



Town of Madison, CT

Board of Finance

Draft

Minutes of a special meeting of the Board of Finance held on January 15, 2020, 7:00 p.m. at the Town Campus

Present: Jean Fitzgerald, Judith Friedman, Fillmore McPherson, Justin Murphy and John Picard (arrived at 7:25 p.m.)

Also present: Stacy Nobitz, Finance Director; Kristen Bartosic, Accountant; Scott Erskine, Beach and Recreation Director; MCTV

Ms. Fitzgerald called the meeting to order at 7:05 p.m.

REGULAR SESSION

1. Pledge of Allegiance. The Board of Finance and members of the audience stood and recited the Pledge of Allegiance.
2. Approval of minutes – December 19, 2019. On motion made by Mr. McPherson, and seconded by Ms. Fitzgerald, the Board voted unanimously to approve the minutes of the special meeting of December 19, 2019 as submitted.
3. Chairman's comments. Ms. Fitzgerald reported that at the Board of Selectmen's meeting this morning there had been discussion on a possible referendum for bonding projects including the Academy School and school facilities. The timeline, as per State Statute, was discussed and the referendum will be scheduled for some time in the fall.
4. Citizen and Finance member comments. Ms. Friedman noted that the CIP has been meeting with Town Departments to review their upcoming needs. The meeting tomorrow evening will focus on the Academy School and school facilities.

NEW BUSINESS

5. Discuss and take action to approve a request from the Beach and Recreation Department to purchase a V-Box Spreader and cover for Building & Grounds, funds will come from the Program Equipment Fund. On motion made by Mr. McPherson, and seconded by Ms. Fitzgerald the Board voted unanimously to approve the request from the

Beach and Recreation Department to purchase a V-Box Spreader and cover for Building & Grounds with the funds to come from the Program Equipment Fund.

6. Discuss and take action to approve the Deferral Program Interest Rate. On motion made by Mr. Murphy, and seconded by Ms. Fitzgerald the Board voted unanimously to discuss and take action to approve the Deferral Program Interest Rate.

Ms. Nobitz explained that the Connecticut General Statutes provides for the Board of Finance to set the annual interest rate for the Town Tax Deferral Program using the prevailing the Town's borrowing rate or rate of return on short-term investments as a guide. Ms. Nobitz noted that the interest rate set for the 2018 grand list was 1.0%. The Town is currently receiving 2.12%, on average, on investments and the Town borrowing rate on the last bond issue was 3.0%.

Mr. McPherson suggested that the Board set the rate at 1.5% which would provide for a slight increase from the prior year. Ms. Fitzgerald recommended that the rate remain at 1% for another year.

Ms. Nobitz noted that last year a total of 25 seniors participated for a total deferred amount of \$136,000. Five years ago a total of 14 seniors participated for a total deferred amount of \$60,000 so the program is slowly growing.

On motion made by Mr. McPherson, and seconded by Ms. Fitzgerald, the Board voted to set the interest rate for the Deferral Program at 1.5%. Ms. Fitzgerald, Mr. McPherson, and Mr. Murphy voted in favor of the motion, with Ms. Friedman opposed.

7. Discuss and take action to approve the Board of Finance Capital Improvement Program public member. Mr. Fitzgerald noted that the Board has received a number of recommendations for individual to serve as the public member for the Board of Finance Capital Improvement Program. She asked interested residents to submit their names and the Board will review all recommendations and interested individuals and plan to make their appointment this summer when the CIP work will begin.

8. Discuss and take action to approve the Amended 2020-2021 Budget Workshop Calendar. On motion made by Mr. McPherson, and seconded by Ms. Friedman, the Board voted unanimously to approve the Amended 2020-2021 Budget Workshop Calendar as submitted.

Ms. Nobitz noted that changes made were that the Budget Public Hearing and Regular Board of Finance meeting will be held on April 29th, the referendum will be held on May 19th and the Board of Finance meeting to set the mil rate will be held on May 20th.

9. Discuss and take action to approve the Amended 2020-2021 Board of Finance Meeting Schedule. On motion made by Mr. McPherson, and seconded by Ms.

Friedman, the Board voted unanimously to approve the Amended 2020-2021 Board of Finance Meeting schedule as submitted.

Ms. Nobitz noted that the changes made were that the regular Board of Finance meeting for April will be held on April 29th at Polson Middle School Auditorium and the regular Board of Finance meeting for May will be held on May 20th.

10. Review FY 2020-2021 Budget Process. Ms. Nobitz noted that next week will begin the budget workshops on the internal departments and the workshops for the external departments will be held on Saturday.

11. Review of Financials. Ms. Nobitz noted that, at the December meeting, there were several items the bond counsel and auditors had recommended for considered by the Board. The first item related to considering an increase in the threshold for the Fund Balance. The current regulation provides for a fund balance amount of 10% of the total budget less the debt service which is \$8 million. The Town has regularly had a higher fund balance than the current 10% threshold since it generally is at 12-13%. The GFOA recommendation is for a fund balance of two months expenditures, which for Madison would be \$13 million. She believes this is high since Madison, as do other Connecticut towns, has a steady source of revenue from property taxes compared to other states that rely on less stable sources of income like sales taxes and fees. She suggested consideration of an amount to cover 1.5 months of expenses which would be \$9.750 million or 11.5% of the budget.

Ms. Fitzgerald recommended that Ms. Nobitz put together a draft of sample options. Ms. Nobitz agreed to create a summary and send options to the Board of consideration and discussion at a workshop.

Ms. Nobitz noted that the bond counsel and auditors also discussed the idea of looking into establishing an OPEB trust fund. She provided information on establishing this trust and asked the Board members to review the information and contact her with any questions. She noted that currently OPEB payments are done pay-as-you-go from the same funds as active employees. If an OPEB trust is established it will require an annual contribution so it would become a new budget line item.

Ms. Nobitz noted that the third issue that was discussed last month was the Health Insurance Reserve Fund. Currently this fund is in very good shape. The Board of Finance regulations say that the account should be funded at 125% of claims. She noted that there was a \$600,000 correction made from an error from FY 18-19 when the Town was charged for bills that should have been covered by the Stop Loss Insurance and this contributed to the health of this account. Since this account is currently doing so well, she questioned if the Board wanted to have the account remain at this high level or use a portion for another employee related fund such as the Pension Fund to improve that fund.

Because this is a shared fund, any action would also have to go to the Board of Education. She asked that the Board of Finance members review this item for consideration at a future meeting.

12. Citizen comments. There were no citizen comments.

13. Liaison Reports and Report from First Selectman. Mr. Murphy noted that he had attended the Senior Services Commission meeting. It was noted that they are requesting a new van in the CIP program. It was also noted that some of the senior programs have capacity and they want to get the word out that individuals who are younger than seniors are welcome to sign up for programs and activities if space is available.

Ms. Fitzgerald noted that the Board of Selectmen had discussed moving toward a fall referendum on bonding projects including the Academy School and school. Discussion will continue at future meetings.

Mr. McPherson noted that a financial report on the Library project shows revenue over expenditures at + \$11,000 at this point so they continue to do well. Ms. Friedman noted that they only have a balance of \$323,000 to raise for the building project and they have a major fund raiser scheduled for April 18th.

14. Adjourn. On motion made by Mr. Picard, and seconded by Mr. McPherson, the Board voted unanimously to adjourn the meeting at 7:40 p.m.

Terry Holland-Buckley
Clerk