

**Finance Advisory Committee
Minutes – 5/3/2023**

Attendees: Barnett, Goscicki, Dewing, Kaplan, Murphy, Sheikh (minutes), Stern

Absent: Albanese, Richter

1. Approval of April 4 minutes. Minutes for current meeting – K. Sheikh.

April 4th minutes approved with additions with additions of meeting date and FAC members absent.

2. Q1 budget review and trust account summary.

Final 2023 budget had not been approved by Borough Council by end of Q1. Reviewed provisional numbers.

Discussion re: Board of Education paying Borough for Halsey field lease and for solid waste contract.

Discussion re: Dish Wireless cell tower lease paying Borough less money than Nextel lease did.

Discussion re: delinquent taxes twice what they were in 2021 due to lower collection rate at end of 2022. These were collected in line with historical rates according to CFO.

Discussion re: water and sewer miscellaneous fees, majority of which are late penalties. No questions on collections or usage.

Discussion re: new water meter connections. About half of units installed (appx. 800). About to start the other half. Percentage of lines that contained lead or galvanized pipe approximately <10%, which is better than initially anticipated. If it stays that way, it will significantly reduce the long-term capital spending for remediation that we were anticipating at the start of the project.

Discussion re: Capital/trust account balances. For tax appeals, charged 9k to reserves and 20k against fund balance. Not all against fund balance because paid out 9k before budget was finalized. Actively trying to resolve appeals. Discussion regarding timing of payment (whether to pay at once out of fund balance or spread over time).

Discussion re: reserve for accumulated absences related to police officer retirement.

Discussion re: capital ordinances. Balances vs open capital review. Two closeouts in open capital review were different than amounts available in ordinances. CFO to check all money available and whether encumbrances make sense. All other closeouts match.

3. Tax appeal update including settlement timing and funding.

Actively trying to resolve appeals. Borough council to review in closed session during second meeting in May.

4. Review surplus account /fund balance projections.

Discussion re: use of surplus and fund balance projections and how quickly to draw down surplus (which is higher than recommended by policy). More discussion will occur using real numbers at end of year (November).

5. BAN financing size and timing update. Update cash flow analysis through year-end including estimated timing of 2023 capital ordinance expenditures.

Discussion re: visibility on 2023 ordinance expenditures in 2023.

Discussion re: payment needed for fire truck. Will not be paying out for fire truck this year. No deposit number or date of deposit needed for truck. Total amount to be raised is \$1,203,000.

Based on cash flow, CFO recommended we fund 2022 ordinance expenditures in August 2023 and look to do 2023 and 2024 expenditures in August 2024.

6. Bond model and debt capacity discussion.

Reviewed and discussion re: debt model prepared by John Kaplan. Reviewed funding scenarios and effect on debt payments and debt levels. This included scenarios without reliance on BAN funding (historically used short-term BANs to satisfy current needs and pay off 10% every year until dollar amount big enough for bond deal, i.e., issue 10-year bond every 5 years, and use BAN funding in interim).

Discussion re: ratings agency view on debt levels and repayment capacity. Significant driver will be capital spending, so 10-year capital plan is a useful guide.

7. Other business.

Auditor will be at FAC June 7 meeting. Potential discussion with him regarding debt capacity.

Discussion re: implementing flat rate sewer billing. 2nd half of year or beginning of 2024.

8. Next meeting: Wednesday, June 7 at 7:00pm, Zoom. Minutes –J. Murphy

To Dos:

- Update and distribute Surplus Account / Fund Balance Forecast analysis – M. Goscicki.
- Recommendations for reserve replenishment and/or increases after update from tax assessor – M. Stern, M. Goscicki.
- 2022 Audit Review with J. Mooney at Nisivoccia - June Meeting.
- Follow-up on timing for move to flat rate sewer billing (after 2nd or 3rd quarter billing).
- Review Water and Sewer fund balance – September Meeting.