

## REGULAR MEETING, AUGUST 15, 2013

The Regular Meeting of the Gloucester Township Municipal Utilities Authority was held on Thursday, August 15, 2013, at 7:00 P.M. at the Gloucester Township Municipal Utilities Authority Building, 401 W. Landing Road, Blackwood, New Jersey.

The following members were present: Mr. Calabrese, Mr. Simiriglia, Mrs. Tarves, Mr. Edgar, Mr. Pillo and Mr. Garbowski.

Also present were Mr. Long, Mr. Leisse, Mr. Benson, Ms. Tarves and Mrs. Hrynio.

Council Liaison Glen Bianchini was on vacation.

On motion of Mr. Simiriglia, second by Mr. Edgar, Ms. Guevara was excused from this meeting due to a medical problem.

Chairman Calabrese stated that Mr. Pillo would be seated for Ms. Guevara.

All signified their approval by stating aye.

Mr. Kirk Applegate, CPA, RMA, Authority Auditor from Bowman and Company was present during the Workshop Portion of the meeting to go over the Audit/Exit Conference and answer any questions the Commissioners may have.

Mr. Applegate stated the way he wanted to approach this tonight is to go through the Exit Conference Report. It is the little supplemental report that we have and just highlight a few things that he believes are significant to this year's audit. On Page 2 of this report, there is a paragraph at the top called "Significant Accounting Policies". If you ever have time to read the actual footnotes in the audit, they start on Page 31; the Governmental Accounting Standards Board has issued probably seven or eight new pronouncements that we have to implement over the next two to three years. Most of them do not impact this particular Authority, but two did. The first one is - going through the evolution of having fund balance to surplus to retained earnings to net assets - it now has decided that it is to be called Net Positions. When you see that particular terminology, it is the same as it was before. The other item that impacted this was back in 1993 when we sold our bonds, there were bond issue costs that were associated with that sale. Back then, we had to record those bond issue costs as an asset and

dollars in the 2013 sewer operating account. In 2012, it was 3.235 million dollars and in 2011 it was 3.017 million dollars. So what we are spending is not as different as what is left over. What is being left over is the result of the budgets being tighter and tighter.

Mr. Applegate instructed the Board to turn a couple pages back; you will get to our items for discussion. He does not want to go over all of them; most of these are for Management to address during the course of their normal routines. A few of them that he would like to highlight for the Board is that we did make our debt service covenant this year. The rate was 1.29 and we have to have 1.10. This was a finding in last year's report. We raised the rates and the finding went away and we are now back in compliance with our bond covenant. The next item he would like to talk about is number 3 – Solid Waste Budget. He does not want to get into great detail with this. He has spoken to the Chairman about it. The Township continues to pay based on an old service agreement rather than the current one. The audit report shows a surplus balance of a \$175,000. That is the calculated amount. In order for Mr. Applegate to get to that balance, he had to record a receivable of almost \$112,000.00 from the Township. So they owe us money. The other negative to them not paying current or on the newest, latest agreement is that the amount of money we had set aside in excess of 35% was to pay debt service for the Township on the 2008 loan. That money is gone. There is nothing there. They have to pay it current now. Annually, he always gives Mr. Benson a letter regarding the Solid Waste activities – he has expounded on to it a little more this year so that the Township would maybe have a better grasp of it. He knows the Chairman is going to address this with the Mayor and we will see where this goes. At this point, the other ramification is that we actually have a \$19,000 cash deficit in our Solid Waste Funds, which means the Sewer is now supporting the Solid Waste, which we are not allowed to do, on a cash basis. We will keep the Board apprised of what is going on with this after we speak to the Personnel at the Township.

The next item that Mr. Applegate wants to talk about is the General Ledger. This is a finding in the audit report on page 75. To give a quick overview – the general ledger is an accounting record that accounts for everything that happens in the Authority on a monthly basis. It is basically the last internal control you have to make sure that everything balanced out – all the subsidiaries, the revenues, the expenditures, the consumer accounts receivables – everything balances out at that point and ties back to cash, ties to other reports within the system and things like that. With the new Edmunds system being implemented, we ran into a lot of issues, just as far as which reports to print out, how to get the information out of the system. There was a lot of uncertainty amongst the staff regarding this new software and as a result, the general ledger was not prepared the way it had been in the past. Primarily, the operating and the revenue accounts were lacking. The Trustee accounts were fine – they were

the same as in the past years and everything was fine with that, as well as, the escrow accounts. Mr. Applegate has met with everyone at the Exit Conference and we spoke about this. The Board has now hired a consultant who is going to be the liaison between the Edmunds tech people and the people here at the Authority. We have taken steps to address this issue and to prevent it from recurring next year.

Mr. Applegate stated that was all he wanted to address at this point. They were the highlights of the audit. He asked if the Board had any questions.

Mr. Pillo asked Mr. Applegate to look at Page 25. The figures are there but the total – it looks like there is an error there. Mr. Applegate stated that he will get that corrected. It looks like it was referencing another schedule and the reference contained an error. He will get new reports out. He told Mr. Pillo that it was a good catch and he should have caught that himself. Mr. Applegate stated to leave the reports at the end of tonight; he will get new ones printed out and bring the new ones to the Authority next week. Mr. Applegate stated that the number should be \$1,827,788.57. And just to recap – for the Board tonight – what you are going to do at the regular meeting is acknowledge that you reviewed the report, acknowledge that you looked at the findings and recommendations and sign off that you have done that. There is a resolution in the packet to do that. Similar to last year, a corrective action plan has been prepared and you will have to adopt the corrective action plan which will be filed with the State Department. At this point, the Audit is over for 2013.

Chairman Calabrese asked if there were any other questions. There were none. Chairman Calabrese stated that we have had some problems with payroll and so forth and he asked Mrs. Tarves to look into this matter. He will have her give us a brief report on what has transpired and then he will have Mr. Ben Zanghi, Strategic Data Management Solutions, give his report on what has transpired to date.

Mrs. Tarves stated that yesterday, Mr. Applegate, Mr. Zanghi, Mrs. Tarves and members of the staff met with Mr. Edmunds, President, Edmunds & Associates, Inc. We seemed to have difficulty using the Edmunds system that has been here now for quite some time. In order to know how to move forward, we had to talk with Mr. Edmunds, see how we could adapt to the system because we paid a lot of money for it. Out of the 520 municipalities in the State of New Jersey, 480 are using Edmunds. So it is a good system, we should be able to adapt. Our problems seem to be in the training between Edmunds & Edmunds staff and our staff. That is where we found that there is a gap. In order to be able to convey the information in more “layman’s” terms to our staff, we needed help and we have asked Ben Zanghi to come in and fill that gap. We should be using Edmunds for everything – it is that kind of a system. One of the

problems is that we are trying to have everyone familiar with Edmunds because that is the system that we have to use here. In order to use it, you have to be trained to use it and that is what we are doing now. Mr. Zanghi is providing that training for us. Mrs. Tarves turned the meeting over to Mr. Zanghi.

Mr. Zanghi stated that in addition to Edmunds, we also brought in Paychex, which helped streamline the payroll operation. We can start with Paychex and there are other modules within Paychex that would further bring enhancements to the MUA. There is an electronic time clock rather than a paper card. So every day when everyone comes to work, they punch in with their card. All it does is capture the time on the paper. That paper then every week has to be calculated for how many hours everyone worked. There are about 15 other manual steps that happen before you even enter into the Paychex system. So there is an electronic time clock, biometric time clock, that we could use so when you show up all you have to do is put your thumb or finger on the time clock and everything is captured electronically. There is no more paper time clock, there is no more manual data entry, you don't have to worry about if there was a mathematical error, did we pay the person nine hours rather than seven and vice versa. It will do all the automatic shift differentials; it will do all the overtime calculation – so you don't have to worry about your 10% offset or your weekend rates or if they are working overtime. It also informs your Supervisors if your employees are approaching overtime so that there could be a reallocation of labor so you could keep your labor costs lower. All of this will then go, once reviewed and approved by the payroll personnel, to Paychex. Payroll will be cut and we will get a file back which will be integrated right into Edmunds and that will show up automatically in the budget. There will be no more data entry so you don't have to worry about if something was keyed in wrong. It is a nominal investment that the MUA would have to make for these enhanced features. There is also automated reporting. Mr. Zanghi knows that Mr. Calabrese likes to see payroll and he validates that payroll every week. Instead of it having to be printed out every Monday morning, we could set up timers so that it is automatically e-mailed to him once the payroll is validated. We looked at a couple different scenarios. There are third party biometric clocks that you can use, which you can buy up front or you can get a homogenous solution right from Paychex. And Paychex offers two different solutions – you can either buy their hardware and pay an annual maintenance fee or you can lease them every month. Mr. Zanghi came up with all the different scenarios and he gave a handout to the Board. Mrs. Tarves stated that it was important to know that all this information then automatically goes into the accounting system and it will show in the general ledger and so on. The first line item states payroll – and that is currently what the MUA is incurring, approximately \$3.00/person. Right now, the annual charge is around \$7,100.00. There are additional modules to purchase. One is the Human Resources Module which would give you a system record that you can now electronically track everyone. You can electronically

track someone's anniversary date, how much time they are accruing vacation wise, how much sick time they are accruing – and their working hours – all of that will be calculated for you. The next module is the Time & Labor Module – that is what we discussed a few minutes ago about people clocking in and clocking out, calculating their shift differentials, your overtime, all your reporting for your labor. And the last item is the Biometric Clock. If you were to lease the biometric clock, it is \$3,360 for two of them – one for this building and one for the other building. If you purchase it – please see the lower section of handout – there are different options that we have. In the first column, there is a third party clock that is on the market that is called Time Clocks Plus. It is a \$6,500.00 investment for two clocks and a \$1,170.00 annual support and maintenance fee. As you can see, it will take three years for the MUA to realize a return on investment rather than leasing it from Paychex. You will see in Year 3 – there is about a \$70.00 profit, so to speak, when the MUA would make their money back. If you buy Paychex's time clock, it is a \$4,800.00 investment for two of them with only a \$720.00 annual support and maintenance fee. So your return on investment is much quicker – it is about half way through Year 2 rather than into Year 3. That would be what Mr. Zanghi would recommend – but two from Paychex. It is a lower expense and lower maintenance and it is a homogeneous solution that would interface, rather easily, with Paychex. If you prefer to lease it, there will be that annual charge every year of \$3,360.00. However, with a lease, you are always getting the newest model. For example, when you get your cell phone – a Samsung S4 – and you just bought it and you think it is great and next month the S5 comes out. If you lease it, you will be getting the S3, S4, S5, etc. as new releases come out. He does not know how much that is needed because you are going to have a biometric time clock that operates just like an i-phone. Just how it reads your finger on your i-phone or your Samsung Galaxy – it is the same type of technology used on this. He does not know if we need to keep upgrading it time after time after time. The one thing we will need to do is to keep a hand sanitizer next to it so that when people are clocking in, they can make sure that their fingers are clean. That is Mr. Zanghi's recommendation. There are a couple of considerations that he noted at the bottom of the handout - that is calculating the life expectancy of the time clock. If it is less than four years, then the ROI will not be realized. He spoke with the Paychex representative and they feel it will last longer than four years, much longer. That is one recommendation to improve our payroll process.

Mr. Zanghi asked if there were any questions. Mr. Garbowski asked if there was any maintenance or additional costs on the biometric clocks. Mr. Zanghi replied that there is an annual maintenance fee that you pay - \$720.00/year. Mr. Garbowski asked if something were to happen to the clock in the other building, would everyone have to come to this building to clock in. Mr. Zanghi stated that they would "swap" it out. Mr. Garbowski stated that one of our meetings had to be cancelled because the electric went out. Mr. Zanghi stated

that there are one-offs that a Supervisor could go into the system and enter the time, but there is a full audit trail with that. If somebody were to go in and manipulate the time, you can see who did it, when and where. So if there was a power outage and they needed to manually clock in as a one-off, it is definitely do-able from any work station. It is not being posted here, there are no servers or computer systems that you need to buy to run this. You would be logging in over the internet, just like how they process payroll now. Everything is maintained and backed-up, and there is disaster recover at Paychex. For example, when Super Storm Sandy came through last year, anybody who was a client of Paychex on the East Coast had no interruption as long as they had a computer that could turn on. They could log into the Paychex site and people still got paid. Mr. Garbowski stated, manual input. Mr. Zanghi replied, exactly. Mrs. Tarves stated that Mr. Zanghi has been overseeing a lot of the activity going on. She asked how much time would be spent in our payroll department to oversee payroll or to make sure the payroll is done each week with the biometric time clock. Mr. Zanghi replied, maybe two hours. Once the learning curve is ramped up, it is more of just making sure shift differentials were paid out, overtime, things like that. There is no more calculating each employee's time card. Mrs. Tarves said she was in here certifying payroll, on one occasion anyway, she saw the stack of time cards and all of that activity and it is kind of cumbersome, to say the least. Mr. Zanghi stated that it would streamline the operation and it also is going to reduce your errors. Mrs. Tarves stated that most importantly, it would eliminate mistakes. Mr. Zanghi stated that it would be electronic files that would move from here to there and once it is processed – from there to here and uploaded right into our accounting system – into the Edmunds system.

Chairman Calabrese interrupted and stated that we would pick this conversation up during the meeting as it is approaching 7:00pm and we are required to start the meeting promptly at 7:00pm.

The Chairman read the commencement statement noting that the meeting was advertised in the Courier Post and The Central Record Newspaper, and notice was placed on the bulletin board of the Township of Gloucester and the Gloucester Township Municipal Utilities Authority; the meeting was recorded.

Chairman Calabrese asked Mr. Zanghi if he had any additional comments and also asked if the Board had any questions. Mr. Edgar asked if instead of using cards, if we would be using fingerprints. Mr. Zanghi replied, yes.

On motion of Mr. Pillo, second by Mr. Edgar, the Minutes of the Special Meeting of July 22, 2013 were approved.

AYE: Mr. Pillo, Mrs. Tarves, Mr. Edgar, Mr. Simiriglia and Mr. Calabrese.

**R-08-13-69** - Resolution to pay bills out of the Operating Fund.

On motion of Mr. Pillo, second by Mr. Simiriglia, the above resolution was adopted on a roll call vote.

AYE: Mr. Pillo, Mrs. Tarves, Mr. Edgar, Mr. Simiriglia and Mr. Calabrese.

**R-08-13-70** - Resolution to pay bills out of the Renewal and Replacement Account.

On motion of Mr. Edgar, second by Mrs. Tarves, the above resolution was adopted on a roll call vote.

AYE: Mr. Pillo, Mrs. Tarves, Mr. Edgar, Mr. Simiriglia and Mr. Calabrese.

**R-08-13-71** - Resolution to pay bills out of the Plans & Specifications Account.

On motion of Mr. Simiriglia, second by Mrs. Tarves, the above resolution was adopted on a roll call vote.

AYE: Mr. Pillo, Mrs. Tarves, Mr. Edgar, Mr. Simiriglia and Mr. Calabrese.

## **PUBLIC PORTION**

Mr. Pete Heinbaugh, Morningstar Court, Sicklerville. Mr. Heinbaugh stated that a few weeks ago he was in contact with Carol Tarves as he requested, through an OPRA Request, the financial documents. He reviewed those documents and has a couple of questions. These are the audit financial statements that he requested and looked through them a little bit. Mr. Heinbaugh thanked Carol for her response to his OPRA request. One request that he has is that we put these documents on our website. He knows we have our budget documents on the website. Our Township government provides these and other key financial documents on their website, along with their annual debt report – he does not know if that is something we have to put together, too, but he would request that these financial documents be downloaded to our website. Chairman Calabrese stated that it is under consideration. Mr. Heinbaugh asked if it was already under consideration. Chairman Calabrese replied, yes. Mr. Heinbaugh asked what did that mean – would we vote on it. Chairman Calabrese stated that we would speak with our Solicitor and he is sure we can probably put the documents on the website. However, we will get his opinion first. Mr. Long stated that he believes we can do it. So he can tell us right now that he is going to recommend it.

Mr. Heinbaugh had a couple questions as he was looking through the document. Mr. Heinbaugh saw that there was a requirement to have 100% debt service coverage and we were barely just under that threshold. Chairman Calabrese stated that we took corrective measures to take care of that. Mr. Heinbaugh asked if there were any ramifications from that or penalty or fee. Chairman Calabrese replied, no, as long as we make the proper corrections in a satisfactory manner. Several factors could make that happen – the sewer rates, cost of expenses going up, but we took care of that. Mr. Heinbaugh reiterated that we were just barely under that threshold.

Mr. Heinbaugh stated that in the 2011 audit report – there was a finding where the subsidiary ledger did not reconcile to the general ledger. Chairman Calabrese stated that it was a matter that was corrected immediately. Once the Auditor makes any findings/corrective action, we are bound by law to do it. We did make the correction.

Mr. Heinbaugh asked about a particular line item on the financial statement – investment income line. He saw in 2008 and 2009, we had a very high investment income. In 2008 it was \$198,000 and in 2009 it was \$84,000 and right after that, going forward, there was a big drop off to just basically a couple thousand dollars. He asked what happened after 2009. Chairman Calabrese responded that it was the economy. The economy is bad and that is why our interest is so low. Mr. Heinbaugh asked if it was interest on our cash. Chairman Calabrese responded, yes. Mr. Long stated that you cannot imagine the interest rate, or maybe you can. Mr. Heinbaugh responded that he can. Mr. Long stated that we keep waiting to have to pay them to take our money and it is almost close.

Mr. Heinbaugh stated that he did have some questions regarding some administrative functions. He did come in at the tail end of the first meeting. Chairman Calabrese stated that it was our workshop meeting and that was a special report given to us. Mr. Heinbaugh stated that it sounds like we are considering some payroll processing provider. Chairman Calabrese stated that we do have a payroll provider; it is a matter of upgrading the equipment and modernizing the system. Mr. Heinbaugh asked if we use Paychex. Chairman Calabrese replied, yes.

Mr. Heinbaugh asked if there were any administrative functions performed by the GTMUA, for example paying bills, which are part of a shared services type of thing with the Township. Chairman Calabrese stated that we have shared services with several entities – the County and the Township. Mr. Heinbaugh asked if they were administrative. Chairman Calabrese stated, mostly for supplies and that type of thing. Mr. Long stated that probably the biggest one is our Global Recycling Agreement that we have with the Township. We work with



them on our annual budget with respect to that. We have a significant shared services agreement where we do a leaf pick-up, grass pick-up, recyclables – which is probably our largest shared services agreement. We participate in a number of co-ops for supplies, paper and things like that. We look to do that all the time. We share our worker's comp insurance with the Township. Where we found areas where we could mutually agree to move forward in an efficient manner, the Authority has really done a heck of a job pulling those things together. Mr. Heinbaugh asked about office administrative functions. Mr. Long stated that, to the extent that we are in that recycling agreement, where we are actually doing the job for the Township, only one of us is doing the administrative oversight of that. The Township, in this case, has given us the authority, not only to do the operation, but to do the administrative oversight over that type of operation as well. That is probably 20% of our budget – Mr. Long was surprised to see how much of a percentage of our budget it really was. It is a service that we are performing and it is benefiting the Township. Mr. Simiriglia stated that is completely separate from the sewer budget. Mr. Long stated that it stands on its own. Mr. Heinbaugh sees how the statements are split into two.

Mr. Heinbaugh stated that he would like a description of another line item on our financial statements – Developer's Contribution Capital Assets. Mr. Long stated that he thinks he knows what that may be. When we have somebody come to us and say – I want to do a development. We say, okay, and we do an evaluation as to whether or not we have adequate sewage capacity, not allocation, but capacity – the ability to take the sewage. We might say to them – we can take you but you need to build a pump station, you need to put a line in and they pay for that. And then what will happen is, we enter into a reimbursement agreement. If someone further down the line gets a benefit of that, we enter into an agreement with them where we are obligated to collect that money and reimburse them that, since they did that at their private expense, not at the taxpayer's expense. Mr. Long is going to suggest that it is probably that. Although, when it comes to the audit – that is not his specialty, but that is what it sounds like Mr. Heinbaugh is talking about. Mr. Heinbaugh stated that it makes sense as to what he was looking at. Mr. Long stated that we are holding the money so we need to account for it in a fashion that our auditor does in that report.

Mr. Heinbaugh stated that he had a few more questions but he will wait for our next meeting for that. That is all he has.

Mrs. Tarves stated that she had a question for Mr. Heinbaugh. She asked him if he recycled. He asked, at his home? Mrs. Tarves stated, yes. Mr. Heinbaugh replied, sure. She asked if he liked the program and if he understood it and how it saves taxpayers dollars. Mr. Heinbaugh stated that the Mayor takes the credit for that. Mrs. Tarves stated that is what happens when you are the

head of it. Chairman Calabrese stated that the Mayor is very much in agreement and for the process and encourages it. Mr. Heinbaugh believes that it worked out well and was a good move. He stated that a homeless person could live in that canister. Chairman Calabrese stated that his wife cannot reach the top of it. Mrs. Tarves stated that we like to see you fill it up. She asked Mr. Heinbaugh how many members he had in his family. He replied, four, but they are young adults who are not around much anymore. Mrs. Tarves stated that the program is every two weeks. Mr. Heinbaugh stated that he may have skipped once or twice. Mrs. Tarves stated that he needs to do it every two weeks. Mr. Heinbaugh stated that his was 1/10 full a couple times where he did not put it curbside. He thinks it was a good move for the Township. Chairman Calabrese thanked Mr. Heinbaugh for his comments.

### **ENGINEER'S REPORT**

Mr. Leisse presented his report during the Work Shop portion of the meeting, a copy of which is attached and made part of these minutes.

**R-08-13-72** - Resolution Authorizing the Award of Bid for Cherrywood Pumping Station Controls & Drives to Willier Electric Motor Repair Company.

On motion of Mr. Simiriglia, second by Mr. Pillo, the above resolution was adopted on a roll call vote.

AYE: Mr. Pillo, Mrs. Tarves, Mr. Edgar, Mr. Simiriglia and Mr. Calabrese.

**R-08-13-73** - Resolution Authorizing Completion of Emergency Repair Work for a Lateral Repair at Lincoln Drive (Glen Oaks) by R.D. Zeuli, Inc., in Accordance with the Emergency Services Contract Authorized by Resolution R-07-13-62.

On motion of Mr. Edgar, second by Mr. Pillo, the above resolution was adopted on a roll call vote.

AYE: Mr. Pillo, Mrs. Tarves, Mr. Edgar, Mr. Simiriglia and Mr. Calabrese.

**R-08-13-74** - Resolution Approving a Contingent Form "C" Application for The Villages at Cross Keys, Southwesterly Side of Sicklerville Road, Block 18501, Lots 2 & 11, Gloucester Township, New Jersey.

On motion of Mr. Simiriglia, second by Mrs. Tarves, the above resolution was adopted on a roll call vote.

AYE: Mr. Pillo, Mrs. Tarves, Mr. Edgar, Mr. Simiriglia and Mr. Calabrese.

## **CONFLICT ENGINEER**

Nothing to Report.

**Chairman Calabrese made a motion for a five minute recess.**

**On motion of Mr. Pillo, second by Mrs. Tarves, the meeting was adjourned for five minutes.**

**All signified their approval by stating aye.**

## **SOLICITOR**

Mr. Long stated that his report stands as presented during the Work Shop portion of the meeting.

**R-08-13-75 - Resolution Authorizing the Implementation of a Policy Whereby Customers Shall Reimburse the Authority for any "Bank Fees" Imposed by Fulton Bank or Other Designated Banking Institution of the Authority, as well as, a Service Fee to the Authority in the Amount of \$15.00.**

On motion of Mr. Edgar, second by Mr. Simiriglia, the above resolution was adopted on a roll call vote.

**AYE: Mr. Pillo, Mrs. Tarves, Mr. Edgar, Mr. Simiriglia and Mr. Calabrese.**

There was no need for an Executive Session; therefore **R-08-13-76** was not adopted.

**\*ADD-ON - R-08-13-80 - Resolution Authorizing the Award of Contract for Edmunds MCSJ Finance Super Suite Training Services. We received a presentation earlier this evening.**

On motion of Mr. Simiriglia, second by Mr. Pillo, the above resolution was adopted on a roll call vote.

**AYE: Mr. Pillo, Mrs. Tarves, Mr. Edgar, Mr. Simiriglia and Mr. Calabrese.**

Mr. Long asked for a voice motion to authorize Staff along in conjunction with Mr. Long to draft and appropriately advertise a RFP for Edmunds Training Services.

On motion of Mr. Simiriglia, second by Mrs. Tarves, the above motion was adopted on a roll call vote.

AYE: Mr. Pillo, Mrs. Tarves, Mr. Edgar, Mr. Simiriglia and Mr. Calabrese.

#### **EXECUTIVE DIRECTOR'S REPORT**

**R-08-13-77** - Resolution Authorizing the Advertisement for Sealed Proposals for Commercial Package, Automotive & Umbrella Coverage, Pollution Liability Coverage and Public Officials Liability Insurance (January 1, 2014 – January 1, 2015).

On motion of Mr. Simiriglia, second by Mrs. Tarves, the above resolution was adopted on a roll call vote.

AYE: Mr. Pillo, Mrs. Tarves, Mr. Edgar, Mr. Simiriglia and Mr. Calabrese.

#### **SECRETARY'S REPORT**

**R-08-13-78** - Resolution Certifying that Each Member of the Governing Body has Received the Annual Audit and Personally Reviewed the Annual Audit, and Have Specifically Reviewed the Sections of the Annual Audit Report Entitled "General Comments" and "Recommendations", in Accordance with N.J.S.A. 40A:5A-17.

On motion of Mr. Edgar, second by Mr. Pillo, the above resolution was adopted on a roll call vote.

AYE: Mr. Pillo, Mrs. Tarves, Mr. Edgar, Mr. Simiriglia and Mr. Calabrese.

**R-08-13-79** - Resolution Approving a Corrective Action Plan in Response to the Audit for the Fiscal Year 2012 – 2013.

On motion of Mr. Pillo, second by Mrs. Tarves, the above resolution was adopted on a roll call vote.

AYE: Mr. Pillo, Mrs. Tarves, Mr. Edgar, Mr. Simiriglia and Mr. Calabrese.

#### **PUBLIC PORTION**

There was no one present.

#### **COMMENTS COUNCIL LIAISON**

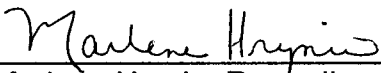
Mr. Bianchini was on vacation.

**COMMENTS AND RECOMMENDATIONS FROM THE BOARD**

The Board wished everyone a Happy & Safe Labor Day.

On motion of Mr. Simiriglia, second by Mrs. Tarves, the meeting adjourned.

All signified their approval by stating aye.

  
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Marlene Hrynio, Recording Secretary

**APPROVED SEPTEMBER 19, 2013 REGULAR MEETING**



PENNONI ASSOCIATES INC.  
CONSULTING ENGINEERS

**ENGINEER'S REPORT  
GLOUCESTER TOWNSHIP M.U.A.**

**August 7, 2013**

1. NDS completed a site visit to the Authority to review programming issues associated with the pumping station data collection system. The Authority is collecting additional data to present to NDS to make the necessary corrections.
2. Bids were opened for the upgrades to the Cherrywood Pumping Station Controls and Drives on August 6<sup>th</sup>. I have reviewed the bids and prepared a recommendation to award. The recommendation has been forwarded for the Solicitor's review.
3. Contracts have been transmitted for the Emergency Repairs to Wastewater Conveyance System, Mains and Laterals and Supplementary Construction Services. I will coordinate the review and execution of the contracts and associated documents with the Authority.
4. Contracts have been forwarded to the Authority for the 2013 generator maintenance and inspection services. I will coordinate a meeting between the Contractor and Authority to review schedule and commence services.
5. The Authority and I met with representatives from Siemens to review the condition of existing chemical injection equipment and details of the hydrogen sulfide odor control services. Siemens is assisting the Authority with the collection of additional data to determine the impacts of dosing chemicals at several pumping stations.
6. On July 25<sup>th</sup>, the Authority received a report of a lateral issue at 16 Lincoln Drive. The issue occurred between the sewer main and the curb and has been subject of multiple complaints over the past several years. R.D. Zeuli, Inc. responded to the emergency, completed the repair and placed the lateral back into service. A report has been provided under separate cover.
7. The following application has been reviewed and recommended for approval:  
  
Contingent Form C – The Villages @ Cross Keys, Southwesterly Side of Sicklerville Road (aka Block 18501, Lots 2 & 11)  
  
Report has been provided under separate cover

**End of Report**

then amortize them just like depreciation over the life of the bonds. It now has been decided, that was not the correct way to do it. We are now expensing those costs. So what you will see, if you look through the audit report, are a series of restatements. On page 23, Exhibit B, you will see that column has "restated" at the top. There is a footnote that explains the restatement. In the MD&A from the Authority, the restatement actually went back to 2010. If you had to keep restating and presenting these financial statements, it would go all the way back to 1993. But the MD&A only has three years' worth of information in it so the restatement started in 2010. The audit exhibits only have two years' worth, so the restatement starts in the 2012 audit. So just in case you were wondering what those are all about, that is why. There are some of these pronouncements that we did not have to implement yet. They have an implementation date of June, 2014, 2015 and so on. Mr. Applegate wanted to bring that to our attention. In going through the Exit Conference Report, when you get to the first chart, there is a Sewer – Unrestricted Net Assets Chart with red bars. You can see that the net assets have dropped almost \$200,000.00 from 2012 to 2013. And you may wonder why, since we had a rate increase. This is actually the result of a fixed asset adjustment that we had to record in this year's audit to reconcile to the Authority's fixed asset record. The audit was carrying too much over the last couple years. There was a little confusion - we had an adjustment in our record and it all has to do with the Infrastructure Trust. There was a lot of money being spent on pipe lines and improvements to the pumping stations and the value of those were overstated in the audit when they finally got into the records of the Authority. That is why the surplus goes down for the sewer. He fully expects it to go up starting next year with the rate increase and even more the year after that because we will have the second phase of the increase involved. To display that, go to the next chart, you will see that the 2012 rents were \$4,591,838.13 and the 2013 rents were \$4,718,033.65. So that is where you see the impact of the rate increase. The chart underneath it shows the percentage of collections. This has nothing to do with the efforts within the Authority, this is the economy. He sees it everywhere. It just goes up and down and it all depends on how many bankruptcies are being filed. That is the key to this whole thing. The connection fee chart is next. We have talked about this before in the past when we reviewed the audits, it is very volatile. You can see how this changed from year to year. With some big projects coming in, it could change to a more positive for us for the next couple of years. The next chart is Interest on Investments – the good news is we had an increase this year - \$800.00. Whether that is an indication that the economy is getting better, he doubts it. The last chart is a chart that we have had in there for a number of years. Mr. Applegate may start taking it out. It talks about unspent sewer operating budget and how much was left over after the fiscal year is complete. The reason he is thinking about taking it out is the numbers are now becoming distorted. Because we have squeezed the budget so much, the amount that is left over is going to go down. To give us an example, we spent 3.217 million