



**MINUTES
SPECIAL MEETING – 2013 ANNUAL BUDGET
DEC. 4, 2012**

1. Meeting called to Order by the Chairman at 7:05 p.m.
2. The Chairman read the statement in compliance with C.231, PL.1975.
3. Roll Call: The following Commissioners were present: Dachnowicz, DaPuzzo, DePhillips, Gabbert, Kasparian, Kelaher, Plumley (arrived 7:10 p.m.), Salazer and Chewcaskie.
4. The salute to the flag was led by Chairman Chewcaskie.
5. Chairman's remarks. The purpose of this meeting is that it is a public hearing on the 2013 Budget. We received notice today from the Division Of Local Government Services that they have certified our budget. Our Auditor, Paul Lerch, is in attendance at this meeting to answer any questions from the public.
6. PUBLIC HEARING – 2013 ANNUAL BUDGET.

Discussion on the Resolution by the Commissioners to adopt the 2013 Annual Budget.

Commissioner DePhillips wanted to know whether the service charges are discussed in connection with the budget or are they done separately.

The Executive Director advised that the service charges will be adopted at the January 2013 meeting and that this topic is on the Work Session agenda to be discussed.

The Chairman asked the auditor if he would answer the question on how the service charges relate to the budget.

Mr. Lerch responded that it does have a correlation but not a direct correlation to everyone's charges because there are various components that go into the service charges. Until the analysis is complete, just because we have a 2% reduction does not mean that everyone will see a flat 2% reduction. Until the process is

completed we will not know how it entirely relates to the budget.

The Executive Director noted that the preliminary service charges have already been sent to the towns and we will not have the final service charge calculations until the end of December.

The Chairman reminded everyone that our formula for calculating service charges is based upon settlement of litigation sometime in the early 1980's. That is where it factors in the EDU's, water usage in the non-summer months and the metering. This litigation was to establish what was perceived as a fair way to assess the service charge. Those components may add to the factor that some municipalities will have an increase and others will have a decrease based upon the water usage and if there are more dwelling units expanding.

The Chairman asked if the Commissioners had any other questions on the budget.

Vice-Chairman Kasparian asked the auditor's about a statement in the budget regarding the use of Debt Service Reserves in the proposed annual budget to reduce the amount required from service agreement revenue by 2% from 2012. Basically that 10% of the restricted debt service reserves of the \$2.9 million, 10% are enough to reduce our service charges on an annual basis of 2%. If we were to project forward we could reduce the service charges at the rate of 2% for 8 to 10 years based upon this calculation.

The Auditor's have put together a draft document of a forecast over ten years to see utilizing forecasting projections for operating increases taking into account debt service. Also, future capital drives the numbers. They came up with a rough draft to see how long it could be sustained. Figures are based on using a 2% reduction and 0% reduction. At the end of the day these are policy decisions that only the trustees can make which can be changed at anytime by Resolution.

The Chairman noted that we have been hearing a lot from the County and some of our member municipalities as to what is our plan. What Mr. Lerch has indicated will hopefully go to the Operating Committee and within the first six months of 2013 we will have a policy going forward which will fit into our capital plan and other strategic plan aspects that we tie everything in.

The Chairman asked for any public comments.

Frank Palladino, Councilman from Waldwick. Councilman Palladino stated that a letter was submitted on behalf of Waldwick and received some concurrence from other local municipalities a request having to do with the retired debt service for the reserve funds. As he indicated in his last attendance at the Authority, they suggested reimbursement to the member municipalities who initially put up those funds for the purposes of the Authority's capital improvements, etc. A letter was drafted and should have been received by the Commissioners for that purpose to

have that sum of money reimbursed.

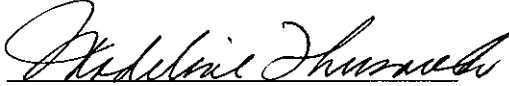
The Chairman noted that we received the letter on Dec.3, 2012. We are going to refer the letter to our attorney and auditor to get a response to the letter and to his questions from the last meeting. We need to find out if we can even do what he is suggesting and if so how it would impact all communities. There will be a formal response to the letter. We have to get through the legal requirements and whether there are any accounting issues that we are going to have to rely on the auditors for the answer to. We understand the concern. We are not sure if we can do it but we will explore it. There is a lot involved to determine this. The law is constantly evolving for situations like this. We will take a look at it and will have a formal response within sixty days.

The Chairman closed the public comment period.

7. **Vote on the Resolution:**

Reso.#61-2012. Adoption of the 2013 Annual Budget. Resolution was offered by Commissioner Kasparian, seconded by Commissioner Gabbert. All Commissioners present voted in favor of the resolution.

8. **Commissioner Kasparian made a motion to adjourn the meeting at 7:20 p.m. and proceed into the Work Session. All Commissioners present voted to adjourn the meeting at 7:20 p.m.**


Madeline Thumudo, Secretary