



**TOWN OF WINDSOR
FINANCE COMMITTEE
APRIL 1, 2025
SPECIAL HYBRID MEETING**

APPROVED MINUTES

1. CALL TO ORDER

Councilor Ojala Naeem called the meeting to order at 6:30 p.m. with Councilor Ronald Eleveld being present.

Staff Present: Peter Souza, Town Manager; Jim Bourke, Finance Director; Linda Collins, Assistant Finance Director; Scott Colby, Assistant Town Manager, Randy Graff, Treasurer

2. PUBLIC COMMENT –

Eileen Simpson commented on cleanup in the Wilson/Deerfield neighborhood and some concerns she has about the new park in Wilson.

3. REVIEW OF GENERAL FUND UNASSIGNED FUND BALANCE FORECAST

Town Manager Souza gave an overview of the General Fund Unassigned Fund balance forecast as follows:

The town has adopted an overall Debt and Fund Balance Policy which includes a target level for the General Fund Unassigned Fund Balance in order to make sure there are adequate financial resources available to protect against unforeseen economic circumstances and other events such as revenue shortfalls or unanticipated expenditures. The policies are intended to assist the Town Council with achieving long and short-term goals, framing major policy initiatives and ensuring the fiscal health of the Town.

The present fund balance policy states in part;

“The Town shall endeavor to maintain an available balance in the General Fund as a cushion against potential revenue and expenditure volatility. The definition of what is available balance will be the unassigned fund balance as of the end of the preceding fiscal year. The measure used will be available fund balance as a percentage of current year budgeted expenditures. The unassigned fund balance may be used for non-recurring or capital expenditures, unanticipated budget deficits or operating emergencies, to make debt service payments or reduce debt service, property tax or revenue stabilization as part of an overall strategy.”

The policy states the town will endeavor to keep the Unassigned Balance at between fifteen to twenty percent of the current year General Fund budgeted expenditures. This parameter aligns with guidelines and recommendations of the Government Finance Officers Association (GFOA) and Standard & Poors (S&P) rating agency.

GFOA recommends that general purpose governments, regardless of its size, should maintain an unrestricted fund balance in their General Fund of no less than two months of regular General Fund operating revenues or operating expenditures. Two months of the proposed FY 2026 budget equates to 16.7%. In addition, Standard & Poors (S&P) rating agency has established a fund balance criteria which includes a set of ranges for unassigned reserves as part of their credit rating process. For example, the range of 8% - 15% is considered *Strong* and 15% - 20% is considered *Very Strong*. S&P views a strong fund balance as providing financial and budgetary flexibility to meet large unexpected expenditures or fluctuations in revenues.

The Town Council's policy outlines that if the General Fund unassigned fund balance exceeds the 20% target, the amount exceeding that level could be available for possible appropriation. The policy provides the following guidance when the Town Council considers potential appropriation of funds above the 20% target:

- Transfer up to 40% to a Tax Rate Stabilization Fund for use to reduce the tax rate in the subsequent year(s) provided that care is taken to avoid a major fluctuation in the tax rate in succeeding years (*essentially Opening Cash*)
- Transfer up to 20% of excess to the Capital Projects Fund for capital projects
- Transfer up to 20% of excess to fund long-term liabilities in Other Post Employment Benefit programs (OPEB) or defined benefit pension plan
- Transfer up to 20% of excess to a Clean Energy & Sustainable Projects Fund

The fund balance policy also states that if the unassigned fund balance falls below the minimum level, the Town Council will replenish the fund balance during the annual budget process by appropriating at least 25% of the difference between the policy level and the unassigned fund balance each year until the policy level is met. This demonstrates to the credit rating agencies that the Town Council understands and appreciates the importance of rebuilding reserves and that our policy reflects contemporary best practices.

At the end of FY 24, the Unassigned Fund Balance was at 27.2% of the FY 25 adopted General Fund budget after taking into account the allocation of \$3.0M for FY 25 *Opening Cash*. To date in FY 25, the Town Council has approved the use \$690,079 for the following uses:

POCD and Day Hill Corridor Studies	\$225,000
Property Tax Appeal Refund	379,579
Elderly Lunch Program	40,000
Fire Dept. PFAS Foam Removal	25,000
Broad Street Referendum	20,500

Also, the FY 25 Capital Plan allocates \$610,000 from the General Fund Unassigned Fund for various capital related projects.

When factoring in the above appropriations, plus the \$610,000 for CIP and \$250,000 in potential additional uses as well as the projected FY 25 year end operational surplus of \$802,000, the estimated fund balance as of June 30, 2025 is \$38,342,357. This is 25.2% of the Town Manager's FY 26 proposed budget prior to taking into account potential FY 26 uses for capital



Finance Committee Meeting Minutes

April 1, 2025

3

projects or FY 26 Opening Cash / Tax Rate Stabilization. This is approximately \$7.9M above the 20% target. Please note that use of Opening Cash in one year needs to be 'made up' in the

following year by either additional cash reserves, tax revenue, other non-tax sources or expenditure reductions.

Councilor Eleveld stated that we are looking at an approximate \$129M tax levy. So using \$3M over \$2M in opening cash does not do much to reduce the mill rate and it also creates a bigger hole for the following year. Town Manager Souza stated that was correct.

Town Manager Souza walked through various hypothetical tax bills depending upon if a different amount of opening cash were used.

Councilor Naeem thanked the staff and stated that this was helpful to understand before the full council begins the budget meetings.

4. STAFF REPORTS

Town Manager Souza provided some additional information in regards to the new motor vehicle depreciation schedule. Town Manager Souza stated that the way we received the data from the DMV it has been challenging to develop a lookup tool. Staff continues to work on this.

5. APPROVAL OF MINUTES

MOVED by Councilor Eleveld, seconded by Councilor Naeem, to approve the unapproved minutes of the March 10, 2025 meeting as presented.

Motion Passed 2-0-0

6. ADJOURNMENT

MOVED by Councilor Eleveld, seconded by Councilor Naeem, to adjourn the meeting at 7:17 p.m.

Motion Passed 2-0-0

Respectfully submitted by,

Scott Colby
Recording Secretary