



Town of Madison, CT

Board of Finance

Subject to Approval

Minutes of a regular meeting of the Board of Finance held on January 18, 2023, 7:00 p.m. via Zoom Online Platform

Present: John Picard, Cindy Breckheimer, Jean Fitzgerald, Fillmore McPherson, Justin Murphy

Also present: Stacy Nobitz, Finance Director; Kristen Bartosic, Manager of Budgets and Planning; Michael VanDeventer, Samantha Thomas, Mahoney Sabol

Mr. Picard called the meeting to order at 7:00 p.m.

REGULAR SESSION

1. Pledge of Allegiance. The Board of Finance stood and recited the Pledge of Allegiance.
2. Approval of minutes – Regular meeting of December 14, 2022 .

On motion made by Mr. Murphy, and seconded by Ms. Breckheimer, the Board voted unanimously to approve the minutes of the regular meeting of December 14, 2022 as submitted.

3. Chairman's comments.

Chairman Picard wished the members a Happy New Year. He also suggested an item for discussion this year should be the Selectmen's salary since there will be an election coming up this year and the Selectmen's term will not be for four years.

4. Finance member comments/liaison reports.

Mr. McPherson reported that at the Library Board meeting it was reported that the Library Pension Fund is funded at 94%. In addition, it was noted that, so far this year, the Library is operating in black. The Library has a raffle fund raising coming up with prizes of coupons from local businesses and stores and he encouraged the public to support this effort.

5. Report from First Selectman

First Selectwoman Lyons was unable to be present for a report.

6. Citizen Comments

There were no citizen comments

NEW BUSINESS

7. Presentation of the fiscal year ending 2022 Audited Financial Statements.

Michael VanDeventer and Ms. Thomas were present to provide a report on the 2022 Audit. Mr. VanDeventer reviewed the audit broken down into areas as follows:

Scope of Work – The audit of Financial Statements was performed in accordance with auditing standards issued by the American Institute of Certified Public Accountants and Government Auditing Standards. The Federal and State Single Audit was performed in accordance with uniform administrative requirements, cost principles and audit requirements for Federal awards, State OPM Compliance Supplement and applicable grant and contract agreements. End of Year School Reports followed procedures required by the State of Connecticut Department of Education

Auditor's Reports – The Federal Single Audit report on compliance and internal control at the Federal Award level showed an unmodified clean opinion on compliance and they did not report any significant deficiencies or materials weaknesses over grant compliance.

The State Single Audit report on compliance and internal control at the State financial Assistance level showed an unmodified clean opinion on compliance and they did not report any significant deficiencies or materials weaknesses over grant compliance.

Financial Highlights -The audit report highlighted

- General Fund
Revenues and over financing sources were \$5,970,495 more than budgeted and expenditures were \$477,563 less than budgeted.
The actual change in fund balance on a budgetary basis was an increase of \$2,116,545
- Governmental Funds
Combined fund balances as of 6/30/22 totaled \$37,598,334 an increase of \$3,472,902
- Internal Service Fund
The fund has an unrestricted net position of \$5,020,029 which represents approximately 5.2 months of claims expense

- Government-wide financials
 - Unrestricted net position of \$2,668,138
 - Town Pension Plan is funded at 65.2%
 - Police Pension Plan is funded at 65.6%
 - Fire Pension Plan is funded at 72.5%
 - Total OPEB liability is funded at 0.0%

Required Communications – There was only one minor audit finding related to new accounting standards. They are recommending that future leases be analyzed and accounted for in accordance with GASB Statement No. 87, Leases. There were no difficulties encountered in performing the audit, there were no uncorrected misstatements, there were no disagreements with management. Madison had a very clean audit for 2022.

In response to a question by Mr. McPherson, Mr. VanDeventer noted that there is no recommendation for any extra action that needs to be taken that is at the level that the Board needs to be involved. They agree that the office is staffed to allow necessary and effective checks and balances.

Ms. Fitzgerald noted that the Fund Balance exceeds the 10% recommendation by GFOA best practices and she questioned if thought should be given to reducing this amount? Mr. VanDeventer noted that a lower Fund Balance can have the impact of affecting a Town's bond rating but since Madison has a AAA rating consideration could be given to possibly reducing the fund balance to be closer to the recommendation.

8. Review of Financials.

Mr. McPherson commented, that following the action to double the pension benefit for the Firemen's Pension fund, he would recommend taking \$1.5 million from the Fund Balance to infuse this fund with the money that will be needed to meet this obligation in the future. He noted that the fund is 72.5% funded as of June 30, 2022 but with the payouts now doubled, the account is actually now reduced to approximately 30% funded. He noted that this could also be a benefit to the Town since these funds would also be able to earn higher interest than if they remain in the cash account. Doing an infusion would also keep future deposits into the Fund more level for taxpayers. He believes that this would be a good use of fund balance.

Ms. Fitzgerald indicated that she generally agrees with Mr. McPherson but believes there is a need for further discussion and time before taking action. The Plan improvements

have been approved and received the full support of the Board so there is no question of whether to fund it is rather a question of how. She believes there is a need for further discussion on what is the goal for the fund balance and then discuss possible upcoming major projects that will require funding while also maintaining a fund balance that is adequate to handle an emergency. She recommended that this item be included on the agenda for the February meeting.

Mr. Picard commented that there is a need for more information on the potential budget impact of the increased pension. It will be important to be careful with excess fund balance with so many upcoming major projects.

Mr. Murphy commented that including an annual infusion in the budget rather than doing a large infusion from the fund balance provides for greater transparency for the public since they will see this item included in the annual budget. Mr. McPherson commented that providing \$300,000 in funding each year in the budget will still require Town Meeting approval, however, he believes a Town Meeting to approve a \$1.5 million infusion from fund balance would actually draw more members of the public for comment and questions. He believes that drawing out the funding for this item will also have the impact of drawing out the potential benefit of a large infusion.

Ms. Nobitz was asked to provide information on the various items and projects that she foresees need fund balance funding in the upcoming years. In addition, discussion on the fund balance regulation and funding for the Firemen's Pension Fund should be included on the agenda for the February meeting.

9. Citizen comments.

There were no citizen comments.

10. Adjourn.

On motion made by Mr. McPherson, and seconded by Ms. Breckheimer , the Board voted unanimously to adjourn the meeting at 7:52 p.m.

Respectfully submitted,

Terry Buckley, Clerk