

Annual Town Meeting - May 2022
Article 49 - Free Cash Transfer to General Stabilization Fund - Nay Votes
Lynn Bruneau, Finance Committee Chairman

The Select Board approved a General Operating Reserve Policy on September 23, 2020 at the advice of the Town's Finance Director. Before that we didn't have one - a Policy that is.

The Policy is posted on the Town Website - with other Select Board Policies - document E-5. There are almost a dozen footnote references on the policy statement - citing state and federal government and various financial authorities on the topic.

Quoting from the Background section - "The General Stabilization Fund is the Town's main reserve fund designed to provide financial stability for the Town, while improving the Town's credit worthiness, liquidity, and flexibility." All good things.

Quoting from the Policy section - "The Town will endeavor to maintain a target minimum balance in the General Stabilization Fund of 12-14% of the annual general fund operating budget for the purpose of providing financial stability and protecting the Town's credit worthiness." Again - a good thing.

Now get out your Warrant and your pencils.

Article 49 in the Warrant - page 90 - is proposing to transfer \$244,683 from Free Cash to the Town's General Stabilization. Write that down - or dog-ear the page. But note that the Summary says that if the Transfer is completed, "This transfer will maintain a 14% targeted balance." If the transfer is completed.

Now turn to page 42. Toward the bottom of the page you'll see a line labeled "Total General Operating Budget". The second column from the left is the Budget for FY23. Let's use that number. Now multiply that number by 12%. The answer is about \$4.88M. Now multiply that same Budget number of \$40.67M by 14%. The answer is about \$5.69M.

If the goal per Town Policy is 12-14% of the General Fund Operating Budget - then the goal would be between \$4.88M and \$5.69M - right? But the Summary says that if we complete the transfer of the \$244,683, then we would be achieving the 14% goal - the higher number - the \$5.69M.

If we don't make the transfer NOW - if we wait until Fall Town Meeting - to see how things stand at the end of the fiscal year perhaps - if we simply wait another 5 and a half months - what's the harm? If you subtract that \$244,683 from the \$5.69M - apparently that's the current balance in the General Stabilization Fund - and it's still between the targeted 12-14% of the General Fund Operating Budget.

The Finance Committee voted 1-6 AGAINST this Article - voting to WAIT for the dust to settle on FY22. It is hard to believe that our credit rating w/be damaged by more prudently waiting for Fall Town Meeting.

Thank you.