

TOWN OF EAST HAMPTON, CONNECTICUT

BOARD OF FINANCE

Meeting Agenda

Tuesday, February 22, 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) January 18, 2022
- 5) Public Remarks
- 6) Financial Transactions *
- 7) Correspondence
 - a) Audit Report
- 8) Status Reports (Financial)
 - a) Revenue
 - b) Expenditures
- 9) New Business *
- 10) Continued Business *
 - a) FY 2023 Budget
 - b) Fund Balance Policy
- 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 (TBD)
 - 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) Executive Session
 - a) Motion to Recess to Discuss Matters Concerning Security Strategy or Deployment of Security Devices Regarding Cybersecurity
- 15) Adjournment – *No Action will be taken following Executive Session – Board will adjourn immediately after the session.*

* - Potential action item

ZOOM Information

Board of Finance Regular Meeting 2-22-2022

Please click the link below to join the webinar:

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/81495719509>

Or One tap mobile :

US: +16465588656,,81495719509# or +13017158592,,81495719509#

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: 814 9571 9509

TOWN OF EAST HAMPTON
GENERAL FUND REVENUES
AS OF FEBRUARY 17, 2022
FY 2021-2022

Agenda Item: 8A

2/17/2022

					Unaudited				
	Original Estimate	Adjustments	Adjustments	Revised Estimate	Actual YTD Revenue	Balance	% Collected	Projected Variance	Comment
40 Property taxes	41,497,568	-		41,497,568	40,848,695	648,873	98.44%	150,000	Back tax collections are strong due to the tax sale
41 Investment income	20,000	-		20,000	3,208	16,792	16.04%	(15,000)	Investment rates have remained low
42 License,permit& fees	515,300	-		515,300	588,681	(73,381)	114.24%	100,000	Building Dept. & Town Clerk have collected over 100% of est. revenue
44 FEDERAL, STATE & LOCAL GRANTS	7,537,446	-		7,537,446	4,057,200	3,480,246	53.83%	-	
47 Other revenue	89,565			89,565	103,437	(13,872)	115.49%	52,000	Sale of equipment \$17K / CIRMA \$35K
49 Other Fin. Sources (Use of Fund Balance)	-	-		-	-	-	0.00%	-	
TOTAL GENERAL FUND	49,659,879	-	-	49,659,879	45,601,221	4,058,658	91.83%	287,000	
		Forecasted variance		287,000					
		Estimated revenues		\$ 49,946,879					

TOWN OF EAST HAMPTON
GENERAL FUND EXPENDITURES
2/17/2022
FY 2021-2022

Agenda Item: 8B
2/17/2022

ACCOUNT DESCRIPTION	Original Budget	Transfers	Revised Budget	TOTAL	Available	Projected Variance	% USED	Comment
01010000 Town Manager's Dept.	373,471	0	373,471	229,183	144,288	-	61.4%	
01020000 Town Council/Special	40,424	0	40,424	27,532	12,892	-	68.1%	
01040000 LEGAL	85,000	0	85,000	22,118	62,882	5,000	26.0%	
01050130 New Town Hall/Police Dept.	289,151	0	289,151	186,705	102,446	-	64.6%	
01060135 Finance and Accounting	489,312	0	489,312	327,425	161,887	-	66.9%	
01060136 Collector of Revenue	178,406	0	178,406	104,074	74,332	-	58.3%	
01060137 Assessor	198,571	0	198,571	124,763	73,808	2,500	62.8%	
01070000 Town Clerk	179,086	0	179,086	128,459	50,627	-	71.7%	
01080000 Registrars/Elections	44,362	0	44,362	23,905	20,457	-	53.9%	
01090000 General Insurance	398,050	0	398,050	300,732	97,318	-	75.6%	
01100000 Probate Court	18,943	0	18,943	18,943	0	-	100.0%	
01110000 Employee Benefits	2,198,281	0	2,198,281	1,467,807	730,474	-	66.8%	
01120000 Contingency	30,000	0	30,000	0	30,000	30,000	0.0%	Network breach
01150000 Information Technology	144,851	0	144,851	123,883	20,968	(25,000)	85.5%	Network breach
01210211 Police Administration	347,398	0	347,398	220,715	126,683	-	63.5%	
01210212 Regular Patrol	1,789,914	0	1,789,914	1,141,547	648,367	-	63.8%	
01210213 Lake Patrol	2,096	0	2,096	735	1,361	-	35.1%	
01210214 Animal Control	51,900	0	51,900	423	51,477	-	0.8%	Waiting to be billed from East Haddam
01220221 Firefighting	325,310	0	325,310	163,696	161,614	-	50.3%	
01220223 FIRE MARSHAL	92,010	0	92,010	48,508	43,502	-	52.7%	
01220225 Town Center Fire System	8,050	0	8,050	3,410	4,640	-	42.4%	
01230000 Ambulance	64,790	0	64,790	53,497	11,293	-	82.6%	
01240000 Emergency Management	9,665	0	9,665	11,448	-1,783	(4,000)	118.5%	COVID related expenses
01250000 Public Safety Dispatch	240,075	0	240,075	89,227	150,848	30,000	37.2%	Quarterly bills less than forecasted
01260000 Street Lighting	51,000	0	51,000	23,713	27,287	2,500	46.5%	Solar
01310000 Chatham Health District	167,300	0	167,300	167,296	4	4	100.0%	
01320000 Human Services	121,747	0	121,747	65,648	56,099	-	53.9%	
01330000 Senior Center	146,226	0	146,226	74,696	71,530	10,000	51.1%	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	217,498	174,780	10,000	55.4%	Vacancy
01420000 Econ. Development Comm.	5,302	0	5,302	1,543	3,759	-	29.1%	
01430000 Conservation & Lake Comm.	57,427	0	57,427	27,632	29,795	-	48.1%	
01460000 Redevelopment Agency	1,462	0	1,462	310	1,152	-	21.2%	
01470000 Middle Haddam Historic Dist.	800	0	800	442	358	-	55.2%	
01510000 Public Works Admin.	1,501,362	0	1,501,362	883,168	618,194	-	58.8%	Overtime 54% spent
01520000 Engineering	40,000	0	40,000	8,928	31,072	-	22.3%	
01530000 Town Garage	52,118	0	52,118	13,226	38,892	-	25.4%	
01540000 Townwide Motor Fuel	100,450	0	100,450	59,906	40,544	-	59.6%	
01550000 Road Materials	370,000	0	370,000	193,228	176,773	-	52.2%	
01560000 Transfer Station	202,655	0	202,655	99,100	103,555	-	48.9%	
01610610 Park & Recreation	460,463	0	460,463	286,348	174,115	-	62.2%	
01660000 Arts & Cultural Comm.	2,300	0	2,300	192	2,108	-	8.4%	
01670000 Community Center	163,877	0	163,877	75,032	88,845	-	45.8%	

TOWN OF EAST HAMPTON
GENERAL FUND EXPENDITURES
2/17/2022
FY 2021-2022

Agenda Item: 8B
2/17/2022

ACCOUNT DESCRIPTION	Original Budget	Transfers	Revised Budget	TOTAL	Available	Projected Variance	% USED	Comment
01680681 E Hampton Public Library	559,339	0	559,339	313,528	245,811	15,000	56.1%	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	276,342	365,278	-	43.1%	
01750000 Capital Leases	151,992	0	151,992	104,071	47,921	21,408	68.5%	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	10,674,653	5,899,831	95,877	64.4%	



TOWN OF EAST HAMPTON FISCAL YEAR 2022-2023

Town Council Budget Policy Statement

CHARTER - GENERAL POWERS AND DUTIES

As specified in Section 2.4 of the Town of East Hampton Charter: "each year the council shall submit to the Board of Finance a policy statement outlining its annual budget goals and objectives for the ensuing fiscal year."

OBJECTIVE

The objective of this budget policy statement is to provide guidance from the Town Council to the Board of Finance during the creation and implementation of the annual Town of East Hampton Budget. Although not specifically named in the Charter, the intent of this Budget Policy Statement is to also provide guidance to the Town Manager and the Board of Education who are charged with proposing and presenting respective general government and education budget recommendations to the Board of Finance.

GENERAL STATEMENT

The Town of East Hampton's annual budget should consider the needs of our community and reflect the taxpayer's ability to pay for those needs.

GUIDELINES

- Include taxpayers in the budget process as early as possible utilizing Tri-Board meeting(s), public hearings, Zoom meetings, our Town website, local newspaper, town notices, Citizens Guide to Budget and meetings.
- The budgets presented should reflect the guidelines presented herein as well as projected available revenue, anticipated State funding shortfalls and potential impact of current economic conditions including special grants to augment COVID-19 pandemic costs.
- The Town Manager and the Board of Education will present their respective budgets at a Town Forum. Their budgets must include all proposed spending presented in a format that is easily read and understood by our citizens.
- The Town Manager's budget will incorporate the recommendations of the Capital Committee composed of representatives of the Town Council and Boards of Finance and Education.

2022-2023 BUDGET GOALS & FUTURE PLANNING

- The fund balance shall NOT be used to lower the annual mill rate or pay for Town operating expenses, except if the fund balance exceeds an amount above generally recognized stable municipal budget parameters.

- The town should strive to maintain its “AAA” bond rating which includes maintenance of fund balance at levels generally recognized under stable municipal budget parameters.
- Any new personnel requests must be quantifiably justified.
- The Public Works budget should include a plan to continue ongoing road repairs, sidewalks, tree removal, equipment maintenance, lake watershed protections and road improvements.
- General Government and the Board of Education should make every effort to only limit budget increases to meet contractual obligations.
- Maintain and enhance the school district accreditation.
- Enhance the quality and competitiveness of our students, including adequate investment in technologies.
- Maintain emergency communications equipment between all departments.
- The Capital Committee should update the Town's long-term Capital Improvement Plan to ensure the future financial discipline and funding stability of the Town.
- Conservatively estimate state revenues to be prepared for changes or shortfalls in tax collection rates and state funding.
- Support investment in new technologies, updates to IT security and improvements for enhanced fiscal and network controls. Such costs will be appropriated from operating, not capital, budgets.
- Funding should address ongoing town facility needs.
- The budget shall include funding to enhance economic development and grand list growth consistent with the character of the Town and quantifiably justified.
- The Council for its part, will:
 - Seek out cost savings by pursuing regional sharing of services.
 - Identify and implement opportunities to "share" services between and among Town departments and the Board of Education
 - Support the ongoing implementation of those elements from the Lake Pocotopaug 9 Point Plan that will preserve and improve the condition of the lake and its watershed.
 - Aggressively pursue grants to fund the Lake Pocotopaug 9 Point Plan.
 - Continue to support the Town Manager's labor negotiation efforts to realize efficiencies and savings for taxpayers.
 - Ensure our Public Library, social services and programs for seniors are adequately funded.
 - Provide continued support of public safety services, training and equipment.
 - Strive to replenish our mill rate stabilization fund from available operating surpluses.
 - Continue to support programs and efforts to help those addicted to opioids.
 - Continue efforts that maintain and plan for the redevelopment or, if in the best Town's best interest, the sale of excess Town owned facilities.
 - Ensure that the Federal American Rescue Plan Act (ARPA) funds be used for one-time expenses in accordance with Federal guidelines and not ongoing expenses or personnel.

Approved by Town Council: November 23, 2021

Fiscal Year 2023 Budget Calendar

All meetings to be held at Town Hall and on Zoom

Date	Description	Time (if applicable)
Wednesday, January 19, 2022	Submit budget requests to Finance Department	
Wednesday, February 2, 2022	Submit budget narratives to Finance Department	
January & February	Town Manager review of Operating & Capital Budgets	
February	Capital Committee meetings to review and approve Capital Plan	
Friday, February 25, 2022	Press Release on Budget workshop	
Monday, February 28, 2022	Town Manager completion of proposed budget	
Friday, March 4, 2022	Press Release on Budget deliberations	
Monday, March 14, 2022	Submit Manager Proposed Budget to the Board of Finance	
Monday, March 21, 2022	Board of Finance Public Hearing <i>Town and Board of Education Budget Presentation</i>	6:30 PM
Tuesday, March 22, 2022	Budget workshop Pub. Works / Police / Building Dept. / Capital / Tax Collector / Town	4:00 PM- 6:30 PM
Wednesday, March 23, 2022	Budget workshop Senior Center / Library / Youth & Family Svs. / Park & Rec.	6:30 PM- 8:30 PM
Thursday, March 24, 2022	Budget workshop Fire Dept. / Emer. Mgmt. / EDC / Conservation Lake / MH Library / Brownfields Redevelopment	6:30 PM- 8:30 PM
Friday, March 25, 2022	Budget workshop Board of Education	4:00 PM- 6:00 PM
Saturday, March 26, 2022	Budget workshop Town Operations	8:30 AM – 10:30 AM
Wednesday, March 30, 2022	Board of Finance Special Meeting Budget deliberations	6:30 PM
Wednesday, April 6, 2022	Board of Finance Special Meeting Budget deliberations	6:30 PM
Tuesday, April 12, 2022	Submit Board of Finance budget to members of Town Council	
t/b/d	Town Council Special Meeting Adoption of Annual Budget	6:30 PM
t/b/d (Between May 2nd and June 8th)	Town Meeting	6:00 PM
TBD	Town VOTE	6:00 AM - 8:00 PM
June 2022	Set mill rate	

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:

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

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:

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

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