



# Town of Madison, CT

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## Board of Finance

Draft

Minutes of a regular meeting of the Board of Finance held on February 17, 2021, 7:00 p.m. via teleconference - Zoom

Present: Jean Fitzgerald, Judith Friedman, Ken Kaminsky, Filmore McPherson, Justin Murphy and John Picard

Also present: Peggy Lyons, First Selectwoman; Stacy Nobitz, Finance Director; Kristen Bartosic, Supervisor Accounting Management, Scott Erskine, Director, Beach and Recreation Department; Sunnie Scarpa, Library Director; Nicole Wiles, President Board of Trustees, Scranton Library

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 – January 20, 2020. On motion made by Mr. Picard, and seconded by Mr. Murphy, the Board voted unanimously to approve the minutes of the regular meeting of January 20, 2021 as submitted.

On motion made by Mr. Picard, and seconded by Mr. McPherson, the Board voted unanimously to approve the minutes of the special meeting of February 10, 2021 as submitted.

3. Chairman's comments. There were no Chairman's comments.
4. Citizen and Finance member comments. Mr. McPherson recommended that discussion on the Pension be considered when reviewing Item #7, Discussion on the unassigned fund balance. He believes that the Town will be able to earn more by investing these funds in a long-term revenue account which will also reduce the amount needed on a regular basis in future years which could provide a give back to the taxpayers in future budget cycles.

## NEW BUSINESS

5. Discuss and take action to approve a Special Appropriation request from the E.C. Scranton Memorial Library in the amount of \$32,000 due to unexpected budget shortfalls relating to increased pension expenses in current fiscal year, 2020-2021. A motion was made by Mr. Picard, and seconded by Mr. McPherson to approve the request of Scranton Library for a special appropriation of \$32,000 for unexpected budget shortfalls relating to increased Pension expenses in FY 2020-21.

Mr. Murphy questioned if the recent successful Library fund raiser has any impact on the expected budget shortfall? Ms. Scarpa noted that the fund raiser does not factor into this budget shortfall but does bring the Library fund raising effort to \$132,000 and closer to its \$176,000 target goal.

In response to a question by Mr. Kaminsky, Ms. Scarpa noted that fundraising funds are earmarked for specific items in the operating budget. They are still working on the Memorandum of Understanding with the Selectmen's Office to work out a percentage of the operating budget the Town will contribute, which historically has been 85%

Mr. Kaminsky questioned if there are any savings for future years from the Library not being at full operation for the past year due to the pandemic? Ms. Scarpa noted that they have saved some money with the virtual programs but these funds were used to help offset some of the unexpected Covid related expenses or otherwise the shortfall would have been larger.

After discussion, the Board voted on the motion made by Mr. Picard, and seconded by Mr. McPherson, for a special appropriation of \$32,000 from unallocated fund balance for unexpected budget shortfalls relating to increased Pension expenses in FY 2020-21. The motion was approved unanimously.

6. Discuss and take action to approve a Special Appropriation request in the amount of \$20,000 to fund the increase in trash removal services for the downtown center. Ms. Lyons explained that the trash contract came in over budget and they are looking at different options for handling trash removal especially in the downtown area. There are not funds available in the Beach and Recreation Department to cover this additional cost.

On motion made by Mr. Picard, and seconded by Mr. McPherson, the Board voted unanimously to approve the request of Beach and Recreation for a special appropriation of \$20,000 to fund the increase in trash removal services for the downtown center.

7. Discuss the Town of Madison’s unassigned fund Balance. Ms. Nobitz reviewed the projected unassigned fund balance at June 30, 2021 as \$17,301,526. Ms. Nobitz noted that the projected balance includes the two special appropriations approved this evening, State funding and revenue from non-resident tuition payments. One revenue item highlighted is the \$20,000 for non-resident tuition and the Board agreed it would be appropriate to look at putting this annual item into a reserve fund for the Board of Education.

Ms. Nobitz noted that the 10% reserve policy requires that \$8,329,549 be held as unassigned to cover 1.5 months of expenses. This would leave a balance of \$8,971,977 to consider for us of these funds. She suggested that the Board discuss the fund balance and possible uses including the use of a specific amount of offset taxes in upcoming years and provided the following potential uses for the unassigned fund balance for discussion:

- CIP	225,781
- Additional Highway Equipment	600,000
- Severance	106,586
- Revaluation	60,000
- Emergency Message Boards	42,000
- OPEB Trust	1,000,000
- Coastal Resiliency Fund	300,000
- Pension Fund	
- Subsequent Years Budget	673,000
- WPCA	150,000

Ms. Nobitz provided data on scenarios if the Board wanted to revise regulation for the required fund balance reserve to provided adequate funds for an amount other than the current 10%. Ms. Fitzgerald recommended that the Board of Finance use the 10% model as a guide for now to determine an appropriate amount to spend from the unassigned fund balance to earmark for future needs. Ms. Fitzgerald commented that the would be reluctant to change the current regulation that provides for a 10% reserve.

Mr. Murphy agreed that the Board should move slowly and carefully because other unanticipated items could still come up for consideration.

In response to a comment by Mr. Picard, Ms. Nobitz recommended that representatives from Millman attend a future Board of Finance meeting to discuss the recommendation to create and provide funds for an OPEB Trust. Mr. McPherson suggested that it would be helpful to know the total OPED liability to understand the correct amount that would need to be included in the annual budget moving forward. Ms. Nobitz suggested that Board

members forward any questions on this item to her so she can provide them to the actuary so they can be prepared at the next meeting.

Ms. Fitzgerald suggested that the Highway Equipment fund is another area that should undergo additional discussion. Mr. Murphy expressed concern that this account is front loaded and then is set up as a recurring lump sum item into the future. Ms. Nobitz noted that the idea would be to provide a large amount to front load this account but then spread out future needs to keep the CIP account more level. Ms. Fitzgerald noted that the goal would be to move in the direction of setting up a savings plan. The plan would be to take the initial priority list and fund it in year one and then spread out the balance of needs over the next five years.

First Selectwoman Lyons noted that there is a schedule behind the Highway Equipment Plan and the Board of Finance will be receiving this detail for the proposed \$600,000 appropriation to start up the reserve fund for the priority items along with a list of some equipment to be financed.

Ms. Nobitz noted that a specific amount for the pension fund is not included in the potential uses so this provides some flexibility to develop an appropriate amount and also provides for consideration of including funds for the Health Insurance account.

8. Review FY 2021-2022 CIP Committee process and Budget process. There was no discussion on the CIP Committee process and budget process.

9. Review of Financials. Ms. Nobitz noted that the financial reports showed some updated Covid, Finance and Board of Education funds. She also reported that Tax Collections are at 96.19% through January collections compared to 98.49% last year. She is not concerned since the Governor has provided an extension to April 1 for the second payment for real estate taxes.

10. Liaison Reports and Report from First Selectman. Mr. McPherson noted that the Pension Committee had met and the funding is for last year is as follows:

Town	65%
Police Department	69%
Fire Department	80%

The Pension Committee has lowered the interest rate assumption but the pension would now be amortized based on 20 years. Mr. McPherson also noted that a request is coming for the

Fire Department pension to gradually be increased from \$5,000 to \$10,000. The Board of Selectmen will be reviewing this request and sending it onto the Board of Finance.

First Selectwoman Lyons noted that the Board of Selectmen are currently focusing a substantial amount of time on the budget. She also noted that they are looking at a possible refinancing of approximately \$3.5 million in bonds. The goal is to move quickly to take advantage of the current market.

11. Citizen comments. Mr. Horvath commented that he believes the discussion on the potential uses for the unassigned fund balance was very beneficial and he supports the efforts to earmark funds above the 10% reserve.

12. Adjourn. On motion made by Mr. McPherson, and seconded by Mr. Murphy, the Board voted unanimously to adjourn the meeting at 8:05 p.m.

Terry Holland-Buckley  
Clerk