

NVC Finance Committee Meeting (virtual) – Jan. 31, 2025

Participants: Fred Lincoln (chair) and committee members Janae Novotny (NVC President), Wendy Huntoon (NVC Treasurer), Bill Eastty, Bill Cressey, and Don Webster. Two members of the village public also attended.

F. Lincoln called the Zoom meeting to order at 4:00 p.m. EST and briefed the following three agenda items for committee discussion, as publicly communicated prior to the meeting:

1. Calendar Year 2023 village tax collection excess
2. Status of NVC annual operations borrowing/line of credit
3. NVC Debt Load (future year projects)

Item 1 – Calendar Year 2023 village tax collection excess (see below committee recommendation):

Background: Referencing the Jan. 2025 NVC Treasurer’s report, it was disclosed that an excess of \$32,700 was inadvertently collected in calendar year (CY) 2023 village taxes. On a related note, a shortfall of \$10,000 in CY 2021 village tax collections previously occurred. NVC Financial Procedures have been modified, adding additional checks and balances to mitigate the risk of a future occurrence. The Finance Committee is satisfied that adequate controls are being implemented to provide reasonable assurance on the accuracy of future tax collection information furnished annually to the Northport town office.

Following detailed discussion, the committee overwhelmingly opined as a rectifying measure that the prior years’ net tax overcollection be assigned to General Government Reserves, if approved by a majority of NVC voters at the Aug. 2025 annual meeting. Any impact to the 2026 budget may be explained during the Doughnuts & Dialogue briefing held prior to the NVC Annual meeting.

Recommendation: That the NVC Board of Overseers approve the inclusion of an appropriately detailed article on the August 2025 Annual Warrant, regarding the aforementioned NVC tax collections and with the board’s recommended assignment of those funds to General Government Reserves. The article language should provide adequate transparency for consideration by NVC voters.

Item 2 – Status of NVC annual operations borrowing/line of credit:

Background: Referencing the June 2024 NVC Finance Committee report and the recommendation approved at the June 9, 2024 NVC board of overseers meeting, and with reference to Article 5 of the Aug. 13, 2024 Annual Warrant, the NVC Treasurer briefed the committee on her recent legal correspondence with bond council regarding NVC’s securing of a multi-year line of credit. The borrowing purpose is to provide NVC with short-term working capital for operating expenses, in advance of annual village tax collections (which don’t occur until the third trimester of each tax year).

The Finance Committee reaffirmed their concurrence that a line of credit provides a reasonable and cost-effective path forward. The NVC Finance Committee Chair and the former NVC Treasurer (committee member) accepted an action to assist the current NVC Treasurer in drafting language to bond council that supports NVC’s position for obtaining a line of credit. An opinion from Bond Council is required for financial institution loan approval.

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Item 3 – NVC Debt Load (future years projects):

Background: Referencing the Jan. 25, 2025 Strategic Financial Workshop and associated materials, the NVC Treasurer and NVC President briefed the Finance Committee on the general purpose of this workshop (i.e., exploring potential projects outside of annual operating expenses, prioritization, cost estimating, annual budget impact, and multi-year project scheduling). Reference was also made to projects indicated within the Village Agent’s monthly reporting.

Regarding potential long-term debt/bond issuance, it was reiterated that pursuit of this borrowing would take into consideration all three NVC departments (General Govt., Water, and Sewer), since NVC is viewed by bond agencies and financial institutions as a whole (i.e., not by individual department). This reminder triggered discussion of potential long-term needs involving the Utilities departments and available visibility into those associated projects.

The committee revisited the April 14, 2024 “Bond Financing for Capital Projects” briefing presented to the overseers by former NVC Treasurer (and Finance Committee member) Bill Cressey. Bill again pointed to one of the financing guidelines where bond agencies generally require a Debt to Valuation ratio of under 5%. As of 2024, NVC was at 2.25%. It was further opined that the 2nd guideline of Total Annual Debt Service Cost vs. Expenses isn’t appropriate for NVC, since we aren’t a true municipality with other heavy expenditures such as Schools, County Levy, etc. that would mathematically distort (negatively) NVC’s overall financial picture.

The Finance Committee concurred with the Treasurer that bundled borrowing vs. borrowing by individual project, as practical, is more cost advantageous (e.g., reduced administrative fees). The Finance Committee is poised to provide further assistance to the board of overseers as the development of a more detailed listing of potential projects, priorities, costs, and potential implementation schedule takes shape.

Meeting adjourned at 5:00 p.m. EST

Respectfully submitted by Fred Lincoln, NVC Board Member and Finance Committee Chair