

AGENDA
CUMBERLAND COUNTY UTILITIES AUTHORITY
SPECIAL MEETING OF
JUNE 7, 2018
3:00 P.M.

1. CALL TO ORDER
2. ANNOUNCEMENT THAT ADEQUATE NOTICE OF THIS MEETING WAS PROVIDED IN ACCORDANCE WITH CHAPTER 231, P.L. 1975 (THE OPEN PUBLIC MEETINGS ACT)
3. FLAG SALUTE
4. ROLL CALL
5. REPORTS
 - A. DIRECTOR – UPPER DEERFIELD PUMP STATION UPGRADES PROJECT
 - B. AUDITOR – STEVE TESTA
 - C. COMMITTEES –
 - a. FINANCE AND BUDGET – KEITH WASSERMAN
 - b. EMPLOYEE RELATIONS – ZARKO RAJACICH
6. RESOLUTIONS
 - A. RESOLUTION ACKNOWLEDGING THE RECEIPT AND CERTIFYING THE REVIEW OF THE 2017 AUDIT REPORT
 - B. RESOLUTION APPROVING AND ESTABLISHING A NEW POSITION AND TITLE FOR THE CUMBERLAND COUNTY UTILITIES AUTHORITY
7. CHAIRMAN'S REMARKS
8. OPEN FLOOR FOR COMMENTS OF COMMISSIONERS
9. PUBLIC PORTION
10. ADJOURNMENT

SPECIAL MEETING
CUMBERLAND COUNTY UTILITIES AUTHORITY
June 7, 2018

The Cumberland County Utilities Authority (CCUA) held a Special Meeting on Thursday, June 7, 2018 in the Meeting Room of the Operations Building, 333 Water Street, Bridgeton, New Jersey.

Representing the CCUA:
Albert Jones, Chairperson
Keith Wasserman, Vice Chairman
William Andre', Commissioner
Angelia Edwards, Commissioner
Zarko Rajacich, Commissioner
Jerry Young, Commissioner
Doug VanSant, Commissioner
Steve Testa, Auditor
Stephanie Mick, Assistant Secretary/Treasurer
G. Steven Errickson, Director
Dominic Buirch, Business Administrator

Chairperson Jones called the meeting to order, announced that adequate notice of this meeting has been given in accordance with Chapter 231, P.L. (THE OPEN PUBLIC MEETING ACT) and led in the flag salute.

Assistant Secretary Mick called the roll and a quorum was present.

Chairperson Jones called for reports.

REPORTS

Director

Director Errickson reported that the reason for this special meeting was to discuss the issues with the take-over agreement with Bondex Bond Company for the Upper Deerfield Pump Station Upgrades Project. Mr. Errickson reported that the Authority's attorney James Grace Esq. has submitted the final takeover agreement to Bondex on Wednesday May 30, 2018. He explained how he has been contacted by Scott Baird (project consultant for Bondex) several times in the last two weeks wanting to know what was going on with the takeover agreement/project. Mr. Erickson's response was that Bondex's Attorney Brielle has the agreement and the CCUA is waiting for Bondex to sign and return it to the Authority.

Mr. Errickson reported that the Authority could not wait any longer and that he planned to move forward and finish the project with another qualified contractor. He is having James Grace Esq. handle contacting Bondex of them abandoning the project.

Auditor

Steve Testa reported that he attended a finance and budget committee meeting and reviewed the draft of the 2017 Audit Report in detail. Draft copies of the audit report were also sent to the rest

of the Commissioners for their review. Hearing no comments on the Draft Report, final copies were provided to the Authority today.

He briefly reviewed some of the highlights of the Audit Report.

In the independent Auditors' Report (pages 1, 2, & 3), the Authority received and "unmodified or clean opinion on its financial statements for years ended December 31, 2017 and 2016 which states, in his opinion, the basic financial statements present fairly, in all material respects, the financial position, changes in financial position and cash flows of the Authority for the years 2017 and 2016 in accordance with GAAP.

Since this audit is subject to *Government Auditing Standards*, there is also a report on compliance and on internal control over financial reporting (pages 4 & 5). He noted no instances of non-compliance required to be reported under *Government Auditing Standards*. There were no significant deficiencies or material weaknesses noted with respect to internal control over financial reporting.

In addition, due to the Authority having expended more than \$750,000 in Federal Awards in connection with its Pumping Station and WWTP Upgrade Projects, the 2017 audit was required to be performed in accordance with Federal Uniform Guidance (aka Single Audit) provisions. The auditor's report on compliance and internal control over compliance required by those provisions reported that the Authority complied in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs. With respect to internal control over compliance he did not identify any deficiencies in the internal control over compliance that he considers to be material weaknesses.

With there being no findings and recommendations to be reported for this year, He commended the Authority and the administrative staff for once again doing a very good job.

He then presented the financial highlights.

As reflected in Exhibit B (page 15), the Authority's operating revenues, which totaled approximately \$6,956,000 decreased approximately \$229,000 or 3.18% from the prior year. He noted that of that amount, billing to users for Treatment Fees were 1.5% higher than the prior year, Surcharge Revenue increased approximately \$1,200, Industrial Pretreatment Program Revenue decreased \$239,500 and Septage Fees decreased approximately \$28,000.

Operating Expenses consist of the Cost of Providing Services, Administrative and General Expenses and Depreciation, and totaled \$5,970,000. That is a decrease of (\$265,000) or 4.24% from the prior year Operating Expenses of \$6,235,000.

Mr. Testa then noted that on a budgetary basis, the Cost of Providing Services and Administrative and General Expenses were just about a wash between the two years, approximately \$8,000 increase.

The Operating Revenue of \$6,956,000, less the Operating Expenses of \$5,970,000, resulted in an Operating Income of \$986,000 which is \$36,000 higher than the prior year.

In 2017, the Authority's Non-Operating Revenues and Expenses netted to a net expense amount of (\$56,500), compared to a net expense of (\$65,000) in 2016.

The net effect of all of this is that the Authority experienced an increase in net position for financial statement purposes (in other words, net income) of approximately \$930,000 in 2017, compared to

\$885,000 in 2016, which is an increase of \$45,000. He then noted these net income amounts are on a Generally Accepted Accounting Principles (GAAP) basis.

On a Budgetary Basis (as reflected in Schedule 2, pages 49 & 50), the Authority reported Revenues over Costs (or net income) in the amount of \$548,000 which is approximately (\$241,000) less than prior year. Schedule 2 includes reconciliation at the bottom of page 50 which shows how he gets from the Budgetary Net Income to the GAAP Net Income reported on Exhibit B. He noted that the Budgetary Basis Revenue was \$222,000 less than prior year. Nonetheless, net income of \$548,000 on a budgetary basis is a good amount for net income.

He then also reported the Authority met the Rate Covenant contained in the Bond Resolution for 2017 which requires the Authority to collect revenues sufficient to meet the operating expenses and debt service.

So from a financial standpoint Mr. Testa reported that the Authority had a good year financial, and remains in good financial condition.

From an administrative standpoint he reported that the Authority did a very good job as there were no findings or recommendations to be reported in the audit report, and as previously mentioned, no material instances of non-compliance, or significant deficiencies or material weakness in internal control were noted.

In addition to the Audit Report, the Authority should have a correspondence which is the "Communication to Those Charged with Governance", which in the CCUA's case is the Commissioners. This correspondence explains the auditor's responsibilities, describes certain accounting practices, management's responsibilities, certain aspects of interaction with management and certain other matters that he is reporting to the Commissioners.

Resolution A on your agenda today acknowledges the receipt and certifies the review of the 2017 audit report. This should be acknowledged by the Commissioners signing the group form affidavit. He asked the commissioners to please be sure to sign it before leaving today.

He reported as a result of having no finding and recommendations noted in the audit report, the Authority is not required to prepare a corrective action plan.

Once approved, the resolution is to be sent to the Division of Local Government Services along with the group form affidavit. The Synopsis of the Audit report, which he has provided, is to be published in the newspaper and forwarded to the Division of Local Government Services as well. He will send the Audit Report to the Division of Local Government Services as required, and also upload an electronic copy to the NJEIT.

In addition because this year's audit is a Single Audit subject to the Uniform Guidance the Authority will have to electronically submit the audit and Data Collection Form to the Single Audit Clearinghouse.

Mr. Testa will also provide an electronic copy of the report to the Authority to upload to the Authority's website, and to provide to the Trustee. That will satisfy the filing requirements pertaining to the 2017 audit.

Mr. Testa concluded his report, and answered a few questions from the commissioners.

Committees

The Finance & Budget Committee met on June 4, 2018. Committee Chairman Wasserman stated that they met with Mr. Testa and reviewed the 2017 audit as presented, and the Committee recommends approval of Resolution A.

The Employee Relations Committee met on June 1, 2018. Committee Chairman Rajacich reported that the Committee met with Director Errickson to discuss the hiring of a Resident Engineer for the Authority. He explained the details that Mr. Errickson went over for this new position. The Committee recommends approving Resolution B to establish the position of Resident Engineer.

RESOLUTIONS

RESOLUTION (2932) ACKNOWLEDGING THE RECEIPT AND CERTIFYING THE REVIEW OF THE 2017 AUDIT REPORT, offered by Commissioner Wasserman, seconded by Commissioner Young and carried unanimously at roll call.

RESOLUTION (2933) APPROVING AND ESTABLISHING A NEW POSITION AND TITLE FOR THE CUMBERLAND COUNTY UTILITIES AUTHORITY, offered by Commissioner Young, seconded by Commissioner VanSant and carried unanimously at roll call.

Chairman's Remarks

Chairman Jones thanked everyone for attending this meeting and thanked the staff and employees for doing a good job.

Commissioners


There were no comments by the Commissioners.

Public

There were no public comments.

The meeting was adjourned on a motion from Commissioner Douglas VanSant.

Respectfully submitted


Stephanie J. Mick, Assistant Secretary

CUMBERLAND COUNTY UTILITIES AUTHORITY

COMMISSIONER	AYE	NAY	ABSTAIN	ABSENT	RESOLUTION #2932
ANGELIA EDWARDS	X				Offered By Wasserman
WILLIAM ANDRE	X				Seconded By Young
ZARKO RAJACICH	X				Dated June 7, 2018
DOUG VANSANT	X				
JERRY YOUNG	X				
KEITH WASSERMAN	X				
ALBERT JONES	X				

RESOLUTION ACKNOWLEDGING THE RECEIPT AND
CERTIFYING THE REVIEW OF THE 2017 AUDIT REPORT

WHEREAS, N.J.S.A. 40A:5A-15 requires the governing body of each local authority to cause an annual audit of its accounts to be made, and

WHEREAS, the annual audit report for the fiscal year ended December 31, 2017 has been completed and filed with the Cumberland County Utilities Authority pursuant to N.J.S.A. 40A:5A-15, and

WHEREAS, N.J.S.A. 40A:5A-17 requires the governing body of each authority to, within 45 days of receipt of the annual audit, certify by resolution to the Local Finance Board that each member thereof has personally reviewed the annual audit report, and specifically the sections of the audit report entitled "**Findings**" and "**Recommendations**", and has evidenced same by group affidavit in the form prescribed by the Local Finance Board, and

WHEREAS, the members of the governing body have received the annual audit and have personally reviewed the annual audit, and have specifically reviewed the sections of the annual audit report entitled "**Findings**" and "**Recommendations**" in accordance with N.J.S.A. 40A:5A-17,

NOW, THEREFORE BE IT RESOLVED, that the governing body of the Cumberland County Utilities Authority hereby certifies to the Local Finance Board of the State of New Jersey that each governing body member has personally reviewed the annual audit report for the fiscal year ended December 31, 2017, and specifically has reviewed the sections of the audit report entitled "**Findings**" and "**Recommendations**", and has evidenced same by group affidavit in the form prescribed by the Local Finance Board.

BE IT FURTHER RESOLVED that the secretary of the authority is hereby directed to promptly submit to the Local Finance Board the aforesaid group affidavit, accompanied by a certified true copy of this resolution.

Passed and adopted at the special meeting of the Cumberland County Utilities Authority, held at the Authority's Administration Building, 333 Water Street, Bridgeton, New Jersey, on Thursday afternoon, June 7, 2018 at 3:00 p.m. prevailing time.


DATED: JUNE 7, 2018

Cumberland County Utilities Authority

**IT IS HEREBY CERTIFIED THAT THIS IS A TRUE COPY OF THE RESOLUTION
PASSED AT THE MEETING HELD ON JUNE 7, 2018.**



Assistant Secretary



Date

Cumberland County Utilities Authority

**LOCAL AUTHORITIES
GROUP AFFIDAVIT FORM**

**PRESCRIBED BY
THE NEW JERSEY LOCAL FINANCE BOARD**

AUDIT REVIEW CERTIFICATE

We, the members of the governing body of the Cumberland County Utilities Authority, being of full age and being duly sworn according to law, upon our oath depose and say:

1. We are duly appointed members of the Cumberland County Utilities Authority.
2. We certify, pursuant to N.J.S.A. 40A:5A-17, that we have each reviewed the annual audit report for the fiscal year ended December 31, 2017, and specifically the sections of the audit report entitled "**Findings**" and "**Recommendations**".

(Print)

(Signature)

Albert Jones

Zarko Rajacich

Jerry Young

Angelia L. Edwards

William Andre

Douglas VanSant

Keith I. Wasserman

Albert Jones
Zarko Rajacich
Jerry Young
Angelia L. Edwards
William Andre
Douglas VanSant
Keith I. Wasserman

Sworn to and subscribed before me

this 7th day of June, 2018.

Notary Public of New Jersey

C. Kenneth Hill

C KENNETH HILL

ID # 2078654

NOTARY PUBLIC

STATE OF NEW JERSEY

My Commission Expires August 1, 2020

CUMBERLAND COUNTY UTILITIES AUTHORITY

COMMISSIONER	AYE	NAY	ABSTAIN	ABSENT
ANGELIA EDWARDS	X			
WILLIAM ANDRE	X			
ZARKO RAJACICH	X			
DOUG VANSANT	X			
JERRY YOUNG	X			
KEITH WASSERMAN	X			
ALBERT JONES	X			

RESOLUTION #2933
Offered By Young
Seconded By VanSant
Dated June 7, 2018

A RESOLUTION APPROVING AND ESTABLISHING A NEW POSITION
AND TITLE FOR THE CUMBERLAND COUNTY UTILITIES AUTHORITY

WHEREAS, the Cumberland County Utilities Authority owns and operates a Wastewater Treatment Plant located in the City of Bridgeton, and requires employees to operate, manage and conduct its business; and

WHEREAS, it has been determined that adjustments to the Authority personnel are needed to ensure that the Authority adequately conducts and operates in accordance with NJDEP rules and regulations; and

WHEREAS, it has been determined that the Authority needs to establish one (1) new administrative salaried position of Resident Engineer in order to divide specified duties and to have back up in case of extended leaves; and

WHEREAS, a position of Resident Engineer is needed to assist the Executive Director in the daily operation of plant and training; and

WHEREAS, this matter has been presented and discussed with the Employee Relations Committee; and

WHEREAS, the position, title and rates have been established by the Executive Director and the Employee Relations Committee and are recommended for approval, effective June 8, 2018.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the Cumberland County Utilities Authority to approve and adopt this resolution establishing the position as follows:

- 1. The salaried position of Resident Engineer, with an annual salary range of \$65,000 - \$115,000.
- 2. That a new classification of Resident Engineer be added to the Authority's Personnel Handbook

Passed and adopted at the special meeting of the Cumberland County Utilities Authority, held at the Authority's Administration Building, 333 Water Street, Bridgeton, New Jersey, on Thursday afternoon, June 7, 2018 at 3:00 p.m. prevailing time.

DATED: June 7, 2018