

BOROUGH OF MOUNTAIN LAKES, NJ

FINANCE ADVISORY COMMITTEE

2 DECEMBER 2020

Wednesday – 2 December 2020

Participants

- Mitch Stern
- Monica Goscicki
- John Kaplan
- Dan Happer
- Bob Dewing
- Lauren Barnett
- Mike Albanese
- Jim Murphy (minutes)

Meeting Notes

- Prior meeting notes approved
- State grant status: Sidewalk grant funding for Morris Avenue – 75% received and 25% pending construction completion (roughly \$499,000 in funding). For Condit Road grant funding of \$208,000 is available (construction scheduled for 2021).
- Fund Balance discussion.
 1. We forecast collecting higher revenue in 2020 than anticipated.
 2. Goal to reduce Fund Balance Utilized from \$1.56 million in 2018 to historical average of \$1.25 million by 2021.
 3. Target is to have unused fund balance at 5% to 7.5% of the municipal budget.
 4. The only major revenue line item likely to come in below budget, is the municipal court (off by ~\$12,000).
 5. Total budgeted revenues in 2021 decline slightly due to a one-time increase in the Capital Improvement Fund (“CIF”) for the Borough Hall construction project. Budgeted appropriations for 2021 are reduced by a similar amount due to the 2020 increase in the CIF.
 6. Based on the current forecast, 2022 taxes are estimated to increase 7.8% due to higher total debt service. A discussion with bond counsel will be held about structuring the new bond payments (see item 11 below) to minimize a spike in tax payments in 2021 to 2022.
 7. The new water meter project expenses will be funded from the water operating fund balance. Revenue from the water operating fund would have to be anticipated in the current fund budget to pay for the debt service for the water meters (item 11 below).
 8. The projected amortization / depreciation period for the water meters expected to be 15 years.
 9. Sunset Lake dam project, \$2.1 million, to commence in 2022 and finish 2023.
 10. Reserve for tax appeals balance is roughly \$75,000. The target is \$150,000 to \$250,000. In the budget for 2021 we should look to allocate money from the fund balance to this reserve.
 11. 2021 bond estimated at \$7.6 million. Maturity TBD. Funds will be used for Borough Hall renovation, water meter replacement project, road construction projects, outstanding BAN refinancing and other unfunded capital ordinances.

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- Discussion of potential additions to fund reserves (tax appeals and storm recovery). We should review this topic in early 2021 when there is further clarity on delinquent tax collections.
 - Status of FEMA reimbursement for Tropical Storm Isaias? Paperwork not yet available from the federal government.
- Water meter replacement project discussion.
 - Discussion regarding what to do with households that have two meters. Replace both or convert each house to 1 meter.
- Water and sewer billing alternatives discussion.
- Budget timetable review.
 - Draft budget to be submitted to FAC on 12-31-2020
 - 1st review meeting on 1-6-2021 (budget workshop meeting with Borough council 1-13-2021)
 - 2nd review meeting on 1-14-2021 (budget workshop meeting with Borough council 1-20-2021)
- Discussion regarding the review of the 10-year capital plan. The recommendation is to separate this discussion from the budget process and review the 10-year capital plan at March meeting.
- If you need a paper copy of the 2021 budget, please let Mitch know.

Next Meeting

Wednesday – 6 January 2021

Thursday – 14 January 2021