

**BOLTON BOARD OF FINANCE
SPECIAL MEETING
THURSDAY, APRIL 1, 2021– 7:15 pm
VIRTUAL MEETING VIA ZOOM WEBSITE PLATFORM
Minutes**

Board of Finance Members Present: Chairman Emily Bradley, Vice-Chair Robert Munroe, Charles Danna Jr., Kristen Gourley, Robert DePietro, and Richard Tuthill

Board of Finance Members Absent: Ross Lally

Board of Selectmen Present: First Selectman Sandra Pierog and Selectman Robert DePietro

Board of Education Members Present: Superintendent of Schools Kristin Heckt, Christopher Davey, Susan Pike

Staff Present: Administrative Officer Joshua Steele Kelly, Chief Financial Officer Jill Collins, and Board Clerk Linda McDonald

Others Present:

1. Call to Order: E. Bradley called the meeting to order at 7:16 p.m.
2. Public Participation: R. Tuthill asked for a preliminary review of page four of the fund balance policy at the top of the agenda as to where the Town stands on non-spendable, restricted, committed, assigned, and unassigned fund balances.

E. Bradley reported the BOS had a meeting yesterday to discuss the Charter Revision Committee (CRC) recommendations. S. Pierog said the BOS did not get to discuss changing the wording of “revise” to “reduce” in relation to budget referendums, appointed vs elective positions, any changes to the BOS or the Administrative Officer position, and the structure of the BOF. A special BOS meeting will be held Thursday, April 8, 2021 to continue the discussion of CRC recommendations.

3. Ongoing Business:

- a. Discussion on FY2021/2022 Revenues:
- b. Discussion of FY2022 Budgets:

J. Collins said these preliminary figures are subject to change and have not been reviewed. With zero contingency, the full ask (expenditures) for FY2022 is \$23,372,993. Total revenues are \$4,261,470 (not including property and motor vehicle tax levies) resulting in a difference of \$19,111,523 between revenues and expenditures.

Discussion followed on the preliminary budget figures which show a decrease of approximately 2 million dollars in cash surplus available for appropriation between the revised FY2021 and FY2022 budgets.

R. Tuthill requested staff put together a power point slide that explains the difference between the cash surplus available for appropriation in the revised FY2021 budget (\$2,560,618) and the proposed FY2022 budget (\$537,078).

The board reviewed the preliminary budget revenues. J. Collins noted these figures are relatively conservative because of all the unknowns.

Discussion followed on the large projected reduction in interest on investment revenues and the unknown of if, and when, interest rates could be going up to possibly have a significant impact on the budget. Discussion will continue.

Discussion followed on moving more than \$25,000 from the existing contingency fund into the adoption of the new fund balance policy language.

E. Bradley said she will work with J. Collins to better understand the difference between the adopted FY2021 budget and the revised FY2021 budget and report back to the board.

S. Pierog explained the increase in the expenditure from \$0 in the revised FY2021 Recreation budget to \$32,000 in the proposed FY2022 budget. She said, prior to 2020, the town subsidized the recreation programs. In 2020 a recreation round fund was created and fees helped support the programs, with the goal of the recreation programs becoming self-sustaining. This past year there were no recreation receipts to put in the round fund and allocating the \$32,000 will allow the round fund to continue to operate and work back on the road to be self-sustaining.

c. Consider and possibly act on Fund Balance Policy changes:

E. Bradley said, at the last meeting two days ago, the board reviewed and discussed proposed changes in the Debt and Fund Balance Policy, focusing on the sections of the policy relating to unassigned balance percentage target and replenishment of reserves fund balance. She asked for clarification of the language: "The Target: The Town will endeavor to keep the Unassigned Balance at between eighteen (18) to twenty-five (25) percent of the current year General Fund budgeted expenditures." She asked what the figure for the unassigned fund balance is.

J. Kelly explained that, because these monies are set aside, the Town's Finance Director and auditor determine that they are, in fact, assigned for the purpose of being a rainy-day fund. This is different from the language in the revised policy. He suggested a way to bridge this divide would be to change "unassigned fund balance" to "rainy day fund" in the revised fund balance policy. That would help clarify that the Town is in fact, assigning this to be, what other towns might call unassigned fund balance, but what the Town is actually considering to be funds that are designated (assigned), in this case, for the purpose of being set aside for the rainy day.

J. Collins provided the following fund balance figures from the audit report:

Non-spendable fund balance - \$3,969
Restricted fund balance - \$0
Committed fund balance - \$149,753
Assigned fund balance (Rainy Day Fund) - \$1,736,344
Unassigned fund balance - \$522,886

J. Collins noted that past practice is that the unassigned fund balance goes to the next year's budget.

E. Bradley said her understanding is, from the board's perspective, the proposed goal in the policy is to have a rainy-day fund at between eighteen (18) to twenty-five (25) percent of the current year General Fund budgeted expenditures.

In addition, currently there is \$522,886 in unassigned funds and \$250,000 in contingency funds. E. Bradley explained the monies in contingency can either go to the rainy-day fund or go to fund next year's budget. \$25,000 of the contingency fund must go to the rainy-day fund.

Discussion followed on the adoption of \$75,000 each year to the rainy-day fund in the policy language. E. Bradley suggested language of "a minimum of \$75,0000 with a goal of x%".

J. Kelly shared the excel annual fund balance replenishment calculator he developed. He noted 18% would be the goal to work toward. He said possibly 15% could be used or the language could be changed to an actual dollar amount like \$75,000. He said it is important to show some forward progress.

Following discussion, J. Kelly proposed the following language change in the revised fund balance policy:

"Replenishment of Reserves - If the Rainy-Day Fund balance falls below the minimum Target level, the Board of Finance will, at a minimum, replenish the fund balance during the annual budget process by appropriating funds in the amount of \$75,000. The Board of Finance shall be permitted, but not required, to appropriate an amount greater than this minimum."

E. Bradley suggested the board could re-visit the policy annually to make adjustments to the target, if necessary.

E. Bradley said, in general, the Target at between eighteen (18) to twenty-five (25) percent of the current year General Fund budgeted expenditures is acceptable and the replenishment clause proposed by J. Kelly earlier seems to satisfy everybody. She said the next steps would be for J. Kelly to make all the edits and send back out to the members so the board could do a final read on, have further discussion and possibly move forward at the next meeting.

J. Kelly said he would reach out to Mark Chapman, the Town's bond consultant coordinator and the Town's auditor for feedback on the proposed policy language revisions. He said he would notify the Chairman if their comments were not available for the next meeting.

4. New Business

a. Consider and possibly act on: FY2022 Proposed Budget for Public Hearing: No action taken.

K. Gourley MOVED to add a special meeting to the budget calendar for Tuesday, April 13, 2021.
R. Tuthill SECONDED. MOTION CARRIED 6:0:0.

5. Adjournment: E. Bradley adjourned the regular meeting at 10:00 p.m.

Special Meeting – April 13, 2021 – 7:15 p.m.

Next Regular Meeting: April 15, 2021 - 7:15 p.m.

Special Meeting – April 20, 2021 – 7:15 p.m.

April 27, 2021 – Public Hearing

Respectfully submitted by Linda H. McDonald, Board Clerk

Linda H. McDonald.

PLEASE SEE THE MINUTES OF SUBSEQUENT MEETINGS FOR THE APPROVAL OF THESE MINUTES AND ANY CORRECTIONS HERETO.