

Finance Advisory Committee
Minutes -09/06/23

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

1. Approval of July 26 minutes: unanimous (Barnett and Sheikh not present).
2. BAN financing:
 - Total funding \$3,347,676 - \$992,724 for total 2022 capital ordinance, \$553,202 for partial 2023 capital ordinance, \$809,000 incremental cost for Sunset dam and \$992,750 incremental cost for borough hall.
 - Preliminary Official Statement has been prepared by bond counsel.
 - Bids will be held on September 27 with a closing date of October 12, 2023 and a final maturity of October 11, 2024.
 - Balance of 2023 capital ordinance (\$650,000) to be funded by October 2024.
3. Water and Sewer:
 - **Water fund balance** projected at \$566.6k (57.5% of total appropriations) at year-end 2023 and \$555.4k (54.5% of total appropriations) in 2024 compared to \$511.5k (55.9% of total appropriations) in 2022. Target fund balance is 20% of total appropriations.
 - The FAC recommended no change in water rates for 2024 and to maintain the current fund balance to offset future expenses related to lead water line replacement and PFAS filtration/remediation if necessary.
 - New water meters have been installed in 85% of borough homes with a little less than 10% of homes identified for potential lead line replacement. Remaining meter installations expected by year-end.
 - **Sewer fund balance** projected at \$347.4k (38.3% of total appropriations) at year-end 2023 and \$327.5k (35.4% of total appropriations) in 2024 compared to \$212.1k (21.0% of total appropriations) in 2022. Target fund balance is 15% of total appropriations.
 - The FAC recommended no change in sewer rates for 2024 and to maintain the current fund balance until after shifting to flat rate sewer billing.
 - M. Stern & M. Goscicki recommended delaying sewer flat rate billing until after evaluating quarter-over-quarter flow data from the new water meters. Change over may be best suited at the start of fiscal year 2025.
 - **Utility capital funding** has historically been executed at the borough level given the tax benefits to residents. Funding at the utility level is not tax-deductible. Also, given the historically small capital funding requirements at the utilities, consolidating funding at the borough level is more cost effective. This approach is consistent with the borough auditor's recommendation.
4. Short Term Investments:
 - The borough's cash management bank agreed to increase our interest rate from 0.75% to 4.0%.

5. Tax Appeals:
 - Assessor still targeting to settle all current outstanding appeals by year-end with fund balance expected to be used for settlements.
 - Assessor believes existing reserve for tax appeals is currently sufficient to cover an additional appeal.
 - Additions to the reserve will be assessed during the 2024 budget process.
6. The FAC will make a presentation to Borough Council on October 23 including an overview of the committee's role and responsibilities as well as a discussion of the borough's debt and funding strategy.
7. Next meeting: Wednesday, November 1 at 7:00pm

To Dos:

- Circulate BAN bid results to the FAC members as soon as available – M. Goscicki.
- Q3 budget review and trust account summary– M. Goscicki.
- Update and distribute Surplus Account / Fund Balance Forecast analysis for November Meeting – M. Goscicki.
- Tax appeal status update for November meeting – M. Stern, M. Goscicki.
- Transition to flat rate sewer billing end of Q4 2024 or early Q1 2025.