

THE LANDIS SEWERAGE AUTHORITY  
REGULAR MEETING  
November 6, 2023

Pledge of Allegiance.

The regular meeting of the Landis Sewerage Authority was called to order by Chairman Reuben at 6:00 p.m. The following members were present at roll call: Barse, Headley, Angelo and Reuben were present. Miranda was absent.

The proper notice was given to all members in accordance with the by-laws.

Chairman Reuben stated that public notice of this meeting, pursuant to the Open Public Meeting Act, has been given in the following manner:

1. Posting written notice in the lobby entrance of the Authority.
2. Hand delivering notices to the offices of the Daily Journal and The Press.
3. Filing written notices in the offices of the Authority and City Clerk.

Also present:	Thomas J. Post	Business Manager
	Tyler E. Seifrit	Authority Engineer
	Robert DeSanto	Solicitor
	Carol A. Ricci	Executive Assistant
	Stephen P. Testa CPA	Auditor

It was moved by Barse and seconded by Angelo that the reading of the minutes of the regular meeting held on October 16, 2023 be dispensed with and the same be approved in the form submitted to all members by mail. Roll call: Barse, Headley, Angelo and Reuben voted “yes”.

Stephen P. Testa, CPA presented the 2022 Audit report as follows:

Steve Testa reported that we reviewed the draft audit report in detail with the finance committee and management. Copies of the draft report were also distributed to the rest of the Authority members. Other than the date of the report there were no changes from the draft to the final report. The audit report will be filed with NJDLGS upon the commissioner’s acknowledgement of review of the report. I would like to give a brief overview of the report at this time and would welcome any questions you may have.

There were no major changes or restatements necessary for the 2022 financial statement. The Authority did implement a number of GASB Statements as noted in the Notes to the Financial Statements and the Governance Letter, however none of them had a material effect on the Authority’s financial statements.

The Authority received an “unmodified” or clean opinion on its financial statements for the years ended December 31, 2022 and 2021 as reflected on Pages 1-4, which says, in our opinion, the basic financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Authority for the years ended December 31, 2022 and 2021 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 5 and 6. With respect to internal control over financial reporting, there were no material weaknesses or significant deficiencies to be reported.

With respect to compliance, we noted no instances of noncompliance that were required to be reported under Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services of the State of New Jersey. So, there were no findings or recommendations to be reported. As a result, the Authority is not required to file a Corrective Action Plan.

I would like to briefly review some financial highlights. Management prepared the required supplementary information, namely the Management Discussion and Analysis section which is a reader friendly summary of the financial statements including comparisons to the prior year’s information, pages 7 – 12.

Review Exhibit B, page 15 used our Comparison Exhibit B with the Variances.

Operating Revenues, which the Authority defines as user charges and fees, connection fees, income from its farm operation, lab testing fees and receiving station income, increased from \$10.966 million in 2021 to \$11.275 million in 2022 which is an increase of approximately \$309,000 or approximately 2.82%.

The user charges and fees increased \$499,000 or 4.91% due to additional industrial flows and surcharges. The other operating revenues, connection fees, hay sales and receiving station income each experienced a decrease with the total being \$190,000 from the prior year.

Total operating expenses, which includes depreciation, increased from \$10.993 million in 2021 to \$12.035 million in 2022 which is an increase of approximately \$1,042,000 or 9.48%.

The Authority’s costs of providing services increased by \$776,000 or approximately 12.09% on a GAAP basis. On a budgetary basis, schedule 2, page 47, the costs of providing services increased by \$592,000 or 8.10%. The GAAP increase was more than the budgetary increase, because the pension expense paid was higher than the GAAP basis pension expense this year. The largest increases in the cost of providing services are in the areas of salaries (+4.7%). Benefits (10.97%), utilities (9.92%) and miscellaneous materials and supplies (64.67%).

The admin and general expenses increased by \$205,000 (11.17%) on a GAAP basis and \$158,000 (7.55%) on a budgetary basis. The GAAP increase in expenses was more than the budgetary increase again because the pension expense paid was higher than the GAAP basis pension expense this year. The largest increases in the admin and general expenses are in the areas of salaries (+7.21%), benefits (7.41%), insurance 27.5% and miscellaneous (dues, tuition, reg. fees) and office expense (postage, service contracts).

The Authority's non-operating revenue (expenses), netted to an expense of \$769,000 in 2022 compared to an expense of \$545,000 in 2021, which is a negative swing of \$224,000. Primary reasons are: 1) a decrease in miscellaneous income (\$267K) because in 2021 Miscellaneous income included insurance proceeds as a result of damage to trailers, which the Authority did not have in 2022. 2) had a decrease in FMV of investments of \$86K (temporary); 3) charged off abandoned projects (\$26K). These were partially offset by an increase in interest income in 2022 (\$133K) and a decrease in interest expense \$22K), however still netted to an increase in expense.

The Authority recognized capital contributions in 2022 of \$175,000.

The net effect of all of this is, for the year 2022, the Authority experienced a decrease in net position (equity) of (\$1.354 million) while in 2021 the decrease was approximately (\$572,000). Note that depreciation was \$2.80 million for the year which helps create the loss and is a "non-cash" expense.

Those results are on a generally accepted accounting principles basis as shown on Exhibit B on page 15. On a budgetary basis (schedule 2 on pages 47 and 48) the Authority's expenditures exceeded its revenues by approximately \$564,000. The Authority budgeted a loss of \$690,000 so the results were \$126,000 better than budgeted. Revenues were \$785,000 more than budgeted and expenditures were \$659,000 more than budgeted.

The Authority did meet the rate covenant contained in the Authority's Bond Resolution as detailed in Note 2 to the financial statements on page 28. The required percentage of debt service coverage in the rate covenant is 110% and the Authority achieved 438.99%. Note that without the use of general funds that were passed through the revenue fund in the calculation, which is allowable under the covenant language, the Authority would not have met the covenant for 2022 with 97.28%. The difference in the coverage percentage emphasizes the importance of maintaining a healthy general fund cash balance.

In note 6, page 43, we show the breakdown of the unrestricted/undesignated net position (deficit) which is an \$8.309 million deficit related to pensions, \$2.424 million positive net position before the pension impact. Those net to the \$5.885 million deficit.

The Authority Commissioners, Management and its staff are to again be commended for a job well done. I would also point out that we have provided the Commissioners with a correspondence which is in addition to the audit report. This is known as the "Communication to those Charged with Governance" which in LSA's case we consider to be the full board. This correspondence explains the auditor's responsibilities, describes

certain accounting practices, management's responsibilities, certain aspects of interaction with management and certain other matters. There were no items to be reported in the "other matters" section of the correspondence.

You have before you this evening a resolution acknowledging that the audit report for the year 2022 has been received and that you have reviewed the report, particularly the findings and recommendations section, of which there were none. This resolution should be adopted and evidenced by having each of the Commissioners sign the group form affidavit. A synopsis, which is to be published in the newspaper, has also been prepared and provided to the Authority. A copy of each of these is to be filed with the NJ Division of Local Government Services. Since there were no findings/recommendations, the Authority is not required to file a corrective action plan with the State.

Lastly, the Authority is required to post the audit report on its website. We have provided the authority an electronic copy, and once accepted by the Board, it should be posted on the website.

Joe Reuben thanked Steve for the report and also Tom Post, our business manager for doing such a great job on the audit and Tom thanked the staff also for their work.

The Chairman asked if there were any general public comments or comments on the proposed Resolutions. There were none.

#### Resolutions:

It was moved by Barse and seconded by Headley that Resolution No. 2023 – 105 "Be it resolved by the Landis Sewerage Authority, that the following bills of items or demands are hereby approved and authorized for payment out of the Revenue Fund Revolving Payroll Account.... \$154,830.56", be adopted. Roll call: Barse, Headley, Angelo and Reuben voted "yes".

It was moved by Barse and seconded by Headley that Resolution No. 2023 - 106, "Be it resolved by the Landis Sewerage Authority, that the following bills of items or demands are hereby approved and authorized for payment out of the Revenue Fund Bills.... \$319,555.00", be adopted. Roll call: Barse, Headley, Angelo and Reuben voted "yes".

It was moved by Barse and seconded by Headley that Resolution No. 2023 – 107, "A Resolution of the Landis Sewerage Authority authorizing the Executive Director to endorse/acknowledge an NJDEP Treatment Works approval (TWA) for sewer line extension on Walnut Road for Hawk Point30, LLC Block 4705, Lot 57 to connect 34 townhomes..." be adopted. Roll call: Barse, Headley, Angelo and Reuben voted "yes".

It was moved by Barse and seconded by Headley that Resolution No. 2023 – 108, "A Resolution of the Landis Sewerage Authority certifying the Commissioners of the Landis

Sewerage Authority have reviewed the 2022 Audit Report...” be adopted. Roll call: Barse, Headley, Angelo and Reuben voted “yes”.

It was moved by Barse and seconded by Headley that Resolution No. 2023 – 109, “A Resolution of the Landis Sewerage Authority approving exemption from the competitive bidding requirements for the purchase of a John Deere 5100E Cab Tractor FT4 with related upgrades, accessories and supplies through a contract with Sourcewell (formerly NJPA) issuing a notice of intent to award a contract with Central Jersey Equipment LLC (authorized dealer) through Deere & Company (vendor)...” be adopted. Roll call: Barse, Headley, Angelo and Reuben voted “yes”.

It was moved by Barse and seconded by Headley that Resolution No. 2023 – 110, “A Resolution of the Landis Sewerage Authority authorizing an NJDEP Treatment Works Approval (TWA) for Bridor USA, Inc. Vineland expansion...” be adopted. Roll call: Barse, Headley, Angelo and Reuben voted “yes”.

It was moved by Barse and seconded by Headley that Resolution No. 2023 – 111, “A Resolution of the Landis Sewerage Authority authorizing the Executive Director to endorse the application forms for the renewal of NJPDES Permit NJ0134091 for the Landis Sewerage Authority Wastewater treatment and land application facility...” be adopted. Roll call: Barse, Headley, Angelo and Reuben voted “yes”.

It was moved by Barse and seconded by Headley that Resolution No. 2023 – 112, “A Resolution of the Landis Sewerage Authority authorizing the qualified purchasing agent to award Window Contracts in accordance with N.J.S.A. 19:44A-20.4...be adopted. Roll call: Barse, Headley, Angelo and Reuben voted “yes”.

Reports:

Executive Director

In his absence, Anthony Tobolski submitted the following report:

The quarterly report was sent to Mayor and City Council and a copy was in your packets.

We had a Finance Committee meeting on Thursday, November 2<sup>nd</sup> with Steve Testa to review the 2022 Audit and he has reported to the board this evening.

Dan Reed, our Ag-Site Supervisor, completed the NJPDES Permit Application for the wastewater treatment and land application facility permit renewal.

Tyler has submitted a breakdown in your packets for the union locker room building. I have reviewed the information and discussed it with Tyler. We would like you to consider moving forward at this time with CCIA performing the architectural, site and civil plans under a shared services agreement. After we have sealed plans, we can put the project out to bid and hopefully receive a decent price.

Authority Engineer

Tyler Seifrit reported that LSA has been completing lateral and manhole lid repairs in preparation for the City's ongoing paving operations.

Tyler stated that in your packets was an updated report on the pole barn Anthony's desire to move forward with the project through CCIA and a shared services agreement.

It was moved by Barse and seconded by Headley that LSA move forward with the shared services agreement in the amount of \$46,250 for architectural, MEP, civil and geo-technical engineering with CCIA. Roll call: Barse, Headley, Angelo and Reuben voted "yes".

Solicitor: No Report

Chairman:

Joe Reuben asked if there was any progress on the co-gen. Tyler stated that Kraft came out last week as well as the adjuster and we have not received anything as of this date. It's an older piece of equipment and getting parts will not be easy.

Carol Ricci stated that she spoke with Roger Austin, our electrician and he explained to me that we may not even have an insurance claim here. They tried to start the co-gen today and they think there are problems with the solenoids. The wiring looks ok, they cleaned it up and they didn't want to have an issue with the oil spurting out again and risk another fire. It wouldn't start but they think the problem is electrical and they are still working on that. I spoke with Bob English today and told him that if they are able to start it up, we just need to get it to limp along until we get the next generator. It's almost 20 years old. Tyler was there as well when the gentlemen from Kraft told us we may not even be able to get parts. If they can get it started, it will be under \$5000 which is our deductible for property so we're keeping our fingers crossed at this point in time.

Issues and Correspondence: None

Committee Reports:

Engineering/Plant:

Anthony also stated in his report that the receiving station had another great month bringing in over \$18,000 as was submitted to you in your board information.

There is a resolution for the purchase of John Deer S100 tractor through a contract with Sourcewell which allows the exemption of the competitive bid process. The tractor that this will replace is from the 1990's and has been in the shop for over 4 months for major repairs and we were told that the parts are not available.

The co-gen that was recently repaired and brought back on line had a fire incident that was kept to a minimum as far as fires go. We had to have Kraft Power come out to look at it and determine the extent of the damage and cost. Carol Ricci is handling the incident with our insurance company. Please read the attached incident report.

Budget/Finance:

Steve Testa gave the 2022 Audit Report.

Human Resources:

As mentioned in the Executive Director's report, once again, our newest Ag-Site employee has resigned after only 7 weeks. We have been interviewing and will hopefully have someone soon to help finish our farm season.

Public Relations:

Joe Reuben stated that we have a new newsletter.

Insurance Committee:

Carol Ricci stated that she received a very favorable letter from NJM today regarding Worker's Comp renewal. Our experience mod will stay the same this year. We had seven claims and most were report only. One claim caused an employee's absence. They were pleased with the inspection of the plant. I don't have the exact numbers in front of me but we are possibly looking at a 20% discount on our premium which is not realized until the end of the year after their payroll audit.

Allocations/Administration:

As contained in the Executive Director's report, Bridor USA, Inc. is expanding their production facility and is seeking a treatment works application for an additional 20,469 GPD.

Old Business: None

New Business: None

Adjournment:

At 6:29 p.m. there being no further business to come before the Board, it was moved by Barse and seconded by Headley that the meeting be adjourned. Roll call: Barse, Headley, Angelo and Reuben voted "yes".

THE LANDIS SEWERAGE AUTHORITY

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RYAN R. HEADLEY, Secretary