

Finance Advisory Committee
Minutes – 11/1/2023

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

1. Approval of 9/6/23 minutes: Minutes approved.
2. Review FAC presentation for November 27 Borough Council meeting. Confirm member availability.
 - J. Kaplan and B. Dewing walked through a draft presentation for the November 27 Borough Council meeting. Comments from committee members included:
 - What timeframe projected debt service and projected debt outstanding should extend to on the presentation charts. *Resolution:* project out to 2024 or 2025.
 - Whether a specific target metric for debt service as a percentage of current operating budget should be referenced in the presentation and whether additional metrics should be considered. *Resolution:* Speak to the advisability of using metric/s to provide a benchmark for managing overall debt obligations, including debt service as a % of the current operating budget, vs. setting a specific target. FAC will continue discussing which metric/s to track and the rationale for a specific target or target range for chosen metric/s.
 - Whether the presentation should refer to a debt “policy” and policy recommendations. *Resolution:* The Borough does not have an official debt policy and FAC is not making policy recommendations to Council at this time. FAC will continue discussing whether to propose policy recommendations around debt management for Council consideration. It may be helpful to get the perspective of the Borough auditor regarding any proposed policy recommendations.
 - Most FAC members are available to attend the November 27 Council meeting.
3. BAN financing results
 - FAC reviewed recent BAN financing results from Piper Sandler, Oppenheimer, and TD Securities. There were no questions on the results.
4. Q3 budget review and trust account summary
 - FAC reviewed Q3 budgets, capital ordinances, and the trust account summary. Comments/questions included:
 - In the Amount to be Raised by Taxation account, why was activity so much higher in 2022 than in 2023? (M. Goscicki to follow-up with a response to FAC after the meeting).
 - Some unexpected expenses will be incurred in the 2023 water operating budget including two pump repairs and an engineering study for PPOA/PFAS remediation. These expenses may result in a smaller than usual year-end balance flowing into the reserve at the end of 2024. The reserve will still have ample cushion.
 - Why water use was so much higher in Q3, was it due to new water meters? *Response:* for some customers, the new water meters may be providing more accurate readings. In general, water usage is higher this quarter with residents watering lawns, etc. Note that residents have been questioning their higher Q3

sewer bill, which is tied to their water usage. Timing on moving to flat rate billing for sewer is likely late 2024 / early 2025.

5. Review preliminary projections for year-end fund balance
 - FAC reviewed preliminary projections for year-end fund balance. Sunset Dam funding is not hitting the fund balance numbers; fund balance projections need to be updated with this funding.
 - \$700k of fund balance was set aside for 2023 tax appeal settlements. That full amount will not be used. M. Stern to provide updated projection.
6. Tax appeal status update
 - There has been a big push by the Borough Tax Assessor to settle remaining appeals (excluding one large corporate appeal) in 2023. Most remaining appeals have been settled.
 - Remaining tax appeal exposure (excluding one large corporate appeal) is likely in the \$100k-\$125k range. M. Stern to confirm this figure with Tax Assessor and report back to FAC.
 - 2023 tax appeal settlements are being paid for using Fund Balance (not Reserve for Tax Appeals funds), per the approach approved by Council in 2023 budget discussions.
7. Other Business
 - No additional business discussed.
8. Next meeting: December 6 meeting cancelled. FAC to meet in January in advance of initial Borough Council budget discussion. Timing TBD. C. Richter up for minutes for this meeting.

To Dos:

- M. Stern to circulate a 'one-pager' provisional budget timeline.
- Schedule January FAC meeting in advance of initial Borough Council budget discussion.
- M. Stern to confirm remaining tax appeal exposure with Tax Assessor and report back to FAC.
- M. Goscicki to update Fund Balance projections with Sunset Dam funding.
- FAC to review updated capital cash flow analysis at a future meeting.