

# TOWN OF EAST HAMPTON, CONNECTICUT

## BOARD OF FINANCE

### Meeting Agenda

Tuesday, January 18, 2022  
Town Hall - Room 201 & Zoom  
7:00 PM

#### Regular Meetings

January 18, 2022 (Tues)

February 22, 2022 (Tues)

March 21, 2022

April 18, 2022

May 16, 2022

June 20, 2022

July 18, 2022

August 15, 2022

September 19, 2022

October 17, 2022

November 21, 2022

December 19, 2022

- 1) Call to Order
- 2) Pledge of Allegiance
- 3) Adoption of Agenda
- 4) Approval of Minutes of Meeting(s) \*
  - a) December 20, 2021
- 5) Public Remarks
- 6) Financial Transactions \*
- 7) Correspondence
- 8) Status Reports (Financial)
  - a) Revenue
  - b) Expenditures
- 9) New Business \*
  - a) Fund Balance Policy
- 10) Continued Business \*
  - a) FY 2023 Budget
  - b) CCM Training
- 11) Special Presentations
- 12) Liaison Appointments/Reports\*
  - a) Town Council (Coshow / McLennan)
  - b) Board of Education (Bonaccorso / Bennington)
  - c) Economic Development Commission (Cunningham)
  - d) Lake / Conservation (*Jenks*)
  - e) Fire Commissioners (Bonaccorso)
  - f) Brownfields/Redevelopment (Cunningham)
  - g) Park & Rec. Advisory Board (Coshow)
  - h) HS Athletic Field Renovation (Brown)
  - i) Capital Committee (Brown / Bennington)
- 13) Public Remarks
- 14) Adjournment

\* - Potential action item

## **ZOOM Information**

### **Board of Finance Regular Meeting 1-18-2022**

**Please click the link below to join the webinar:**

**<https://us02web.zoom.us/j/83448499384>**

Or One tap mobile :

US: +16465588656,,83448499384# or +13017158592,,83448499384#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 646 558 8656 or +1 301 715 8592 or +1 312 626 6799 or +1 669 900 9128 or +1 253 215 8782 or +1 346 248 7799

**Webinar ID: 834 4849 9384**

TOWN OF EAST HAMPTON  
GENERAL FUND REVENUES  
AS OF JANUARY 10, 2022  
**FY 2021-2022**

Agenda Item: 8A

1/11/2022

					Unaudited				
	Original Estimate	Adjustments	Adjustments	Revised Estimate	Actual YTD Revenue	Balance	% Collected	Projected Variance	Comment
40 Property taxes	41,497,568	-		41,497,568	28,621,552	12,876,016	68.97%	100,000	Back tax collections are strong due to the tax sale
41 Investment income	20,000	-		20,000	2,831	17,169	14.16%	(12,000)	Investment rates have remained low
42 License,permit& fees	515,300	-		515,300	501,727	13,573	97.37%	100,000	Building Dept. has collected over 100% of est. revenue
44 FEDERAL, STATE & LOCAL GRANTS	7,537,446	-		7,537,446	2,158,376	5,379,070	28.64%	-	
47 Other revenue	89,565			89,565	73,124	16,441	81.64%	-	
49 Other Fin. Sources (Use of Fund Balance)	-	-		-	-	-	0.00%	-	
TOTAL GENERAL FUND	49,659,879	-	-	49,659,879	31,357,610	18,302,269	63.14%	188,000	
		Forecasted variance		188,000					
		Estimated revenues		\$ 49,847,879					

TOWN OF EAST HAMPTON  
GENERAL FUND EXPENDITURES  
1/10/2022  
FY 2021-2022

Agenda Item: 8B  
1/11/2022

ACCOUNT DESCRIPTION	Original Budget	Transfers	Revised Budget	TOTAL	Available	Projected Variance	% USED	Comment
01010000 Town Manager's Dept.	373,471	0	373,471	192,296	181,175	-	51.5%	
01020000 Town Council/Special	40,424	0	40,424	27,312	13,112	-	67.6%	
01040000 LEGAL	85,000	0	85,000	18,128	66,872	5,000	21.3%	
01050130 New Town Hall/Police Dept.	289,151	0	289,151	159,635	129,516	-	55.2%	
01060135 Finance and Accounting	489,312	0	489,312	267,154	222,158	-	54.6%	
01060136 Collector of Revenue	178,406	0	178,406	84,368	94,038	-	47.3%	
01060137 Assessor	198,571	0	198,571	104,669	93,902	2,500	52.7%	
01070000 Town Clerk	179,086	0	179,086	110,710	68,376	-	61.8%	
01080000 Registrars/Elections	44,362	0	44,362	20,132	24,230	-	45.4%	
01090000 General Insurance	398,050	0	398,050	300,460	97,590	-	75.5%	
01100000 Probate Court	18,943	0	18,943	9,472	9,472	-	50.0%	
01110000 Employee Benefits	2,198,281	0	2,198,281	1,413,585	784,696	-	64.3%	
01120000 Contingency	30,000	0	30,000	0	30,000	5,000	0.0%	Network breach
01150000 Information Technology	144,851	0	144,851	89,683	55,168	-	61.9%	
01210211 Police Administration	347,398	0	347,398	189,054	158,344	-	54.4%	
01210212 Regular Patrol	1,789,914	0	1,789,914	951,542	838,372	-	53.2%	
01210213 Lake Patrol	2,096	0	2,096	735	1,361	-	35.1%	
01210214 Animal Control	51,900	0	51,900	0	51,900	-	0.0%	Waiting to be billed from East Haddam
01220221 Firefighting	325,310	0	325,310	134,182	191,128	-	41.2%	
01220223 FIRE MARSHAL	92,010	0	92,010	39,057	52,953	-	42.4%	
01220225 Town Center Fire System	8,050	0	8,050	2,108	5,942	-	26.2%	
01230000 Ambulance	64,790	0	64,790	53,497	11,293	-	82.6%	
01240000 Emergency Management	9,665	0	9,665	8,957	708	(4,000)	92.7%	COVID related expenses
01250000 Public Safety Dispatch	240,075	0	240,075	88,408	151,667	30,000	36.8%	Quarterly bills less than forecasted
01260000 Street Lighting	51,000	0	51,000	19,285	31,715	4,000	37.8%	Solar
01310000 Chatham Health District	167,300	0	167,300	167,296	4	4	100.0%	
01320000 Human Services	121,747	0	121,747	52,697	69,050	-	43.3%	
01330000 Senior Center	146,226	0	146,226	60,274	85,952	5,000	41.2%	Part-time wages
01340000 Transportation	53,500	0	53,500	49,046	4,454	(500)	91.7%	
01350000 Community Services	5,725	0	5,725	6,760	-1,035	(1,035)	118.1%	
01360000 CEMETERY CARE	5,000	0	5,000	0	5,000	-	0.0%	
01370000 Commission on Aging	1,200	0	1,200	766	434	-	63.8%	
01410000 Building, Planning & Zoning	392,278	0	392,278	185,198	207,080	10,000	47.2%	Vacancy
01420000 Econ. Development Comm.	5,302	0	5,302	1,492	3,810	-	28.1%	
01430000 Conservation & Lake Comm.	57,427	0	57,427	25,866	31,561	-	45.0%	
01460000 Redevelopment Agency	1,462	0	1,462	240	1,222	-	16.4%	
01470000 Middle Haddam Historic Dist.	800	0	800	320	480	-	40.0%	
01510000 Public Works Admin.	1,501,362	0	1,501,362	686,131	815,231	-	45.7%	Overtime only 18% spent
01520000 Engineering	40,000	0	40,000	8,355	31,645	-	20.9%	
01530000 Town Garage	52,118	0	52,118	9,760	42,358	-	18.7%	
01540000 Townwide Motor Fuel	100,450	0	100,450	40,362	60,088	-	40.2%	
01550000 Road Materials	370,000	0	370,000	82,380	287,620	-	22.3%	
01560000 Transfer Station	202,655	0	202,655	74,173	128,482	-	36.6%	
01610610 Park & Recreation	460,463	0	460,463	247,172	213,291	-	53.7%	
01660000 Arts & Cultural Comm.	2,300	0	2,300	192	2,108	-	8.4%	
01670000 Community Center	163,877	0	163,877	58,833	105,044	-	35.9%	

TOWN OF EAST HAMPTON  
GENERAL FUND EXPENDITURES  
1/10/2022  
FY 2021-2022

Agenda Item: 7B  
1/11/2022

ACCOUNT DESCRIPTION	Original Budget	Transfers	Revised Budget	TOTAL	Available	Projected Variance	% USED	Comment
01680681 E Hampton Public Library	559,339	0	559,339	267,829	291,510	10,000	47.9%	Vacant position
01680682 Middle Haddam Library	10,000	0	10,000	10,000	0	-	100.0%	
01710711 General Obligation Bonds	2,855,000	0	2,855,000	2,855,000	0	-	100.0%	
01720721 General Obligation Bonds	641,620	0	641,620	351,704	289,916	-	54.8%	
01750000 Capital Leases	151,992	0	151,992	43,558	108,434	21,408	28.7%	Lease cost lower than budgeted
01810000 Operating Transfers Out	855,225	0	855,225	42,500	812,725	-	5.0%	
Grand Total	16,574,484	0	16,574,484	9,612,333	6,962,151	87,377	58.0%	

**Town of East Hampton**  
**General Fund Balance Policy**  
**Updated for GASB 54 Fund Balance Reporting and Governmental Fund Type Definitions**  
**Adopted by the Board of Finance on 7-18-2011**

**PURPOSE**

To outline the policies and procedures adopted by the Board of Finance regarding provisions for identifying and classifying fund balances in accordance with Government Accounting Standards Board Statement 54.

**BACKGROUND**

Government entities should maintain a prudent level of financial resources to protect against reducing service levels or incurring debt because of temporary revenue shortfalls or unpredicted one-time expenditures. To this end, the Board of Finance adopted a *Fund Balance Policy* on June 20, 2005.

Prior to the adoption of GASB 54 the fund balance is divided into three basic classifications for accounting and tracking purposes: designations, reserves and unreserved/undesignated. The unreserved/undesignated fund balance is the official title for what has previously been described as "fund balance" in the Town's financial reports and discussions. Reserves are legally restricted funds established for a future specific use and are not available for general appropriation. Designations have been set-aside by the Town Council for a specific purpose.

A positive fund balance serves three important functions:

1. Eliminates the need for short term borrowing to handle cash flow between the start of the fiscal year and receipt of revenue from taxes;
2. Can be periodically used to lower taxes to smooth out major fluctuations in the property tax rates;
3. Serves as a contingency fund that enables the Town to respond to unanticipated emergencies or opportunities.

Credit rating agencies determine the adequacy of the unreserved fund balance using a complex series of financial evaluations. The size of the fund balance is an important, but not the only consideration in the Town's rating. Other important factors are the reliability of a government's revenue sources, economic conditions, community wealth factors, cash position, debt ratios, management performance, and fiscal decisions made by the legislative body.

The Government Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, to become effective for financial statements with periods beginning after June 15, 2010 (Statement 54). Statement 54 is designed to improve financial reporting consistency among governmental entities. Basically, a hierarchy has been established clarifying the constraints that govern how a government entity can use amounts reported as fund balance. Statement 54 establishes the following five new fund balance classifications: Non-spendable, Restricted, Committed, Assigned, and Unassigned. The new fund balance classifications from most restrictive to no restrictions are as follows:

## **FUND BALANCE DEFINITIONS**

- **Fund Balance** is the difference between the Town's current assets (cash, short-term investments, receivables) expected to be available to finance operations in the immediate future and its current liabilities.
- **Fund balance** is initially characterized as being restricted and unrestricted. **Unrestricted Fund Balance** is calculated as follows:

	<b>Total Fund Balance</b>
<b>Less:</b>	<b>Nonspendable fund balance</b>
<b>Less:</b>	<b><u>Restricted fund balance</u></b>
	<b>Unrestricted Fund Balance</b>

## **RESTRICTED FUND BALANCE CATEGORIES**

- **Nonspendable fund balance**— Amounts that cannot be spent because they are (a) not in spendable form (such as inventory, prepaid items, long term portions of notes receivables), or (b) legally or contractually required to be maintained intact (such as the corpus of an endowment fund).
- **Restricted fund balance**— Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation and includes a legally enforceable requirement that the resources be used for a particular purpose specified in the legislation.

## **UNRESTRICTED FUND BALANCE CATEGORIES**

- **Committed fund balance**— Amounts constrained to specific purposes by the Town itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purposes unless the government takes the same highest-level action to remove or change the constraint.

**The decision making authority for purposes of this policy can be any one of the following:**

<b>Decision making authority</b>	<b>Formal Action To Be Taken</b>
<b>Town Council</b>	<b>Adoption of Resolution</b>
<b>Electors</b>	<b>Town Meeting or Referendum</b>

Amounts cannot be used for any other purpose unless the constraint is changed in a similar manner.

- **Assigned fund balance**— Amounts the Town intends to use for a specific purpose; intent can be expressed by the Town or by an official or body to which the Town delegates the authority. Appropriations of existing fund balances to future budgets are considered assigned fund balance. The Town shall not report an assignment that will result in a deficit in Unassigned fund balance.

Negative fund balances cannot be considered assigned. The expression of intent does not have to be made prior to year end.

The body authorized to assign amounts to a specific purposes for purposes of this policy is the Town Manager and Finance Director.

- **Unassigned fund balance** – Amounts that are available for any purpose; these amounts are reported only in the general fund. In other governmental funds, if expenditures incurred exceeded the amounts restricted, committed or assigned it may be necessary to report a negative unassigned fund balance.

#### **GOVERNMENTAL FUND TYPE DEFINITIONS**

- **General Fund** – all funds not reported in another fund
- **Special Revenue Funds** – Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt and capital projects. *Restricted or committed revenues is the foundation for a special revenue fund.*
- **Capital Project Funds** – Used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- **Debt Service Funds** – Used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, including resources being accumulated for principal and interest maturing in future years.
- **Permanent Funds** – Used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is for the benefit of the government or its citizenry. Permanent funds do NOT include private purpose trust funds.

#### **TOWN SPENDING PRIORITIZATION POLICY:**

The Town formally establishes and adopts the “default” spending policy, spending resources in the following manner when available: restricted, committed, assigned, and unassigned. The default policy is meant to prioritize the flow of resources from most restrictive to least restrictive for normal business activities.

#### **ASSIGNMENT DESIGNATION BY THE BOARD OF FINANCE:**

The Board of Finance authorizes the Town Manager and the Director of Finance to express assignments on behalf of the town to document the Town's intent to use available resources for specific purposes. The applicable assignments do not require formal Town approval. A change in assignment will be reported to the Board of Finance at their next regularly scheduled meeting.



## **GUIDELINES**

*The appropriate level of unrestricted fund balance to be maintained in the general fund.*

**The Town strives to maintain an unrestricted general fund balance of not less than eight (8) percent nor more than ten (10) percent of current year budgeted general fund operating expenditures.**

### **Surplus:**

If it is determined there is a surplus (an amount in excess of the upper limit of the unrestricted fund balance range) a recommendation by the Board of Finance may be made to the Town Council that the excess be used for the following purposes:

- To fund unforeseen expenditure requirements or unanticipated revenue fluctuations.
- Reduction or avoidance of debt. If there is short-term debt within the fund the surplus may be applied to reduce or eliminate the debt if financial analysis proves this to be advantageous for the Town. If a borrowing is scheduled, the surplus may be used to reduce the principal amount the Town needs to obtain if financial analysis proves this to be advantageous for the Town.
- Applied to a replacement program. Surplus funds may be used to supplement or enhance a capital replacement program such as vehicle, personal computer, or heavy equipment replacement, or any other capital replacement program initiated by the Town.
- One-time capital needs. Since a surplus does not represent a recurring source of revenue it should not be used to fund a recurring expense; however, if a one-time capital expenditure has been identified, the surplus may be appropriated for this use.
- To take advantage of opportunities that would have a positive economic impact for the Town of East Hampton. This may include, but not limited to, land acquisition and land development rights.
- Tax, fee, or rate stabilization. Surplus funds may be designated for stabilization in order to avoid raising taxes, fees, or rates related to the fund in subsequent years.

### **Shortfall:**

If it is determined there is a shortfall (an amount below the lower limit of the unrestricted fund balance range), the fund balance is to be rebuilt through the following mechanisms.

- An appropriation during the next annual budget process of at least 20% of the shortfall until the lower limit has been reached. If this is financially infeasible, a written plan shall be forwarded by the Town Manager to the Board of Finance for approval in order to restore the unrestricted fund balance to an amount within the range within a reasonable time frame. This plan may require reduction of services, increases in taxes, fees, or rates, or some combination thereof.

Adopted: Board of Finance 7-18-2011