Loan	13,965,026	1994-2012	Finance the expansion of the Phase II wastewater treatment plant
1996 Refunding Bonds	13,105,000	1997-2005	Provide funds to refund a portion of the outstanding 1986 Series bonds; in each of the years 1996 through 2001, inclusive, and 2005
1997/2006 Wastewater Trust Loan	9,717,182	1998-2017	Replacement of an old sludge incinerator and the installation of a new emission control system, consisting of a fluidized bed incinerator, combustion air pre-heater, stack gas heat exchanger, scrubbers, wet electrostatic precipitator and exhaust stack, and the rehabilitation of the Stage II, Phase III interceptor consisting of pipe and manhole ("1997 Project")
2004 Sewer System Bonds	22,410,000	2005-2013	Provide funds to refund outstanding 1992 Series bonds for amounts due from 2004 through 2009 and 2013
2008 Solar Bonds	2,236,842	2008-2021	Finance the construction and equipment for the Solar Energy Project
2009 BCIA Bonds	7,095,000	2009-2024	Various improvements at the wastewater treatment plant facility, pump station upgrades, site improvements and equipment purchases
2010B Wastewater Trust Loan	3,335,000	2010-2030	Incinerator No. 1 Improvements
2012A Wastewater Trust Loan	3,986,088	2013-2031	Finance a new sanitary sewer pump station, force main and collection system to service several commercial and residential properties within the business district of Franklin Lakes.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SEWER CONNECTION FEE RATE STUDY
SOURCES AND USES OF FUNDS**

\$550,000

1965 Bond Anticipation Notes

Disposition of Proceeds cannot be determined.

\$950,000

1966 Bond Anticipation Notes

Disposition of Proceeds cannot be determined.

Par amount cannot be determined.

1967 Bond Anticipation Notes

Disposition of Proceeds cannot be determined.

\$11,000,000

1968 Bond Anticipation Notes

Disposition of Proceeds cannot be determined.

\$11,300,000

1969 Bond Anticipation Notes

Disposition of Proceeds cannot be determined.

\$3,190,000

1970 Bond Anticipation Notes (1st and 2nd issues)

Disposition of Proceeds cannot be determined.

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SEWER CONNECTION FEE RATE STUDY
SOURCES AND USES OF FUNDS

\$19,000,000
1969 A, 1970 B, 1971 C Issues

Uses of Funds:

Land, rights in land, construction, engineering, and technical services, administration and working capital, and financing expense	\$ 16,162,000
Interest net of investment earnings and provision in 1970 Budget for interest on Series B Bonds	1,112,000
Bond Reserve Requirements	1,248,000
Operating Reserve Requirements	175,000
Contingency Allowance	<u>303,000</u>
	<u>\$ 19,000,000</u>

\$22,530,000
1973 Series A

Uses of Funds:

Principal Amount of Outstanding Bonds	\$ 19,000,000
Call Premium for redemption	584,360
Interest to Maturity or Call Date	8,483,733
Bond Service Reserve for 1973 Series A Bonds	1,163,012
Construction Fund for 1969 Project	250,000
Estimated Expenses of Refunding	<u>285,558</u>
	29,766,663
Less: Estimated Net Available Funds	<u>(7,236,663)</u>
Refunding Bond Issue	<u>\$ 22,530,000</u>

\$620,000
1973 Bond Anticipation Notes

Disposition of Proceeds cannot be determined.

\$620,000
1974 Bond Anticipation Notes

Disposition of Proceeds cannot be determined.

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SEWER CONNECTION FEE RATE STUDY
SOURCES AND USES OF FUNDS**

\$5,500,000
1980 Project Notes

<u>Sources of Funds:</u>	
Sale of 1980 Project Notes	\$ 5,500,000
Investment Income from fund held by Trustee	80,000
	<u>\$ 5,580,000</u>

<u>Uses of Funds:</u>	
Engineering, design studies	\$ 1,250,000
Easements, land acquisition	500,000
Construction	3,270,000
12 months interest on 1980 Project Notes	426,250
Legal, trustee and note discount costs	133,750
	<u>\$ 5,580,000</u>

\$14,000,000
1981 Project Notes

<u>Sources of Funds:</u>	
Note Proceeds	<u>\$ 14,000,000</u>

<u>Uses of Funds:</u>	
Construction and Contingencies	\$ 6,820,000
Redemption of 1980 Project Notes	5,500,000
Interest on \$14,000,000 of the 1981 Project Notes	1,680,000
	<u>\$ 14,000,000</u>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SEWER CONNECTION FEE RATE STUDY
SOURCES AND USES OF FUNDS**

\$15,700,000
1982 Project Notes

<u>Sources of Funds:</u>	
Note Proceeds	<u>\$ 15,700,000</u>
 <u>Uses of Funds:</u>	
Redemption of 1981 Project Notes	\$ 14,000,000
Underwriter's Discount	100,200
Contingency	29,800
Interest on \$15,700,000 of the 1982 Project Notes	<u>1,570,000</u>
	<u>\$ 15,700,000</u>

\$12,180,000
1983 Project Notes

<u>Sources of Funds:</u>	
Note Proceeds	\$ 12,180,000
Available Authority Funds	<u>5,309,633</u>
	<u>\$ 17,489,633</u>
 <u>Uses of Funds:</u>	
Principal Amount of the 1982 Project Notes	\$ 15,700,000
Interest Due on the 1982 Project Notes	1,543,833
Underwriter's Discount	121,800
Issuance Expenses and Contingency	<u>124,000</u>
	<u>\$ 17,489,633</u>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SEWER CONNECTION FEE RATE STUDY
SOURCES AND USES OF FUNDS**

\$34,525,000

1984 Series

Sources of Funds:

Principal Amount of the 1984 Bonds	\$	34,525,000
Bond Reserve Fund		1,162,538
Interest Earned on the 1984 Project Construction Account during the construction period		468,051
Available Cash		<u>416,869</u>
	\$	<u><u>36,572,458</u></u>

Uses of Funds:

1984 Project Construction Account	\$	7,095,000
Renewal and Replacement Reserve Account		250,000
Retirement of 1983 Notes		12,180,000
Deposit pursuant to Defeasance Agreement for 1973 Bonds		9,655,593
Capitalized Interest for 1984 Project		1,780,495
Bond Reserve Account		3,802,478
MBIA Insurance Premium		796,000
Underwriters' Discount		835,505
Issuance Costs		<u>177,387</u>
	\$	<u><u>36,572,458</u></u>

\$35,435,000

1986 Series

Sources of Funds:

Principal Amount of the Bonds	\$	35,435,000
Bond Reserve Account for the 1984 Bonds		4,386,599
General Fund		<u>424,062</u>
		40,245,661
Less: Discount		<u>(426,338)</u>
	\$	<u><u>39,819,323</u></u>

Uses of Funds:

Deposit pursuant to Escrow Deposit Agreement for 1984 Bonds	\$	34,842,011
Bond Reserve Account		3,661,282
Bond Insurance Premium		357,600
Underwriters' Discount and Costs of Issuance		<u>958,430</u>
	\$	<u><u>39,819,323</u></u>

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SEWER CONNECTION FEE RATE STUDY
SOURCES AND USES OF FUNDS

\$24,115,000
1992 Series

Sources of Funds:

Principal Amount of the 1992 Bonds	\$	24,115,000
Other Available Monies of the Authority		3,661,283
		<u>27,776,283</u>
Less: Original Issue Discount		<u>(316,457)</u>
	\$	<u>27,459,826</u>

Uses of Funds:

Deposit to Escrow Fund for Refunded 1986 Bonds	\$	23,152,959
Underwriters' Discount		277,323
Deposit to Bond Reserve Account		3,632,500
Costs of Issuance		<u>397,044</u>
	\$	<u>27,459,826</u>

\$13,965,026
1993/2003 Wastewater Trust Loan

To Permanently finance the expansion of the Authority's Phase II Treatment Plant

\$13,105,000
1996 Series

Sources of Funds:

Principal Amount of the 1996 Bonds	\$	13,105,000
Reoffering Premium		25,141
Transfer from Prior Debt Service Funds		<u>473,748</u>
	\$	<u>13,603,889</u>

Uses of Funds:

Deposit to Escrow Fund for Refunded 1986 Bonds	\$	13,303,208
Underwriter's Discount		124,498
Bond Insurance Premium		46,887
Costs of Issuance		<u>129,296</u>
	\$	<u>13,603,889</u>

\$9,717,182
1997/2006 Wastewater Trust Loan

To Permanently finance the Authority's Replacement Fluidized Bed Sludge Incinerator
and the rehabilitation of the Stage II, Phase III Interceptor

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SEWER CONNECTION FEE RATE STUDY
SOURCES AND USES OF FUNDS**

\$22,410,000
2004 Series

Sources of Funds:

Principal Amount of the 2004 Bonds	\$	22,410,000
Original Issue Premium		863,167
Transfer from Bond Service Account		771,338
Transfer from Bond Reserve Account		3,632,500
		3,632,500
	\$	27,677,005

Uses of Funds:

Deposit to Escrow Fund for the Refunded Bonds	\$	24,004,475
Deposit to Bond Reserve Account		3,311,600
Costs of Issuance		360,930
		3,311,600
	\$	27,677,005

\$2,236,842
2008 Solar Bonds

Sources of Funds:

CREB's Bonds	\$	2,236,842
Authority R&R Funds		528,074
		528,074
	\$	2,764,916

Uses of Funds:

Construction Costs	\$	2,258,820
Engineering & Other Fees		140,000
Debt Service Reserve Fund		181,584
Costs of Issuance		184,512
		184,512
	\$	2,764,916

NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SEWER CONNECTION FEE RATE STUDY
SOURCES AND USES OF FUNDS

\$7,095,000
2009 BCIA Bonds

<u>Sources of Funds:</u>	
Principal Amount of 2009 Bonds	\$ 7,095,000
Original Issue Premium	334,499
	<hr/>
	\$ 7,429,499
	<hr/> <hr/>

<u>Uses of Funds:</u>	
Project Fund	\$ 6,785,000
Capitalized Interest	120,448
Debt Service Reserve Fund	272,506
Costs of Issuance	251,545
	<hr/>
	\$ 7,429,499
	<hr/> <hr/>

\$3,335,000
2010B Wastewater Trust Loan

<u>Sources of Funds:</u>	
Principal Amount of 2010B Wastewater Loan	\$ 3,335,000
Original Issue Premium	166,374
	<hr/>
	\$ 3,501,374
	<hr/> <hr/>

<u>Uses of Funds:</u>	
Project Fund	\$ 3,358,678
Capitalized Interest	102,931
Costs of Issuance	39,765
	<hr/>
	\$ 3,501,374
	<hr/> <hr/>

\$3,986,088
2012A Wastewater Trust Loan

<u>Sources of Funds:</u>	
Principal Amount of 2012A Wastewater Loan	\$ 3,986,088
Original Issue Premium	244,784
	<hr/>
	\$ 4,230,872
	<hr/> <hr/>

<u>Uses of Funds:</u>	
Project Fund	\$ 4,101,073
Capitalized Interest	66,005
Costs of Issuance	63,794
	<hr/>
	\$ 4,230,872
	<hr/> <hr/>

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SEWER CONNECTION FEE RATE STUDY
SCHEDULED DEBT SERVICE ON BONDED DEBT ISSUED
FOR THE PERIOD JANUARY 1, 1961 TO DECEMBER 31, 2012**

	Scheduled <u>Principal</u>	Scheduled <u>Interest</u>	Scheduled <u>Debt Service</u>
1965 BANs	\$ 550,000	\$ 4,125	\$ 554,125
1966 BANs	950,000	28,500	978,500
1967 BANs	(1)	307,853	307,853
1968 BANs	11,000,000	700,000	11,700,000
1969 BANs	11,300,000	361,500	11,661,500
1969 A - 1st Issue	3,100,000	1,484,530	4,584,530
1969 A - 2nd Issue	2,900,000	3,302,967	6,202,967
1970 BANs - 1st Issue	3,190,000	100,574	3,290,574
1970 BANs - 2nd Issue	3,190,000	67,787	3,257,787
1970 B - 1st Issue	2,000,000	1,081,379	3,081,379
1970 B - 2nd Issue	7,570,000	15,392,009	22,962,009
1971 Series C	1,930,000	1,854,787	3,784,787
1971 - First Additional	1,500,000	1,389,834	2,889,834
1973 Series A	22,530,000	27,459,973	49,989,973
1973 BANs	620,000	21,700	641,700
1974 BANs	620,000	13,950	633,950
1980 Project Notes	5,500,000	426,250	5,926,250
1981 Project Notes	14,000,000	1,680,000	15,680,000
1982 Project Notes	15,700,000	1,543,833	17,243,833
1983 Project Notes	12,180,000	761,250	12,941,250
1984 Series	34,525,000	75,421,465	109,946,465
1986 Series	35,435,000	53,581,560	89,016,560
1992 Series	24,115,000	24,037,036	48,152,036
1993/2003 Wastewater Loan	13,965,026	3,861,526	17,826,552
1996 Series	13,105,000	3,640,479	16,745,479
1997/2006 Wastewater Loan	9,717,182	2,939,737	12,656,919
2004 Series	22,410,000	5,181,249	27,591,249
2008 Solar Bonds	2,236,842	153,382	2,390,224
2009 BCIA Bonds	7,095,000	2,872,473	9,967,473
2010B Wastewater Loan	3,335,000	1,007,083	4,342,083
2012A Wastewater Loan	3,986,088	899,473	4,885,561
	<u>\$ 290,255,138</u>	<u>\$ 231,578,264</u>	<u>\$ 521,833,402</u>

(1) Principal amount for 1967 BANs was not available; however, the 1967 BANs were subsequently refunded by 1968 BANs

**NORTHWEST BERGEN COUNTY UTILITIES AUTHORITY
SEWER CONNECTION FEE RATE STUDY
DEBT SERVICE NET OF REFUNDED DEBT - BONDS
FOR THE PERIOD JANUARY 1, 1961 TO DECEMBER 31, 2012**

	Scheduled Debt Service	Refunded Debt Service	Scheduled Future D.S. Requirements after 1/1/13	Scheduled Debt Service Paid through 12/31/12
1965 BANs	\$ 554,125	\$ (550,000)		\$ 4,125
1966 BANs	978,500	(950,000)		28,500
1967 BANs	307,853 (1)			307,853
1968 BANs	11,700,000	(11,000,000)		700,000
1969 BANs	11,661,500	(11,300,000)		361,500
1969 A - 1st Issue	4,584,530	(3,917,226)		667,304
1969 A - 2nd Issue	6,202,967	(5,572,700)		630,267
1970 BANs - 1st Issue	3,290,574	(3,190,000)		100,574
1970 BANs - 2nd Issue	3,257,787	(3,190,000)		67,787
1970 B - 1st Issue	3,081,379	(2,678,146)		403,233
1970 B - 2nd Issue	22,962,009	(21,428,180)		1,533,829
1971 Series C	3,784,787	(3,604,857)		179,930
1971 - First Additional	2,889,834	(2,749,580)		140,254
1973 Series A	49,989,973	(31,331,897)		18,658,076
1973 BANs	641,700	(620,000)		21,700
1974 BANs	633,950			633,950
1980 Project Notes	5,926,250	(5,500,000)		426,250
1981 Project Notes	15,680,000	(14,000,000)		1,680,000
1982 Project Notes	17,243,833	(15,700,000)		1,543,833
1983 Project Notes	12,941,250	(12,180,000)		761,250
1984 Series	109,946,465	(93,794,738)		16,151,727
1986 Series	89,016,560	(67,775,721)		21,240,839
1992 Series	48,152,036	(31,159,197)		16,992,839
1993/2003 Wastewater Loan	17,826,552	(307,404)	\$ (13,800)	17,505,348
1996 Series	16,745,479			16,745,479
1997/2006 Wastewater Loan	12,656,919	(1,018,646)	(2,651,779)	8,986,494
2004 Series	27,591,249		(2,953,600)	24,637,649
2008 Solar Bonds	2,390,224		(1,513,466)	876,758
2009 BCIA Bonds	9,967,473		(8,978,300)	989,173
2010B Wastewater Loan	4,342,083		(4,052,500)	289,583
2012A Wastewater Loan	4,885,561	-	(4,859,384)	26,177
	<u>\$ 521,833,402</u>	<u>\$ (343,518,292)</u>	<u>\$ (25,022,829)</u>	<u>\$ 153,292,281</u>

(1) Interest only