

**SPECIAL MEETING
2014 BUDGET DISCUSSIONS
HUNTERDON COUNTY BOARD OF CHOSEN FREEHOLDERS
Main Street County Complex, Second Floor
Flemington, New Jersey 08822
April 21, 2014**

The special meeting of the Hunterdon County Board of Chosen Freeholders convened at 9:02 a.m. in accordance with the provisions of the Open Public Meetings Act.

PRESENT: MR. HOLT, MR. KING, MS. LAGAY, MR. LANZA, MR. WALTON.

OPEN PUBLIC MEETINGS ACT

Director Holt announced: "This meeting is being held in accordance with the provisions of the Open Public Meetings Act. Adequate notice has been given by posting throughout the year a copy of the notice on Bulletin Boards on the First and Second Floor of the Main Street County Complex, Building #1, Flemington, New Jersey, a public place reserved for such announcements. A copy was faxed on or before April 11, 2014, to The Express, Courier News, Trenton Times, and Star Ledger, the HC News, newspapers designated to receive such notices and by filing a copy with the Hunterdon County Clerk."

PLEDGE OF ALLEGIANCE

BUDGET DISCUSSION

Director Holt for the record took time to thank Janet Previte, George Wagner, Shana Taylor and the Finance Team who has assisted in getting a budget together. This has been a challenge, Director Holt and Freeholder Walton discussed this the other day. The challenge put forth was to ensure, to the best of our ability, that the County could document that its numbers were as accurate as possible because as Hunterdon County moves into 2014/2015, and beyond, the County is looking at a software system to input all the data and to do that, you have to start with a ground zero that is accurate.

Director Holt isn't sure this budget could have gotten done without the team that is sitting here today. The end result is that there is now a management team that has a better understanding of the County's financial position of the budget and how it operates. Director Holt believes when the County gets through this whole process, that the County's personal confidence in what the financial picture looks like will be more in place and will set a basis for what most of the Freeholders' goals are, which is a long term strategy for the financial stability of Hunterdon County.

Director Holt stated the Board is deeply in debt for all the work done by the Management Team, stating it is greatly appreciated.

Director Holt noted that the 2014 request number is \$91 million and it is higher than the \$89 million budget the County had in 2013. It appears there was a fair number of grants that the County would be receiving mid-year that would be inserted into the budget as a grant and then appropriated out as a expenditure so they zero themselves out; but in theory they never ended up in the budget document.

Freeholder Walton explained even after a budget has been adopted, as the County goes through the year, it adds grants as both revenue items and expenditure items; making the final December 31st end of the year budget larger than the adopted budget in April or May. Mr. Walton questioned how much of an increase for grants is Ms. Previte aware of that will be placed in the budget but that doesn't have to be part of the normal introduction of the budget.

Mrs. Previte advised feels that number is between \$500,000 and \$1 million. It is her feeling that some of the grants that have been omitted in the past would have been grants that the County would have received award letters for by the time the budgets were adopted.

Director Holt informed the Board, that if Finance is certain that a grant will be received and there will be an appropriation and a revenue offset, then it should be placed in the budget.

Mrs. Previte confirmed for Mr. Walton that until a grant has been received, it cannot be placed in the budget. The County needs to receive award letters and grant before it can be placed in the budget. At least three grant award letters have been received this year totally around \$400,000 plus. She noted that the Area Plan Grant is usually around \$700,000 and that award letter hasn't been received yet.

Mrs. Previte questioned what is needed before a grant can be placed in the budget? She confirmed an award letter or an executed agreement or a contract can trigger that money being placed in the budget.

Director Holt stated there is a \$400,000 contingency which needs to be placed in the budget for future contractual obligations. A discussion needs to be held on how that is positioned in the budget. He explained to Mrs. Previte how this has been done in the past.

Mrs. Previte provided the Board with the correct number to cover a 2% contractual need and the Board discussed where those funds should be placed in the budget and how it was done in the past.

Shana Taylor, County Counsel, confirmed for Mrs. Previte that the CWA Contract is still being negotiated and that would be for 2012, 2013 and 2014. Ms. Taylor stated the previous Treasurer, Lou Garbaccio, was supposed to identify funds for 2012 CWA and also for the Telecommunicators' agreement.

Mrs. Previte stated other counties cut a purchase order for salary and wages and it would be encumbered and sit unpaid until the funds are needed.

Annual Financial Report

Mrs. Previte advised the Board at this time there is no Annual Financial Statement, so calculating revenues is questionable. She doesn't trust the accounting software because she isn't sure what transfers have been made and what grants have been charged or not charged. At this point, she is using revenue from the 2013 budget as opposed to actual.

Director Holt stated that Mrs. Previte's revenue calculations are very conservative at this time.

Mrs. Previte reported there are items the County is obligated to pay for such as inpatient in state facilities for the mentally disabled and mental hospitals, which are seeing increases.

Mrs. Previte reported 2010, 2011 and 2012 budgets were pulled by Lou Garbaccio and should have been accurate and reliable. The 2014 requests which have come in did not come in on the standard format that has been used in the past. The requests have been compiled and when the final budget is done, she will go back to the departments and confirm they are on board with the numbers being placed in their line items.

Mrs. Previte stated collecting the information from the departments in a unified way would have made this budget document more reliable.

Mrs. Previte advised it is her feeling the numbers presented for the 2014 budget are solid; as are the numbers for what was spent in 2013, except in the areas where grants numbers had not been added to the department's budget throughout the year.

Director Holt thinks that even after this budget has been adopted there is going to be line item adjustments that will have to be made, because of how the information came from the departments. A year from now the County will have new software which will handle any issues and make this process easier.

The Board went through the budget items as presented by Mrs. Previte, first discussing the increases for salary and wages, the new positions, backfills, and promotions for various departments. The Board directed Mrs. Previte to prioritize the Finance Department to get it fixed.

County Audit

The Board recognized that due to recent events in the Finance Department, the County will be paying more for its audit for the next few years. Mrs. Previte will get a firm number for having the County audit performed as additional services will be necessary so the \$75,000 cost may increase slightly.

Legal Fees

The Board discussed legal charges in County Counsel's Office and Human Resources, which have line items for legal fees, which include any arbitrator expenses, outside counsel, mediation expenses, Labor Counsel's agreement and supplies.

The Board asked Ms. Taylor to review the legal costs and get a firm number. Ms. Taylor confirmed for the Board that any outside legal counsel fees would be taken from her account. There are no legal line item accounts in other departments.

Mr. Lanza feels if all legal fees came out of County Counsel's Office, it would be easier to track. County Counsel may farm out certain projects and this would provide a paper trail for tracking.

Mr. Wagner recommended when bills are received for legal services, such as Labor Counsel, it should state what it is for exactly, such as for the CWA negotiations or Corrections arbitrations, in order to keep track of the dollars.

Pino Report

Mrs. Previte advised the County has a Pino Report which is the indirect cost allocation plan; he does this for most of the counties around New Jersey. This allows the County to take an expense such as buildings and maintenance/electric and charges it back to different departments. For example, the Division of Housing writes a check to the County for the full amount listed in that report.

The Board continuing going through department budgets with Mrs. Previte, stating the Surrogate, Adjuster, Soil Conservation, Weights and Measures, Health Benefits, Fire Marshal, Shade Tree, Corrections, Vehicle Services, and Raritan Valley College are okay as submitted.

The Board discussed various increases in other department salaries due to salaries and other considerations.

Mrs. Previte will rework the budget and be prepared for the Board to review same at the next budget session set for April 29, 2014, at 4:00 p.m.

There being no further business to come before the Board, Director Holt adjourned the meeting at 12:47 p.m.

Respectfully submitted,

Denise B. Doolan
Clerk of the Board