Auditor Recommendations

The Auditors Recommend That The Town:

1. Adopt a Fund Balance Policy with a target of 60 days of operating expenditures.
2. Transition to a July 1 – June 30 fiscal year using an 18-month transition budget.
3. Implement quarterly tax payments due September 1, December 1, March 1, and June 1.

Together, these initiatives will improve cash flow, strengthen financial reserves, reduce borrowing needs, and enhance the Town's long-term fiscal sustainability.

Fund Balance Policy

We will discuss actual policy language during an upcoming board meeting. To achieve the 60-day fund balance goal based on the current annual budget of $4,461,054.94, while minimizing the impact on taxpayers, the Town should consider gradually increasing fund balance over several budget cycles:

Year	Reserve Goal	Target Balance
Current	5 Days	$61,110
Year 1	20 Days	$244,441
Year 2	30 Days	$366,662
Year 3	45 Days	$549,993
Year 4	60 Days	$733,324

Fiscal Year Transition

The auditors recommend transitioning from a calendar year budget to a July 1 – June 30 fiscal year. Benefits include improved cash flow, reduce borrowing, alignment with state funding cycles, school year budgets and more efficient grant administration, and better budget planning.

Proposed Timeline

2026–2027: Planning, public outreach, and policy development.
March 2027: Voter approval of the fiscal year conversion.
March 2028: Voter approve an 18-month transition budget.
January 1, 2028 – June 30, 2029: 18-month transition budget period.
March 2029: Adoption of the first standard fiscal year budget.
July 1, 2029: First fiscal year budget begins.

Quarterly Tax Payments

To improve cash flow and reduce pressure on operating fund balance, the Town should implement quarterly property tax payments with the following due dates:

- September 1
- December 1
- March 1
- June 1

Quarterly collections provide a more consistent revenue stream throughout the year, reduce the need for short-term borrowing, and support the Town's goal of maintaining adequate fund balance.