

TOWN OF WINDSOR, CONNECTICUT

Special Meeting Notice



AGENCY: Finance Committee

DATE: April 1, 2025

TIME: 6:30 PM

PLACE: Hybrid meeting - via Zoom and In-person at Town Hall in the Rose Room (3rd floor of town hall)

Dialing in by Phone Only:

1. Please call: **646 558 8656 or 646 931 3860**
2. When prompted for participant or meeting ID enter: **863 0294 3594** then press #
3. You will then enter the meeting muted. During Public Comment if you wish to speak press *9 to raise your hand.

Joining in by Computer:

Please go to the following link: <https://us02web.zoom.us/j/86302943594>

When prompted for participant or meeting ID enter: **863 0294 3594**

1. Only if your computer has a microphone for two way communication then during Public Comment if you wish to speak press **Raise Hand** in the webinar control. If you do not have a microphone you will need to call in on a phone in order to speak.

AGENDA

1. Call to Order
2. Public Comment
3. *Review of General Fund Unassigned Fund Balance Forecast
4. Staff Reports
5. Approval of Minutes
 - a) *March 10, 2025
6. Adjournment

*Backup materials

Public Act 75-312 requires notice of Special Meetings to be posted in the Town Clerk's Office not less than 24 hours prior to the time of such meeting. No other business shall be considered at this meeting than that listed on this Agenda.

Agenda Item Summary

Date: April 1, 2025

To: Honorable Mayor and Members of the Town Council

Prepared By: Peter Souza, Town Manager 

Subject: General Fund Unassigned Fund Balance Forecast

Background

The town has adopted an overall Debt and Fund Balance Policy which includes a target level for the General Fund Unassigned Fund Balance in order to make sure there are adequate financial resources available to protect against unforeseen economic circumstances and other events such as revenue shortfalls or unanticipated expenditures. The policies are intended to assist the Town Council with achieving long and short-term goals, framing major policy initiatives and ensuring the fiscal health of the Town.

Discussion/Analysis

The present fund balance policy states in part;

“The Town shall endeavor to maintain an available balance in the General Fund as a cushion against potential revenue and expenditure volatility. The definition of what is available balance will be the unassigned fund balance as of the end of the preceding fiscal year. The measure used will be available fund balance as a percentage of current year budgeted expenditures. The unassigned fund balance may be used for non-recurring or capital expenditures, unanticipated budget deficits or operating emergencies, to make debt service payments or reduce debt service, property tax or revenue stabilization as part of an overall strategy.”

The policy states the town will endeavor to keep the Unassigned Balance at between fifteen to twenty percent of the current year General Fund budgeted expenditures. This parameter aligns with guidelines and recommendations of the Government Finance Officers Association (GFOA) and Standard & Poors (S&P) rating agency.

GFOA recommends that general purpose governments, regardless of its size, should maintain an unrestricted fund balance in their General Fund of no less than two months of regular General Fund operating revenues or operating expenditures. Two months of the proposed FY 2026 budget equates to 16.7%. In addition, Standard & Poors (S&P) rating agency has established a fund balance criteria which includes a set of ranges for unassigned reserves as part of their credit rating process. For example, the range of 8% - 15% is considered *Strong* and 15% - 20% is considered *Very Strong*. S&P views a strong fund balance as providing financial and budgetary flexibility to meet large unexpected expenditures or fluctuations in revenues.

The Town Council's policy outlines that if the General Fund unassigned fund balance exceeds the 20% target, the amount exceeding that level could be available for possible appropriation. The policy provides the following guidance when the Town Council considers potential appropriation of funds above the 20% target:

- Transfer up to 40% to a Tax Rate Stabilization Fund for use to reduce the tax rate in the subsequent year(s) provided that care is taken to avoid a major fluctuation in the tax rate in succeeding years (*essentially Opening Cash*)
- Transfer up to 20% of excess to the Capital Projects Fund for capital projects
- Transfer up to 20% of excess to fund long-term liabilities in Other Post Employment Benefit programs (OPEB) or defined benefit pension plan
- Transfer up to 20% of excess to a Clean Energy & Sustainable Projects Fund

The fund balance policy also states that if the unassigned fund balance falls below the minimum level, the Town Council will replenish the fund balance during the annual budget process by appropriating at least 25% of the difference between the policy level and the unassigned fund balance each year until the policy level is met. This demonstrates to the credit rating agencies that the Town Council understands and appreciates the importance of rebuilding reserves and that our policy reflects contemporary best practices.

Financial Impact

At the end of FY 24, the Unassigned Fund Balance was at 27.2% of the FY 25 adopted General Fund budget after taking into account the allocation of \$3.0M for FY 25 *Opening Cash*. To date in FY 25, the Town Council has approved the use \$690,079 for the following uses:

POCD and Day Hill Corridor Studies	\$225,000
Property Tax Appeal Refund	379,579
Elderly Lunch Program	40,000
Fire Dept. PFAS Foam Removal	25,000
Broad Street Referendum	20,500

Also, the FY 25 Capital Plan allocates \$610,000 from the General Fund Unassigned Fund for various capital related projects.

When factoring in the above appropriations, plus the \$610,000 for CIP and \$250,000 in potential additional uses as well as the projected FY 25 year end operational surplus of \$802,000, the estimated fund balance as of June 30, 2025 is \$38,342,357. This is 25.2% of the Town Manager's FY 26 proposed budget *prior to* taking into account potential FY 26 uses for capital projects or FY 26 Opening Cash / Tax Rate Stabilization. This is approximately \$7.9M above the 20% target. Please note that use of Opening Cash in one year needs to be 'made up' in the following year by either additional cash reserves, tax revenue, other non-tax sources or expenditure reductions.

Other Board Action

None

Recommendations

This information is presented for discussion. A multi-year scenario projection will be provided at the meeting. No formal action is requested from the committee at this time.

Attachments

None



**TOWN OF WINDSOR
FINANCE COMMITTEE
MARCH 10, 2025
SPECIAL HYBRID MEETING**

UNAPPROVED MINUTES

1. CALL TO ORDER

Councilor Ojala Naeem called the meeting to order at 6:30 p.m. with Councilor Ronald Eleveld being present.

Staff Present: Peter Souza, Town Manager; Jim Bourke, Finance Director; Linda Collins, Assistant Finance Director; Scott Colby, Assistant Town Manager, Randy Graff, Treasurer

2. PUBLIC COMMENT - None

3. DISCUSSION OF DRAFT ORDINANCE ON FIRST RESPONDER LINE OF DUTY DEATH TAX ABATEMENT

Scott Colby, Assistant Town Manager, stated the purpose of this agenda item summary is to allow the Committee to continue discussions of potentially advancing a proposed ordinance to the Town Council for consideration.

CGS Sec. 12-81x enables the legislative body of a municipality to establish, by local ordinance, a program to abate all or a portion of the property taxes due with respect to real estate that is owned by the surviving spouse of a police officer, firefighter or emergency medical technician who has died during the course of the performance of such officer's, firefighter's or technician's duties, so long as it is also occupied as their principal residence.

The statute provides no further guidelines regarding the amount of the abatement. The Town Council could decide to establish an abatement program for a flat dollar tax benefit, or for a fixed percentage tax benefit. Several towns have adopted this local option including Southington, Berlin, and Groton along with a few others (see attached).

Staff has researched eight municipalities in Connecticut who have adopted this local option and developed a preliminary draft ordinance for review and discussion. Below are some highlights of the draft ordinance that is attached.

- Exemption provides an abatement of 100% of municipal real residential property taxes.
- Remains in effect so long as the surviving spouse occupies the residence as their primary residence.
- Exemption continues if the surviving spouse remarries.
- If the spouse subsequently purchases another residence in the town, and all qualifying criteria remain, then the tax abatement shall apply to the new residence.

- If the property is a multiple family or multiple use dwelling, such relief be prorated to reflect the fractional portion of such property occupied by the qualifying spouse.
- Establishes an annual application process for the abatement.

Some key elements in other community's adopted ordinance that vary from municipality to municipality include the following.

Abatement term

The abatement term was fairly split between offering either a 50% or 100% lifetime abatement. One municipality had the term set for a specific length of time. While another municipality bases a lifetime abatement off of years of service.

Remarrying

The item that allows for the surviving spouse to remarry and continue to receive the abatement was another item for discussion. From the research gathered, four municipalities state that the abatement ceases on remarriage while the remaining four have no mention of such a clause within their ordinance.

Dependents

Another item the Finance Committee was looking for more information on was whether municipalities had the abatement subject to when a dependent turned 21 years of age. From the research gathered no municipality has this item within their ordinance.

Establishing a new residence

Another item within the ordinance that was discussed was allowing for the surviving spouse to purchase a different primary residence in the town and continue to receive the abatement. Based on the research that was gathered, five municipalities do allow the abatement to be portable to a new primary residence. The remaining three municipalities do not mention this within their ordinance.

Councilor Naeem would like to bring this forward to the full council. Councilor Eleveld agrees with the exception of simplifying section (c) of the draft ordinance.

4. DISCUSSION OF MOTOR VEHICLE VALUATION – LOCAL OPTION

MOVED by Councilor Eleveld, seconded by Councilor Naeem to recommend that the Town Council adopt the local option as allowed under HB7067, Section 7 with a 90% depreciation schedule.

Jim Bourke, Finance Director, stated that new legislation effective in 2024 by the Connecticut General Assembly requires assessors to value vehicles using the manufacturer's suggested retail price (MSRP) and a depreciation schedule, rather than using a publication such as the J.D. Power pricing guide. Under this new methodology, a new vehicle is appraised at 85% of MSRP, and then depreciates down in 5% increments until a floor of 15% of original MSRP, or an assessment of not less than \$500, is reached.



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The October 1, 2024 motor vehicle grand list decreased \$29.1M in assessed value, primarily as a result of the State-mandated change to the MSRP valuation methodology and 85% depreciation schedule. If the 90% depreciation schedule were to be adopted, approximately \$28M in assessed value would be added back onto the motor vehicle portion of the 2024 grand list.

Councilor Naeem asked if this requires a public hearing to which Town Manager Souza stated that it does not.

Conversation ensued regarding antique plates and classic plates.

5. REVIEW MEMORANDUM FROM BOARD OF EDUCATION RELATIVE TO PUBLIC ACT 13-60

Town Manager, Peter Souza, stated the Public Act allows a town's appropriating authority (Town Council) to make spending recommendations and suggestions to the school board regarding consolidation of non-educational services by no later than 10 days after the school board submits its annual itemized estimate. The school board may accept or reject the suggestions.

The town's general government departments and school department have a long history of collaborating both formally and informally. For example, the town's public works department for several decades has been responsible for grounds maintenance and snow removal at school facilities. We have a combined risk management function staffed by one person. Through this formal arrangement, we combine administrative functions related to property and causality liability insurance, worker's compensation and safety training. We also work together on utility procurement as well as pursuing installation of renewable energy equipment at school facilities.

Working in partnership with the Public Building Commission, our respective facilities management staff (1 town and 1 BOE) coordinate the planning, designing, and implementation of major building projects at the various school facilities. The town's defined benefit pension plan includes non-certified BOE staff and is managed by a committee comprised of representatives from both entities. We have also worked closely with the school administration in years past to transition both entities to self-insured health and prescription drug programs.

Councilors agreed with sending this on to the full Town Council.

6. REVIEW OF COMMUNITY SERVICE CONTRIBUTIONS AND GRANT FUNDING POLICY

Town Manager Souza stated the current funding policy outlines eligibility criteria and factors for evaluating applications from non-profit organizations. To be eligible, organizations must be IRS-



incorporated, have governing documents, and must have a regular audit or financial review conducted by a CPA if requesting \$15,000 or more. The proposed program or service must target the town's population, and both new and enhanced programs are considered, excluding those already funded by the town.

Proposals are reviewed on several factors such as based on demonstrated need, partnerships, realism, and evaluation criteria. Funding requests must be submitted by December 31st for the following fiscal year, and decisions are made during the Town's budget process.

Discussion ensued regarding the threshold that would be required for requests to require an audit or a financial review.

Councilor Naeem said that she would like to see three to five questions to inquire about the recent year's accomplishments.

Town Manager Souza stated that staff can develop that, put together a synopsis of the FY 26 requests.

7. STAFF REPORTS

Town Manager provided an update on the budget process calendar dates.

Finance Director Bourke and Assistant Finance Director Collins stated that the Town has received the Distinguished Budget Award for the FY 2024 Adopted Budget.

8. APPROVAL OF MINUTES

MOVED by Councilor Eleveld, seconded by Councilor Naeem, to approve the unapproved minutes of the January 27, 2025 meeting as presented.

Motion Passed 2-0-0

9. ADJOURNMENT

MOVED by Councilor Eleveld, seconded by Councilor Naeem, to adjourn the meeting at 7:19 p.m.

Motion Passed 2-0-0

Respectfully submitted by,

Scott Colby
Recording Secretary