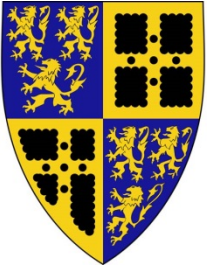


TOWN OF OLD SAYBROOK  
SELECTMEN'S OFFICE



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To: The Board of Finance Members  
From: Lee Ann Palladino, Finance Director  
Re: Katherine Hepburn Cultural Arts Center  
Date: June 5, 2020

The purpose of this memorandum is to recommend the establishment of a new off budget account for the Katherine Hepburn Cultural Arts Center (“KHCAC”) for the purpose of collecting the rent payments called the “KHCAC Rent Fund”. Typically at this time of year, we take the opportunity to review many of our existing funds, procedures and transactions as we prepare to close out the fiscal year. It was determined that the opening of the KHCAC Rent fund would be consistent with the manner in which the Town presently collects rent for the Chamber building and uses those monies for projects as the need arises.

By way of background, the Town collects \$500 per month from the KHCAC, or \$6,000 per year. At present these funds go into miscellaneous income and are reported as part of the Town’s General Fund (“GF”) income. The impact to the GF budget of the opening of this new fund would be minimal. The Town would forgo \$6,000 of GF income. However, the KHCAC expense line item has also historically gone slightly over budget as well. In addition, the KHCAC Rent fund would provide a source of funding to supplement future projects.

Under the Fund Balance policy approved by the Board of Finance (“BoF”), the Finance Director does have the ability to open Internal Service Funds, which are an accounting device used to accumulate and allocate costs internally for a specified purpose. The recommendation is to establish this account and given the budget implications, I hereby request the ratification of the BoF.