

**Montgomery-Otsego-Schoharie Solid Waste Management  
Authority  
Finance Committee Meeting**

**Date:** January 11, 2006

**Location:** Howes Cave Administrative Complex

**Members Present**

Meredith McNeil  
William Strevy  
Olga Podmajersky  
Edward Wesnofske

**Members Absent**

**Others Present**

Gilbert Chichester  
Ms. Morlang Morlang  
Ms. Broadwell Broadwell

**1. Opening**

Chairman McNeil opened the meeting at 11:05 a.m.

**2.**

Meredith McNeil stated that the intent of today's meeting is to gain an understanding of what the Authority is facing in terms of reporting and other documentation required to be done early on in 2006 regarding the financial affairs of the Authority. Ms. Morlang prepared and distributed a schedule of events/deadlines, attached hereto.

Ms. Morlang stated that during 2005, administration had worked on a MOSA annual calendar including reporting requirements and deadlines. The schedule is hopefully all inclusive, however there may be minor events that were overlooked during the development. It was started during the middle of 2005 and continues to be developed. This is the first season using the schedule.

The Year End Bond Reconciliation is required under the bond indenture. This is a calculation of the amount MOSA is able to transfer from the revenue account into the rate stabilization fund. The deadline date is not imposed by an outside entity, however administration has tagged January 15<sup>th</sup> as the date the calculation should be prepared by. The Auditors review the Year End Bond Reconciliation and report to the Bond Trustee on MOSA's compliance.

The Summary of Work Related Injuries/Illnesses (SH-900.1) – This is a report required by PESH regulations to be posted at each MOSA facility by February 1<sup>st</sup>, and remains posted through April 30<sup>th</sup>. This requires analyzing all of the accidents that occurred during the prior year to determine which need to be reported.

Equipment Maintenance and Building and Grounds year-end reports – Over the years, Administration has developed databases tracking the time and expenditures for these

departments by equipment and structure. These reports allow MOSA to know how much is being spent on each piece of equipment and structure. They are also required for providing the detail needed during the audit to record post closure cost. The February 15<sup>th</sup> deadline is a MOSA imposed deadline. The 2005 audit fieldwork is scheduled for February 20<sup>th</sup>, so the February 15<sup>th</sup> deadline allows for time to review the reports, develop and record the entries.

The DEC Transfer Station Reports -- These are required by DEC for each of the MOSA transfer stations relative to tonnage by quarter and by type. This is a fairly involved reconciliation and reports required for DEC by February 28<sup>th</sup>.

The Financial Audit is due within 30 days after receipt under the Public Authorities Law (PAL) and is due to the Bond Trustee by April 30<sup>th</sup> under the bond indenture. Under the PAL, the Audit is required to be distributed to the State Comptroller and the Governor. There is a list of whom it needs to be distributed to. The 2005 fieldwork is scheduled for February 20, 2006.

Ms. Morlang explained that January through November, Ms. Broadwell prepares the monthly financial statements. Ms. Morlang reviews Ms. Broadwell's reports monthly, and then Ms. Morlang prepares the December reports. This gives her an opportunity to ensure that all the entries have been made, and she prepares the audit work papers as she is closing the month of December.

Bollam and Sheedy came out to do preliminary work in December. They reviewed the minutes, and they looked at payroll and fixed assets to ensure that the policy and procedures are followed. This was to do only preliminary work; they were only at MOSA for a day. Bollam and Sheedy do not close the books; they are responsible for reviewing MOSA's financial statements. Management is required to close the books and prepare the Management Discussion and Analysis report in the audit and the footnotes.

Ms. Morlang stated that preparing for the audit takes her minimally a week. Ms. Morlang stated that in reviewing the schedule, there are a lot of items that go into preparing the audit. She stated she could not sit down and write a manual on preparing the audit because a lot of little things come up. She stated that it takes minimally a week provided that there are no bumps in the road. This is before the auditors come out to MOSA. Bollam and Sheedy are accustomed to being handed the work papers to review. Ms. Morlang stated that if MOSA does not provide this to Bollam and Sheedy, the price of the audit would increase. Bollam and Sheedy are usually at MOSA 3 to 5 days to do the field work.

Ms. Morlang stated that prior to her being hired at MOSA, Bollam and Sheedy were coming in and preparing all the journal entries and work papers.

Ms. Morlang stated she also is responsible for pulling together information relative to the post closure reports for Barton and Loguidice. They will then prepare the closure estimate that is required for the audit.

The Drug Testing report is a Federal requirement. There is an annual report that must be completed. Ms. Morlang is required to ensure that all the testing has been done. The report must be prepared and filed by March 1<sup>st</sup>. The report is not distributed, but must be on file and available for inspection. If audited, and the reports are not available, MOSA would be subjected to fines.

The Year End Operating Budget Reconciliation and Transfer process is set by Board Policy. Ms. Morlang is required to have balanced the budget, made all the transfers, and reported to the Board in the Board Financial Report by March 31<sup>st</sup>. She is also required to explain all the major variances, the transfer relative to the Year End Bond Reconciliation.

The State Comptroller Report is required by March 31<sup>st</sup>, however MOSA can request an extension to April 30<sup>th</sup>. Ms. Morlang stated that this report is normally submitted after MOSA has received the audit. A lot of the information comes from the Audit.

The Annual Report under Public Authorities Law is required by March 31<sup>st</sup>, and under the Bond Indenture, continuing disclosure is required by April 30<sup>th</sup>. The report is important because it addresses the Bond Indenture's continuing disclosure requirement. MOSA under law must disclose certain information, which is incorporated into the Annual report.

The DEC Recycling Report is due by April 1<sup>st</sup>. This is a regulatory requirement, reporting relative to recycling tonnages and where they originated. Part of this information is compiled from MOSA's database, and some of the information comes from MOSA's customers. Ms. Morlang stated that she has spent a lot of time with MOSA's customers to gather the information, as well as with DEC in getting a handle on MOSA reporting requirement.

The Annual GAT Calculation and Operating Budget are due by October 15<sup>th</sup>. The SWMP Compliance report is not a report that Ms. Morlang directly works on, but it is required to be submitted every two years.

Ms. Morlang stated that the Log of Work Related Injuries/Illnesses is an ongoing report. The GAT Report and Compilation is prepared monthly by Ms. Broadwell, and reviewed by Ms. Morlang.

Ms. Podmajersky asked how much manpower is required to prepare these reports. Ms. Morlang stated that the first three months of the year there are a lot of required reports. She typically does not take any time off during the first few months of the year. Ms. Morlang stated that she would estimate that the time was dependent on who was preparing the reports. She stated that it would take her approximately two months, however if another person, unfamiliar with the reports, were preparing them, it might take longer.

Mr. Chichester added that some of the reports are developmental, and some are accumulated over the year. Many of the systems are not packaged systems that have been purchased, they have been developed in-house to report the data. Ms. Morlang stated that the reports are not auto-generated but are very manual and must be reconciled.

Payroll is prepared in-house. Ms. Simonds is responsible for preparing payroll. Ms. Morlang stated that she is responsible for reviewing all leave slip requests and any time sheets that on which there is a question. Ms. Morlang maintains a spreadsheet through out the year relative to reconciling time worked, overtime, and part time to the amounts paid. Ms. Simonds prepares the checks and Ms. Morlang reviews the payments.

The Montgomery County Personnel Office provides the Authority with Workers Compensation coverage. Ms. Morlang stated that she is responsible for contacting the third party insurer to report any cases. MOSA does send Rich Baia, the Montgomery County Personnel Officer the pink sheets and payroll reports to review and approve.

Mr. McNeil thanked Ms. Morlang for providing clarification on the required reporting. Mr. McNeil stated all Board decisions have a financial impact on the Authority. He stated that the Board needed to have a clear picture of the requirements.

Mr. Wesnofske questioned whether there has ever been an error relative to the Bond Reconciliation calculation. Ms. Morlang stated not during her tenure. Prior to her being hired at the Authority, the Auditors would prepare the calculation. Mr. Wesnofske stated that might raise ethical questions. Ms. Morlang stated that the Auditors must certify to the Bond Trustee that all funds are appropriate.

Mr. Wesnofske questioned if the Auditors were to prepare the year-end entries, would they no longer be independent. Ms. Morlang stated that when she was first hired, the Auditors were preparing all the entries because the staff at the time did not understand some of the entries. Ms. Morlang stated that when she was hired she developed the understanding, and was able to take over preparing the entries.

Mr. Chichester stated that at the time of the audits, prior to Ms. Morlang, the Auditors would arrive to prepare the audit and the books would not have been closed. There might have been discussion and Board recommendation to have the Auditors close the books. Ms. Morlang stated that she was hired in March of 1995. She stated that she did not have a lot to do with the 1994 audit, but as she remembers, one person came in from Bollam and Sheedy to make the entries, and another to prepare the audit.

Ms. Morlang stated that the current cost of the audit is about \$15,000. She stated that when she started the sense she got from the Auditors was that they were losing money on MOSA. She had worked through the closing of the books and preparation of the work papers, then approached the Auditors to reduce the costs. She noted that the cost of the Audit has not increased much over the past years because she gives them everything.

Ms. Morlang stated that the Schedule of Events/Deadlines is in chronological order not a priority listing. Mr. McNeil questioned which items on the list have significant fines. Ms. Morlang stated that the PESH reporting would be subject to fines. The Financial Audit and Annual Report are required under the Bond Indenture, failure to prepare might not have a

monetary fine, however it might create problems for the Authority with MBIA. Ms. Morlang stated that she was unsure if there were fines relative to the DEC reporting. Ms. Morlang stated that where there was a specific entity and deadline, she has never been unable to meet the deadlines.

Mr. McNeil questioned what the Authority's plan would be if Ms. Morlang were to leave. Ms. Podmajersky questioned what is the current status of Ms. Morlang's employment. Mr. Chichester stated that there was a Board motion towards the end of the year for Ms. Morlang to continue to be employed and compensated. Ms. Morlang has not been terminated, nor has he received a resignation. Mr. Chichester stated that it was his understanding that Ms. Morlang has received a verbal offer, however due to the holiday schedule she has not come to a point that she needs to respond to the offer but at any given point the decision could be made and she submit her resignation.

Mr. Chichester stated that thirteen years ago, it did not take long to realize that there wasn't a person on staff that could put together a budget. He stated that he spent a lot of time advertising and interviewing to hire Ms. Morlang. He stated that Ms. Morlang has been a positive asset, when she prepares her work, all the detail work is provided behind the summary, it is very systemized. She has worked very carefully to develop and maintain the schedule. If another person is brought in to do the work the Authority is going to have a timeliness issue.

Mr. Chichester stated that if the Board were to contract for services to close the books and get the audit done, this does not speak to the other items on the list. The schedule is liable to fall into disarray. Once the system is not maintained and falls behind, the effort to bring it back into compliance becomes so large it seems insurmountable.

Mr. Strevy questioned where management was going. He stated that he believed Ms. Morlang's bottom line was \$65,000. He also believed that Mr. Wesnofske had spoken with Ms. Morlang and she had indicated that she would be leaving the Authority once her leave time had been depleted.

Mr. Chichester stated again that there was no termination or resignation. Ms. Podmajersky stated that they did not need a resignation because Ms. Morlang does not have a contract. Mr. Chichester reminded Ms. Podmajersky that the Board had passed a resolution allowing Ms. Morlang to continue to work.

Mr. Chichester stated that the points brought forward by Mr. Strevy and Ms. Podmajersky are personnel issues, they are currently in a Finance Committee meeting. The point of the meeting is to consider how the required work will be accomplished; how will it be handled if Ms. Morlang submits her resignation.

Mr. Strevy stated that he raised these questions in December and they were ignored. Now it is being presented when the deadlines are imminent. Mr. Strevy stated that he does not know if Ms. Morlang wishes to stay. The resolution authorizing Ms. Morlang to continue to work was prior to the conversations relative to her verbal offer. None of the Board members knew that

she would be leaving. Ms. Podmajersky stated that Mr. Wesnofske might have known but none of the other Board members.

Ms. Morlang stated that it was premature for Mr. Wesnofske to communicate her resignation prior to having received a formal resignation in writing. Ms. Morlang stated that she had had a conversation with Mr. Wesnofske and he assumed that she would be leaving. Ms. Morlang stated she has continued to work since the beginning of the year. She had used some leave time relative to vacation time she had submitted, and sick leave. She stated that the Board has put her in a difficult position. In September, she had written a letter to the Executive Director, the Chairman of the Board, and the Chairman of the Personnel Committee stating that her contract was about to expire and questioned whether the Board would be renewing the contract. Ms. Podmajersky stated that she had not received a copy of the letter. Ms. Morlang stated that she felt it was appropriate to send the letter to the Executive Director and the Chairmen.

Ms. Morlang stated that in her letter she had indicated that her evaluation, which is a part of her contract, had not been completed. The evaluation was then completed, and she again asked verbally about working on her contract. The response was that the Board was currently working on the T&D contract and the Executive Director's contract. Ms. Morlang stated that she then had no choice but to go out and seek another job. She reminded the Committee that she had a family, children and a husband, and bills as everyone else, she could not ignore the risk that she might not have a job come January. Ms. Morlang stated that she went out into the community and began talking to individuals who responded that they would be willing to hire her if she would like to come work for them. She stated that she did not want to make a decision until she had all the information in front of her. She tried to obtain the information in December and received no offer. Ms. Morlang stated that when she had spoke with Mr. Wesnofske she was upset and would like to have walked out the door, but she was not ready to make her resignation at that time. She stated that it was very upsetting, being told after 11 years of service that the Board could not agree on making her an offer, countering her request, and it did not matter whether she wanted to leave or not.

Ms. Podmajersky stated that she remembered at the time, Ms. Morlang stating that she had an offer, and that she had put the company off a week but was unsure if she could put them off another week. Mr. Wesnofske went and spoke with Ms. Morlang and then the Board members received an e-mail stating that Ms. Morlang had resigned and would be using leave days until the end of the year. Ms. Morlang stated that was not what had happened.

Ms. Podmajersky stated that she thought the Committee should be in executive session. Mr. McNeil stated that they could go into executive session, but this is a personnel issue, his concern is that these reports need to be completed, and in the event of Ms. Morlang leaving, who would be handling them. Mr. Strevy stated that he was not sure if Ms. Morlang was staying or leaving. Mr. McNeil stated that they needed to plan for it. Mr. Strevy stated they should advertise for the position. Mr. McNeil asked how long would it take to fill the position. Mr. Strevy stated that the Authority would not collapse. Ms. Podmajersky stated that the Authority has an Accountant and an Executive Director who could complete the requirements. Mr. Chichester stated that the Accountant already has a full schedule of responsibilities that she is handling.

Mr. Wesnofske asked Ms. Morlang and Mr. Chichester, in their opinion, if absent the position, would there be an inability to meet these requirements. They both agreed. Mr. Chichester stated that if absent the head finance position, MOSA would need additional resources to meet the requirements. Mr. Chichester stated that the Authority could not expect, having had a person here for 11 years, working on the system, streamlining and developing the system, that removing that person would not have an impact.

Ms. Morlang stated that when she was first hired, there were many other people employed by the Authority, for example one to do the GAT, and another to handle human resources. Over time there has been a reduction in staff and the Director of Finance handles a lot of these responsibilities. If the Accountant did not have her responsibilities, she could meet the deadlines, but then her responsibilities would not be completed. Without additional resources it would be difficult for the Accountant to meet the deadlines as well as do her work, and there would be no review process. Errors might be made that would not be found until the audit.

Mr. McNeil questioned how the Committee wanted to handle the list of deadlines. Mr. Strevy answered by questioning if MOSA was filling a position. Ms. Podmajersky stated that MOSA did have a position to fill because Ms. Morlang doesn't have a contract. Mr. McNeil stated that for that to be true the Board would need to terminate Ms. Morlang. Ms. Podmajersky stated that she understood Ms. Morlang to have indicated that she wanted to be paid \$65,000 or she had another offer, the Board was not in favor of paying her \$65,000, and therefore she resigned. Ms. Morlang stated that the Board had not said they were not in favor, they said nothing, they did not counter offer. Ms. Morlang reiterated that she did not want to make a decision until she had all the information.

Mr. Strevy stated that he felt the Board was being led down a strange path, one day they are told one thing, the next another. He stated that the Chairman of the Finance Committee was asking a partial Board to make a decision that should be made by the full Board. He stated that in December he raised the concern that two people were working without a contract, and it was not addressed. The Board needs to take some action, if it takes a day, they should stay together until a decision is made. Mr. McNeil agreed because the Committee can only make a recommendation to the Board; the Board needs to act on this. Mr. Strevy stated that the full Board should meet. He stated that there were discussions relative to Ms. Morlang's contract, that he, Mr. McNeil, Mr. Lindberg, and Mr. Powers agreed upon and he was aware of each person feelings at that time, but now Mr. McNeil is telling him that they are different.

Mr. Strevy stated that MOSA has a serious problem, the entire administration is about to fall apart. Mr. McNeil stated that no one in the Committee was disagreeing with this statement. Mr. Strevy stated that Mr. McNeil is asking how they are going to fix this when they don't even know if they have a position to fill. Mr. McNeil stated that his sole purpose of this meeting was to determine Ms. Morlang's responsibilities and develop a plan to meet the requirements to keep the organization going.

Ms. Podmajersky stated that she did not enjoy talking like this; she stated that she appreciates Ms. Morlang's work. Ms. Morlang stated that this is an emotionally charged issue for her as well, having the Board not make a decision after 11 years of service.

A Board meeting was tentatively scheduled for January 19<sup>th</sup> at 11:00 am. Mr. Strevy questioned what would happen between now and January 19<sup>th</sup>. Ms. Morlang stated that she would continue to work.

Mr. Strevy asked what the law was on persons working with out a contract. Mr. Chichester stated that he had questioned MOSA's General Council if there was a problem continuing to sign documents as the Executive Director without a contract, and she said there was not an issue.

Mr. Strevy stated that he was not happy with the way these contracts had been handled. He stated that it was the way that they arrived at this point that was wrong. He stated he has a long memory and that the way this situation has been handled and the way the Riccelli contract was handled was not right and it will leave a bad taste in his mouth for a long time.

Mr. Wesnofske stated that he had made an assumption that he should not have made. The conversation was in haste as he was leaving to go on vacation, and he apologized.

### **3. Other Business**

No other business was discussed.

### **4. Closing**

Olga Podmajersky motioned to adjourn the meeting at 12:17 p.m. The motion was seconded by William Strevy and unanimously approved.

Respectfully Submitted,

Ms. Marijeanne Broadwell  
Accountant