

Hopewell Township Finance Advisory Committee

Township Municipal Building
August 3, 2017

Chairwoman Robinson called the meeting to order at 7:35 p.m.

Members Present: Robinson, Botero, Ruger, Sandford

Members Absent: Guleria, Sandahl, Colina

Staff Present: Borges

HTC Liaisons Present: Kuchinski

Prior Minutes

Minutes from the May 4, 2017 meeting were approved by Botero and Robinson.

Public Comment

Harvey Lester objected to the fact that the public comments section of the Township Committee agenda was moved to the front of the meeting. Following a lengthy explanation of his position, he went on to further question the cash flow handout. Specifically, Mr. Lester questioned how a beginning cash balance could be calculated in months which had not yet passed. Vice Chair Botero and Ms. Borges explained that the cash flow document was a forecast report, not an actual report. There were no further comments and the public comments section was closed.

Open Officer Position – Recording Secretary

After several months of no volunteer, coupled with some encouragement from Mayor Kuchinski, Vice Chair Botero volunteered to be the Recording Secretary for the August meeting. It was further agreed that the Recording Secretary position would rotate amongst the FAC members on a month-by-month basis.

Cash Flow Presentation by Elaine Borges, CFO

CFO Borges explained in depth the methodology used by the township to manage and track its cash flow. Using actual data and projected data from prior year historical actuals, the cash flow document captures inflows and outflows. Inflows include Tax Collections (both actual and anticipated), State Aid

and Interfund Transfers. Outflows include School Tax, School Debt Service, County Tax, County A/O, Open Space Tax, Fire District Tax, Interfund Transfers, Debt Service, Bills and Payroll.

Each month has a beginning balance, inflows, outflows and an ending balance. Ms. Borges noted that the most important metric on the document was the month ending balance, notably the lowest month which is typically July. The biggest tax collection months are February, May, August and November. August collections help refill the coffers. The average month end balance is \$6.9 million, with \$888,787 being the lowest (July) and \$13.1 million being the highest (February).

Opportunities to optimize cash flow include potentially shifting payments to later in the month or adopting practices from other towns, like Montgomery Township. Ms. Borges will send out examples from Montgomery Township's cash flow principles. She will also send out previous 3 years of cash flow statements.

An additional opportunity lies with how school taxes are calculated. Currently, Hopewell Twp is paying much more per pupil than the boroughs because the school district calculates taxes based on property values. There are other calculation methods available but not used. Specifically, if school taxes were charged on a straight per-pupil basis, the tax burden on Hopewell Twp would be reduced.

Update on FAC Debt Management Project

Chair Robinson shared the draft of the Hopewell Township Debt Management Policy. Ms. Borges will help with the debt definitions on page 3. As a next step, Ms. Borges will share the Draft Policy with Phoenix Advisors for feedback on the specific recommendations.

Status of the other sections are as follows:

1. Cash Flow section needs an owner. Chair Robinson and Vice Chair Botero volunteered to work on it together.
2. Capital Plan section is being developed by Mr. Sandford. He will try to have a draft ready for the next meeting.
3. Budget section has been reviewed and the final draft will be ready for the next meeting.

In order to impact the next budget process, goal is to finish within the next 2 meetings.

Solving Hopewell Township's Revenue Issue

Mayor Kuchinski urged the FAC to look for other sources of income for the township in order to alleviate the burden on the tax levy. Currently, the tax levy is around \$15 million, compared to annual expenses in the range of \$22 - \$24 million. Some examples of alternative revenue sources are cell towers and grants. FAC members will do some benchmarking vs. other towns to uncover new sources of revenue.

Other Business

Next FAC meeting is scheduled for September 7, 2017 at 7:30pm.

Adjournment

The meeting was adjourned (motion by Ruger, 2nd by Botero; approved unanimously) at 8:45 p.m.

Respectfully submitted,

Alexander Botero, Vice Chair, HT Finance Advisory Committee