

FINANCIAL ADVISORY COMMITTEE

Minutes of meeting held on January 14, 2020

Present: Members Kaplan (Chair), Barnett, Dewing, Happer, Lane, Mitchell and Murphy

Borough Manager Stern and CFO Goscicki

Minutes of meeting on January 7, 2020: these were distributed at the end of the meeting for approval at the next meeting.

Review of water and sewer 2020 budgets: these were reviewed and discussed with Borough management. A number of points were noted;

- there were a few significant differences between budgeted line items and 2019 actual numbers due to reclassifications

- the committee agreed that the revenue from water and sewer “hook ups” were not operating revenue and should be rolled from water and sewer fund balance to a new current fund revenue line item for current fund capital needs. The committee agreed that this should be a policy going forward

- the sewer operations had previously borrowed \$57,190 from the current fund and this should be repaid

- Borough Manager Stern stated that he was still waiting for information from Parsippany with respect to sewage costs

- subject to the above, the fund balances are \$258k for water and \$287k for sewer

- target surplus for water and sewer are \$150,000 and \$75,000, respectively

Water Accountability Regulations – Borough Manager Stern stated that the budgets did not include any provision relating to these regulations as the State had not yet issued requirements.

Follow up discussion on current fund budget:

- the reserve for tax appeals should be increased by \$100k

- it was noted that based on the current preliminary budget, the projected unused fund balances were in the target ranges (5 to 7%) of budgeted expenditures

- in response to questions, Borough Manager Stern noted that all trees identified by the Shade Tree to be removed had in fact been removed

Finance Committee Policies – it was agreed that there is a need to document such policies in a manual

Next meeting – February 5, 2020 to discuss the capital budget, review the actual performance for 2019 and to complete a reserve analysis.

The meeting adjourned at 9 20 p.m.