

**AVON TOWN COUNCIL  
MEETING MINUTES  
July 27, 2023**

**I. CALL TO ORDER**

The meeting was called to order at 7:00 p.m. at the Avon Town Hall, in the Selectmen's Chamber as well as via GoToMeeting by Chairman Polhamus. Members present: Mmes: Ausiello, Maguire, Messrs: Polhamus and Weber. Mr. Indomenico was absent. A quorum was present.

**II. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Chairman Polhamus.

**III. PUBLIC HEARINGS:**

**22/23-110 Sanitary Sewer Easements: 239 Old Farms Road**

It was noted that the public hearing is no longer necessary as the project design is being modified and no longer requires sanitary sewer easements.

**IV. MINUTES OF PRECEDING MEETINGS:** June 1, 2023  
June 20, 2023 Special Meeting

On a motion made by Mrs. Maguire, seconded by Ms. Ausiello, it was voted:

**RESOLVED:** That the Town Council accept the minutes of the June 1, 2023 Meeting as drafted. Mmes; Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

On a motion made by Ms. Ausiello, seconded by Mrs. Maguire, it was voted:

**RESOLVED:** That the Town Council accept the minutes of the June 20, 2023 Special Meeting as drafted.

Mmes: Maguire, Ausiello, and Mr. Polhamus voted in favor. Mr. Weber abstained. Motion carried: 3-0-1.

**V. COMMUNICATION FROM AUDIENCE** - None

**VI. COMMUNICATION FROM COUNCIL**

Mrs. Maguire noted that the Korean-era and Vietnam-era Veterans Ceremony was phenomenal; turnout was great, loved the stories; it meant a lot to the veterans. She commended the Board of Education, and all involved with Avon High School graduation; it was held at a brand new venue, and she thought it went very well. She wished good luck to candidates in the upcoming election; it was a tough decision not to run again, but it's been a great experience. Chairman Polhamus commented that we will sorely miss your presence; you have been great for the Town, are well-liked around the community and have done a lot of good for the Town.

Ms. Ausiello echoed comments regarding Avon High School graduation, the veteran's ceremony, the upcoming election, and she thanked Mrs. Maguire for her many years of service to the Town. She noted a ribbon cutting ceremony was recently held for the Sycamore Hills playscape.

Mr. Weber echoed comments regarding the veteran's ceremony; it gave a sense of continuity when listening to a previous generation. He noted that the "Ride the State" event was held on June 24<sup>th</sup> with about 130 bikers in attendance; we shall continue to work on connecting our people with trails and businesses and continue to make Avon the open and inviting town that we want it to be.

Chairman Polhamus echoed comments regarding the veteran's ceremony. He noted that the Juneteenth event was held indoors due to the weather and has received lots of positive feedback. He noted that Sub Edge Farm has suffered tremendously with flooding from the recent rains; they fall outside of what federal funding can assist with; the State is working towards something; the Farm is on Town land that is leased to them; please think of them when you shop for produce and show your support.

On a motion made by Mr. Polhamus, seconded by Mr. Weber, it was voted:

**RESOLVED:** That the Town Council move agenda item 23/24-05 Resignation: Town Council (D – 12/31/2023) up before Old Business.

Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

On a motion made by Mrs. Maguire, seconded by Mr. Weber, it was voted:

**RESOLVED:** That the Town Council move agenda item 23/24-06 Appointment: Town Council (D – 12/31/2023) up before Old Business.

Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

## **VII. OLD BUSINESS**

### **21/22-46 American Rescue Plan Act: Discussion re: Projects List**

Chairman Polhamus noted a mathematical error with the "TOTAL APPROVED OR PROPOSED" amount following the addition of the Digital Mobile Radio System for BOE Project. The Assistant Town Manager responded that the error will be corrected prior to posting an ARPA update on the Town's web site. Chairman Polhamus noted the progress being made on several projects.

### **22/23-70 Appointment: Town Council Representative-Farmington Valley Health District (12/31/2023)**

On a motion made by Mr. Polhamus, seconded by Ms. Ausiello, it was voted:

**RESOLVED:** That the Town Council appoint Dr. Erin Barthel as Town Council Representative for the Farmington Valley Health District, to fill a vacancy with a term to expire on December 31, 2023.

Dr. Barthel, Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

### **22/23-94 Review, Discuss, Set Public Hearing: Chapter 55, Section 36 of the Town Code of Ordinances entitled: Tax Abatement Authorization for Low and Moderate Income Housing**

The Town Manager noted that this request goes back to Council's May meeting when Beacon Communities, LLC made a presentation about their approved project on Security Drive and provided reasons why they would need a tax abatement from the Town to make the project financially viable; Council and Town staff agreed that it is a very good quality developer on a

quality project. Town staff prepared a draft enabling ordinance for further consideration; Connecticut General Statute 8-215 allows a municipality to provide tax abatements for affordable housing, but the Town must have an ordinance to take that action which Avon does not currently have. He noted that the ordinance essentially states that Council can take this action at its discretion; one addition to the ordinance, that is not required by the statute, is the requirement of a public hearing of the Council before adopting any tax abatements. He added that the action being requested tonight is for Council to schedule a public hearing for their September meeting; we are working with Beacon Communities LLC on a tax abatement agreement and should have something ready for initial review next month. Mrs. Maguire clarified the overall process: a developer comes to Town, gets approval from the Planning and Zoning Commission, and then comes before the Council for a tax abatement. In response to a question from Mrs. Maguire, the Town Manager responded that Council may wish to have the developer come before them for an initial presentation and discussion about their potential project if they know they are going to ask for a tax abatement or the developer goes through the land use process, recognizing that their project may be subject to a tax abatement and once the project is buttoned up and approved then have them come before Council; it may be conducted on a case-by-case basis. Mrs. Maguire expressed that her concern is the cost and cognizant of setting a precedent that every developer with low income housing has to think about the end result (educational costs, social services, roads, etc.). She noted that a public hearing gives a chance to evaluate the request. Ms. Ausiello inquired what kind of information would be available in terms of the impact of a particular project to the Town financially to make informed decisions. She was under the impression that these types of tax abatements are not incredibly often. Chairman Polhamus noted that Council generally agrees with the Town that we don't want to develop open space, and this is a tool to put affordable housing where we want it. The Town Manager noted that the foregone revenue is an important component to this; he and the Assessor will provide that data to Council with the framework needed to analyze the project. He noted that the reason for doing is that it is a State policy, and the Town is trying to make progress towards our affordable housing goals, so we retain authority and flexibility over development. He added that we could also put together a regulation with a defined process that tracks like a Town Council policy. In response to a question from Dr. Barthel, the Town Manager responded that financial impact statements can likely be obtained from neighboring towns that have utilized this type of tax abatement, i.e., Bloomfield. Chairman Polhamus noted that Beacon Communities LLC has a good track record and not their first request for a tax abatement with an affordable housing project. In response to a question from Mr. Weber, the Town Manager responded that this project is partially an adaptive reuse of an old office building which makes it unique.

On a motion made by Mr. Weber, seconded by Ms. Ausiello, it was voted:

**RESOLVED:** That the Town Council set a public hearing to be held at their September 7, 2023 meeting to consider the adoption of Town Ordinance Chapter 55, Chapter 36 – Tax Abatement Authorization for Low and Moderate Income Housing.

Dr. Barthel, Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

## **VIII. NEW BUSINESS**

### **23/24-01 Supplemental Appropriation: Open Choice, \$356,748**

On a motion made by Mrs. Maguire, seconded by Mr. Weber, it was voted:

**RESOLVED:** That the Town Council hereby recommends that the Board of Finance amend the FY 22/23 Budget by increasing:

**REVENUES**

General Fund, Intergovernmental, Education Program Grants, Account #01-0330-43343 in the amount of \$356,748.00 and increasing

**APPROPRIATIONS**

General Fund, Board of Education, BOE Expenses, Account #01-9401-55000 in the amount of \$356,748.00 for the purpose of funding instructional supplies and curriculum.

Dr. Barthel, Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

**23/24-02 Supplemental Appropriation: Dial-A-Ride Coach Bus, \$55,755.00**

The Town Manager noted that the net cost of the vehicle to the Town will be \$424.00 because of nearly 100% funding by federal and state monies.

On a motion made by Mr. Weber, seconded by Dr. Barthel, it was voted:

**RESOLVED:** That the Town Council hereby recommends that the Board of Finance amend the FY 23/24 Budget by increasing:

**REVENUES**

Capital Projects Fund (Facil & Equip), Intergovernmental, Dial a Ride CT DOT 5310, Account # 02-0330-43399 in the amount of \$55,755.00 and increasing:

**APPROPRIATIONS**

Capital Projects Fund (Facil & Equip), Town CIP-Equip, Dial A Ride Van, Account # 02-4837-53014 in the amount of \$55,755.00, for the purpose of purchasing a new Dial A Ride Coach Bus through the CT DOT Section 5310 program.

Dr. Barthel, Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

**23/24-03 General Fund Unassigned Fund Balance-Policy**

Tom DiStasio, Director of Finance, provided a presentation (which is attached and made part of these minutes). The Town Manager noted that unassigned fund balance is the amount of liquid assets that a government has in order to meet needs as they arise; the Town's General Fund unassigned fund balance is \$13,560,617, or a little over 14% of our General Fund operating budget, or about 2 months of expenditures for our operating budget. He added that best practice is that a government have a policy regarding the target amount of General Fund unassigned fund balance that it wants to have on hand and identify some of the circumstances of which it might be appropriate to use it and include some provision for replenishing it. He noted that the Town Council adopted a policy in 2001 with a goal of 10% and the Board of Finance adopted a policy in 2006 to provide framework around the circumstances that it could be appropriate to use unassigned fund balance. He and Mr. DiStasio have reviewed Government Finance Officers Association (GFOA) literature, looked at several other communities, and spoken with our Financial Advisor and the result is the draft policy as set forth before Council. Mr. DiStasio noted that the new proposed target goal would be 13%. Council thanked Mr. DiStasio for the presentation. The Town Manager noted one recent incidence when we appropriated unassigned fund balance to smooth out a tax increase for the next fiscal year but usually it is used for cash flow, like when we bought property the last few times and then replenish the fund; another example is clean-up after a storm. He added that it is also a useful tool for internal borrowing, for example,

the turf field project. He noted that this is one of the primary issues that both rating agencies, Moody's and Standard and Poor's, look at; several years ago, we received negative comments in our bond rating because we were not at 10% unassigned fund balance which was our policy/goal and they recommended setting the bar higher. The draft policy gives both the Town Council and the Board of Finance more guidelines and the rating agencies will be very happy with this. In response to a question from Mr. Weber, the Town Manager responded that if there was a significant purchase that may involve a multi-year payback that language would be included in the resolution for the appropriation. In response to a question from Mr. Weber, the Town Manager responded that if our goal falls below 13%, it will help the rating agencies if we recognize that we are below our target amount, yet we have a plan to replenish it. In response to a question from Dr. Barthel, the Town Manager responded that one reason why some towns may have higher percentages is time in getting around to update the policy. He noted that West Hartford is budgeting every year to increase their reserve; Avon builds its unassigned fund balance off of residuals. He added that the most likely candidates for the use of unassigned fund balance would be some weather event, a land purchase that comes before Town, or to reach a target proposed tax increase in any fiscal year. He noted that capital projects would not likely be a use, unless approved by Council and the Board of Finance. In response to a question from Dr. Barthel, the Town Manager responded that there are a number of Special Revenue Funds, i.e., Open Space, but with unassigned fund balance we are only referring to the General Fund, the main fund through which the general Town and Board of Education activity goes through. The Town Manager noted that the thought with this draft policy was to put the two current policies together into one Town Council policy, reference the Board of Finance, and before the Town Council approves the policy refer it to the Board of Finance for comment. Chairman Polhamus noted that this has been a topic of conversation since at least the pandemic budget cycle and will put the Town in a better position.

On a motion made by Ms. Barthel, seconded by Ms. Ausiello, it was voted:

**RESOLVED:** That the Town Council refer draft Town Council Policy No. 26 – General Fund Unassigned Fund Balance to the Board of Finance for their review and comment.

Dr. Barthel, Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

## **23/24-04      Proposed Prospective Board/Commission/Committee Member Guidebook**

The Town Manager recognized the Assistant Town Manager and Town Clerk for drafting the guidebook. Council agreed it is a great tool. Chairman Polhamus noted that it will be helpful for both political parties. In response to a question from Mr. Weber, the Assistant Town Manager responded that the guidebook will be posted on the Town's web site under "Volunteer Opportunities" as well on the Town Clerk's web page. Council gave consensus to proceed with the guidebook as presented.

## **23/24-05      Resignation: Town Council (D – 12/31/2023)**

Chairman Polhamus shared a statement from outgoing Town Council member Jason Indomenico. "I have thoroughly enjoyed serving Avon, both the Board of Education and the Town Council. They were terrific experiences and allowed me to meet and work with great people all while making some difference to our Town. Please know I do not take this resignation lightly. I served for absolutely as long as I could and I would continue to do so if I felt I could still provide the people of Avon the level of representation that they deserve. I'm also grateful that we found

someone ready, willing, and able to take on those responsibilities going forward. It was a pleasure serving with you, Anthony, Barbara, and Heather on the Town Council. Please continue to carry on the good work that we have been doing. Gratefully, Jason Indomenico”

Chairman Polhamus noted that Mr. Indomenico was first elected to the Board of Education, was known for his calm, cool, very thoughtful demeanor and took that forward here with the Town Council; his thoughts were always appreciated here; his connections run deep; we will greatly miss him and hugely appreciate his volunteerism in the Town; hope he will stay involved and certainly wish him the best.

On a motion made by Mrs. Maguire, seconded by Ms. Ausiello, it was voted:

**RESOLVED:** That the Town Council accept with regret the resignation of Jason Indomenico from the Town Council.

Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

**23/24-06 Appointment: Town Council (D – 12/31/2023)**

On a motion made by Mr. Polhamus, seconded by Mr. Weber, it was voted:

**RESOLVED:** That the Town Council appoint Dr. Erin Barthel to the Town Council, to fill a vacancy with a term to expire on December 31, 2023.

Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

Nick Hogan, Town Clerk, was present to swear in Dr. Erin Barthel. Dr. Barthel was seated with the Town Council for the rest of the meeting. She shared that she was honored to be asked to consider being on the Town Council; she will work really hard to do the best job that she can.

**23/24-07 Resignation: Avon Water Pollution Control Authority (R – 12/31/2023)**

Mrs. Maguire noted that Tom Armstrong has always been involved, a calm and very knowledgeable person; he did a great job running the Planning and Zoning Commission; he was a very giving person of his time on two very involved boards; he will be missed; he lived in Town for 42 years. The Town Manager added that he always appreciated Tom’s notes and insight.

On a motion made by Mrs. Maguire, seconded by Mr. Weber, it was voted:

**RESOLVED:** That the Town Council accept with regret the resignation of Tom Armstrong from the Avon Water Pollution Control Authority.

Dr. Barthel, Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

**23/24-08 Appointment: Avon Water Pollution Control Authority (D – 12/31/2023)**

On a motion made by Mr. Polhamus, seconded by Ms. Ausiello, it was voted:

**RESOLVED:** That the Town Council appoint Aden Baume to the Avon Water Pollution Control Authority, to fill a vacancy with a term to expire on December 31, 2023.

Dr. Barthel, Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

**23/24-09 Resignation: Planning & Zoning Commission – Alternate (R – 12/31/2023)**

On a motion made by Mrs. Maguire, seconded by Ms. Ausiello, it was voted:

**RESOLVED:** That the Town Council accept with regret the resignation of Tom Armstrong from the Planning & Zoning Commission.

Dr. Barthel, Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

**23/24-10      Resignation: CRCOG Regional Planning Commission (R – 12/31/2023)**

On a motion made by Mrs. Maguire, seconded by Dr. Barthel, it was voted:

**RESOLVED:** That the Town Council accept with regret the resignation of Tom Armstrong from the CRCOG Regional Planning Commission.

Dr. Barthel, Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

**23/24-11      Appointment: CRCOG Regional Planning Commission (D – 12/31/2023)**

On a motion made by Mr. Weber, seconded by Ms. Ausiello, it was voted:

**RESOLVED:** That the Town Council table agenda item 23/24-11 Appointment: CRCOG Regional Planning Commission (D – 12/31/2023) to their September 7, 2023 meeting.

Dr. Barthel, Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

**23/24-12      Appointment: Planning & Zoning Commission – Alternate (R – 12/31/2023)**

On a motion made by Mrs. Maguire, seconded by Mr. Polhamus, it was voted:

**RESOLVED:** That the Town Council appoint Jamie DiPace as an alternate member to the Planning & Zoning Commission, to fill a vacancy with a term to expire on December 31, 2023.

Dr. Barthel, Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

**23/24-13      Resignation: Lower Farmington River and Salmon Brook Wild and Scenic Committee (D – 12/31/2023)**

On a motion made by Mr. Polhamus, seconded by Dr. Barthel, it was voted:

**RESOLVED:** That the Town Council accept with regret the resignation of Jaime Polhamus from the Lower Farmington River and Salmon Brook Wild and Scenic Committee.

Dr. Barthel, Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

**23/24-14      Appointment: Lower Farmington River and Salmon Brook Wild and Scenic Committee (D – 12/31/2023)**

On a motion made by Ms. Ausiello, seconded by Mrs. Maguire, it was voted:

**RESOLVED:** That the Town Council appoint Pam Monroe to the Lower Farmington River and Salmon Brook Wild and Scenic Committee, to fill a vacancy with a term to expire on December 31, 2023.

Dr. Barthel, Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

**23/24-15      Approve Fiscal Year 2024/2025 Budget Calendar**

On a motion made by Mrs. Maguire, seconded by Dr. Barthel, it was voted:

**RESOLVED:** That the Town Council adopt the Fiscal Year 2024/2025 Budget Calendar as follows:

## TOWN OF AVON FY 2024/2025 BUDGET CALENDAR

ACTIVITY	RECOMMENDED DATE	LATEST DATE PER TOWN CHARTER
Capital Budget Forms Prepared and sent to Departments	August 14, 2023	
Operating Budget Forms Prepared and sent to Departments	September 08, 2023	
Completed Capital Budget Forms returned to Town Manager	September 29, 2023	
(a) CIP Budgets presented at Town Council Meetings by Department Heads	Nov. – Dec. 2023	
Completed Operating Budget Forms returned to Town Manager	November 03, 2023	February 15, 2024
(a) Town Manager meets with Department Heads to review budget submissions.	Nov. – Dec. 2023	
(b) Town Manager makes recommended reductions.	Dec. 2023 – Jan. 2024	
Town Manager's Proposed Operating and Capital Budgets submitted to Town Council	January 26, 2024	March 01, 2024
Board of Education Budget to Town Council	February 02, 2024	February 15, 2024
(a) Town Council holds Special Budget Workshop.	February 2024	
(b) Further reductions are made by Town Manager's Office if necessary.	February 2024	
Capital Improvement Program Submitted to Planning & Zoning Commission for Sec. 8-24 Review	March 05, 2024	
Budget Work by Town Council completed and Budget submitted to Board of Finance	March 25, 2024	April 01, 2024
Public Hearing on Budget held by Board of Finance not later than three (3) weeks before May 06, 2024 Town Meeting	April 01, 2024	April 15, 2024
(a) Board of Finance holds evening Budget Workshop(s)* with Town Council and Board of Education after the Public Hearing. *additional dates (TBD), if needed	April 03, 2024	April 15, 2024
Board of Finance Completes Work on Budget	April 2024	
Copy of Budget approved by the Board of Finance printed in Newspaper at least five (5) days before the Annual Town Meeting	April 30, 2024	May 01, 2024
Annual Town and Budget Meeting First Monday in May	May 06, 2024	May 06, 2024
First Referendum	May 15, 2024	May 17, 2024

Second Referendum (if necessary)	June 05, 2024	June 07, 2024
Third Referendum (if necessary)	June 26, 2024	June 28, 2024

Dr. Barthel, Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

## **IX. TOWN MANAGER'S REPORT/MISCELLANEOUS**

**Misc. A: Purchasing Update:** The Town Manager noted that regarding the East/West Section of the Old Farms Road Project, our consultant is working on design and should still be ready for public information meetings by December with it coming before Council before that. He noted that regarding the North/South Section of the Old Farms Road Project, bids are due on August 2<sup>nd</sup>. He noted that regarding the Recreation & Parks Master Plan Update, four responses were received, and we will be interviewing consultants in August; Council may see a recommendation in September or October; project timeline will likely run about ten months. The Town Manager noted that regarding the RFQ for Architectural & Engineering Services for the Renovation, Expansion & New Construction of Fire Facilities, we received nine responses. He noted that Green Bank Solar MAP work is moving along. Council also received a comprehensive Town of Avon – Master Contracts List.

**Misc. B: Construction Update:** The Town Manager noted that regarding the Public Safety Communication System Project, we have a kickoff meeting with Motorola on August 1<sup>st</sup> and we are zeroing in on a date for the work at the rear of the Landfill. He noted that the Library Courtyard Restoration and the Town Clerk's Vault Addition are substantially complete; Public Works will begin work to update the Building #2 office space. He noted that Road Improvements continue; Woodford Hills Drive is complete; Burnham Road, Saxon Woods, Yorkshire Lane and the Board of Education Annex parking lot will be milled and paved next; and we aim to also do Juniper Lane, Surrey Lane, and Harris Road this season.

**Misc. C: Bicycle and Pedestrian Master Plan:** The Town Manager noted that a third public information meeting will be held on Tuesday, September 19<sup>th</sup> at 7:00 p.m. at the Senior Center.

**Misc. D: Registrar of Voters Update:** The Town Manager reported that two new Deputy Registrar of Voters have been sworn in and have started working.

The Town Manager noted a field trip recently took place to the Archeological and Historical Services facility in Storrs with Meg Harper to look at the artifacts from the Paleoindian site, including a tour of the facility. He added that what they are learning from the artifacts is going to continue to have an impact on what scholars understand about what was going on back then.

## **XI. ADJOURN**

On a motion made by Ms. Ausiello, seconded by Dr. Barthel, it was voted:

**RESOLVED:** That the Town Council adjourn the meeting at 8:25 p.m.

Dr. Barthel, Mmes: Maguire, Ausiello, Messrs: Polhamus and Weber voted in favor.

Attest: Jennifer Worsman, Clerk

# *Unassigned Fund Balance Policy*

**Town Council Meeting**  
*July 27, 2023*

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## **General Fund Balance**

### **What Is it?**

General Fund Balance represents the total accumulation of the General Fund's operating surpluses and deficits since the beginning of the Town's existence.

### **General Fund Balance Formula:**

$$\text{Fund Balance} = \text{Assets} - \text{Liabilities}^*$$

\* Illustrated on the General Fund Balance Sheet presented in Exhibit III of the Annual Comprehensive Financial Report.

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## Components of Fund Balance

### Per GASB Standard No. 54

1. Nonspendable
  - Cannot be spent due to form, or legal/contractual requirements
2. Restricted
  - Constrained for specific purpose by external parties
3. Committed
  - Constrained for specific purpose by highest level of government
4. Assigned
  - Constrained by governments intent to us for specific purpose
5. Unassigned
  - Available for any legal purpose

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## Authoritative Guidance

### Government Finance Officers Association (GFOA)

- Recommends that governments establish a formal policy on the level of unrestricted fund balance in the General Fund.
- Why is this necessary?
  - Risk of Unanticipated Expenditures
  - Risk of Revenue Shortfalls
  - Ability to Stabilize Tax Rates
  - Favorable To Credit Rating Agencies
- The appropriate level of unrestricted fund balance to maintain is dependent on each government's own unique circumstances.
- Policy should reference instances in which use of unassigned fund balance is warranted and intent to replenish amounts used.

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## Current Policies In Effect

### Town Council

#### General Fund Unassigned Fund Balance Policy:

On December 6, 2001, the Town Council adopted the following policy:

“That the Town of Avon establishes, as a goal, a 10% unreserved undesignated general fund balance”.

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## Current Policies In Effect

### Board of Finance

#### Policy Regarding the Use of Surplus:

On December 18, 2006, the Board of Finance approved the following policy regarding the use of “surplus funds”:

1. Any use of surplus should only be considered by the Board of Finance after a showing of substantial support for such use by the requesting authority (including the Town Council and Board of Education). The Board of Finance shall exercise its discretion in finding whether or not there has been the requisite “substantial support” for such request. Demonstration of substantial support” alone shall not be a sufficient basis to approve such request. The following additional criteria must also be met.

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## Current Policies In Effect

### Board of Finance

#### Policy Regarding the Use of Surplus (continued):

2. Approval of any request for the use of surplus shall only be given upon a finding by the Board of Finance that such use will meet an extraordinary need or unusual opportunity, which need or opportunity must be timely met. Such need or opportunity must have characteristics demonstrating real and immediate circumstances which compels the extraordinary measure of using surplus. The proponent of such use must demonstrate, and the Board of Finance must find, that such use will result in a tangible and significant benefit to the Town, which benefit outweighs the extraordinary process of utilizing surplus funds.

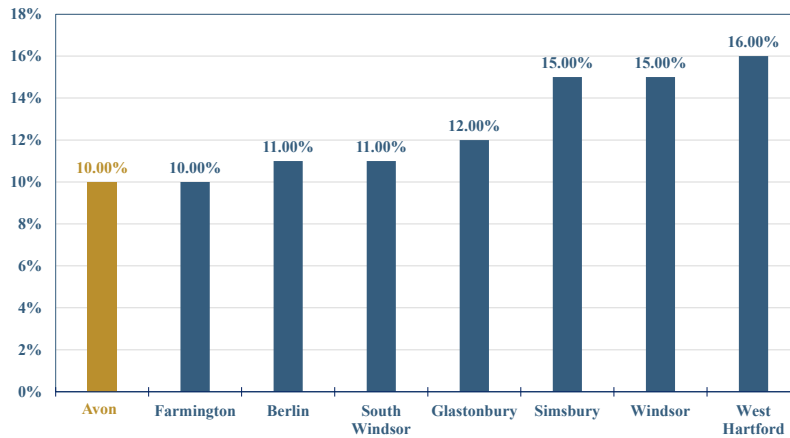
7

## Why Revise Current Policies?

- The Town's current policies:
  - Have not been reviewed or updated several years
  - Use out-of-date language for fund balance classification
  - Are not entirely consistent with Town's current practices
  - Are not presented in a uniform, formalized manner
  - Lack context for how to calculate the level of fund balance
  - Not reflective of the Town's current financial position
  - Not in line with those of other comparable communities
- Financial policies are most successful when they are regularly monitored, reviewed, and updated as needed.

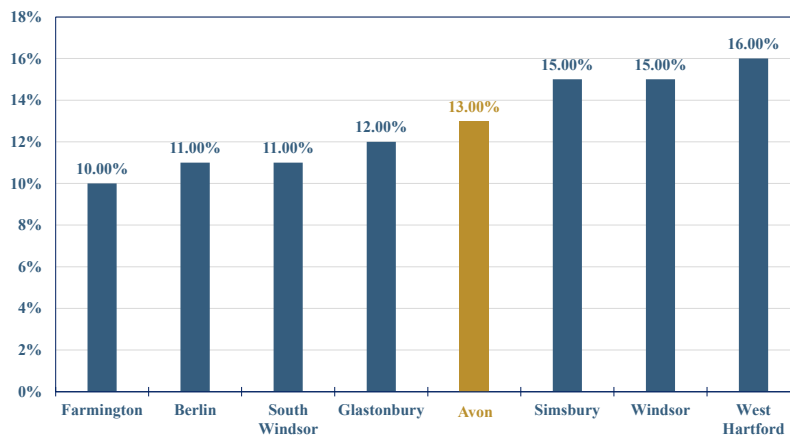
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## Unassigned Fund Balance Minimum % Per Current Policy (Pre-Revision)



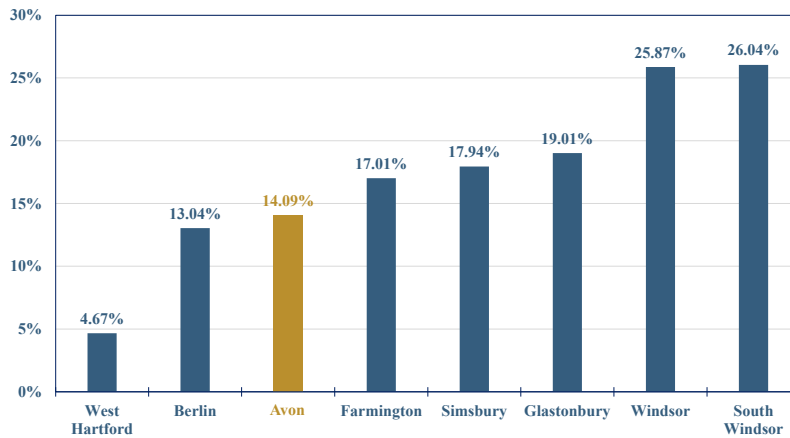
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## Unassigned Fund Balance Minimum % After Proposed Policy Revision



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## Unassigned Fund Balance % of Expenditures & Transfers Out – 6/30/2022



Per Annual Comprehensive Financial Reports for the fiscal year ended 6/30/2022

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## Conclusion

**The proposed revisions to the Town's Unassigned Fund Balance Policy would achieve the following:**

- Establish consistency with current GASB standards
- Bring policy language in line with Town practices
- Formalize and add context to policy statements
- Set a goal for Unassigned Fund Balance level to be:
  - Reflective of the Town's financial position
  - Consistent with comparable communities

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*QUESTIONS?*