Meeting Minutes for the
7 PM, 1/20/22 Special Meeting of the
Board of Finance Communication Sub-committee

Approved Meeting MINUTES

Members Present: Todd Gelston, Rebecca Whatley

Staff Present: None
Guests Present:

AGENDA
For this
1/20/22 BoF Communications Sub-committee Special Meeting
7 PM at the MOBC, Meeting Room #4

1. Call to Order
2. Approval of the Minutes – December 9, 2021 Special Meeting
3. Review of the first DRAFT of the Unassigned Fund Balance article
4. Discussion about other possible articles
5. Other subjects to discuss
6. Scheduling for the next Meeting
7. Adjournment

DISCUSSION

Meeting called to order at 7:01 PM in Meeting Room 4.

The attendees reviewed the Rough DRAFT article shown below in brown:

Rough DRAFT
The Purpose and Constraints for East Haddam's Unassigned Fund Balance

The Unassigned Fund Balance (UFB) is not a "slush fund".

In order to understand the statement above, we need to review definitions of some financial terms starting with what is a Reserve Fund. A Reserve Fund is established by a majority vote of a town meeting upon recommendation from the Board of Finance. Usually a reserve fund is for capital and non-recurring expenditures. A Reserve Fund can receive monies from several other sources such as a general fund surplus available at the end of the fiscal year. A Reserve Fund is usually for specific planned expenditures approved by the Board of Finance and the taxpayers.

An Assigned Fund Balance (AFB) includes only those monies that the Town intends to use for a specific purpose based on a majority vote by the Board of

Finance and a majority vote by a Town Meeting or Referendum. The monies in the AFB are allocated by the BoF. The allocations are based on input from the responsible governing body or official using the revenue.

An Unassigned Fund Balance includes monies that are available for any purpose and typically are reported only in the General Fund. The sources of these monies are surplus monies left at the end of a project, program or fiscal year. The BoF usually votes to place the surplus funds in the UFB to save for a rainy day or an emergency.

The General Fund is where the Town accounts for everything that is not reported in another fund. The General Fund is the Town's major operating fund, and it is used for both regular expenses and contingencies.

The Town of East Haddam through the BoF has implemented Fund Policies. These policies provide the rules and constraints for forming and using a UFB.

As noted above, the UFB is part of the General Fund and therefore, follows the operating rules for the General Fund. It is similar to the General Fund Contingency. Town's are recommended to maintain a General Fund Balance between 8% and 15% of the annual General Fund Operating Budget. The General Fund Contingency (UFB) shall be annually maintained at a minimum of 0.5% to 1% of the Town's General Fund Budget. The Policies state that no money can be taken from the UFB unless the BoF votes to remove it. Also, a State of Connecticut regulation dictates that any amount over $20,000 needs a Town majority vote in addition to a favorable BoF vote.

The amount in the UFB is shown on page 11 of the Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2021. The amount is $5,687,115.

After reviewing the DRAFT, the attendees listed these suggestions and comments:

1. Add that the Policies are available on the Town's site.
2. Include an example of a previous year when unexpected expenses were covered by the funds in the Unassigned Fund Balance.
3. Give an example for a governing body or official.
4. Show where we are with the Unassigned Fund Balance as a percentage of our General Fund Operating Budget.
5. The amount of funds in the Unassigned Fund Balance go up and down throughout the fiscal year. However, the total amount at the end of the fiscal year is shown in the annual audit.
6. We need to check the latest State Statues for the current regulations for Unassigned Fund Balances. Rebecca volunteered to make that check.
7. We need to target sending out our recommended DRAFT one week before the regular Board of Finance Meeting.
8. Show a monthly total for the Unassigned Fund Balance for the taxpayers to see on the BoF Website.

Next, the attendees discussed possible other articles. It was suggested that we should publish the Financial Terms again. Another suggestion was that we could write an article on the procurement process for East Haddam. Another suggestion was an article on our Debt Policy or an article on the audit process.

The meeting concluded with the attendees scheduling the next meeting for February 3 at 7 PM.

The meeting adjourned at 7:55 PM.

The Meeting Minutes were written by Todd Gelston.