

Finance Advisory Committee Minutes -2/17/2022

Attendees: Lauren Barnett, Bob Dewing, Monica Goscicki, Dan Happer, John Kaplan(minutes), Jim Murphy, Chris Richter, Mitchell Stern.

Absent: Mike Albanese

1. February 2 minutes approved unanimously. M. Stern and L. Barnett abstained.
2. M. Stern and M. Goscicki presented the revised 2022 Current budget and an updated fund balance analysis to the FAC:
 - Expenditures declined \$177,949 to \$9,839,358 primarily due to a \$100,000 reduction in Reserve for Tax appeals to \$100,000, an \$80,000 reduction in Police Other Expenses, the elimination of the Volunteer Ambulance Squad contribution of \$15,000 and a \$15,000 increase in Petroleum Products due to fuel price increases.
 - Revenues decreased by the same amount primarily due to a \$60,000 reduction in the Utility Fund Balance (amount to be retained in the Water Utility until the water meter replacement project is completed), \$173,774 decrease in the amount to be raised by taxes to \$6,862,370 (a 0.0% increase from the amount raised by taxation in 2021) and a \$53,740 increase in the Anticipated Surplus to \$1,303,740.
 - Based on these budget revisions, the projected year-end 2022 Fund Balance increased \$1.1 million to \$2.2 million and another \$720,000 to \$2.9 million at year-end 2023.
 - The projected fund balances as a percent of 2022 and 2023 projected annual operating budgets equals 22.5% and 29.7%, respectively. In 2020 and 2021, the fund balance was 6.4% and 11.0%. These levels compare to a target range of 5.0% to 7.5%.
 - **Given the growth in Fund Balance in excess of the upper end of the Policy target range of 7.5%, FAC recommended a further increase in the Anticipated Surplus in the 2022 Current budget to \$1,458,804 (+\$155,064) which will reduce the Amount to be Raised by Taxation to \$6,700,000 or \$72,000 below 2020 levels.**
 - Once the new Solid Waste and Police employment contracts have been negotiated and the tax assessor provides BC/FAC with a “likely” case for outstanding tax appeals, the FAC will reevaluate the fund balance projections and make a recommendation to BC with respect to utilizing fund balance going forward. The objective is to bring the fund balance within the 5.0 to 7.5% target policy range without compromising the borough’s ability to regenerate Anticipated Surplus used in the annual Current budget.
 - FAC will also review the current RUT policy target of 95.5%. Considerations include changing the target to an historical average of trailing uncollected taxes less 2% (or another level) or increasing the fixed level.
 - The FAC will discuss Fund Balance and RUT with John Mooney the borough auditor from Nisivoccia when we have our annual meeting targeted for June 1.

3. Upcoming FAC meetings:
 - March 2 meeting cancelled.
 - April meeting moved to Tuesday, April 12.
 - May meeting as scheduled for Wednesday, May 4. Q1 budget and trust account review.
 - June meeting as scheduled for Wednesday, June 1. Nisivoccia TBD.
4. M. Stern to circulate the 2022 Capital Budget to the FAC prior to the BC February 23 meeting.
5. Next meeting: Thursday 4/12/22, 7:30pm Zoom mtg.

To Dos:

- Present new Sewer billing recommendation to BC – D. Happer (2nd BC meeting in March or 1st meeting in April).
- Request new tax assessor to provide BC/FAC a “likely” case tax appeal amount. (Mar.)
- Schedule meeting with auditor, J. Mooney, Nisivoccia for June meeting.
- Follow-up with J. Mooney regarding removing Water & Sewer Capital outlay from 2023 budget.
- Evaluate RUT policy. Consider changing to an historical average of trailing uncollected taxes less 2% (or another level) or increasing from the current fixed 95.5%. Discuss with Nisivoccia.