

Finance Advisory Committee
Minutes - 02/06/19

Present: Borough Manager: Mitchell Stern, CFO: Monica Goscicki

Members: Happer, Horst, Kaplan (minutes), Mitchell, Murphy, Shepherd

Absent: Dewing

1. Introduced new committee members Wilson Mitchell and Jim Murphy.
2. Approved December 5, 2018 and January 9, 2019 minutes.
3. Reviewed and confirmed 2018-2019 FAC accomplishments and goals.
4. Confirmed Dan Happer as the designated FAC liaison to Borough Council.
5. M. Goscicki prepared a comprehensive review of the 4th quarter 2018 budget reports and reserve accounts. The current fund, water and sewer budgets all finished the year with modest fund balances. There were no substantive issues with any revenue or appropriation line items.

Going forward the reserve account report will include footnotes to reflect details of any encumbrances on the reserve amounts, e.g. tax appeals will be footnoted to reflect unpaid settlement amounts.

6. Discussed reducing amount of 2019 Surplus Anticipated to reflect the upper end of the historical range of \$750,000 to \$1,250,000 vs. holding the 2018 level at \$1,564,000. Projections show fund balances declining over time in the absence of current year appropriation cuts and/or tax increases. The forecast did not include any estimates for future tax appeal settlements, which could further impact fund balances.

For next meeting, Borough Manager to review 2019 appropriations for any possible reductions and highlight the significant changes from 2018.

For next meeting, CFO to update Comparative Statement of Operations and Change in Fund Balance forecast model, and impact on Targeted Unused Fund Balance. Suggest running two scenarios:

- Use current budget appropriations but reduce Surplus Anticipated to \$1,250,000 in 2019. Calculate 2019 tax increase under this scenario.
- Use current budget appropriations but reduce Surplus Anticipated by ~\$215,000 (to \$1,350,000) in 2019 and another \$100,000 (to \$1,250,000) in 2020. Calculate 2019 tax increase under this scenario.

Prior to next meeting, CFO to review alternatives for increasing taxes in excess of CAP with Ray Sarinelli (Borough Auditor) including the potential use of Cap Bank

Prior to next meeting, J. Kaplan will provide debt forecast model to show tax impact of estimated incremental debt service from ongoing annual capital outlay, Sunset Dam and Borough Hall renovations.

FAC will reconvene on February 13 to develop a recommendation for Borough Council.

7. Tax appeals – There was consensus among attendees that the tax appraiser should prepare a detailed analysis of potential tax appeal settlements including an overall risk assessment. Analysis should be broken down by commercial and residential appeals as well as highlight which potential settlements would require upfront settlements vs. settlement through future reductions in tax liability.
8. Next FAC meeting will be February 13 at 7:00pm in Borough Hall

To Do's

- Review Water and Sewer Rate forecasts.