

**Borough of Mountain Lakes
Finance Advisory Committee
Minutes –1/14/21**

Attendees: Lauren Barnett (minutes), Mike Albanese, Bob Dewing, Monica Goscicki, Dan Happer, John Kaplan, Jim Murphy, Khizar Sheikh, Mitchell Stern.

Absent: None

1. Approval of 1/6/21 minutes.
2. Recap of Borough's Council 1/13/21 Budget Workshop:
 - The Budget was generally well received by Council. Discussion was consistent with FAC's objective of reducing budget increase to 2% or below.
 - There was detailed review of projected Revenues and Appropriations. Mitchell Stern and Monica Goscicki will take a second look at several line items based on Council input, including: Revenues - Fees & Permits, Trash Bag Receipts and Use of Anticipated Surplus; Appropriations - EDAC consultant, Class 2 Officers and Education Reimbursement for Police Officers.
 - Not all departments were reviewed during the 1/13/21 Budget Workshop. The rest are scheduled to be reviewed during Council's 1/20/21 Budget Workshop.
3. Review of Jim Murphy's comments to Mitchell Stern regarding the 1st Draft of the Budget and Mitchell's responses.
4. Review of the Borough's Fund Balance and Reserve for Uncollected Taxes (RUT) policies, which were recommended by FAC and approved by Borough Council in 2017 via Resolution 88-17. There was discussion around providing a more detailed explanation of these policies, which could be included with budget prep materials for easy reference.
5. Review of Proposed 2021 Budget: 2nd Draft.
 - The second draft of the proposed 2021 budget calls for an increase in taxes of approximately \$214,749, or 3.17% given current revenue and appropriations assumptions. The second draft of the budget reflects adjustments made by Monica Goscicki and Mitchell Stern based in part on feedback from FAC and members of Borough Council, resulting in a proposed budget increase that is 0.39% lower than the 3.56% presented in the 1st draft of the budget.
 - Recommendation: Take three additional years to reduce the use of Anticipated Surplus by \$105K (\$35K each year) instead of one year in order to further reduce the 2021 budget increase. Note: In 2018, the Anticipated Surplus utilized was \$1,564,338. FAC's recommendation was to bring the level of Anticipated Surplus utilized back down to the upper end of the historical range of \$750,000 to \$1,250,000 over three years, starting in 2019.

- Recommendation: Move “Goose Management” from the Environmental Commission budget to the Parks Maintenance budget and changing the name from “Parks Maintenance” to “Parks & Lakes Maintenance.”
- Recommendation: Continue analysis/modelling by FAC of the impact of projected expenses and revenues due to debt service, tax appeal settlements, and economic development, etc.
- Water Utility Budget:
 - Current surplus is \$246K; target surplus is \$150K.
 - Recommendation: Add \$37,250 to Revenues (Surplus Anticipated) and add a line item in Appropriations (“Other Expenses – Water Meters”) as an offset.
- Sewer Utility Budget:
 - Sewer fund balance is \$236K; target surplus is \$75K.
 - Recommendation: Under Revenues, add line items specifying “Sewer Rate Reduction (\$36K)” and a commensurate increase to Surplus Anticipated.
 - Recommendation: Continue FAC discussion of new methods for Sewer Billing.

6. Next meeting: Wednesday, February 3rd at 7:30pm Zoom mtg.

- 4Q20 Budget Review
- Review Adjustments to Proposed 2021 Budget (Current, Water & Sewer)
- Capital Budget Review
- Other Business