

FAC minutes May 9th 2018 – Borough Hall

Attendance – FAC : John T. Kaplan (Chair), Joe Riccardi, Bob Dewing (minutes), Daniel Happer, Peter Holmberg, Mitchell Stern, Monica Goscicki. Absent: Larry Dodyk and David Shepherd

Ray Sarinelli and John Mooney from Nisivoccia (ML Auditors).

Ray was asked to present first. The 2017 Audit, an annual process, was circulated in hard copy. The basis of the audit is an 'other' comprehensive basis adopted by the State of New Jersey in the 1930's and has worked well; however, it differs significantly from GAAP.

Ray summarized the 2017 results as 'a \$350,000 increase in Interfunds, a \$450,000 increase in current fund, a \$250,000 in reserves for tax appeals, a 99.33% tax collection rate, reserves good but could be better in a good economy, budgets are tight, water balances are reasonable, reduced utility collections a concern, sewer utility fund balance low and lower billing because rate increase not implemented at the end of 2017, sewer utility operated at a deficit, 10 compliance comments last year and only 4 this year, Monica has made a big difference, independent FAC - unique in his experience- is good'.

Ray reported that the Denville court provides no financial records to Mountain Lakes but this was not unique to Mountain Lakes. However, the court is audited by an independent party. There is unlikely to be any change to this while the current court clerk remains in her post.

John Mooney, a municipal utility expert, hosted a discussion on utility billing options. Options other than the current flow billing methodology for the sewer utility were discussed primarily focused on Equivalent Dwelling Units (EDUs). EDUs, based on the size of the home, had the benefit of determinable revenues but did not take into account consumption or incentivize conservation. It was resolved that there should be a plan to have a budget surplus in 2019 and an agreement with Parsippany re sewer fees prior to changing utility methodologies. However, the FAC needed better flow numbers for a more considered proposal.

Participation in the Morris County Pooled Bond Program might be worthwhile because of lower fees and rates. The FAC needed to receive more information on the mechanics to make a recommendation.

A negative 1.3% carry on the bonds raised to fund the beach projects was reported.

The next meeting is scheduled for July 11th.