

**Minutes of the Finance Advisory Committee
August 9, 2017 7:35pm**

Present:

Chair: John Kaplan,

Borough Manager: Rich Sheola,

CFO: Monica Goscicki,

Members: Dewing, Dodyk, Happer, Holmberg (late), Horst (minutes)

Absent: Ricciardi

1. Approval of June 7, 2017 meeting minutes.
2. Reports: Goscicki presented 2nd quarter budget comparisons showing activity through June 2017. Comments were provided on accounts approx. 50% over or under budget as follows:

On the Revenue-side:

- Total Water operating budget for 2017 is \$812,954. Due to a lag in reading older water meters (done manually) vs. billings, our overall revenue is slightly behind. This will be rectified over time as new, electronically read meters are installed.
- Solid Waste Fees and Field Lease from BOE: Due to different fiscal year-ends and the fact that the payment in prior years was made annually before the Borough's fiscal year end, the BOE is a ½ year in arrears. The BOE will be paying the first two quarters in August. The third and fourth quarters will be invoiced to the BOE each quarter.
- Fees & Permits are down slightly from last year however is MRNA is up.
- Municipal Court Fines and Costs: Denville, under a shared service contract, provides municipal court services to Mountain Lakes. ***Follow-up is needed regarding how to best reconcile our summonses and court expenses.***

On the Expense-side:

- Overall water usage is down but sewer expenses are up. This discrepancy needs to be reviewed. ***Borough Management to f/u.***
- Encumbered accounts and open purchase orders (P/O) were discussed. Monica generates an open P/O report monthly and reviews it. Any old outstanding purchase orders are discussed with the departments to see if they can be cancelled.
- Legal Services are higher this year due to Affordable Housing (COAH) and fair share court cases.

- Annual Audit expenses are down this year due to a new contract with NISIVOCCIA.
- Grant Expenses: Retention of grant consultant Bruno Associates was allowed to lapse due to poor results. ***Should another firm be hired? F/u needed.***
- Vehicle Repairs and Maintenance: Due to a DPW truck train overhaul there is an unexpected encumbered expense of approx. \$20,000 which needs to be covered.

3. Corrective Action for Finding 2016-4 of the 2016 Audit Report was presented. There were a few instances where purchases were made prior to the preparation and approval of a P/O, especially in instances where volunteers were involved. ***New procedures relating to purchases made by volunteers, and procedures to be followed by volunteers when running Borough events, was discussed. F/u needed.***

4. Bond Sale: Four security houses bid on our 4,130K, 20-year General Bond issue. The lowest rate was 2.737574% - the highest was 2.839386%. Robert W. Baird & Co. of Milwaukee, WI was the lowest bidder. Bond closing date is August 10, 2017. Proceeds will be used for normal capital improvements, terming out of outstanding BANs and the planned beach renovation project.

5. FEMA Update: The Borough is expected to get 100% of our insurance filings. Our claims vs. payment schedule continues to be closely monitored. ***FEMA forms filed by Borough Mgr. Tovo need to be located. F/u needed.***

6. Update on Long-range Capital Plan and Asset Inventory Process: The Borough's long-range capital needs are ½ completed with an anticipated finish date of late-September. Acclaim Inventory, consultant, is preparing a fixed asset register (+\$1,000 and computers). Borough management will combine the two reports and expects to present to Oct. FAC mtg.

7. Long-term Debt Model: Kaplan to update over the next six months. This model will include long-term capital needs, beach renovation, dam project, possible Borough Hall renovations and annual capital budget funding requirements.

New Business:

- The final bill for the Rt. 46 water main break is \$91,000. Borough manager to submit entire claim to our insurance co.
- NJ Department of Community Affairs, 8/01/17 issue, published its Best Practices Inventory. ***Municipalities must receive positive credit ("Yes" or "N/A" answers) on a minimum of 21 questions in order to avoid withholding of aid.***

Next meeting October 4 at 7:30pm in Borough Hall. There will not be a September meeting.