

**Finance Advisory Committee**  
**Minutes -7/26/23**

Attendees: Mike Albanese (minutes), Lauren Barnett, Bob Dewing, Monica Goscicki, John Kaplan, Jim Murphy, Khizar Sheikh, Mitchell Stern.

Absent: Chris Richter

1. Approval of May 3 minutes: unanimous (Albanese and Stern abstain)
2. Approval of June 7 minutes: unanimous (Sheikh and Dewing abstain)
3. Q2 budget review and trust account summary:
  - Reviewed all Current Fund (Revenue and Expenditure) activity compared to budgets through Q2. Specific line items were discussed with no significant issues identified.
  - Water and Sewer budgets were reviewed. No issues were identified, noting that the Borough's largest collections for water usage fees are typically in the 3<sup>rd</sup> and 4<sup>th</sup> quarters (33% of expected revenues collected through 6 months). Sewer expenditures are at 71% of total budget through 6 months due to lump blanket purchase orders.
  - Trust accounts and capital ordinances were also reviewed.
4. Funding of Sunset Dam incremental project costs:
  - Construction bids were advertised for the Sunset Lake dam project, with 5 bids received.
  - All bids received exceeded the original engineers estimate for the project (\$2,100,000), which appears to be attributable to increased labor and materials costs, as well as changes to the scope of the project after further evaluation. The selected bid is approximately \$831k higher than the initial estimate.
  - With Borough Council's approval of the new ordinance to fund increased costs, FAC discussed various options and timing to finance the project. As referenced below, the BAN financing that is planned for issuance in the 2<sup>nd</sup> half of 2023 will be increased to cover the increased cost of the dam project.
5. BAN Financing timing update:
  - Based on the latest cashflow analysis, BAN financing will likely be required by October 2023 to fund projected capital expenditures. BAN financing estimated at approx. \$2.35 million. Cashflow to be reviewed again at the next meeting to determine if adjustments to the timeline or amount are required. The Borough Manager noted that the Borough Hall renovation would require incremental funding and would share the estimate with the FAC when available.

6. Borough debt capacity discussion:
  - Mr. Dewing advised that based on his discussions with rating agency contacts, increased debt loads due to the funding of state mandated expenditures (i.e. dam project) should not negatively impact the Borough's credit rating. In addition, his contacts were complimentary of the Borough's overall credit metrics.
  - As long as the Borough continues to fund non-discretionary needs, with appropriate controls over discretionary spending, a rating agency downgrade is not anticipated.
  
7. Short Term Investments:
  - The Borough recently opened a new money market account (4.5% rate) to take advantage of higher interest rates.
  
8. Next meeting: Wednesday, September 6 at 7:00pm
  - Review timing and amount for BAN financing.
  - Recommendations for reserve replenishment and/or increases if there is any new update from tax assessor – M. Stern, M. Goscicki.
  - Review Water and Sewer fund balance – September Meeting.
  - Update and distribute Surplus Account / Fund Balance Forecast analysis for November Meeting – M. Goscicki.
  - Timing for move to flat rate sewer billing in 2024.