

**BOARD OF FINANCE
MEETING MINUTES
September 18, 2023**

I. CALL TO ORDER

The hybrid meeting was opened at 7:00 p.m. in person and by GoTo Meeting by Cathy Salchert, Chair, present: Margaret Bratton, Carl Gisnarian, Brian Loveless, Houston Putnam Lowry and Cathy Salchert. A quorum was present.

II. MINUTES OF PRECEDING MEETINGS:

August 28, 2023, Meeting –

On a motion made by Houston Putnam Lowry seconded by Carl Gisnarian it was voted:

RESOLVED: That the Board of Finance approves the minutes of the August 28, 2023 meeting as drafted.

Bratton, Gisnarian, Loveless, Lowry and Salchert voted in favor.

Motion carried 5-0-0.

III. COMMUNICATION FROM MEMBERS:

Cathy Salchert would like to see the video and audio recordings of the Board of Finance and Town Council meetings posted along with the minutes. Members of the Board of Finance present thought the concept merited further exploration by staff.

Margaret Bratton asked if the reevaluations were completed and when notices would be sent to taxpayers. Brandon Robertson was unsure about the date the reevaluations notices would be mailed. That would need to be answered by the Assessor, who was not present.

The next step is an internal audit of the reevaluations (which will occur during October), after which they would be sent out to the homeowners by November. Margaret Bratton wanted to know if it was possible to have the reevaluations sent to homeowners before the local elections because she has received questions from constituents. Under the present contract, this is not possible. Brandon Robertson will keep this in mind when negotiating future reevaluation contracts.

IV. TOWN MANAGERS REPORT/MISC.

A. Monthly Financial Report Summary

Details of the Monthly Financial Report Summary were included in the packet report dated for the period ended 8/31/23. Tom DiStasio discussed the report.

Notable points included:

- When reviewing some revenue lines, there was an increase in non-tax levied revenues by approximately \$800,000 during the budget development period. This has an affect on some of the percentages when you compare fiscal year 24 to fiscal year 23.
- The Town received \$586,816 in revenue from the State for the motor vehicle tax reimbursement that made up for the statutory cap on the motor vehicle mill rate.
- Under other financing sources, the \$1.1 million total appropriation is the budgeted use of \$350,000 of assigned fund balance to offset the pension obligation and \$750,000 that was transferred to the medical insurance fund, which was approved during the budget referendum in May.
- Other local revenues continue to be strong relative to the budget because of the current (higher) interest rate environment. Brian Loveless asked for a projection of what other local revenues may look like at the end of the fiscal year should the interest rate environment remain as it is currently for the October meeting.

B. Discussion of Year-End Financials

Details of the Fiscal Year 2022/2023 activity (unaudited) were included in the packet report updated as of 9/12/23. Tom DiStasio discussed the report.

Notable points included:

- Last year, the year end transaction review was in December. This year, we are planning to have it in November.
- Payroll accrual adjustments were booked which have adjusted the overall general fund expenditure amount. These are accrual adjustments, meaning the recorded expenditure is matched to the time in which it occurred. The first payroll in fiscal year 2024 fell on July 6th but consisted of work that was done in the prior fiscal year 2023, requiring the adjustment to be made.
- The activity to date on property taxes and assessments have gone down significantly. One reason is the recording of adjustments for 60-day revenues, which are when property taxes are earned for the period ending on June 30, there is still another 60 days whereby if we collect those amounts they can be recognized as revenue. Also bills for the grand list 2022 tax levy were sent out in June that pertain to fiscal year 2024. Some collections were made prior to the end of June and an adjustment was made to recognize the revenue for 2024.
- Town operating expenditures include three primary drivers. Public works overtime savings which are typically driven by snow events. There were few during the previous fiscal year. Salary savings due to employee turnover occurred because there were 6 positions for which vacancies between the budget development process and the end of the fiscal year resulted in savings compared to the budget. There were temporary recreation employee salary savings, which pertains to seasonal employee of the Recreation department. The number of employees required for the summer programs was conservatively estimated during budget development and the actual cost was less than anticipated.

- At this time there is no status update on the self-insured health coverage Fund 10 because claims are still being reviewed. An update will be provided at the next meeting if it is available.

V. OLD BUSINESS

21/22-21 American Rescue Plan Act.

Town Council Updates as of September 8, 2023: www.avonct.gov/arpa

There was no discussion on the topic.

23/24-03 General Fund Unassigned Fund Balance - Policy

Cathy Salchert reminded the Board that there is no vote required on this topic. The Town Council was looking for the Board of Finance members' input.

Cathy Salchert, Margaret Bratton, and Brian Loveless would like to continue having the Board of Finance and the Town Council's policies separate instead of combining them. Carl Gisnarian is in favor of combining them. No vote was taken.

Margaret Bratton felt the existing Board of Finance policy reads well except for the term "surplus" may be outdated and need to be updated. She recommends all the members review the existing policy again.

Brian Loveless suggested the Town Council use a range instead of going from 10% right to 13%, Margaret Bratton, and Carl Gisnarian agreed with the concept. Houston Putnam Lowry felt if we are currently well regarded by the bond rating agencies and they are indicating a move to 13%, then we should do so because we do not want to have our bond rating to be less than AAA.

Tom DiStasio explained the rating agencies and authoritative agencies such as GFOA are not giving definitive percentages. The rating agencies and authoritative agencies as a rule of thumb want to see that you set a policy, and adhere to that policy. The policy should be regularly monitored and updated as necessary.

Brandon Robertson explained a lot of discussion that went into choosing the goal of maintaining a minimum Unassigned General Fund Balance at fiscal year end of 13% of the General Fund expenditures and transfers out. 13% is an achievable goal, it is a floor and is in range with our peer groups. He asked the board to keep in mind that if there were unforeseen circumstances that required a draw down on unassigned fund balance, it would be a violation of the policy if the percentage is not adhered to.

Carl Gisnarian was considering a percentage range to ensure that the Town is not stockpiling funds that could be used for other purposes, such as paving projects. He realizes this policy does not cover the appropriate use of the funds. He feels there be a floor of 13% that there should also be wording that would state there should not be a positive variance of more than for example 7% for two years.

Houston Putnam Lowry moved to have the Town Council's draft proposal approved in principal. The motion failed because it was not seconded.

VI. NEW BUSINESS

23/24-04 Route 44 Pump Station Upgrade Project:

To consider and act upon a resolution, recommending an appropriation for adoption and approval at a Special Town Meeting pursuant to Section 10.3.1 of the Charter of the Town of Avon.

Cathy Salchert asked when is the work planned to be performed and why are we having a vote on using funds for a major project off cycle from the referendum on the budget? She is uncomfortable with this process and feels we should be doing this at a time when it is more likely to reach more voters.

It was clarified the \$1.3 million is coming out of sewer taxes and will not affect the mill rate or the general fund budget. Nevertheless, this has to be approved by the Board of Finance in accordance with the Town Charter, even though the mill rate will not be affected.

On a motion made by Houston Putnam Lowry seconded by Carl Gisnarian it was voted:

RESOLVED: That the Board of Finance hereby recommends the appropriation for adoption and approval at a Special Town Meeting pursuant to Section 10.3.1 of the Charter of the Town of Avon.

Resolution appropriating \$500,000 of grant funding and \$1,325,000 of funding from the committed fund balance of the sewer fund for costs related to the upgrade of the Route 44 sanitary sewer pump station.

Section 1. The sum of \$1,825,000 is appropriated for the construction, reconstruction of, and improvement to, the sanitary sewer pump station located on the northern side of Route 44 in the Town of Avon, Connecticut (the "Town"), at or near the Northwest corner of the intersection of Route 44 and Route 10 (hereinafter, the "Pump Station Site"), by undertaking certain improvements, including but not limited to, the installation of new pump station equipment and utility services and the removal or abandonment of existing equipment.

Section 2. \$500,000.00 of the aforementioned appropriated sum constitutes funding provided by the State of Connecticut Small Town Economic Assistance Program (STEAP) Grant administered by the Connecticut Department of Energy and Environmental Protection (DEEP) (hereinafter, the "Grant Funding"). The remaining \$1,325,000.00 of the aforementioned appropriated sum is provided by the Committed Fund Balance of the Town's Sewer Fund (hereinafter the "Sewer Fund Appropriation").

Section 3. The Town Manager or his designee is hereby authorized, in the name and on

behalf of the Town, to apply for and accept any and all Federal and State loans and/or other grants-in-aid of the Project and is further' authorized to expend said funds in accordance with the terms hereof and in connection therewith, to contract in the name of the Town with engineers, contractors and others.

Section 4. The Town Manager is hereby authorized, in the name and on behalf of the Town, to enter into any other agreements, instruments, documents and certificates, for the consummation of the transactions contemplated by this resolution.

Section 5. This resolution shall become effective upon its approval by the Town electors and persons qualified to vote in Town Meeting at a duly warned Special Town Meeting, to be held pursuant in accordance with the General Statutes of Connecticut, Revision of 1958, as amended, and Section 10.3.1 of the Town Charter.

Bratton, Gisnarian, Loveless, and Lowry voted in favor. Salchert opposed Motion carried 4-1-0.

23/24-05 Town-wide Fiber Network Project
A. Supplemental Appropriation (ARPA), \$214,000

It was explained this is the same fiber network project to upgrade the Town. We now have a firm quote from Sertex Broadband. The quote includes the cost for engineering, construction, licensing and “make ready” fees, and traffic control. The traffic control portion covers the funds that may be needed for the Police to have a traffic detail should any work need to be done in a public right of way.

On a motion made by Margaret Bratton seconded by Brian Loveless, it was voted:

RESOLVED: That the Board of Finance hereby amends the FY 23/24 Budget by increasing:

REVENUES

American Rescue Plan Act Grant, Intergovernmental, American Rescue Plan Act Grant Revenue, Account #50-0330-44037 in the amount of \$214,000.00 and increasing:

APPROPRIATIONS

American Rescue Plan Act Grant, Town CIP-Facilities, Town-Wide Fiber Network-ARPA, Account #50-4829-53472 in the amount of \$214,000.00, for the purpose of allocating funding received through the American Rescue Plan Act towards the expansion of the Town’s fiber optic network.

Bratton, Gisnarian, Loveless, Lowry and Salchert voted in favor. Motion carried 5-0-0.

B. Supplemental Appropriation (CT Urban Act Grant Program) \$700,000

On a motion made by Margaret Bratton seconded by Brian Loveless, it was voted:

RESOLVED: That, contingent upon the execution and delivery of the Grant Documents, the Board of Finance hereby authorizes the amendment of the FY 23/24 Budget by increasing:

REVENUES

Capital Projects Fund (Facil. & Equip.), Intergovernmental, Urban Act Program Grant, Account #02-0330-43426 in the not-to-exceed amount of \$700,000.00 and increasing:

APPROPRIATIONS

Capital Projects Fund (Facil. & Equip.), Town CIP-Facilities, Town-Wide Fiber Network, Account #02-4829-53472 in the not-to-exceed amount of \$700,000.00, for the purpose of expanding the Town's fiber optic network.

Bratton, Gisnarian, Loveless, Lowry and Salchert voted in favor.
Motion carried 5-0-0.

23.24-06 Approve Board of Finance 2024 Meeting Schedule

On a motion made by Houston Putnam Lowry seconded by Brian Loveless, it was voted:

RESOLVED: That the Board of Finance approve the 2024 Meeting Schedule as written.

Bratton, Gisnarian, Loveless, Lowry and Salchert voted in favor.
Motion carried 5-0-0.

VII. ADJOURN

On a motion made by Cathy Salchert, seconded by Houston Putnam Lowry, it was voted:

RESOLVED: That the Board of Finance adjourn the meeting at 8:08 p.m.

Bratton, Gisnarian, Loveless, Lowry and Salchert voted in favor.
Motion carried 5-0-0.

Minutes are official only after approval by the Board of Finance, usually at its next meeting.

Respectfully Submitted,

Houston Putnam Lowry,
Secretary

Attest: Christine Pescatore, Clerk

All referenced material is available to the public in the Town Manager's Office.