

**Finance Advisory Committee
Minutes – 04/10/19**

*Present: Borough Manager: Mitchell Stern, CFO: Monica Goscicki
Members: Dewing, Happer (minutes), Kaplan, Mitchell, Murphy, Shepherd
Absent: Horst*

Approved February 13 minutes.

Discussed how Resolution 88-17 worked in 2019 considering the decrease in fund balance in 2018 related to tax appeals charged against the fund balance. Resolution 88-17 sets forth targeted fund balance and replenishment, specifically (ii), “a requirement that each year the Unused Fund Balance must increase by at least the same rate as taxes increase annually unless the Chief Financial Officer, Borough Manager and FAC recommend a one-year waiver and the Borough Council agrees by formal vote.”

The Committee agreed that the spirit of the resolution is to encourage budgeting that would create a growth in surplus so that the ratio of Unused Fund Balance to operating budget doesn't decrease.

The CFO discussed that it is still early in the year to determine how usage is on water and sewer rate forecasts and she will update in more detail after the second quarter. She did note that it was her expectation that we would raise rates again for 2020.

The CFO handed out a summary of the final 2019 Capital Budget and discussed the funding requirements which include a \$2,000,000 loan from the state for the Dam rehabilitation project and around \$815,000 for the remaining Capital.

The CFO discussed the Borough's current capital cash position and the timing of financing for the 2018 and 2019 capital ordinances. The CFO will prepare an estimate of the expected cash flows to determine the appropriate timing for borrowing to minimize the negative carry costs from borrowings (the excess of interest on borrowings compared to earnings on the cash).

The Manager handed out a draft of the 10-year Capital Budget and it was agreed that we would have a detailed discussion at the May 5th meeting.

The manager will set up the FAC's annual meeting with the Auditors for June 5th to discuss the Audit and our reserve accounts.

There was no other business matters and the meeting was adjourned.

Next meeting scheduled for May 1 at 7:30pm in Borough Hall.