

1. BET Debt & Fund Balance Policy Working Group Agenda

Documents:

[BET DFB POLICY WEBINAR AGENDA 10-22-2020.PDF](#)

2. BET Debt & Fund Balance Policy Webinar Packet

Documents:

[BET DFB POLICY WEBINAR AGENDA PACKET 10-22-2020.PDF](#)

3. BET Debt & Fund Balance Policy Working Group STA Minutes

Documents:

[BET DFB POLICY WEBINAR MINUTES 10-09-2020_STA.PDF](#)



**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION**

**DEBT AND FUND BALANCE POLICY WORKING GROUP
VIRTUAL WEBINAR**

Thursday, October 22, 2020 - 2:45 pm

WEBINAR INFORMATION

Please click the link below to join the Zoom webinar:

<https://greenwichct.zoom.us/j/82474153948?pwd=dkJ2SlJ6aVZLb3BnZEU2ZkNVajdNQOT09>

ID: 824 7415 3948

Password: 4861799

Or iPhone one-tap:

US: +16465189805, 82474153948#,1#, 4861799# or 8335480276, 82474153948#,1#, 4861799#
(Toll Free)

Or Telephone:

US: +1 646 518 9805 or 833 548 0276 (Toll Free) or 833 548 0282 (Toll Free) or 877 853 5257
(Toll Free) or 888 475 4499 (Toll Free)

AGENDA

1. Approval of the BET Debt & Fund Balance Policy Working Group Minutes for the Meeting of October 9
2. Follow-up Discussion of Fund Balance Policy
3. Initial Discussion of Debt Policy
4. Adjournment

Next Meeting: Thursday, November 5, 11:00 am.

The Town complies with all applicable federal and state laws regarding non-discrimination, equal opportunity, affirmative action, and providing reasonable accommodations for persons with disabilities. If you require an accommodation to participate, please contact the Commissioner of Human Services at 203-622-3800 or demetria.nelson@greenwichct.org as soon as possible in advance of the event.



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	Unassigned Fund Balance	Capital & Non-Recurring	Risk Fund	Total Fund Balance (per BET Policy)	Current Policy		Using Revenue as Base		
					Budget - Expenses	Fund Balance Ratio	Budget - Revenues	Fund Balance Ratio	
FY 18-19									
Budgetary Basis	58,094,135	9,593,697	(643,022)	67,044,810	425,900,925	15.7%	414,432,115	16.2%	p. 77 in CAFR
					Unassigned	13.6%	Unassigned	14.0%	
Adj: Use of FB - FY20	15,278,810	-	-						
Adj: Other adj for GAAP	423,962								
GAAP Basis	42,391,363	9,593,697	(643,022)	51,342,038	425,900,925	12.1%	414,432,115	12.4%	p. 15 in CAFR
					Unassigned	10.0%	Unassigned	10.2%	
Adj: Use of FB - FY20	15,278,810				Capital	2.3%	Capital	2.3%	
Adj: Encumbrances YE	5,146,216				Risk	-0.2%	Risk	-0.2%	
GASB/CAFR Basis	62,816,389			62,816,389					p, 15 in CAFR

FY 19-20									
Budgetary Basis	59,808,633	8,994,076	1,651,096	70,453,805	444,159,502	15.9%	428,880,692	16.4%	Preliminary audited Unass FB
					Unassigned	13.5%	Unassigned	13.9%	
Adj: Use of FB - FY21	19,100,000	-	-						
Adj: Other adj for GAAP	62,718								
GAAP Basis	40,645,915	8,994,076	1,651,096	51,291,087	444,159,502	11.5%	428,880,692	12.0%	Preliminary audited Unass FB
					Unassigned	9.2%	Unassigned	9.5%	
Adj: Use of FB - FY21	19,100,000				Capital	2.0%	Capital	2.1%	
Adj: Encumbrances YE	8,923,670				Risk	0.4%	Risk	0.4%	
GASB/CAFR Basis	68,669,585			68,669,585					Preliminary audited Unass FB

PROJECTION: FY20-21									
Budgetary Basis	55,708,633	8,994,076	1,648,887	66,351,596	448,381,253	14.8%	429,281,253	15.5%	Assumes \$15M returned from unused budget/unbudgeted revenue FY22 Draft Guidelines Proposed Use of FB proposal
					Unassigned	12.4%	Unassigned	13.0%	
Adj: Use of FB - FY22	16,520,000	3,000,000		19,520,000					
Adj: Other adj for GAAP	-								
GAAP Basis	39,188,633	5,994,076	1,651,096	46,833,805	448,381,253	10.4%	429,281,253	10.9%	
					Unassigned	8.7%	Unassigned	9.1%	
Adj: Use of FB - FY21	16,520,000				Capital	1.3%	Capital	1.4%	
Adj: Encumbrances YE	6,000,000				Risk	0.4%	Risk	0.4%	Assumes Encumbrances back to normal level
GASB/CAFR Basis	61,708,633			61,708,633					

PROJECTION: FY21-22									
Budgetary Basis	54,188,633	5,994,076	2,350,000	62,532,709	466,316,503	13.4%	446,452,503	14.0%	Assumes 4% budget increase Assumes \$15M - unused budget/unbudg revenue Assumes \$19m Use of FB in FY23 Guidelines
					Unassigned	11.6%	Unassigned	12.1%	
Adj: Use of FB - FY23	19,000,000			19,000,000					
Adj: Other adj for GAAP	-								
GAAP Basis	35,188,633	5,994,076	2,350,000	43,532,709	466,316,503	9.3%	446,452,503	9.8%	
					Unassigned	7.5%	Unassigned	7.9%	
Adj: Use of FB - FY21	19,000,000				Capital	1.3%	Capital	1.3%	
Adj: Encumbrances YE	6,000,000				Risk	0.5%	Risk	0.5%	
GASB/CAFR Basis	60,188,633			60,188,633					

Returned Funds vs Use of Fund Balance
 (source: RGieger)

22-Oct-20

	<u>Fiscal Year</u>	<u>Original Budget</u>	<u>Actual</u>	<u>Budget Variance *</u>	<u>Variance as_a % of Budget</u>	<u>Use of Fund Balance</u>	<u>Use of Fund Balance as a % of Variance</u>
1	2011-2012	\$352,365,552	\$343,926,402	\$8,439,150	2.4%	\$7,042,013	83.4%
2	2012-2013	\$361,913,313	\$353,380,392	\$8,532,921	2.4%	\$6,904,000	80.9%
3	2013-2014	\$374,696,371	\$368,746,255	\$5,950,116	1.6%	\$8,065,391	135.6%
4	2014-2015	\$389,107,278	\$381,936,302	\$7,170,976	1.8%	\$9,735,000	135.8%
5	2015-2016	\$404,802,964	\$396,141,374	\$8,661,590	2.1%	\$11,541,000	133.2%
6	2016-2017	\$424,774,072	\$411,243,175	\$13,530,897	3.2%	\$14,441,000	106.7%
7	2017-2018	\$420,015,558	\$411,282,228	\$8,733,330	2.1%	\$11,595,810	132.8%
8	2018-2019	\$425,900,925	\$414,152,313	\$11,748,612	2.8%	\$11,468,810	97.6%
9	2019-2020	\$444,159,500	\$427,326,913	\$16,832,587	3.8%	\$15,278,810	90.8%
Averages:							
	Unweighted				2.5%		110.8%
	Weighted				2.5%		107.2%

* Excludes receipt of unbudgeted revenues.

**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION**

DEBT & FUND BALANCE POLICY WORKING GROUP MEETING MINUTES

Friday, October 9, 2020
Virtual Webinar

Present

Committee: Andreas Duus, Chair; William Drake, Leslie Moriarty, David Weisbrod

Staff: Peter Mynarski, Comptroller; Nataliya Yemets. Treasurer

BET: Laura Erickson, Miriam Kreuzer

RTM: Michael Basham, Chair, RTM Finance Committee

Guest: William Lindsay, Municipal Bond and Investment Consultants, LLC

The meeting was called to order at 11:04 A.M.

1. Acceptance of the BET Debt & Fund Balance Policy Working Group Meeting Minutes

Upon a motion by Ms. Moriarty, seconded by Mr. Drake, to accept the Minutes of the BET Debt & Fund Balance Policy Working Group Meeting of October 2, 2020. Motion carried.

2. Discussion with Bill Lindsay, Municipal Bond and Investment Consultant, Financial Advisor to the Town of Greenwich

Mr. Lindsay noted that the unassigned fund balance ratio is an important consideration for the rating agencies. He added that although Greenwich has maintained a fund balance target range of 5% - 10%, in recent years other towns have been increasing their target ratios. Because it is difficult to make a helpful comparison with towns in other states because of lack of comparability, he shared a comparison of Greenwich with 15 other Connecticut towns with Aaa-rated debt. The median ratio of these towns' unassigned general fund balance to budgeted revenues, as calculated by Moody's) was 12.7x, whereas the same ratio for Greenwich was 9.8x. (Unlike Greenwich, Moody's calculations (a) do not include capital and non-recurring and risk funds with the unassigned funds, and (b) compares these funds to general fund budgeted revenues, not to general fund budgeted expenditures as does Greenwich.)

When asked by Ms. Moriarty if Greenwich's debt rating would be at risk if it continued to maintain the lower fund balance ratio, Mr. Lindsay responded that several factors, including the Town's historical experience of replenishing the fund balance, the amount of the unassigned fund balance and the size and stability of Greenwich's Grand List, were sufficient to overcome what rating agencies' methodology might otherwise suggest. Mr. Lindsay said that Greenwich will remain the strongest municipal credit in the State.

Mr. Lindsay also said that the use of one-time revenues to offset reoccurring expenditures (termed by the agencies as a 'structural imbalance') would be a potential credit concern.

Offsetting this potential concern has been the historical pattern of Greenwich to replenish its unassigned general fund balance.

Discussion was also had regarding the definition of the unassigned fund balance using GAAP (which considers accruals), which is what Greenwich uses. Although it was more common for municipalities to use budgetary (or cash) accounting measurement of unassigned fund balances, Mr. Lindsay added that it is less important to conform with the methodology used by the rating agencies or other town than to be consistent in the definition of the ratio from year to year to make better decisions.

3. Further Discussion of Fund Balance Policy

Further discussion ensued. It was suggested that it might be helpful to have circulated to the Working Group before then next meeting (a) an explanation and comparison of GAAP and Budgetary, and (b) a 10-year comparison of use of Fund Balance and ratios to the Working Group before the next meeting. Messrs. Mynarski and Duus will follow-up. The Committee further agreed that definitions of the GAAP and Budgetary language should be included in the revised Policy.

4. Change of October 22 Meeting Time

The October 22 virtual meeting of the Debt & Fund Balance Policy Working Group will start at 2:45 P.M.

5. Adjournment

Upon a motion by Mr. Weisbrod, seconded by Mr. Drake, the Committee voted 4-0-0 to adjourn the Meeting at 12:18 P.M. Motion carried.

Catherine Sidor, Recording Secretary

Andreas Duus, Working Group Chair

Schedule of 2020 Debt and Fund Balance Policy Working Group Meetings

October 22 (Thursday) 2:45 P.M. – 4:45 P.M.
November 5 (Thursday) 11:00 A.M. – 1:00 P.M.
November 19 (Thursday) 2:00 P.M. – 4:00 P.M.
December 2 (Wednesday) 11:00 A.M. – 1:00 P.M.