

**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.

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Catherine Sidor, Recording Secretary

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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.