



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

DEBT & FUND BALANCE POLICY WORKING GROUP MEETING MINUTES

Thursday, October 22, 2020
Virtual Webinar

Present

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

Staff: Peter Mynarski, Comptroller; Roland Gieger, Director, Budget & Systems Management; Nataliya Yemets, Treasurer;

BET: Laura Erickson, Miriam Kreuzer, Elizabeth K. Krumeich, Jeffrey S. Ramer, Leslie L. Tarkington

RTM: Michael Basham, (D-5) Chair, Finance, Member LCC; Brooks Harris, (D-5) Finance; Scott Kalb, (D-7), Public Works; Brian Ramey, (D-9) Town Services

The meeting was called to order at 2:49 P.M.

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

Upon a motion by Mr. Drake, seconded by Ms. Moriarty, to accept the Minutes of the BET Debt & Fund Balance Policy Working Group meeting of October 9, 2020. The Group voted 4-0-0. Motion carried.

2. Follow-up Discussion of Fund Balance Policy

The Working Group reviewed and discussed the follow-up materials requested at its previous meeting.

- The first exhibit, prepared by Ms. Moriarty, compared the Fund Balance policy's current method of calculating unassigned fund balance - the sum of the residual unassigned portion of the General Fund calculated on a GAAP basis, the Risk Fund, and the Capital and Unassigned Fund with an alternative method of calculation – the residual unassigned portion of the General Fund calculated on a 'Budgetary basis.' The difference between using GAAP basis or Budgetary basis calculation of the unassigned portion of the General Fund is the latter excludes any reduction for encumbrances, including any allocation to reduce the Town's mill rate.

- The second exhibit examined for the past nine fiscal years the amount of unspent budgeted funding returned to the Town at FYEs and the amount of Fund Balance allocated to reduce the Town's mill rate. Although the difference between these amounts vary from year-to-year, the average is close, especially when unbudgeted revenues are considered.

The working group, together with Mr. Mynarski, concluded that given (a) the debt rating agencies do their own calculations and (b) in recent years an increasing number of RTM members and other Town citizens (so-called 'internal' clients) now consider the Fund Balance calculation, there may be a benefit to switch the calculation of the unassigned portion of the General Fund from GAAP to Budgetary and to not consider the Risk Fund and the Capital and Nonrecurring Fund as part of the Town's overall unassigned Fund Balance. Also discussed was whether the denominator of the fund balance calculation continue to be budgeted expenses or budgeted revenues.

Mr. Drake made a motion, seconded by Mr. Weisbrod, to recommend to the BET that the Fund Balance Policy change the basis of calculating the amount of unassigned fund balance to include only the unassigned portion of the General Fund, as calculated on a Budgetary basis. The Working Group voted 4-0-0. Motion carried.

Mr. Drake made another motion, seconded by Mr. Weisbrod, to recommend to the BET that the amount of unassigned fund balance be continue to be calculated over budgeted expenses. The Working Group voted 4-0-0. Motion carried.

Chairman Duus summarized next steps including circulating a redraft of the Policy Statement to reflect the changes discussed. He thanked Ms. Moriarty for the analysis that she prepared and proposed posting a watermarked draft of the meeting materials on the Town's website.

3. Initial Discussion of Debt Policy

The Working Group reviewed the capital budget model, updated by Mr. Geiger from what was circulated in the prior fiscal year. For the next meeting the Working Group may consider possible format and numerical changes.

4. Adjournment

Upon a motion by Ms. Moriarty, seconded by Mr. Drake, the Committee voted 4-0-0 to adjourn the Meeting at 4:21 P.M. Member voted 4-0-0. Motion carried.

Catherine Sidor, Recording Secretary

Andreas Duus, Chair

Schedule of Future Working Group Meetings

November 5, 2020 (Thursday) 11:00 A.M. – 1:00 P.M.

November 19, 2020 (Thursday) 2:00 P.M. – 4:00 P.M.

December 2, 2020 (Wednesday) 11:00 A.M. – 1:00 P.M.