

1. Mayor Hodson called the special May 9, 2007 meeting to order 4:04 p.m. in the Municipal Building, 111 River Styx Road, Hopatcong, NJ.

Mayor Hodson announced this meeting is held in accordance with the Open Public Meetings Act, NJSA 10:4-1 et seq., special notice having been forwarded to the New Jersey Herald/New Jersey Sunday Herald, the Daily Record, the Star-Ledger and posted on the bulletin board maintained in the Municipal Building for public announcements.

In accordance with NJUFC, please note there are exits to the left of the room and right rear of the room that should be utilized in case of emergency or fire.

Mayor Hodson reported that a quorum did not exist at this time; therefore he and Council President Petillo would proceed with the auditor's report. Mr. Andrew Parente of Lech, Vinci & Higgins, LLP was present for this discussion. Mr. Parente said that there are two reports within the document; Revenues and Expenditures through June 2007. He began his review on page 13 Projected Surplus Balance – June 30, 2007, \$1,358,955 of this amount the State requires the Board to keep 2% or \$630,979. Page 12 shows the 2006 Annual Audit or excess of \$233,503, which has to be budgeted in 07/08 Budget; \$181,870 additional surplus budgeted in 07/08, this amount could be reduced, and what remains must be budgeted in 08/09.

Mr. Parente reported that none of the proposed cuts are related to instruction or program areas. Trend Analysis pg. 23: Salaries represent 75% of the budget; overall increase 5.1%; teachers' increase is 4.6%; excess \$106,257 (no new F/T positions being added, only 3 P/T aids). Appears to have additional monies appropriated. A discrepancy was pointed out pertaining to bus driver position; reported a reduction of one position. However, the monies allocated do not reflect this reduction in salaries; the Board allocated additional monies in contracted services.

Schedule C, pg. 4 entire budget; none of the cuts related to instruction or program areas.

Page 6, Total Instruction – up 4.1% (K-12 & Special Education maintained within District).

Sending out of District – increase 23%; question was raised on why this increase & Mr. Parente reported that Donna received information that supported the increase.

Page 7 – Questioned increase in Education Media/Supplies & Materials: 84.64%, no justification, area auditor is proposing a cut.

Page 8 – Support Services/Legal Services up 52.3%; Other Prof. Services increase of 70.78% (Workers' Compensation); Other Professional Services 52.99% – these included doctor's services, printing, elections & newspaper. Mayor Hodson believes that Dr. Threlkeld said that he negotiated a lesser fee for doctor services in 2007/08, which was \$14,000, \$20,000 was paid in 2006/07. Mr. Parente would check on this. Miscellaneous increase 160%, no explanation given, proposed cut.

Page 10- Unallocated Employee Benefits – Workers' Compensation up 32%; the insurance carrier provided a letter that said the actual increase is 15%; will ask why. Health Benefits up 12% -

Mayor Hodson was under the impression that there was going to be a savings. Councilwoman McManus arrived at 4:50 p.m.

Page –11 – Overall Budget increase 4.43%.

Page – 1 – Proposed Reductions: \$364,200. Councilperson Bunce arrived at 4:55 p.m.

2. Moment of Silent Reflection and Pledge of Allegiance to the flag of the USA.

3. Roll Call. Councilmembers present: Richard Bunce, Madeline McManus, Sylvia Petillo & Mayor Hodson; there is now a quorum. Absent: John Armeno, Marie Galate & Estelle Klein.

Mr. Parente continued to explain proposed cuts from pages 1(\$129,200) & 2 (revenues \$50,000 & \$185,000 increase for realized revenues). Historically, the district has generated miscellaneous revenues in the \$350,000 to \$375,000 range; they have anticipated a very low number for 07/08. Councilwoman McManus questioned the additional \$105,000 or \$109,000 monies that the Board received from the State; at the time of the first meeting Dr. Threlkeld did not know how these funds could be used. This was above and beyond Extraordinary Aid. Mr. Parente will ask. Council President Petillo questioned where they would get money for capital projects; the answer was that they had a Capital Reserve of \$60,640 and additional monies would come from the 2% reserve allowed by the State.

Mayor Hodson noted that a reduction of \$364,200 would be about 1.8 tax points, resulting in about a savings of \$60 per home for average assessment; based on new valuation and a tax point generating about \$200,000.

Mr. Parente informed those present that the original School Budget requested a 4% increase or \$755,642, which was within the State requirement, and was a very austere budget. If the proposed cuts were enacted the budget would be increased by \$391,442, the proposed cuts represent a 48% reduction in the defeated budget. The governing body thanked Mr. Parente for the fine job he did explaining the report. Mr. Parente reported he would contact Mrs. Sierchio and get the answers to their questions.

5. Meeting open to public for comments, none was forthcoming.

6. Councilperson McManus moved to adjourn at 5:40 p.m., seconded by Bunce. Those present voted affirmative.

Respectfully submitted: