

Finance Advisory Committee
Minutes – 01/15/2025

Attendees: John Kaplan, chair; Mike Albanese, Bob Dewing, Jim Murphy; Lauren Barnett, Mayor/Council liaison, Joshua Howley, Council liaison, Khizar Sheikh (minutes), Council liaison; Mitchell Stern, Borough manager; Monica Goscicki, Borough CFO

Meeting called to order at 7 p.m.

1. Approved December 4, 2024 minutes.
2. 2025 Budget Review
 - Reviewed 2025 preliminary budget review for current operating budget, water, and sewer. Borough manager and CFO presented draft and answered questions.
 - Biggest expense drivers: increase in principal and interest on debt, police salaries, health insurance, solid waste, library, and workers' compensation.
 - i. Since pandemic, see increase in labor and material costs.
 - ii. Police salaries driven partially by personnel shortages including overtime due to retirements and medical leave. School resource officer (2) cost will be reimbursed by Board of Education, although Borough is responsible for training and equipment.
 - iii. No opportunities today to move to another health insurance group provider, but Borough manager will evaluate again this year.
 - iv. Of the biggest drivers, the only expense that appears to be is the library request of a 10% increase, which may not be recommended in an increased expenses environment.
 - On the revenue side, line item for delinquent tax receipts is down because Borough collected this receivable.
 - The overall budget number sees an increase partially because of increased grants, e.g., a \$742k grant to renovate the Station. This cost shows in both the revenue and expense ledgers and offsets.
 - Discussion with CFO re: 2% state cap.
 - FAC recommendations:
 - i. Anticipated surplus grew again. FAC policy is that surplus run 7.5-10% of budget and it is approximately 20%. Recommend increasing to \$2 million from \$1.8 million from draft budget.
 - ii. Tax appeals are reducing due to annual reassessment. Recommend no contribution to reserve for tax appeal in 2025.
 - iii. Because of increased expenses, recommend careful review of operating budget and capital budget, although we cannot under invest in our community.
3. 2025 Reassessment.
 - Discussion re: preliminary tax impact analysis for 2025 reassessment.
 - Reviewed information on splits between commercial, residential, etc.

4. Long-Term Plan
 - Discussed with CFO when updated Long-Term Plan would be ready. CFO shall update FAC.
5. No other business.
6. Next meeting: Tuesday, January 28 at 7:00pm, Zoom.
 - Discussion re: water, sewer, and capital budgets.
 - Review any budget changes after Council budget workshop.