

**Finance Advisory Committee
Minutes – 06/01/2022**

Attendees: Albanese, Dewing, Goscicki, Kaplan, Richter (minutes), Murphy, Happer, Barnett, Mooney

Absent: Stern

- Approval of 5/2/2022 minutes: Unanimous. Happer & Murphy abstained.
- Draft 2021 Audit presented by J. Mooney (Nisivoccia)– points noted:
 - Fund balance up \$1.1MM from \$2.4MM to \$3.5MM
 - Delinquent taxes down with a collection rate of 99.27%
 - Appropriated reserves declined to \$611k in 2021 from \$844k in 2020
 - Tax appeal reserve up to \$300k
 - Revenue items all in line except for “other licenses” and “municipal fees” (total of +/- \$4k)
 - Noted that fund balance continues to grow but could flatten or decline as the economy slows or declines
 - Noted that Appropriation Reserves were 6% of the 2021 total budget. Didn’t view the amount to be excessive. Recommended against setting a fixed percentage, too many variables impacting Reserves in any given year
 - Suggestion to consider using surplus to fully fund various trust accounts such as storm recovery and accumulated absences
 - Noted Capital Fund is fully funded except for the Sunset dam ordinance which has committed funding from the State
 - Water fund balance totaled \$400k, 44% of total budget, well above target rate of 20%
 - Sewer fund balance totaled \$405k, 45% of total budget, well above target rate of 15%
 - Recommended against moving water and sewer capital funding into the utilities given the tax benefits of funding in the General Fund. Also, if funding moved to the utilities, it would likely be very difficult to reverse in the future
 - Segregation of duties deficient – understandable given we are a small town with limited personnel
 - In general, no issues with the audit
- RUT Policy: Surplus continues to grow given high tax collection rates and increasing lapsing revenues into appropriation reserves. Options discussed included spending on a one-off major expense (fire truck) and/or continuing to give it back to the taxpayers. Further discussion pending the resolution of the solid waste and police contracts and visibility on 2022 anticipated surplus and collection rates.
- J. Mooney on RUT policy:
 - 3 of 18 municipalities covered use a fixed RUT percentage all others are variable (some of which struggle to generate surplus)
 - Recommended we maintain our fixed rate RUT policy since we are currently generating surplus
 - Surplus growth could flatten or decline and we may not be able to maintain a 99% tax collection rate
- Mitchell Stern will circulate to FAC the tax assessor’s preliminary evaluation of potential tax appeal liability
- M. Goscicki summarized unspent funds from existing ordinances relative to incremental funding requirements for 2022 ordinances. Based on the assumption the Sunset Dam project will proceed in 2022, we will need to fund the 2022 ordinances by November. Mitchell Stern to monitor the dam project and advise on spending schedule. Reassess timing of BAN financing at August meeting
- Next meeting: August 3rd at 7:30pm, Zoom. Minutes – D. Happer

To Dos:

- Review 2Q22 budget and trust account summary – August meeting.
- Continue to analyze use of unspent funds from existing ordinances relative to incremental funding requirements for 2022 ordinances. Monica to discuss with Bond Council for timetable and quotes. Mitchell Stern to advise on Sunset Lake dam construction schedule – August meeting.
- Disbursements of \$442,000 in Covid funds
- Present new Sewer billing recommendation. D. Happer – July BC meeting.
- Monica to provide historical tax collection data (complete). Continue to evaluate RUT policy pending solid waste and police contract negotiations – November/December meeting.
- Borough Manager to work on updating long-term capital plan, targeting September to share with FAC.
- Review “likely case” tax appeal amount. Tax assessor to join FAC meeting. – September/October meeting.