Finance Advisory Committee
Minutes – 06/03/2026

Attendees: M. Albanese, B. Dewing L. Barnett, J. Kaplan M. Muilenburg (minutes), J. Murphy J. Semler, K. Sheikh, M. Stern.

Absent: L. Barnett

1. **<u>Approval of February 11 and May 6, 2026 minutes</u>**: Minutes for February 11, 2026 and May 6, 2026 were approved with B. Dewing, M. Muilenburg and J. Murphy abstaining on voting on the May 6, 2026 minutes.

2. **<u>2025 Draft Audit Review with John Mooney, Nisivoccia</u>**:
   - J. Mooney started his presentation complementing J. Semler and M. Stern on preparing and presenting the budget and in preparing for the audit- very few changes needed to be made for the audit
   - Records provided by CFO and Borough Manager reflect current and accurate financial information
   - Final version will be prepared over the weekend.
   - Current Fund
     - Ended the year in strong financial position
     - Fund balance increased from $3,735,535.01 to $3,853,176.85. Used $2 .0.0m of surplus anticipated in 2025. 2026 budget includes $2.1 m of surplus anticipated. Fewer dollars lapsed in 2025 compared to 2026
     - Tax collection rate was very strong- rate was 99.25% for 2025. Success is due in part to the role of our tax collector who follows up on delinquent taxes and works hard to bring taxes in for the year that taxes are owed
     - Cash position is very strong at $5.3m
     - Trust Accounts for Accumulated Absences is $ 62,231.97- $10k more than last year; Storm Recovery is at $346,263.13. J. Mooney advised that good target level for Storm Recovery Reserve is 3x annual budget for snow removal.
     - Reserves for tax appeals at $ 423,377.75- discussion ensued about transferring some funds from this reserve (b/c don't have a large number of pending tax appeals anymore) into capital improvement reserve and storm recovery reserve. Rationale for moving into capital improvement reserve fund to allow for use of cash to help reduce some of our debt. Aim to increase CIF reserve to 100K. Rationale for moving some funds into storm recovery reserve is may not receive as much assistance from FEMA as in the past and we want to be prepared. Aim to increase storm recovery reserve to approximately $450K. J. Mooney advised that he is ok with as long as tax collector is ok with these transfers.
     - Current debt outstanding $17,534,483. Debt consists of $9.1m of serial bonds, $2.1m of NJ DEP Loan Funding and $6.3m of BANs. Capital Improvement Fund totaled $17.5k. Capital Fund Balance decreased to $70,795.
     - Discussion ensued about PFAS settlement monies- currently sitting in Fund Balance- important to note that by sitting in Fund Balance, it keeps the balance artificially high. Will need to determine how to use the PFAS settlement - consensus to use funds towards water system in general

- Water & Sewer Fund
  - J. Mooney advised that the Water and Sewer funds operating as they should be
  - Water Fund- Cash is higher than preceding year-Fund Balance is $16k lower because used it to balance water utility budget
  - Sewer Fund- Fund Balance is down b/c used for the budget
  - Committee agreed to review Fund Balance next quarter for both Water and Sewer Funds and to review Accounts Receivable
- No recommendations in this audit- advised that plan was put in place to spread duties around the office and accordingly no longer have recommendation on segregation of duties

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3. **July Bond Financing Update**:

- J. Semler advised that we are moving through the in-house requirements- 2 resolutions that are required were passed by Borough Council at the last council meeting
- Next step is to schedule the ratings call- anticipated to be held at the end of June
- Not expecting any issues with moving forward
- Expecting to be completed by early July

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4. **Debt policy discussion**:

- Debt service levels continue to rise and Committee agreed that it needs to establish debt policy guidelines
- J. Mooney advised that by being at 1%, Mountain Lakes is far below the 3 1/2 % that is permitted
- Discussion ensued about whether priority is managing taxes, cash flow or debt level- determining ratio of debt service to operating budget-
- B. Dewing and J. Murphy agreed to draft initial guidelines for the Committee to review at a future date

5. Water billing and usage analysis update

- J. Semler advised that no further updates. Will keep on agenda for next meeting

6. **Next meeting**: August 5 at 7:00p on Zoom. Minutes – L. Barnett.

To Dos:

- Draft Debt Policy Guidelines– B. Dewing and J. Murphy
- Review and Update Long Term Capital Plan
- Review fund balance in Water and Sewer Funds and review Accounts Receivable in these funds next quarter