

# SPECIAL WEST AMWELL TOWNSHIP COMMITTEE MEETING

July 28, 2014 – 6:30 p.m.

The West Amwell Township Committee met on the above date and the meeting called to order at 6:32 p.m. by Mayor George Fisher. Present: Mayor Fisher, Committeemen Rich and Dale, Attorney Fahery, CFO Tom Carro, Auditor Anthony Ardito, Tax Collector Mary Hyland and Clerk Lora Olsen. Also in attendance were Dave Beaumont, David Gill, John Hyland, John Crouce, Ron Shapella, Hal Shute, Rob Tomenchok, Ian Wiggs, Elizabeth Allen, Phyllis Olex, Bill Olex, and County Tax Administrator Tony Porto. School Board representatives were Kerry Servillis, Dan Seiter, Victor Paerg, and Auditor Warren Korecky.

In compliance with the Public Meetings Act, Mayor Fisher announced that this Special Meeting was called pursuant to the provisions of the Open Public Meetings Act with notices faxed to the Hunterdon County Democrat and the Trenton Times on July 21, 2014. A copy of this notice is and has been available to the public and is on file in the office of the Municipal Clerk.

The meeting was recorded via digital recording system.

## **DISCUSSION CONCERNING SCHOOL BOARD TAX LEVY & DEFERRED SCHOOL TAX:**

Mayor Fisher opened the meeting by stating that purpose is to address conflicting information received concerning school taxes and confusion over what to pay the school. Zach Rich offered that the biggest issue is the \$1.9 swing that was supposedly collected but there's been no missed payment.

The issue, as explained by the CFO, is that the Township paid West Amwell School for six months prior to its disbandment but there was a \$900,000 deferment in place. Auditor Ardito explained the matter further through the use of a school tax levy analysis chart, noting that the 2014 levy on both schools individually was \$7.6 million. However, the combined school dropped to \$5.8 million due to the local school being levied in a calendar year and collected 6 months in advance...which stopped in 2014. He also noted that there are two issues in play, the \$5.8 million levy and the deferred school tax. Auditor Korecky concurred and further noted that the school board's levy is correct but is different due to how the money raised was deferred on the balance sheet.

An extended discussion ensued over these issues and how the particular set up with the elementary school came to be. It was relayed that many years ago, the State required every town to defer the school tax as a way to help municipalities. The money owed to the school that was being deferred was called surplus to the town. Basically, it was a "pay off the old with the new" money strategy. Although it was a boost to the municipality's surplus on paper, and the surplus was used to keep taxes down, the deferment was still owed to the school. This looked good 10 years ago and, if the local school was still in existence, tonight's issue would not be a problem. Also at the center of the discussion were why this situation had not been caught earlier and what steps need to be taken by the township to raise the money needed to pay the school's bill, which is more than what has been levied for same. In hindsight, due to the infrequency of school consolidation/regionalization/elimination, the planning should have had more people involved, e.g., DOE and DLGS, and that the A4F should have been reviewed by both the school and the local municipality on the financial aspects.

The required money can be raised either through a special emergency or a refunding bond. However, the township will have to borrow the funds as the budget has been passed and the tax rate struck. If all of this had been known in April, the school could have made a one-time adjustment to the A4F. In response to an impassioned statement from a resident about this 'mistake,' Mr. Ardito relayed that this was not a mistake...just a different method collecting taxes. Auditor Korecky added that including the entire amount would have put the levy through the roof in 2014 for the school. The suggestion was made that a letter be sent to all residents to explain the situation; how the elementary school's closing played into the mix; and, that the new levy of \$5.8 million doesn't include the advance collected previously on the local school. The letter should also include examples and mention that although the tax is down this year, it will go up next August to reflect a year's collection.

As to next steps, Mr. Ardito relayed that information needs to be sent to the Local Finance Board by August 20<sup>th</sup> in order to get on their September 13<sup>th</sup> meeting agenda. If approval is given, the township will have to get bids for notes or bond in order to meet payment obligations. However, the amount of this note/bond is something that will be determined upon further discussion. Also noted was that this action will impact the municipal budget.

*Mayor Fisher called for a Closed Session at 7:42 p.m.*

**CLOSED SESSION:**

RESOLUTION #120-2014

WHEREAS, Section 8 of the Open Public Meetings Act, Chapter 231, P.L. 1975, permits the exclusion of the public from a meeting in certain circumstances, and

WHEREAS, this public body is of the opinion that such circumstances presently exist,

NOW, THEREFORE, BE IT RESOLVED by the Committee of West Amwell Township, County of Hunterdon, State of New Jersey, as follows:

1. The public shall be excluded from discussion of and action upon the hereinafter specified subject matter.

2. The general nature of the subject matter to be discussed is as follows:

CONTRACT NEGOTIATIONS

3. It is anticipated at this time that the above stated subject matter will be made public when the matter has been resolved.

4. This Resolution shall take effect immediately.

*The Resolution was unanimously approved on motion by Rich, seconded by Dale.*

**OPEN TO THE PUBLIC:**

There was no longer any public in attendance.

**ADJOURNMENT:**

There being no further business, the meeting was unanimously adjourned at 8:30 p.m. on motion by Dale.

Respectfully submitted,

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Lora L. Olsen, RMC  
Township Clerk

APPROVED: August 27, 2014