

**AGENDA
REGULAR MEETING
BOARD OF FINANCE
MONDAY, FEBRUARY 3, 2020
7:30 PM
TOWN HALL MEETING ROOM**

AGENDA

1. To approve minutes of BOF Meeting held on December 18, 2019
2. Public Comment
3. Tax Collector's Report
4. Finance Director's Report
5. Treasurer's Report
6. Forward looking Mill Rate projections
7. Debt Policy revision
8. Selectmen's Budget Workshop comments
9. OPEB Trust study
10. BOE Insurance Reserve update
11. Restructuring and Cooperation with Other Boards
12. Reports from Individual Board members as assigned
13. Correspondence and Administrative matters
14. Executive Session – Discussion of reduction in time dedicated to
job position
15. Public Comment



Minutes of Board of Finance Special Meeting, 12/18/2019

AGENDA: **Board of Finance Special Meeting**

RECEIVED 12/24/2019 12:27pm

Michele R. Grande – Redding Town Clerk

BOARD OF FINANCE

SPECIAL MEETING

WEDNESDAY, DECEMBER 18, 2019

6:30PM – REDDING COMMUNITY CENTER

Filed subject to approval.

Present:

Ward Mazzucco, Vice Chair; Jamie Barickman; Jenifer Wyss; Ed Miller; Dr. Kimberly Yonkers, Chair (6:42PM); Rob Dean (7:16PM)

Also Present:

Steve Gniadek, Finance Director; First Selectwoman Julia Pemberton; Scott Bassett, RSM; Dr. Tom McMorrان, Superintendent of Region 9; Selectman Michael Thompson; BOE Members; Members of the Public

Vice Chair Mazzucco called the meeting to order at **6:30PM**.

1. TO APPROVE THE MINUTES OF THE BOF MEETING HELD ON MONDAY, 11/25/2019

MOTION:

Mr. Barickman made a motion to approve the minutes of the BOF Meeting held on Monday, 11/25/2019. Ms. Wyss seconded the motion. There were three yes votes (Mazzucco, Barickman, and Wyss) and one abstention (Miller). The motion carried.

2. FUND BALANCE LOAN FOR PD RADIOS

First Selectwoman Pemberton offered to show the BOF a video created by Steve Schnell of the Redding Police Department on the topic of the radios.

Mr. Mazzucco said due to time constraints, there will be a short discussion instead of viewing the presentation.

Vice Chair Mazzucco asked First Selectwoman Pemberton what was approved at the budget referendum. First Selectwoman Pemberton said the entire communications project was approved. The Town is responsible for the infrastructure as well as the radios for the Police Department.

First Selectwoman Pemberton said a purchase order has been placed for the Police Department radios. The Fire Districts have ordered their radios as well. There will be significant cost savings due to placing these orders before the end of the year because of a time-sensitive deal.

First Selectwoman Pemberton said the infrastructure component of the project cannot be completed until a lease can be obtained for the communication tower. Discussion followed concerning the cost and implementation of this lease.

MOTION:

Mr. Miller made a motion to transfer \$300,000 from the General Fund to the Capital Project Town Fund for Police Department Radio Equipment. This will be reimbursed by issuance of a BAN in the future. Mr. Barickman seconded the motion. The vote was unanimous (Mazzucco, Barickman, Miller, and Wyss), and the motion passed.

Mr. Barickman asked First Selectwoman Pemberton the lifespan of the infrastructure. First Selectwoman Pemberton said the lifespan would be at least 10-15 years for the infrastructure, but as long as the technology is used, the infrastructure must be maintained. Discussion followed concerning the tower lease and how a 20 year bond applies to technology that only lasts 10-15 years. Mr. Gniadek said the Town has bonded for infrastructure or other capital items in the past that only have a lifespan shorter than the bond length.

Chair Yonkers arrived at 6:42PM.

Vice Chair Mazzucco asked the BOF about the Monday, September 28, 2020 meeting and if it can be changed.

MOTION:

Vice Chair Mazzucco made a motion to change the Monday, September 28, 2020 BOF meeting to Monday, September 21, 2020. Chair Yonkers seconded the motion. The vote was unanimous, and the motion carried.

Vice Chair Mazzucco asked the BOF about changing the January 27, 2020 BOF meeting.

MOTION:

Ms. Wyss made a motion to change the Monday, January 27, 2020 BOF meeting to Monday, February 3, 2020, subject to Mr. Dean's availability. Mr. Miller seconded the motion. The vote was unanimous (Yonkers, Mazzucco, Barickman, Miller, and Wyss), and the motion carried.

3. TO REVIEW FY 2018-2019 CAFR AUDIT REPORT

Scott Bassett from RSM addressed the BOF.

The BOE had a personnel change with their accountant. This caused some delays in the audit.

There were no major adjustments to accounting standards this year. This will change in the upcoming years.

The Connecticut Municipal Retirement System (CMERS) had its rate of return adjusted, resulting in major contribution changes for the Town and employees. The net pension liability for the Town of Redding increased by over 100%, increasing from \$5m to over \$10m. This will be an increasing cost for the Town over the next couple of years. Mr. Bassett flagged this as something that the town should watch.

The Other Post-Employment (OPEB) liabilities for the Town didn't change much except for the Connecticut Teacher's Retirement Board (TRB) plan. Benefit terms changed and this had a direct effect on financial statements. The balance of this liability is approximately \$3 million and Mr. Bassett felt that this was also an issue the Town should watch.

The layout of the audit was explained.

The BOE Internal Service Fund, the fund used for Medical Self-Insurance, performed better in FY 2018-2019. Mr. Bassett noted that last year the Medical Self-Insurance was in the negative although it was replenished by excess funds from savings in the prior year. This is also an issue the Town needs to carefully monitor.

Discussion followed on CMERS and the impact to the Town.

Mr. Mazzucco asked about management suggestions. Mr. Bassett had none.

Chair Yonkers asked Mr. Bassett about the Internal Service Fund. Mr. Bassett said that the BOF should request a quarterly report for the Internal Service Fund from the BOE. Chair Yonkers requested that Mr. Gniadek provide this information to the BOF quarterly.

Rob Dean arrived at **7:16PM**.

MOTION

Vice Chair Mazzucco made a motion to approve the CAFR as presented for the year ending June 30, 2019, subject to any minor revisions to the report the auditors or the BOF will make. The revisions will be reported to the BOF. Discussion followed. Chair Yonkers seconded the motion. The vote was unanimous (Yonkers, Mazzucco, Barickman, Miller, Wyss, and Dean), and the motion carried.

4. FORMAT AND CONTENT OF BOF MEETINGS

There was no discussion about format and content of BOF meetings.

Chair Yonkers adjourned this portion of the meeting at **7:21PM**.

5. PUBLIC COMMENT

Chair Yonkers called the meeting to order at **7:37PM**.

Chair Yonkers opened the floor to public comment.

Mary Dale Lancaster, Mine Hill Road, is the Commission on Aging Chair. She discussed the Redding Community Center and its need for renovations and expansion.

Kathy Brand, Redding resident, discussed space concerns.

Janet Metzger, former COA chair, discussed the necessity for changes at the RCC.

First Selectwoman Pemberton addressed the COA's concerns. Discussion followed.

Selectman Michael Thompson thanked the COA for attending and invited them to the budget meeting.

Christopher Tse, 111 Gallows Hill Road, said he is encouraged that the BOF wants to address communication between the boards.

6. JOINT MEETING WITH THE BOARD OF SELECTMEN AND BOARD OF EDUCATION TO DISCUSS FY 2020-2021 BUDGET

Chair Yonkers addressed the audience. She presented notes from the discussions held with the Schools Consultant. Discussion followed on how to increase communication between the boards and improve budgeting.

Dr. McMorran presented for the BOE. He discussed how personnel costs and special education make up the majority of costs for the schools. Cost-saving measures like regionalization and start time changes were discussed.

First Selectwoman Pemberton presented for the BOS. She discussed the real estate market and increasing commercial development in Redding.

Chair Yonkers adjourned the meeting at **10:05PM.**

Submitted by,
Zachary Smith

TOWN OF REDDING

FINANCE DEPARTMENT

Memorandum

To: Town of Redding Boards of Finance and Selectmen

From: *Steve Gniadek*

Date: February 3, 2020

Re: **January 2020 Monthly Report**

Bond Length vs Useful Life – Regarding the question of including items in a 20 year bond which have a useful life of 10-15 years, I circulated the response from Matt Spoerndle, our FA. In summary, we certainly have the option to use a shorter bond term of perhaps 10 or 15 years. We can also structure the principal payment to coincide with the individual items in the bond. I also reached out to Bond Counsel and he advised there is no statutory regulation on this.

OPEB Trust – arranged conference call with Finance Directors from Weston and Westport to discuss the details of their trust. BOF members Kim Yonkers and Jenifer Wyss were also on the call. Provided additional information from our actuaries regarding the impact of higher interest rates on reducing the liability

Cybersecurity Workshop – 30 individuals have signed up for the February 13th presentation at Town Hall by CCM

2020-21 Budget – the Selectmen’s Budget Workshop was held Friday, January 10, 2020. The consolidation of the Department Head budgets results in a total Selectmen’s Budget of \$15,248,997, which is a \$258,533 increase or 1.72%

Fuel Oil Consortium – the price for #2 Fuel oil for the period September 1, 2020 through August 31, 2021 has been set at \$ 2.03 per gallon (18,000 gallons). This compares to our current contract which is \$ 2.105 per gallon (for a 3.5% reduction)



Treasurer's Report to the Board of Finance

JANUARY 2020

Fund Balance December 31, 2019

Operating Funds

<u>LOCATION</u>	<u>ACCOUNT OR TYPE</u>	<u>AMOUNT</u>	<u>ACCRUAL RATE</u>	<u>CASH INCOME</u>
Webster Bank	General Fund	\$2,827,439	0.00%	\$ -
	Investment Account	\$2,270,335	1.65%	\$ 3,978.40
	Tax Collection Account	\$0	0.00%	\$ -
	\$4 mm US T Bill due 1/16/20	\$3,961,257	2.03%	\$ -
	subtotal	\$9,059,031		\$3,978
Janney Montgomery	Investments	\$3,861,517	1.96%	\$ 13,069.61
	Cash	\$2,739	0.95%	\$ -
Bank of NY Mellon	CT STIF	\$7,737	1.75%	\$ 4.49
U.S. Bank	Stone Castle as advisor	\$2,072,256	1.60%	\$ 2,988.95
	TOTAL	\$15,003,279	1.51%	\$20,041

Fund Balances December 31, 2019

Capital or Designated Funds

Webster Bank	Capital Non-Recurring	\$	712,056	1.65%	\$	996.46
	Debt Service Fund	\$	807,485	1.65%	\$	1,130.00
	Capital Projects-School	\$	212,450	1.65%	\$	297.30
	Capital Projects-Town	\$	473,028	1.65%	\$	421.54
	Georgetown Sewer Assesment	\$	12,598	0.00%	\$	-
	Georgetown Sewer Use	\$	141,688	0.00%	\$	-
	Police Fund	\$	96,362	0.00%	\$	-
	Special Revenue	\$	15,837	0.00%	\$	-
	Town Road Aid	\$	169,724	0.00%	\$	-
	Trust and Agency	\$	161,184	0.00%	\$	-
CT STIF	Capital Non-RE	\$	220,774.07	1.65%	\$	367.10
TOTAL		\$	3,023,186	1.32%	\$	3,212.40

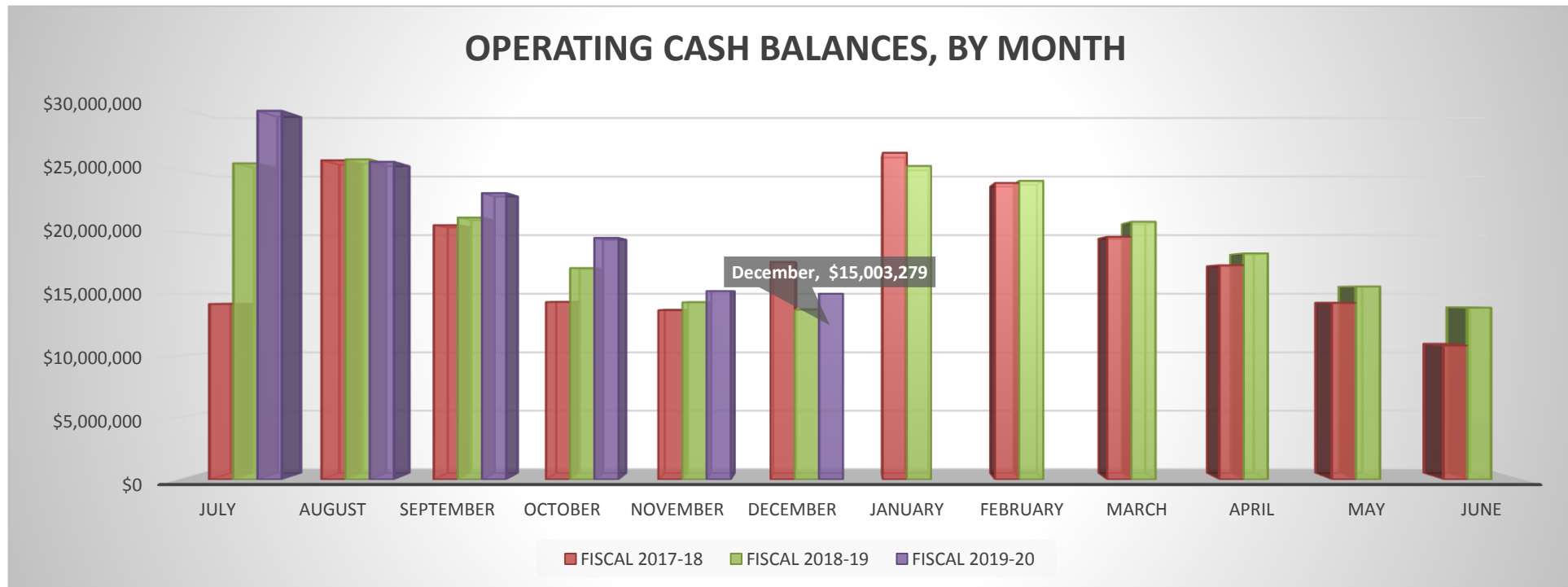
Operating Cash Balances

Monthly Trends Fy 2020

	<i>July</i>	<i>August</i>	<i>September</i>	<i>October</i>	<i>November</i>	<i>December</i>
FISCAL 2017-18	\$ 14,178,351	\$ 25,737,857	\$ 20,519,013	\$ 14,340,022	\$ 13,673,926	\$ 17,568,595
FISCAL 2018-19	\$ 25,490,222	\$ 25,817,845	\$ 21,135,722	\$ 17,072,409	\$ 14,314,242	\$ 13,713,897
FISCAL 2019-20	\$ 29,719,164	\$ 25,620,184	\$ 23,101,162	\$ 19,496,884	\$ 15,221,376	\$ 15,003,279

Operating Cash Balances

Monthly trends, FY 2020

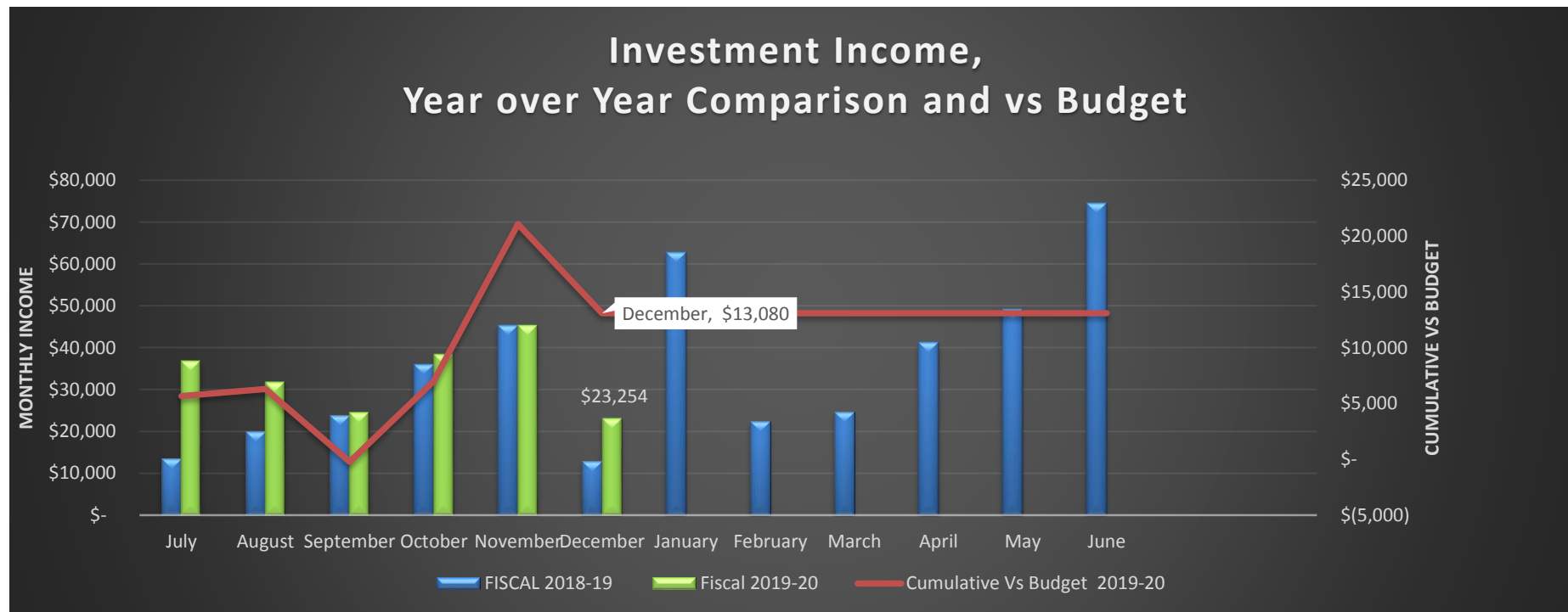


Monthly Interest Received

<i>Interest Income</i>	<i>July</i>	<i>August</i>	<i>September</i>	<i>October</i>	<i>November</i>	<i>December</i>
FISCAL 2018-19	\$ 13,557	\$ 19,984	\$ 23,830	\$ 36,133	\$ 45,306	\$ 12,823
Fiscal 2019-20	\$ 36,912	\$ 31,892	\$ 24,720	\$ 38,479	\$ 45,324	\$ 23,254
Budget	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250
cumulative income	\$ 36,912	\$ 68,804	\$ 93,523	\$ 132,002	\$ 177,326	\$ 200,580
cumulative budget	\$ 31,250	\$ 62,500	\$ 93,750	\$ 125,000	\$ 156,250	\$ 187,500
Cumulative Vs Budget 2019-20	\$ 5,662	\$ 6,304	\$ (227)	\$ 7,002	\$ 21,076	\$ 13,080

Investment Income Trends

Monthly results, FY 2020



**Redding School District
Health Insurance Analysis**

	2014 - 15	2015-16	2016-17	2017-18	2018-19	2019-2020
Reserve Fund Beginning Balance	392,197	443,477	466,915	127,040	60,371	244,086
Claims Paid	(2,366,126)	(2,357,228)	(3,010,757)	(2,750,903)	(2,485,391)	(1,306,956)
BOE HSA Paid					(223,017)	(254,756)
Admin Fees	(362,593)	(270,375)	(277,543)	(240,984)	(227,095)	(86,936)
Deposits	2,779,999	2,651,041	2,948,425	2,925,218	3,119,217	1,789,155
<i>EE Premium Contributions</i>				576,771	581,120	151,000
<i>Retiree/TRB Premium Contributions</i>				87,079	102,630	44,149
<i>ER Premium Contributions</i>				1,861,369	2,239,003	1,369,160
<i>BOE Approved Additional Contributions</i>			300,000	400,000	196,463	224,845

Reserve Fund Ending Balance	443,477	466,915	127,040	60,371	244,086	384,593
Annual Budget	2,413,715	2,212,203	1,960,270	1,913,002	2,289,303	2,390,931
Monthly Budget	201,143	184,350	163,356	159,417	190,775	199,244
Est Employee/Retiree Monthly Contrib	47,718	47,718	48,000	53,682	55,912	
Avg Monthly Claims & Admin Fees	227,393	218,967	274,025	249,324	226,040	278,778

	2014 - 15	2015-16	2016-17	2017-18	2018-19	2019-2020		
					<i>Claims</i>	<i>BOE HSA</i>	<i>Claims</i>	<i>BOE HSA</i>
July	231,374	172,140	291,075	205,775	52,149	206,600	186,930	232,200
August	235,344	168,539	297,367	402,954	324,601	-	380,449	4,756
September	230,235	262,936	175,603	261,802	145,177	8,367	156,559	11,800
October	201,109	204,675	162,780	200,372	136,735	2,000	242,783	6,000
November	135,267	141,073	425,123	287,664	218,200	1,050	340,235	-
December	181,081	152,202	285,979	173,754	148,001	2,000		
January	178,937	137,448	134,989	287,780	193,854	1,000		
February	154,715	219,299	199,378	215,429	204,145	-		
March	321,546	300,458	304,836	180,733	286,443	-		
April	188,460	213,561	250,480	157,231	257,312	-		
May	111,464	174,866	271,162	193,585	330,136	-		
June	196,594	210,031	211,985	183,824	188,639	2,000		
	2,366,126	2,357,228	3,010,757	2,750,903	2,485,391	223,017	1,306,956	254,756

CY YTD Average Claims/Mo.:	\$ 261,391
PY Average Claims/Mo.:	\$ 207,116
Prior 3 Yrs Average Claims/Mo.:	\$ 229,085