

BOROUGH OF MOUNTAIN LAKES, NJ

FINANCE ADVISORY COMMITTEE

5 FEBRUARY 2020

Wednesday

Present: Barnett, Happer, Kaplan, Lane, Murphy (minutes)
Stern (Borough Manager), Goscicki (Chief Financial Officer)

Absent: Dewing, Mitchell

Notes from the prior meeting were approved by the board members.

Quarterly Review

1. Revenue – All categories at or ahead of budget except for the municipal court and construction fees.
 - a. All property taxes collected (98.5%) except for one property for which the borough currently has a lien.
 - b. UCC revenue reflects a payment to Denville (~\$20,000) for town council conflict of interest on inspections. We are reviewing our UCC fees for a possible increase to make sure we are covering our costs.
2. Expenses – There is a balance of \$502,000 as of December 31, 2019 in the 2019 budget. Typically, by April, the numbers are finalized for the balance remaining in the 2019 budget which will then flow to fund balance at year end. The balance was \$333,000 for 2018. Of the 2018 balance about \$160,000 was expended and \$173,000 lapsed to the fund balance as of December 31, 2019.
 - a. Legal – December legal bills have not been paid but have been encumbered. Legal fees (for tax appeals and litigation) are running below budget.
 - b. Group Insurance – We are under budget by \$31,300. This includes Water & Sewer employees.
 - c. Utility Bills – December bills not received and not encumbered for the same reason.
 - d. Solid Waste – Balance of \$19,000. We are expecting a volume (tonnage) based bill for December.
3. Water & Sewer
 - a. Revenue – Sunrise water hook-up revenue was not listed separately. The fee was \$60,000. The sewer hook-up is \$100,000.
 - b. The 2018 water fund balance was \$225,948.19
 - c. The 2018 sewer fund balance was \$57,167.24. There are open purchase orders for back billing from Parsippany of \$48,000 of which \$11,000 is agreed for the 2018 balance.
 - d. The 2019 encumbrance is \$77,000 for which we are awaiting final billing from Parsippany.
4. Reserve for tax appeals – We have allocated \$157,000 from the 2020 current account. Pending tax settlements could reduce the balance to \$60,000. Target amount for reserves is \$150,000 to \$250,000. A revaluation of the whole town is pending (in 2021 for 2022). Then we should consider moving to a rolling revaluation of properties on an annual basis as opposed to revaluation every 10 years or so.
5. Storm recovery reserve – no material changes.
6. The Borough's current outstanding debt balance is approximately \$7.9 million.

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7. Capital Budget: 2020 proposed capital budget of \$6,089,024 is net of a grant for paving of \$208,000 (Condit Road). 2019 was \$860,000.
 - a. New police SUV for \$40,000.
 - b. New fire command vehicle.
 - c. Fire department replacement of all air bottles for \$187,000. This occurs every 10 to 20 years.
 - d. Paving. Condit Road paving budget is \$250,000. Note that ML was overbudget on both Pocono Road (+\$50,000) and Morris Avenue (+\$150,000).
 - e. New dump truck. Average useful life is about 9 to 11 years.
 - f. Borough Hall Renovation - \$4,577,474.

Next Meeting: Tuesday – 31 March 2020