

**ULSTER COUNTY RESOURCE RECOVERY AGENCY
FINANCE COMMITTEE MEETING
MARCH 18, 2024**

The Ulster County Resource Recovery Agency held a Finance Committee meeting on March 18, 2024.

The proceedings were convened at 6:10 PM. The Finance Committee Meeting was held at the Agency's Main Office, 999 Flatbush Road, Kingston, New York.

Committee members present: Chair Regis Obijiski, Committee Members David Gilmour and Donna Egan (virtually). Board Members James Gordon (departed 6:51 PM) and Andrew Ghiorse were also present.

Staff present: Executive Director Marc Rider, and Director of Finance and Administration Timothy DeGraff.

From the public: Peter Humphries, Town of Hurley resident.

PLEDGE OF ALLEGIANCE

Regis Obijiski stated the purpose of the meeting was to gain a general understanding of an Independent Audit of Financial Statements, using the UCRRA Financial Audit of 2022, by Teal, Becker, and Chiaramonte, CPAs. A layman's analysis (2 pages of analysis was provided by Regis Obijiski, Treasurer), 14 pages from 2022 Audit (provided to the Committee).

<https://ucrra.org/wp-content/uploads/2023/03/ULSTER-COUNTY-RESOURCE-RECOVERY-AGENCY-FINANCIAL-STATEMENTS.pdf>

Regis Obijiski provided an analysis to the committee (*see below). Regis pointed out items on pages of the report (recommended to follow the numbers on the PDF) and discussed what each page was:

“The purpose of an Independent Financial Audit is to examine the financial statements prepared by the agency after we closed-out fiscal year 2022—a calendar year (Jan-Dec) for UCRRA. The auditors examined how well the financial statements meet Generally Acceptable Accounting Practices and Standards (GAAP/S) for accrual accounting, Government Accounting & Government Auditing Standards (GAGAS) as well as certain standards and guidance on financial reporting issued by the Authorities Budget Office (ABO). (pages 4-6 of attached document).

The findings of the audit reveal adherence to applicable financial standards and adequate internal controls—“no deficiencies or material weaknesses” (pages 47-48 of attached document).

Why bother reading the UCRRA's annual financial statements audited by a CPA firm?

UCRRA has been in business for 37 years, and each year is linked to the last. When the board reviews monthly budget performance, forecasts, and adjustments, these reviews are connected to a history. Since 2012, UCRRA has not invoked its contract privilege with the County to make-up deficits incurred by the agency (aka, “net service fee). That is due to responsible fiscal management of the agency. The last few audits demonstrate a steadiness to pay all of its current bills and chip-away at its outstanding long-term debt. These audits have also demonstrated that the agency generates a modest reserve fund that keeps it

viably strong. What follows is a cursory review of last year's audit that addresses the simple question: how are we doing financially? The answer from my perspective is "very well." What follows are simplistic observations, but I hope they are helpful to those of us who are not CPAs. Open the link above and match the comments with the document's page numbers.

Who is UCRRA and What does it do? Where does its money come and where does it go? (pages 7-11 in the doc)

How well did the agency do financially at the end of 2022?

1. One indication is the "current ratio" of current assets to liabilities, dividing current assets by current liabilities: $11,052,550 / 2,989,137 = 3.7$ to 1.0 (pages 12 & 23 in the doc)
 - a. A ratio of 1.0 to 1.0 indicates a break-even between cash and current bills.
 - b. A ratio of 2.0 to 1.0 indicates twice the cash needed to pay current bills.
 - c. A ratio of 3.7 to 1.0 indicates almost 4 times the cash to pay current bills.
2. Another indication is the increase/decrease in net position (pages 15 & 23 in the doc). A net position takes into consideration current and future assets and liabilities (obligations) and gives an end-of-year snapshot.
 - a. In short, UCRRA has a strong, positive net position.
 - b. Assets include: unrestricted and restricted cash and cash equivalents; the current value of all capital assets such as buildings and equipment reflect straight line depreciation (e.g., a front loader bought three years ago is worth less today according to standard "useful life" depreciation schedules) and amortization (i.e., interest costs). Examples of straight-line depreciation are:
 - i. Buildings, 5-50 years
 - ii. Machinery, Equipment, 5-20 years
 - iii. Vehicles, 8 years
 - iv. Infrastructure, 20 years
 - c. Liabilities include current business bills and future ones, such as paying-off bonds, landfill post closure costs, etc.
 - d. Putting together all obligations currently and into the foreseeable future, restricted (money spoken-for) and unrestricted accounts (money un-spoken-for) and investments, UCRRA's net position on 12/31/22 was a positive \$16,127,471.
 - e. Of that \$16.1 million, \$3.4 million (\$3,397,105) is unrestricted cash. What does that mean?
 - i. The \$3.4 million carried into 2023 is not showing on our monthly treasurer's report.
 - ii. Is a \$3.4 million cash reserve too much, too little, or just right? That answer requires the prudent judgment of the administration and a deliberation of the board. Given the size of our budget and our public purpose, I think we are comfortable.
 - iii. Typically, unrestricted cash reserves are used for certain capital expenses, long-term debt, a sudden reduction in revenues, or an unfortunate surprise.
 - iv. It is our cushion to break any falls in our business or cover "rainy day" expenses.
 - v. It may be used for special projects outside our normal book of business, but that would require a rigorous business plan to be presented for board approval.
 1. \$3.4 M is about 17% of our annual budget.

2. \$3.4 M is equivalent of about 62 days-of-cash on hand.”

Discussion regarding the Independent Audit of Financial Statements among staff and committee members included the following:

- Net worth and depreciation
- There is a schedule that maintains all the assets and their useful life
- There is a threshold for capital value and it is by categories. This is noted in the financial report footnotes
- Financial Report is dated throughout
- Tim DeGraff explained fund balance and how the agency is different from other entities

PUBLIC COMMENT: Peter Humphries asked how the Agency invests.

DISCUSSION: The following points and comments were made regarding the **Investment Policy and various other items:**

- Tim DeGraff stated that you can not get risky with agency funds, it is not your money
- The investment policy is based on low risk
- David Gordon *Gilmour asked if we have CDs
- Tim DeGraff stated since expelling debt the Agency could look at CDs
- Tim DeGraff stated that the Agency receives 4% interest on its accounts
- *David Gilmour suggested that UCRRA’s investment policy should be reviewed at the next Finance Committee meeting because the Finance Committee’s approved Charter states that this committee has the responsibility to review and approve the Agency’s investments.”
- Marc Rider briefly discussed the Contract with the County-timeline and negotiation, and the committee should review the bonding section
- Health Benefits to Retirees-look at for future discussion
- Agency doesn’t handle cash
- Audit charter of the County
- Marc Rider stated he will forward some recommendations for the next meeting, including some budget shifts

APPROVAL OF MINUTES

David Gilmour moved to approve the Minutes of October 10, 2023, Finance Committee Meeting, and it was seconded by Regis Obijiski. 2 in favor, 0 opposed. Donna Egan attended the meeting virtually and could not vote.

Next Finance Committee Meeting:

- Monday, April 15, 2024, 6PM, UCRRA Office
- Agenda Items:
 - Review current investment policies (Tim DeGraff, Dir. Finance & Admin)
 - UCRRA Contract with Ulster County (Marc Rider, Executive Director)

- Current Contract to expire March 2025 (Negotiations finalized October 2024)
- Ability to bond through County
- Discussion on health benefits to retirees (T. DeGraff, M Rider)

ADJOURN

David Gilmour motioned to adjourn the March 18, 2024, Finance Committee Meeting at 7:05 PM and it was seconded by Regis Obijiski. 2 in favor, 0 opposed, 0 absent. Donna Egan attended the meeting virtually but could not vote.

April 15, 2024

David Gilmour advanced a Motion to approve the above transcribed amended Minutes of March 18, 2024, Finance Committee Meeting and Regis Obijiski seconded the Motion. Motion to Approve passed by majority vote: David Gilmour aye; Regis Obijiski aye and Donna Egan was unable to vote because she participated via Zoom.

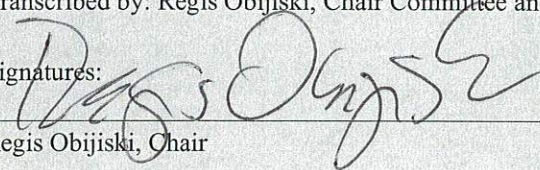
***The following highlighted amendments were made to the March 18, 2024, Finance Committee Meeting Minutes:**

- Correction on page 3 of 4 under "Discussion": 3rd bullet, "David Gilmour (not Gordon) asked if we have CDs."
- Modification on page 3 of 4 under "Discussion": 6th bullet should be reworded as follows: "David Gilmour suggested that UCRRA's investment policy should be reviewed at the next Finance Committee meeting because the Finance Committee's approved Charter states that this committee has the responsibility to review and approve the Agency's investments."

The minutes were approved by the Board.

Transcribed by: Regis Obijiski, Chair Committee and Melinda France, Office Manager.

Signatures:



Regis Obijiski, Chair