

Item 2



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Town of Weston, Connecticut June 30, 2024 Audit Presentation

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Agenda:

- Terms of the Engagement
- Executive Summary
- Financial Highlights
- Federal and State Single Audit
- Governance Communication
- Upcoming GASB Pronouncements





Terms of the Engagement

Financial Statement and Single Audits

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Terms of the Engagement:

- Express opinions on whether the basic financial statements are presented in accordance with GAAP
- Express an “in relation” to opinion on the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance.
- Express an opinion on compliance related to major federal and state award programs
- Provide a report on internal control over financial reporting and compliance with laws, regulations, contracts and grants
- Provide a report on internal control over compliance related to major federal and state award programs



Executive Summary

Audit Results

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Executive Summary

- **Financial Statements**
 - Unmodified opinion issued on the financial statements
 - ◇ Best opinion available
 - No findings reported in report on internal control and compliance
- **Federal Single Audit**
 - Unmodified opinions on the major federal programs
 - No compliance findings or significant deficiencies in internal control over compliance
- **State Single Audit**
 - Unmodified opinion on the major state program
 - No compliance findings or significant deficiencies in internal control over compliance





Financial Highlights

Overview

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Financial Highlights

Government Wide Financial Statements

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current Assets	\$ 37,770	\$ 38,171	\$ 931	\$ 170	\$ 38,701	\$ 38,341
Capital Assets, Net of Accumulated Depreciation	68,903	63,450	143	152	69,046	63,601
Other Assets	3,060	-	-	-	3,060	-
Total Assets	109,733	101,621	1,075	322	110,808	101,943
Deferred Outflows of Resources	10,843	11,095	-	-	10,843	11,095
Liabilities:						
Current Liabilities	7,900	10,346	200	(329)	8,100	10,016
Long-Term Liabilities Outstanding	24,330	26,143	-	-	24,330	26,143
Total Liabilities	32,231	36,488	200	(329)	32,431	36,159
Deferred Inflows of Resources	8,375	7,079	-	-	8,375	7,079
Net Position:						
Invested in Capital Assets Restricted	66,529	58,401	143	152	66,672	58,552
Unrestricted	5,182	1,928	-	-	5,182	1,928
Total Net Position	8,259	8,821	731	500	8,991	9,320
	\$ 79,970	\$ 69,149	\$ 875	\$ 651	\$ 80,845	\$ 69,801



Financial Highlights

Governmental Funds

	General	ARPA Fund	Communications Tower Fund	Reservable Fund for Capital and Nonrecurring Expenditures	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 18,295,591	\$ -	\$ -	\$ -	\$ 2,283,454	\$ 20,579,045
Investments	12,368,387	-	-	-	-	12,368,387
Receivables, Net of Allowance:						
Property Taxes Receivable, Net	1,211,854	-	-	-	-	1,211,854
Intergovernmental and Other	1,636,026	-	-	1,280,588	51,302	2,967,916
Leases	-	-	1,251,229	-	-	1,251,229
Supplies and Prepaids	2,550	-	-	-	24,138	26,688
Due from Other Funds	155,577	1,099,161	249,685	1,390,834	768,143	3,663,400
Total Assets	\$ 33,669,985	\$ 1,099,161	\$ 1,500,914	\$ 2,671,422	\$ 3,127,037	\$ 42,068,519

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

LIABILITIES						
Accounts Payable and Accrued Items	\$ 4,195,766	\$ 5,000	\$ -	\$ 60,725	\$ 49,531	\$ 4,311,022
Due to Other Funds	4,692,531	-	-	-	31,590	4,724,121
Unearned Revenue	242,196	1,094,161	-	59,197	490,879	1,886,433
Total Liabilities	9,130,493	1,099,161	-	119,922	572,000	10,921,576
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	1,444,750	-	-	-	-	1,444,750
Unavailable Revenue - Grants	-	-	-	1,280,588	-	1,280,588
Advance Property Tax Collections	53,858	-	-	-	-	53,858
Leases	-	-	1,134,534	-	-	1,134,534
Total Deferred Inflows of Resources	1,498,608	-	1,134,534	1,280,588	-	3,913,730
FUND BALANCES						
Nonspendable	2,550	-	-	-	124,138	126,688
Restricted	-	-	-	-	2,029,425	2,029,425
Committed	2,683,634	-	366,360	1,270,912	411,069	4,731,995
Assigned	1,361,205	-	-	-	-	1,361,205
Unassigned	18,993,495	-	-	-	(9,595)	18,983,900
Total Fund Balances	23,040,884	-	366,360	1,270,912	2,555,037	27,233,213
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 33,669,985	\$ 1,099,161	\$ 1,500,914	\$ 2,671,422	\$ 3,127,037	\$ 42,068,519



Financial Highlights

— Proprietary Funds

ASSETS

Current Assets:

Cash and Cash Equivalents
 Accounts Receivable, Net
 Due from Other Funds
 Total Current Assets

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Internal Service Fund
\$	146,141	\$ -
	31,858	-
	758,962	420,525
	<u>936,961</u>	<u>420,525</u>

Noncurrent Assets:

Capital Assets, Net of Accumulated Depreciation

	143,357	-
	<u>1,080,318</u>	<u>420,525</u>

Total Assets

LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Items
 Due to Other Funds
 Unearned Revenue
 Total Current Liabilities

	-	1,989
	5,759	-
	200,017	-
	<u>205,776</u>	<u>1,989</u>

NET POSITION

Invested in Capital Assets
 Unrestricted

	143,357	-
	731,185	418,536
	<u>874,542</u>	<u>418,536</u>

Total Net Position



Financial Highlights

— OPEB and Private Purpose Trust Fund

ASSETS

Cash and Cash Equivalents
Investments, at Fair Value:
Mutual Funds
Due from Other Funds
Total Assets

	Other Postemployment Benefit Trust Fund	Greylegde Private Purpose Trust Fund
	\$ 12,087	\$ -
	12,271,494	-
	12,283,581	5,221
		5,221
	118,228	-
	118,228	-
	12,165,353	-
		5,221
	\$ 12,165,353	\$ 5,221

LIABILITIES

Due to Other Funds
Total Liabilities

NET POSITION

Restricted for OPEB
Restricted for Trust

Total Net Position



Financial Highlights

- Property Tax Collections – 99.22% compared to 99.29% in the prior year
- General Fund Unassigned Fund Balance - \$18,993,495 – 23.5% of the 2024 final budget.
- MERS Pension Liability - \$22,486,799- down from \$23,374,897 in the prior year and 69.54% funded as of 6/30/24.
- Net OPEB Asset - \$3,059,992



Federal and State Single Audit

Overview

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Federal Single Audit:

- Total federal awards expended - \$4.8M
- Major program:
 - COVID-19 ARPA Local Fiscal Recovery
 - Highway Planning and Construction
- Unmodified opinion on major program compliance
- No significant deficiencies or material weaknesses noted in internal controls over major programs

State Single Audit:

- Total state awards expended - \$3.0M
- Major programs
 - Let's GO CT Ramp-up Program
 - OPEN Choice
- Unmodified opinion on major program compliance
- No significant deficiencies or material weaknesses noted in internal controls over major programs





Governance Communication

Summary

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Governance Communication:

- New standards adopted – GASB 100 Accounting Changes and Error Corrections
- Significant Estimates
 - Net Pension Liability
 - Net OPEB Liability
- No disagreements with management
- Management did not consult with other accountants
- No difficulties encountered in performing the audit
- No uncorrected misstatements
- No independence issues





Upcoming GASB Pronouncements

Summary

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GASB Standards:

- Implementation Year 2025:
- Statement 101 – Compensated Absences





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Item 3



**Town of Weston, Connecticut
Board of Selectmen Special Meeting
December 17, 2024 at 7:30 pm
Town Hall Meeting Room**

Minutes

1. **Call to Order:** First Selectwoman Samantha Nestor called the meeting to order at 7:30 pm. Also in attendance were Selectman Tony Pesco, Selectman Kerem Dinlenc, Town Administrator Karl Kilduff, Executive Assistant Darcy Hawes, and members of the public.
2. **Pledge of Allegiance:** Darcy Hawes led in the Pledge of Allegiance.
3. Acceptance of donation to the Town of Weston Animal Control Department: Selectman Pesco made a motion to accept donations totaling \$6,000 from the Grace Jones Richardson Trust, designated for Weston Animal Control Department, seconded by Selectman Dinlenc. Motion passed unanimously.
4. **Discussion/Decision on Appointment to fill a vacancy on the Police Commission:** Kirby Brendsel, Jess DiPasquale: First Selectwoman Nestor recused herself due to a conflict and left the meeting for this agenda item. Discussion took place between Selectman Pesco and Selectman Dinlenc. Selectman Dinlenc made a motion to appoint Kirby Brendsel to fill a vacancy on the Police Commission for a term ending November 5, 2025, motion seconded by Selectman Pesco. Motion passed unanimously.
5. **Special Appropriation adjustment for Ravenwood Water Project:** This item was previously voted upon by the Board of Selectmen and referred to the Board of Finance, the Board of Finance chose to close out those projects that were finished and only transfer active accounts, therefore the transfer amount from the general fund is greater than previously voted upon. Selectman Pesco made a motion that the Board of Selectmen hereby rescinds its motion made on December 9, 2024, seeking a supplemental appropriation of \$490,484 for the Ravenwood water system. After consultation with the Board of Finance, the Board of Selectmen move to request a supplemental appropriation of \$543,640 as has been approved by the Board of Finance contingent upon this vote, motion seconded by Selectman Dinlenc. Motion passed unanimously.
6. **Discussion of BOS Goals:** A draft copy was distributed for review by the BOS and will be discussed at the next meeting.
7. **Approval of FY2025-2026 Budget Calendar:** First Selectwoman Nestor reviewed the proposed FY2025-2026 budget development calendar. Discussion took place. Selectman Dinlenc made a motion to approve the fiscal year 2025-2026 budget development calendar as presented, motion seconded by Selectman Pesco. Motion passed unanimously.
8. **Set Calendar of Board of Selectmen Meetings for 2025:** Selectman Pesco made a motion to set the calendar of the Board of Selectmen meetings for 2025, as presented, Selectman Dinlenc seconded the motion. Motion passed unanimously.
9. **Discussion/Decision to appoint to the following Boards, Committees, and/or Commissions**
 - 9.1. Annalise Cottone, Conservation Commission: First Selectwoman Nestor made a motion move to appoint Annalise Cottone to the Conservation Commission for a term ending December 31, 2025, motion seconded by Selectman Pesco. Motion passed unanimously.
 - 9.2. Victor Escandon, Conservation Commission: Selectman Pesco made a motion to appoint Victor Escandon to the Conservation Commission for a term ending December 31, 2027, motion seconded by Selectman Pesco. Motion passed unanimously.
 - 9.3. Jennifer Merced, Library Board: Selectman Dinlenc made a motion to appoint Jennifer Merced to the Library Board, Selectman Pesco seconded the motion. Discussion took place regarding appointment, there are other applicants for the Library Board and it was discussed to table this item until all applicants have been interviewed. First Selectwoman Nestor made a motion to table this item until January 16, 2025, motion seconded by Selectman Dinlenc. Motion to table passed unanimously.



Office of the Town Administrator

MEMORADUM

TO: Members of the Board of Selectmen
FROM: Karl F. Kilduff, Town Administrator
RE: Bid Waiver for Ravenwood Water Project
DATE: December 10, 2024

The purpose of this memo is to document the bidding for tank and water system work on the Ravenwood Water System. In accordance with Chapter 6, Section 2.5 of the Town's purchasing policy, a bid waiver is required as the Town's bid solicitation did not yield 3 bids. Given the bid amount from the lowest responsible bidder, the waiver will "require the approval of the Town Administrator, First Selectwoman and majority of the BOS."

Town opened bid #2024-015 for Tank and Miscellaneous Treatment Updates on December 3, 2024 for the Ravenwood Water System. Two bids were received in response to the solicitation. The bid solicitation was posted on the Town's website, advertised through the Norwalk Hour and posted to the State of Connecticut Department of Administrative Services (DAS) Contracting Portal. Municipalities will post bids to the DAS portal as part of a state grant requirement and to gain wider exposure to a state-wide bidder pool.

Additionally, direct solicitation of potential bidders was performed by Public Works and the contracted engineering firm on the project. The Town also extended the bid opening to help accommodate another bidder.

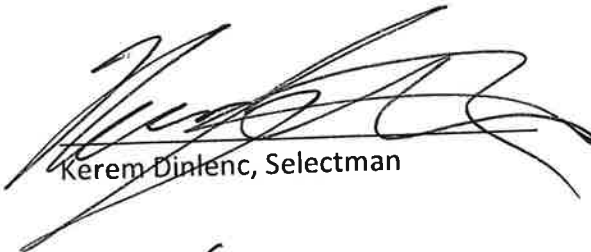
The inclusion of American Recovery Plan Act (ARPA) funding to this project creates a time constraint to get the project under contract before the end of the calendar year. As a result, the Town does not have time to cultivate other bidder or rescope the project (which would require us to secure State Department of Health concurrence on the revised scope of work).

The value of the contract, following value engineering to reduce construction costs is \$1,168,561. The Town's policy requires a majority of the Board of Selectmen to approve, in addition to the First Selectman and Town Administrator.

Bid Waiver Approved:


Samantha Nestor, First Selectwoman


Tony Pesco, Selectman


Kerem Dinlenc, Selectman


Karl Kilduff, Town Administrator

Item 4

Town of Weston, Connecticut Proposed Debt Management Policy

I. Purpose

The purpose of the Debt Management Policy is to guide decisions related to financing capital improvements by the Town's available cash balances, current tax revenue, and issuance of debt in order to maintain the Town's long-term financial strength and retain the highest possible ratings from the municipal credit rating services. This policy is intended to ensure that debt is used responsibly. The policy also seeks to maintain a balance between the town's ability to meet service demands and the burden of debt on taxpayers.

II. Goals and Objectives

The goals of the Debt Management Policy are to establish parameters for issuing debt and managing a debt portfolio which encompasses the Town's specific capital improvement needs and its ability to repay financial obligations utilizing a long-range financial planning approach. Specifically, the policies outlined in this document are intended to guide the Town in:

1. **Establishing guidelines** for the issuance and management of debt.
2. **Minimizing debt service and issuance costs** to maximize the benefit of debt over cash purchase.
3. **Retaining the highest possible credit rating** and maintain transparency in financial disclosure.
4. **Ensuring compliance** with the Town Charter, state, and federal laws regarding debt issuance.
5. **Aligning debt management with long-term capital planning** and provide a mechanism to meet the town's infrastructure and capital project needs.

III. Use of Debt

A sound debt management program integrates "pay-as-you-go" financing with projects financed through the issuance of long-term debt. The Town's Capital Improvement Program (CIP) shall use this combined approach to fund capital projects. Therefore, it is important to integrate the Town's Debt Management Policy with both a long-range financial plan and the CIP. Debt issuance for capital projects should not be considered unless such issuance has been incorporated into the CIP, which is updated annually.

When considering how to fund capital improvements the Town will use the following criteria to evaluate whether to fund the improvement project on a "pay-as-you-go" basis versus the use of long-term debt financing:

Factors Favoring Pay-As-You-Go Financing

- Current revenues and adequate fund balances are available such that project phasing can be accomplished.

- Useful life of the capital assets is 10 years or less.
- Existing debt levels might have an adverse impact on the Town's credit rating.
- Market conditions are unstable or uncertain.

Factors Favoring Long-term Debt Financing

- Alternative funding sources such as Federal and State grants, loan programs, donations, proceeds from divestitures of capital assets, or a combination thereof, are not adequate or available.
- Revenues available for debt service are forecast to be sufficient and reliable such that long-term financings can be marketed with an investment grade credit rating.
- Market conditions present favorable interest rates.
- The life of the project or capital asset to be financed is 10 years or longer.

IV. Allowable Types of Debt

The Town may issue the following types of debt in accordance with Connecticut law:

1. **General Obligation Bonds (GO Bonds):** Used to finance capital improvement projects with a long-term benefit (e.g., school construction, infrastructure projects).
2. **Bond Anticipation Notes (BANs):** Short-term notes issued in anticipation of future bond issuance (e.g., as part of a multi-step construction program).
3. **Tax Anticipation Notes (TANs):** Short-term borrowing to cover operating expenses pending tax collection.
4. **Leases:** Capital leases used to finance equipment with a useful life shorter than 15 years.

This policy prohibits the use of variable rate demand bonds and floating rate notes, nor the issuance of any securities which would commonly be understood to be a "derivative".

V. General Debt Limitations

There is a limit on the amount of debt that is affordable for the Town of Weston. The Town uses the following measure to define affordability:

Annual Debt Service as a Percent of General Expenditures - measures the resources that debt uses in the annual budget. The Town of Weston will limit annual debt service (principal and interest) as a percent of general fund operating expenditures to no more than 10% at the time of new debt issuance, excluding debt supported by self-sufficient revenues.

VI. Debt Structure

The Town follows the following practices in repaying the principal and interest on its General Obligation Bonds:

1. **Debt Term:** The town will issue debt with the shortest period practical, but in any case, does not exceed the **useful life of the asset** being financed, with a maximum maturity of **30 years**.

2. **Paydown Schedule:** The Town will utilize level principal payments where practical. This structure will allow adjusting payments to smooth out total annual debt service over time.
3. **Fixed Rate:** The town will issue **fixed-rate debt** to minimize budgetary uncertainty.
4. **Call Provisions:** Debt will include provisions for early redemption (call options) to allow flexibility in refinancing if interest rates decrease.

VII. Process to Issue Debt

The Town will issue long-term, fixed rate debt to permanently finance the acquisition of long-lived capital assets when current tax revenues or cash balances are not sufficient to finance these projects. The Town will consider key economic variables, local economic trends, revenue and expenditure projections (including future operating costs associated with new capital projects), tax impacts, and the overall debt burden on the community before issuing debt. Issuance of debt is guided by the following practices:

1. The Town shall **solicit and select a Municipal Advisor** when issuing debt obligations to advise on structuring and other options to improve the marketability of the bond offering.
2. The Town shall **authorize by resolution** a not to exceed issuance amount for the bonds in accordance with the provisions of the Weston Town Charter (Section 9.11 et al), as revised from time-to-time.
3. The Town shall **employ other outside financial specialists** to assist town staff in developing a bond issuance strategy, preparing materials for presentation to rating agencies, preparing bond documents, and marketing bonds to investors (e.g., Bond Counsel, paying agent/registrar, trustee, auditing, or printing services).
4. The Town will **generally issue debt obligations through a competitive sale process** unless conditions are more favorable for a negotiated process. Whenever possible, the Town will issue \$10 million or less in tax exempt securities per calendar year to receive the "Bank Qualified" status on the issue to minimize interest rates paid for bonded projects.
5. The Town shall **comply with all federal, state, and contractual restrictions regarding the investment of bond proceeds**. The Town will use bond proceeds within the established time frame pursuant to the bond contract or other documents in order to comply with federal tax requirement to avoid arbitrage (interest earned on investment of bond proceeds above the interest paid on the debt).

VIII. Refinancing of Debt

The Finance Department, in consultation with the Town's Municipal Advisor, will annually evaluate opportunities to **refund existing debt** to achieve savings. Refunding will be considered only if a **net present value savings of at least 2%** of the refunded debt is achieved

IX. Monitoring and Ongoing Disclosure

The Town's long-term financial forecast, capital improvement program, debt obligations, and debt capacity will be evaluated together, in an integrated manner, on an annual basis by the **Town Administrator** and the **Director of Finance** and reported to the **Board of Finance**. Any changes that occur in capital plans, debt obligations, or debt capacity will be incorporated and highlighted for consideration in the Town's annual budgeting process.

The Town is committed to continuing disclosure of financial and pertinent credit information relevant to the Town's outstanding securities and will abide by the provisions of Securities and Exchange Commission (SEC) Rule 15c2-12 concerning primary and secondary market disclosure. The Director of Finance, with assistance of financial advisors, shall prepare and submit comprehensive financial, economic, and demographic information on the Electronic Municipal Market Access (EMMA) service annually.

The Town will also maintain open communication with credit rating agencies, ensuring full financial disclosure of operations and providing accurate and timely information to maintain or improve the town's credit rating.

X. Policy Review

The Director of Finance is responsible for reviewing the Debt Management Policy annually and shall recommend to the Town Administrator and the Board of Finance any changes to this policy as required. This would include changes required to align the policy with best practices, ensure compliance with any covenants in any bond documents, or meet the requirements of federal tax, securities, or other applicable law.

Approved by the Weston Board of Finance: [Date]

Questions for Discussion:

1. Should the BOF adopt a debt management policy that requires the Town to maintain a AAA rating?
2. The proposed policy sets a debt limit on a single ratio (Debt Service / Annual Expenditure Budget \leq 10%). Should other fiscal measures also be considered for benchmarking with other CT Towns or comparison to historical Weston 5- or 10-year rolling averages (e.g., Debt/Capita / Income/Capita, Total Debt / Full Value Grand List)?
3. The GFOA and the *Handbook for CT Boards of Finance* recommend that debt proposals be evaluated in the context of a long-range financial plan. Should the proposed policy require financial forecasts of operating & maintenance expenditures, CIP, and revenues for 20 years or at least the life of the proposed debt?
4. The State now allows CT Towns to issue debt with up-to 30-year maturities; however, Moody's uses an implied debt service of 20-year maturities for comparison to State/National medians. Should we:
 - a. Limit debt maturities to 20 years?

- b. Allow 30-year maturities but reduce the Debt Service/Annual Expenditure Budget limit to 7.5%?
- c. Require a weighted debt repayment of at least 50% in 10 years?

Item 5

TOWN OF WESTON FUND BALANCE POLICY
DRAFT – 12.11.24

1. OBJECTIVE

Pursuant to Connecticut state law, the Town of Weston is obligated to adopt a balanced budget for each fiscal year. However, many actual expense and reserve amounts are not known at the time the annual budget is approved at the Town Meeting, and significant unforeseen expenses can occur at any time during the year. Accordingly, it is incumbent upon the Town to maintain an amount of unreserved funds that are not earmarked or legally constrained for specific purposes. In this connection, pursuant to Conn. Gen. Stat. § 7-359 et. seq. the State of Connecticut permits municipalities to establish an **Unassigned Fund Balance (“UFB”)** to among other things:

- (1) eliminate the need for short-term borrowing to handle cash flow between the start of the fiscal year and receipt of revenues from taxes;
- (2) serve as a contingency fund that enables the Town to respond to unanticipated emergencies or opportunities such as capital and nonrecurring expenditures (i.e., acquiring a specific piece of equipment or planning constructing, reconstructing, or acquiring specific capital improvement).

Additionally, the maintenance of undesignated levels is an element of sound fiscal management required for sustaining a high credit rating and financial management flexibility. In this connection, credit rating agencies determine the adequacy of an **UFB** using a complex series of financial factors. The size of the **UFB** is an important, but not the only consideration in the Town’s rating. Other important factors are the reliability of a government’s revenue sources, economic conditions, community wealth factors, cash position, debt ratios, management performance, and fiscal decisions made by the various town bodies.

This policy is intended to provide for an **UFB** which satisfies the cash flow and contingency needs of the community as well as ensuring that the Town maintains a high credit rating.

2. GOVERNMENTAL FUND TYPE DEFINITIONS

2.1. General Fund.

The General Fund is comprised of all resources that are not reported in another fund. The General Fund includes among other things, the operating budget, taxes and police.

2.2. Special Revenue Funds.

The Special Revenue Fund is used to account for the proceeds of specific revenue

sources that are restricted or committed to expenditures for specific purposes other than debt and capital projects. Restricted or committed revenues are the foundation for a Special Revenue Fund.

2.3. Capital Project Funds.

The Capital Project Fund accounts for financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital Project Funds can be designated for things such as renovations to the High School.

2.4. Debt Service Funds.

The Debt Service Fund accounts for financial resources that are restricted, committed or assigned to expenditures for principal and interest, including resources being accumulated for principal and interest maturing in future years.

2.5. Permanent Funds.

The Permanent Funds are used for the benefit of the government or citizenry, to account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. Permanent funds do NOT include private purpose trust funds. Permanent Funds are designated for things such as school lunch programs.

3. **FUND BALANCE CALCULATION**

In the context of municipal financial reporting, the term "**Fund Balance**" describes the Town's net positions of funds calculated in accordance with generally accepted accounting principles (GAAP). Pursuant to Conn. Gen. Stat. §7-560 (13) "**Fund Balance**" means the amount that assets and deferred outflow of resources of a municipality's general fund exceeds the liabilities and deferred inflow of resources of the general fund of the municipality, as of the fiscal year ended as reflected in the municipality's most recent audited financial statements presented in accordance with generally accepted accounting principles.

In other words, the **Fund Balance** is the difference between the Town's current assets (cash, short-term investments, receivables) expected to be available to finance operations in the immediate future and its current liabilities.

The **Fund Balance** is initially characterized as being **Restricted** and **Unrestricted**.

3.1. **FUND BALANCE DEFINITIONS**

Consistent with GASB Statement 54, Fund Balance Components are as follows:

3.1.1. Restricted Fund Balance Categories

3.1.1.1. Non-spendable.

Resources not in spendable form or are legally required to remain intact. These are amounts that cannot be spent because they are:

(a) not in spendable form (such as inventory, prepaid items, long term portions of notes receivables); or

(b) legally or contractually required to be maintained intact (such as the corpus of an endowment fund).

3.1.1.2. Restricted.

Resources constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation imposed or legally enforceable by external properties.

3.1.2. Unrestricted Fund Balance Categories

3.1.2.1. Committed.

Resources constrained to specific purposes by the Town itself, using its highest level of decision-making authority. To be reported as committed, resources cannot be used for any other purposes unless the government takes the same highest-level action to remove or change the constraint.

3.1.2.2. Assigned.

Resources the Town intends to use for a specific purpose. The intent can be expressed by the Town or by an official or body to which the Town delegates the authority. Appropriations of existing fund balances to future budgets are considered assigned fund balance.

The Town shall not report an assignment that will result in deficit in **UFB**. Negative fund balances cannot be considered assigned.

3.1.2.3. Unassigned.

Resources that are available for any purpose. These amounts are reported only in the general fund. In other governmental funds, if expenditures incurred exceeded the amounts restricted, committed or assigned it may be necessary to report a negative **UFB**.

3.1.2.4. The UFB calculation:

Total Fund Balance
Less Non-spendable fund balance
Less Restricted fund balance
Unrestricted Fund Balance

4. ADMINISTRATION

- 4.1. When an expenditure is incurred for purposes for which both **Restricted and UFB** are available, the Town considers the **Restricted Fund Balance** amount to have been spent first until exhausted and then any available **UFB**, unless not permitted by law.
- 4.2. When an expenditure is incurred for purposes for which **Committed, Assigned, or Unassigned** amounts are available, the Town considers the fund balance to be spent in the following order: **Committed, Assigned, and then Unassigned**.
- 4.3. Expenditure of any surplus fund balance amounts shall be either for one-time capital appropriations or for transfer into dedicated accounts to meet unfunded Town/School liabilities.
- 4.4. A positive balance in any Board of Education non-lapsing account must be fully expended before the Board of Finance will consider any additional special appropriations.

5. GOVERNANCE

- 5.1. The Fund Balance of the Town may be committed for such specific purposes by formal action of the Board of Finance in accordance with this policy and the Town Charter. Amendments or modification to the Committed Fund Balance must also be approved by formal action of the Board of Finance.
- 5.2. Unless otherwise approved by the Board of Finance, the Board delegates authority to assign funds to the Assigned Fund Balance only for encumbrances to the Town Administrator and Finance Director.
- 5.3. The Board of Finance shall perform an annual review of the fiscal condition of the Town with the intent of determining the appropriate General Fund level. The determination of 'appropriate' shall take into account current spending levels, forecast operating and capital expenditures, potential contingent liabilities, outstanding debt levels and other items deemed material by the Board.

6. MINIMUM UNASSIGNED FUND BALANCE ADMINISTRATION

- 6.1. The Board of Finance recognizes that good fiscal management comprises the foundational support of the entire Town. Accordingly, to ensure that the Town maintains a high credit rating, the Town shall endeavor to maintain an available balance in the General Fund as a cushion against potential revenue and expenditure volatility. In this connection, the Board of Finance will seek to maintain a fiscal year end UFB of no less than 20% of the next year's budget.
- 6.2. The Board of Finance shall review this policy annually at its January meeting. This review will include monitoring the minimum **UFB** requirements. During its annual review, the Board of Finance shall determine whether the minimum target levels for the **UFB** should be increased based upon factors including but not limited to:
- 6.2.1. Significant volatility in operating revenues or operating expenditures;
 - 6.2.2. Potential drain on resources from other funds facing financial difficulties;
 - 6.2.3. Exposure to natural disasters (e.g. hurricanes);
 - 6.2.4. Reliance on a single corporate taxpayer or upon a group of corporate taxpayers in the same industry;
 - 6.2.5. Rapidly growing budgets; or
 - 6.2.6. Disparities in timing between revenue collections and expenditures
- 6.3. Exigent circumstances may justify the "spend down" of **UFB** below its minimum. Such exigent circumstances include but are not limited to:
- 6.3.1. Operating Emergencies
 - 6.3.2. Unanticipated budgetary shortfalls

Item 8

**DRAFT - Town of Weston
Board of Finance Regular Meeting
December 12, 2024 at 6:00 PM
Meeting Held Remotely**

BOF Chairman Michael Imber called the meeting to order at 6:00 pm. Also in attendance were Vice Chairman Jeffrey Farr, Rone Baldwin, Theresa Brasco, Chris Bryant, Amy Gare, Jeffrey Goldstein, Finance Director Rick Darling, Town Administrator Karl Kilduff, WPS Finance Director Phil Cross and BOE Chairman Steve Ezzes.

Update and discussion of Board of Education non-lapsing account – Steve Ezzes, BOE Chair; Phil Cross, WPS Director of Finance & Operations. Mr. Ezzes discussed the BOE's intention to establish a non-lapsing account with the potential \$597K surplus for FY24. \$230K which was previously appropriated to the BOE for capital projects will be returned to TOW, as per requested in the BOF November 2024 meeting. Mr. Ezzes discussed that in anticipation of capital needs for safety, special education and a Superintendent search, the remaining surplus amount will be used and not returned to TOW. Mr. Ezzes will advocate for discussion and approval between the BOE/BOF for future understanding that if there is a surplus that it will be returned to the town. Mr. Baldwin disagreed with the remaining surplus for BOE, stating that there should not be a non-lapsing account created and if there are unusual expenditures it should go through a supplemental appropriation request with BOF approval. Ms. Brasco asked what would happen if the BOE does not use the full amount in the non-lapsing account for FY24 and Mr. Ezzes said it would be returned to the town.

Mr. Farr made a motion to move agenda item #3 to agenda item #2, seconded by Mr. Imber. All in favor, motion passes unanimously.

Discussion/Decision regarding annual capital project close outs – Rick Darling, TOW Director of Finance. Mr. Darling discussed annual capital projects close outs and transfers totaling \$134,903.15 and then discussed transferring of \$103,146 to the Ravenwood Water system. Two project close outs totaling \$53,146 will be returned to the general fund and then transferred from the general fund to help offset Ravenwood Water project. The remaining \$50,000 would be a straight transfer within the capital budget to help offset the Ravenwood Water project. Total to vote on closeouts would be \$84,903.15. Mr. Imber called for a motion to close out \$84,903.15 to return to the general fund. Motion made by Mr. Goldstein, seconded by Mr. Farr. All in favor motion carries unanimously.

Discussion/Decision regarding a Supplemental appropriation request for the Ravenwood Water System – Karl Kilduff, Town Administrator. Mr. Kilduff discussed the request for a supplemental appropriation needed for the Ravenwood Water system and provided the history of the state mandated project. The project which was originally funded with \$810,000 from ARPA funds will need a funding gap of \$593,630. The low bidder's proposed price exceeds the estimated costs set aside in 2022 for the project. There is an urgency of the request due to ARPA regulations that funds must be obligated by the end of December 2024 or lose the ARPA funding. Mr. Kilduff discussed setting up an appropriation in the capital fund for the Ravenwood Water System as well as closing out the capital projects totaling \$53,146 and transferring \$50k from the Project Management/Engineer Capital project. Funds will be transferred into a new Ravenwood capital appropriation. The request is a supplemental appropriation of \$543,630 to be placed into a new Ravenwood capital appropriation. Note was made that the amount differs from the original BOS motion and will be amended at the next BOS meeting.

Ms. Brasco had questions as to why the total amount is being funded as a supplemental appropriation rather than some of it being put through the budgeting process. Discussion on adherence to the procurement process and waivers was discussed.

Ms. Brasco disagreed with the \$50,000 transfer expressing that it should be part of the supplemental appropriation amount total and that the appropriation request should be \$593,630. Lengthy discussion was held between BOF over special appropriations, Charter interpretation and town attorney interpretation. Mr. Imber called for three motions for the BOF vote:

Mr. Imber asked for a motion to create a capital fund for the Ravenwood water system clarifying that there would be two capital funds for Ravenwood. One that is funded with ARPA funds and the other with the special appropriation. Motion made by Mr. Farr, seconded by Mr. Goldstein. Motion carries unanimously.

Mr. Imber asked for a motion to transfer \$50,000 from the project management engineer's capital project account from the FY25 budget and transfer it to the newly created Ravenwood Capital Appropriation account. Motion made by Mr. Farr, seconded by Mr. Goldstein. Motion passes unanimously.

Mr. Imber asked for a motion to approve a supplemental appropriation in the amount of \$543,630 to be placed into the Ravenwood Capital Appropriation account. Motion amended and made by Mr. Farr to approve a supplemental appropriation in the amount of \$540,630 to be placed in the Ravenwood Capital Appropriation account contingent upon the Board of Selectmen approving the same amount, seconded by Mr. Goldstein. Mr. Imber asked for any further discussion. Ms. Brasco requested for the vote on the supplemental appropriation to be for \$593,630, further discussion ensued with Mr. Imber following up with town attorney regarding matters on transfers. Mr. Imber called for the vote, 6 yes, 1 abstention. Motion passes.

Updates from Board of Finance policy subcommittees –

- a. **Policy approval process and timeline.** Mr. Imber clarified definitions of what is and what is not BOF policy. BOF policy defines the Board's approach for managing Weston's resources, promotes consistency and predictability, fosters confidence among the rating agencies and investors. BOF policy is not an ordinance, statute or a regulation which is under the BOS purview, they set and approve town policies and ordinances within the town charter. Timeline for adoption of the policy discussed. December is BOF review as well as recommendation/review from the BOS, Town Administrator, Finance Director and Town Administrator and bond advisor. January 9th, BOF will review and revise based on feedback and will hold public comment on January 15. Final version and presentation to BOF for final adoption will be February 13th.
- b. Subcommittee presentation of recommended Debt Management Policy – Chris Bryant, Jeff Farr, Jeff Goldstein. Mr. Bryant reviewed the policy noting that feedback and review from Karl Kilduff, Rick Darling, Mark Chapman and the BOF. Mr. Baldwin provided feedback and concerns on threshold issues – 10% restriction and 30 year maturities was discussed. Discussion to continue, will be sent to the board for further comment questions and revision.
- c. Subcommittee presentation of recommended Fund Balance Policy – Michael Imber, Theresa Brasco, Amy Gare. Ms. Gare reviewed the proposed draft policy. Comments and questions from the BOF. Clarification between an unassigned fund balance and an available fund balance was discussed as well as Moody's credit rating including the unassigned fund balance plus net current assets. Moody's looks for 35% as part of its AAA rating. Questions asked if TOW falls below the target or if TOW is significantly above the target. Further discussion in January.

Report on Debt Capacity Availability Analysis – Michael Imber, Rone Baldwin, Chris Bryant – still an ongoing process. Mr. Imber noted that the Debt Capacity analysis subcommittee will still be meeting in December, as well as municipal advisor feedback on assumptions. In January will continue consultation with BOS, BOE, Karl Kilduff, and Rick Darling. BOF review and comment will be at the January 9th meeting and public comment on January 29. February will present to the BOF for adoption. The final Debt Capacity analysis will be held as draft policy and will be updated when TOW considers more specific bond financing decisions. Model will be a tool that will continue to be used by future boards.

Approval of 2025 Board of Finance Meeting Calendar. Mr. Imber asked for a motion to approve the 2025 Board of Finance Meetings (6:00 pm and remote unless noted on calendar list). Motion made by Mr. Baldwin, seconded by Mr. Farr. All in favor, motion passes unanimously.

Approval of BOF minutes from the October 23, November 14, and November 26 meetings. A motion to accept the Special BOF minutes from October 23, 2024 was made by Mr. Bryant, seconded by Mr. Baldwin. Motion passes, two abstentions. A motion to accept the BOF minutes from November 14, 2024 was made by Mr. Goldstein, seconded by Mr. Baldwin. Motion passes, one abstention. A motion was made to accept the Special BOF minutes from November 26, 2024 by Mr. Farr, seconded by Mr. Goldstein. Motion passes unanimously.

Adjourn. Motion to adjourn made by Mr. Bryant, seconded by Mr. Goldstein. Meeting adjourned at 8:05 pm.

Respectfully Submitted,
Shawn Amato, Recording Secretary

TOWN OF WESTON FUND BALANCE POLICY
DRAFT – 12.11.24 recommended by Fund Balance Subcommittee
Edits suggested in redline but not approved by BOF 01.09.25

1. OBJECTIVE

Pursuant to Connecticut state law, the Town of Weston is obligated to adopt a balanced budget for each fiscal year. However, many actual expense and reserve amounts are not known at the time the annual budget is approved at the Town Meeting, and significant unforeseen expenses can occur at any time during the year. Accordingly, it is incumbent upon the Town to maintain an amount of unreserved funds that are not earmarked or legally constrained for specific purposes. In this connection, pursuant to Conn. Gen. Stat. § 7-359 et. seq. the State of Connecticut permits municipalities to establish an **Unassigned Fund Balance (“UFB”)** to among other things:

- (1) eliminate the need for short-term borrowing to handle cash flow between the start of the fiscal year and receipt of revenues from taxes;
- (2) serve as a contingency fund that enables the Town to respond to unanticipated emergencies or opportunities such as capital and nonrecurring expenditures (i.e., acquiring a specific piece of equipment or planning constructing, reconstructing, or acquiring specific capital improvement).

Additionally, the maintenance of undesignated levels is an element of sound fiscal management required for sustaining a high credit rating and financial management flexibility. In this connection, credit rating agencies determine the adequacy of an **UFB** using a complex series of financial factors. The size of the **UFB** is an important, but not the only consideration in the Town’s rating. Other important factors are the reliability of a government’s revenue sources, economic conditions, community wealth factors, cash position, debt ratios, management performance, and fiscal decisions made by the various town bodies.

This policy is intended to provide for an **UFB** which satisfies the cash flow and contingency needs of the community as well as ensuring that the Town maintains a high credit rating.

2. GOVERNMENTAL FUND TYPE DEFINITIONS

2.1. General Fund.

The General Fund is comprised of all resources that are not reported in another fund.

~~The General Fund includes among other things, the operating budget, taxes and police.~~

2.2. Special Revenue Funds.

The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt and capital projects. Restricted or committed revenues are the foundation for a Special Revenue Fund ([e.g. Parks & Recreation Department](#)).

2.3. Capital Project Funds.

The Capital Project Fund accounts for financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital Project Funds can be designated for things such as renovations to the High School.

2.4. Debt Service Funds.

The Debt Service Fund accounts for financial resources that are restricted, committed or assigned to expenditures for principal and interest, including resources being accumulated for principal and interest maturing in future years.

2.5. Permanent Funds.

The Permanent Funds are used for the benefit of the government or citizenry, to account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. Permanent funds do NOT include private purpose trust funds. Permanent Funds are designated for things such as school lunch programs.

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3. FUND BALANCE CALCULATION

In the context of municipal financial reporting, the term "**Fund Balance**" describes the Town's net positions of funds calculated in accordance with generally accepted accounting principles (GAAP). Pursuant to [Conn. Gen. Stat. §7-560 \(13\)](#) "**Fund Balance**" means the amount that assets and deferred outflow of resources of a municipality's general fund exceeds the liabilities and deferred inflow of resources of the general fund of the municipality, as of the fiscal year ended as reflected in the municipality's most recent audited financial statements presented in accordance with generally accepted accounting principles.

In other words, the **Fund Balance** is the difference between the Town's current assets (cash, short-term investments, receivables) expected to be available to finance operations in the immediate future and its current liabilities.

The **Fund Balance** is initially characterized as being **Restricted** and **Unrestricted**.

3.1. FUND BALANCE DEFINITIONS

Consistent with GASB Statement 54, Fund Balance Components are as follows:

3.1.1. Restricted Fund Balance Categories

3.1.1.1. Non-spendable.

Resources not in spendable form or are legally required to remain intact. These are amounts that cannot be spent because they are:

(a) not in spendable form (such as inventory, prepaid items, long term portions of notes receivables); or

(b) legally or contractually required to be maintained intact (such as the corpus of an endowment fund).

3.1.1.2. Restricted.

Resources constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation imposed or legally enforceable by external properties.

3.1.2. Unrestricted Fund Balance Categories

3.1.2.1. Committed.

Resources constrained to specific purposes by the Town itself, using its highest level of decision-making authority. To be reported as committed, resources cannot be used for any other purposes unless the government takes the same highest-level action to remove or change the constraint.

3.1.2.2. Assigned.

Resources the Town intends to use for a specific purpose. The intent can be expressed by the Town or by an official or body to which the Town delegates the authority. Appropriations of existing fund balances to future budgets are considered assigned fund balance.

The Town shall not report an assignment that will result in deficit in **UFB**. Negative fund balances cannot be considered assigned.

3.1.2.3. Unassigned.

Resources that are available for any purpose. These amounts are reported only in the general fund. In other governmental funds, if expenditures incurred exceeded the amounts restricted, committed or assigned it may be necessary to report a negative **UFB**.

3.1.2.4. The UFB calculation:

Total Fund Balance
Less Non-spendable fund balance
Less Restricted fund balance
Unrestricted Fund Balance

4. ADMINISTRATION

4.1. When an expenditure is incurred for purposes for which both **Restricted and UFB** are available, the Town considers the **Restricted Fund Balance** amount to have been spent first until exhausted and then any available **UFB**, unless not permitted by law.

4.2. When an expenditure is incurred for purposes for which **Committed, Assigned, or Unassigned** amounts are available, the Town considers the fund balance to be spent in the following order: **Committed, Assigned**, and then **Unassigned**.

4.3. Expenditure of any surplus fund balance amounts shall be either for one-time capital appropriations or for transfer into dedicated accounts to meet unfunded Town/School liabilities.

4.3.4.4. The fund balance shall specifically not be used for paying recurring operating expenditures.

4.4.4.5. A positive balance in any Board of Education non-lapsing account must be fully expended –before the Board of Finance will consider any additional special appropriations.

5. GOVERNANCE

5.1. The Fund Balance of the Town may be committed for such specific purposes by formal action of the Board of Finance in accordance with this policy and the Town Charter. Amendments or modification to the Committed Fund Balance must also be approved by formal action of the Board of Finance.

5.2. Unless otherwise approved by the Board of Finance, the Board delegates authority to assign funds to the Assigned Fund Balance only for encumbrances to the Town Administrator and Finance Director.

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~~5.3. The Board of Finance shall perform an annual review of the fiscal condition of the Town with the intent of determining the appropriate General Fund level. The determination of 'appropriate' shall take into account current spending levels, forecast operating and capital expenditures, potential contingent liabilities, outstanding debt levels and other items deemed material by the Board.~~

6. MINIMUM UNASSIGNED FUND BALANCE ADMINISTRATION

6.1. The Board of Finance recognizes that good fiscal management comprises the foundational support of the entire Town. Accordingly, to ensure that the Town maintains a high credit rating, the Town shall endeavor to maintain an available balance in the General Fund as a cushion against potential revenue and expenditure volatility. In this connection, the Board of Finance will seek to maintain a fiscal year end UFB of no less than 20% of the next year's budget.

~~6.1-6.1.1.~~ If the UFB falls below the 20% threshold as defined above, the Board of Finance will collaborate with the Board of Selectmen to replenish the deficiency over a period not to exceed the next three fiscal years.

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6.2. The Board of Finance shall review this policy annually at its January meeting. This review will include monitoring the minimum **UFB** requirements. During its annual review, the Board of Finance shall determine whether the minimum target levels for the **UFB** should be increased based upon factors including but not limited to:

- 6.2.1. Significant volatility in operating revenues or operating expenditures;
- 6.2.2. Potential drain on resources from other funds facing financial difficulties;
- 6.2.3. Exposure to natural disasters (e.g. hurricanes);
- 6.2.4. Reliance on a single corporate taxpayer or upon a group of corporate taxpayers in the same industry;
- 6.2.5. Rapidly growing budgets; or
- 6.2.6. Disparities in timing between revenue collections and expenditures

6.3. Exigent circumstances may justify the "spend down" of **UFB** below its minimum. Such exigent circumstances include but are not limited to:

- 6.3.1. Operating Emergencies
- 6.3.2. Unanticipated budgetary shortfalls



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