

**Finance Advisory Committee**  
**Minutes – 05/07/2025**

Attendees: L. Barnett, B. Dewing, M. Goscicki, J. Kaplan (minutes), J. Mooney (Nisivoccia), M. Stern.

Absent: M. Albanese, J. Howley, J. Murphy, K. Sheik.

1. Approval of Feb 12 minutes: unanimous.
2. 2024 Audit Review with John Mooney, Nisivoccia:
  - J. Mooney kicked-off commending Monica Goscicki and her staff for their hard work and thoroughness (all present agreed). Very few changes needed to prepare Audit.
  - Draft report reviewed by 2<sup>nd</sup> Audit Partner, Ray Sarinelli, and QC partner and issued.
  - Final version will be distributed by end of the week.
  - Current Fund:
    - Ended the year in strong financial position.
    - Fund balance increased ~\$75k to \$3.74m from \$3.66m in 2023. Used \$2.0m of surplus anticipated in 2024 vs \$1.75m in 2023. 2025 budget includes \$2.0m of surplus anticipated. End of 2023, \$647k of appropriation reserves lapsed into 2024 fund balance. Noted that the 2024 reserve balance expected to lapse into the 2025 fund balance at year-end would be approximately \$345k.
    - 2023 tax collection rate was 99.37% compared to 99.1% in 2023 and 98.5% in 2022. J. Mooney noted that if tax collections dip that excess in tax collections would decline but that would be offset by an increase delinquent tax receivables.
    - Cash position remains strong at \$5.46m, although \$226k lower than 2023.
    - Noted our reserves for tax appeals increased \$46.7k to \$426.1k and that our Trust Accounts for Accumulated Absences increased \$10k to \$52.2k and Storm Recovery remained flat at \$385.0k. These levels are strong and valued by the Ratings Agencies. He suggested that a good target level for Storm Recovery Reserve would be 3x the annual budget for snow removal. M. Goscicki will look at the budget.
    - Current Debt Outstanding \$17.4m with only \$100k authorized but not issued. Debt consists of \$9.9m of serial bonds, \$2.1m of NJ DEP Loan Funding and \$5.3m of BANs. Capital Improvement Fund totaled \$7.6k. 2025 budget replenishment of \$77.8k. Capital Fund Fund Balance increased \$100k to \$139.3k State Loan reimbursed for initial down payment on Sunset Dam capital ordinance.
  - Water & Sewer Fund:
    - Cash, Accounts Receivable and Fund Balance consistent year over year.
    - J. Mooney mentioned that Fund Balances can always be higher especially as systems continue to age. FAC noted that Fund balance levels remain above our target levels.
  - Only one audit recommendation made – maintain an adequate segregation of duties in the recording and Treasury functions. State and auditor understand that small municipalities are fiscally constrained to hire sufficient resources to satisfy this recommendation.
3. Debt Financing:
  - J. Mooney recommended that we consider refinancing the BAN with a Bond in 2025 given we have a serial bond maturing this year. Suggested we have Bond Counsel provide a sample amortization schedule for review.

- FAC agreed it would be useful to see a sample amortization schedule for a serial bond, however, the FAC recommended waiting to issue a bond until 2026. Recommendation was based on market expectations for lower rates and to allow for a larger transaction.
- FAC also recommended that the Borough engage Phoenix Advisors to assist with the term financing to provide input on timing and structure. J. Mooney agreed.

4. Debt Levels:

- FAC raised concern that total debt and debt service levels have increased over the last several years and are expected to continue to rise as non-discretionary capital expenditures remain high.
- L. Barnett and M. Stern noted that the largest expenditure increases were necessary infrastructure improvements/repairs that had been deferred.
- FAC recommended developing guidelines for a debt policy to monitor our overall debt/debt service levels including a cash flow metric such as debt service as a percent of total appropriations and benchmarking Mountain Lakes' debt levels relative to other similar municipalities.

5. 1<sup>st</sup> Quarter Budget, Trust Account and Tax Appeal review:

- FAC reviewed 1<sup>st</sup> quarter actuals compared to budget. No substantial questions or issues identified.
- M. Goscicki indicated that reserve budget balances as of 4/30 for Current, Water and Sewer were \$345,231, \$32,648 and \$10,959 respectively. She doesn't anticipate any significant additional expenditures and these amounts should lapse into 2025 fund balances at year-end.
- It was noted that 1Q residential and commercial water usage was up materially compared to Q1 2024. M. Stern attributed some of the increase to shifting from estimated readings to manual readings for locations without new water meters but will investigate further.

6. The final amortization schedule for the Sunset Dam Loan is expected in the near term.

7. Next meeting: June 10 7:00p in person at Borough Hall. Minutes – B. Dewing.

**To Dos:**

- Calculate 2025 budget for snow removal as a benchmark for Storm Recovery Reserve – M. Goscicki.
- Update and distribute Surplus Account / Fund Balance Forecast analysis, 6/10 meeting – M. Goscicki.
- Develop Debt Policy Guidelines.
- Circulate updated Long-Term Capital Plan, TBD – M. Stern.
- Updated bond model, TBD– J. Kaplan.