

**New Hartford Board of Finance
Regular Meeting – Senior Center
Tuesday, May 9, 2017 @ 7:00 pm**

Present: Chairman Jim Fitzgerald, Members: Reggie Smith, Jr., Steve Tuxbury, Ben Witte, Dan Charest; Alternates: Maria Moore, Bob Nilsson (in at 8:00 pm); Tax Collector Linda Sheffield, Bookkeeper Annie Witte, Town Treasurer Gordon Ross, First Selectman Dan Jerram, Selectmen Laura Garay, Alesia Kennerson, Supt. of Schools Brian Murphy, BOE Chair Jennifer Benaitis, Administrative Assistant Christine Hayward, Members of the Public Tim Goff, Jean Cronauer, Bob Moore, Laura Polakow, Kerry Guilfoyle, Kelly O'Dell, Robyn Buzzi, Member of the Press Kathryn Boughton (Republican American) and others; BOF Recording Secretary Penny Miller.

Absent: Member Bart Baxter

Chairman Fitzgerald called the meeting to order at 7:03 pm

Seating of Alternates:

Chairman Fitzgerald seated Maria Moore for Bart Baxter.

Adoption / Revision of Agenda:

No revisions were made to the agenda.

Approval of Minutes from the April 11, 2017 BOF Meeting

MOTION by Tuxbury to approve the minutes of April 11, 2017, second Witte.

Aye: Smith, Tuxbury, Charest, Witte, Moore; Abstained: Fitzgerald; Opposed: none

Motion passed.

Opportunity for Public Comment:

There was no public comment.

Suspense List, Tax Collector – Linda Sheffield

Ms. Sheffield presented the Suspense List, totaling \$8,967.39, dated May 9, 2017. The items on the list have been removed from anticipated income for the Town but remain collectible for 15 years. Each year the list is turned over to a collection agency for collection of unpaid taxes.

MOTION by Smith to approve the suspense list submitted by Tax Collector, Linda Sheffield and to authorize Chairman James Fitzgerald to sign the document, second Tuxbury.

Discussion followed. Mr. Fitzgerald asked how this year compared with last year. Ms. Sheffield said that last year it was \$10,000, slightly more than this year.

Unanimous

Discussion and review of projected revenue and expenditures for fiscal year 2017-2018, updates regarding State budget progress and municipal aid

Mr. Fitzgerald said this item is on the agenda so we can have a discussion on where we are with the State budget progress. We are focusing on the revenue projections for the upcoming year even though there is no news from

the state. The only input he has received was from COST – Connecticut Council of Small Towns - saying that the teacher's retirement pension is not off the table. It may be phased in over 3 years. There have been no further updates. Mr. Smith asked what the liability is and the discrepancy on the budget sheet for Region 7. It showed \$10,136,914 but on the budget handed out tonight it shows \$10,114,677 and Oak Hill School revenue appears to be up \$44,000. Mr. Fitzgerald said there is an additional \$44,000 coming from Oak Hill. On the expenditure side Region 7 did have a change before they went to referendum and the number for New Hartford is \$10,114,677. Mr. Jerram recently talked to Senator Witkos you said there is a new round of budget talks coming. There are multiple versions from various sources coming out. It is doubtful there will be a comprised budget.

Reports

Bookkeeper's Report: Ms. Witte update showed:

1. All expenditure and revenue reports have been submitted to BOF.
2. All departments are within budget limits. However, we do have some individual line item overages.
3. Short Term Interest line item on the upswing due to Gordon (Town Treasurer) setting up a new Platinum Money Market Account.
4. Tax Collection rate as of April 30, 2017 is 98.3%.
5. ECS received in April of \$1,556,539.00. Includes known cut to New Hartford of (\$42,570.00).

Mr. Fitzgerald asked if the ECS is the final payment and Ms. Witte replied that it was. Mr. Tuxbury asked if next year the board could receive an Expenditure Report that is tied to the budget without all the Wash Accounts. Mr. Fitzgerald said the auditor had made a comment about keeping the projects, the bond costs & proceeds in a separate report. Mr. Smith asked Ms. Witte if the project costs are tracked separately, i.e. the bridge and school. She replied that they were. Mr. Witte said the system reports what is going on with the Chart of Accounts. Perhaps it is possible to get a change put in place that would give us a sub-total of those that are not Wash Accounts. We would see a sub-total of everything but the Wash Accounts and then with the Wash Accounts it would give us a whole picture of the Chart of Accounts. Mr. Jerram said it was a good idea. Mr. Tuxbury would like to see it separated out with sub-totals. Mr. Witte asked if we were going to get LOCIP for the current year. Mr. Jerram said it was still frozen.

First Selectman's Report:

Mr. Jerram reported that there are ten (10) lines that are over with five of them under \$200.00. The one of significance in the Highway Budget is *Highway Supplies & Expenses* which runs parallel to *Equipment Maintenance & Repair*. We are running between \$18,000 - \$19,000 high on Supplies and Expenses. On *Equipment Maintenance & Repair* the rolling four-year average is \$120,000 - \$125,000. The Bookkeeper Assistant is slightly higher due to training.

Looking at Revenue, the top four lines with the Tax Collector's help we are about \$200,000 to the good in regard to taxes for prior years, interest & fines. The current taxes are coming in excess of 98%.

Mr. Fitzgerald asked if we would be getting the \$139,000 in Municipal Grants and Aid. Mr. Jerram replied we are not. We have been told that the LOCIP is frozen and we might be losing around \$45,000 in ECS. Mr. Tuxbury asked on the Expenditures - Highway Wages – the total keeps changing. Mr. Jerram said the \$10,000 in the encumbrance is the deferred comp in the retirement plan. This will disappear in next year's budget. Next year in the Pension we will have a new line for retirements - defined benefit pension and defined contributions. Mr. Tuxbury asked if the true cost of labor is what you budgeted and the add-in is the retirement. Mr. Jerram said the additional money is the retirement.

Mr. Smith asked about the status of the Carpenter Road Bridge. Mr. Jerram replied everything is ready, staged and we are just waiting for the water level (received 10" of rain in April) to go down.

Mr. Fitzgerald said the Transportation is still at \$34,754. His understanding is that it isn't coming in and we aren't getting it next year. The Special Ed costs are \$13,127 and we aren't getting any more but we are showing a balance of \$57,657. Mr. Murphy said the Excess Cost Grant is projected to be \$15,000 for this year. Next year the

state has changed the whole Special Ed financing so we have a hole for next year. Transportation is still at zero (0) and we aren't getting any transportation money for this year or next year.

Treasurer's Report:

Mr. Ross reported on the accounts and the interest earned in some of the accounts. Mr. Smith asked if there are any risk concerns and Mr. Ross said there are none. At the end of the day the excess balances from the General Fund go into the Sweep Account. A certain amount of money is left in the General Fund which doesn't receive interest. Noting the difference in the Total Current Balance and Total Available Balance Mr. Fitzgerald asked Mr. Ross to determine why the discrepancy. Mr. Ross will report on it at the next BOF meeting.

Discuss and take, any action regarding the appointment of an Auditor / Audit Firm for the Fiscal Year ending June 30, 2017.

Mr. Fitzgerald received the engagement letter from the auditor. The fee for the Town is \$26,651 and the WPCA is \$1,750 for a total of \$28,401. If the Federal Single Audit needs to be done that is an additional \$1,700 for a total of \$30,101. We can go with the \$30,101 and may end up with \$1,700 extra. Mr. Smith said we could find the \$1,700 somewhere in the budget. Mr. Witte doesn't recall what the Federal Single Audit is tied to and suggested that we leave it out.

MOTION by Smith to appoint King and King to do the 2016-2017 audit for the Town and to approve the proposal of the total amount of \$28,401; broken down at \$26,651 for the Town plus \$1,750 for the WPCA, second Tuxbury.

Discussion followed with a comparison of rates from last year to this year.

Unanimous

Discuss and take, any action regarding line item transfers for consideration and approval by the BOF for the current 2016-2017 fiscal year.

Mr. Jerram said at this time there are no line item transfers for consideration.

2017-18 New Hartford Budget: discuss (all aspects – town, schools, capital, revenue, etc.) and take any action on the proposed 2017-2018 budget

Mr. Smith expressed concern that the state hasn't approved a budget yet. He feels that cuts should be made to our budget. He asked Mr. Jerram about the \$55,000 in the Capital budget for the large truck. Mr. Jerram said this is the 3rd payment for the truck. A list of potential cuts was distributed to the board by Mr. Smith. Mr. Fitzgerald read an email from Member Bart Baxter that stated he was unable to attend tonight's meeting and suggested that we delay making any excessive cuts to either the Board of Selectman or New Hartford Board of Education budgets. He suggested tabling the discussion on budget cuts until the June meeting when he hoped we had more clarity regarding the state budget.

Mr. Smith proposed cuts covered the General Government, Capital Budget, Town of New Hartford and Board of Education. This is just the expenditure side of the budget and the full budget can't be approved until we have all the revenue numbers. When Mr. Witte asked if he was wiping out all but \$100,000 in Capital, Mr. Smith replied he is suggesting that we delay all the projects for one year. Then we might have a clearer picture of what is going on. Ms. Moore asked if he would be amenable to replacing some of these items into the budget if the state comes through with a better picture. Mr. Smith said everything is open to negotiation. If the state came back and said we didn't have to pay the \$801,000 he would recommend putting some of these items back into the budget. Mr. Witte feels the cuts are excessive. These are massive cuts and representative of the worst case scenario. He doesn't know how we can get out of this mess the state is in without a tax increase. Mr. Tuxbury would like to

tweak this a bit. We can put 5% on the town budget. With the lack of revenue we are looking at 10-15% if we don't make any cuts. Mr. Witte said the only issues he heard at the public hearing was addressing the local Board of Education costs (includes class size & administration), nothing from the town or Capital. Mr. Charest said the vote for a 3.2% increase at Region 7 was voted down by 13 votes in New Hartford.

Alternate member Bob Nilsson arrived at 8:00 pm.

Referring to the proposed cuts, Mr. Fitzgerald said the General Government – the items on the top are all increases and the Contingency Fund being cut by \$6,000. He doesn't see anything that will effect operations. In Other Cuts of \$146,563.00 this is per the Selectman's recommendation and not included in the other line items for General Government. In Capital these items are plugged in every year except for the new items: Land Use Vehicle, Senior Van and Route 44 Water Line. Mr. Smith suggests that we put those costs off for one year. Mr. Jerram was concerned that eliminating these items this year it will make next year's capital budget excessive and we will have the same problem then. Mr. Witte said you are just pushing off the reality of what we are facing off for one year. He asked Mr. Smith what he was trying to achieve in taxes and if he had anything in mind. Mr. Smith said he is trying to reduce the tax impact on our citizens and chidingly said, if you don't want to play the game you can leave as far as he was concerned, Mr. Witte replied that he wasn't leaving so let's clarify that. Ms. Moore asked if the 10% increase was unacceptable will these cuts get us closer to a 5%. Mr. Smith said it was lower than it is. Mr. Witte asked if he knew what it gets us to Mr. Smith replied that he does not. Mr. Witte continued we are making massive cuts without having a clue what it is getting us to. Mr. Witte feels that we need to make cuts but what is up for debate is how much. Ms. Moore asked if Mr. Fitzgerald was able to bring up the budget and with these changes what the tax impact would be. Mr. Fitzgerald said based on the current information, the end result on the mill rate sheet, we are looking at 10.52% based on where we are now. This doesn't include the additional revenue from Oak Hill but does include Region 7. Using the proposed cuts (\$935,916) the increase would be 5.58% in taxes with about one million dollars taken out. Ms. Moore asked if this leave the teacher's retirement in there. Mr. Fitzgerald replied this is based on the last information from the state – the ECS cut and all of the revenue changes. Mr. Smith continued that on page 2 of proposed cuts he asked Mr. Jerram for the status of the Resident Trooper. Mr. Jerram said it is all guess work and still in limbo. Mrs. Sheffield said there is a state cap on the mill rate for motor vehicles of 32 mills which means no matter what you set your mill rate at we can only charge 32 mills. The state association is pushing for 32.94 mills but that is not set in stone yet. Mr. Tuxbury said he could go with this if we take out the truck (\$55,000) and change the Selectman's Other Cuts to \$100,000 and leave in the Senior Citizen Supplies. Mr. Witte said if you did this and the \$800,000 teacher's pension didn't go through but everything else did you would end up with a 0.66% tax increase. You totally absorbed everything from the state except for the pension. This seems excessive. It doesn't seem appropriate to do this until we see what we are getting from the state. The best information we have on the teacher's pension is that it is up in the air. It seems irresponsible to make those cuts anticipating the absolute worst and then not having the taxpayers absorb some of that and having the town services take the hit. It is way overboard. Mr. Jerram said with your cuts you are talking about a significant alteration to the services we provide to our townspeople.

Ms. Moore said one thing not touched on is the Special Ed funding by the state and the idea that the number they have given us is over-inflated. In her mind it cancels out the teachers' retirement. She continued the worst case scenario is that we leave the teachers' pension in and we don't get the special ed funding. Mr. Witte said there is nothing indicating that. The special ed funding change was part of the ECS change. That is why the ECS was dropped. She would like to go through the cuts block by block and vote on them.

Mr. Fitzgerald suggested going through the proposed cuts. Mr. Tuxbury first suggested leaving in the Senior Citizen Supplies of \$7,500. Mr. Jerram said if you leave it in then you need to leave in the Senior Van. Mr. Tuxbury then said he would take it out. Mr. Smith said the other change recommended was reducing 'Other Cuts per Selectman's recommendation' from \$146,653 to \$100,000. The total would then be \$153,437 for the first section of cuts. Under Capital Budget the Large Truck for \$55,000 would be back in the budget. Mr. Smith recommended

that the Recreation Capital, Town Hall Equipment Repl, Drainage Bruning Rd, Downtown Improvements, Rails to Trails, Land Use Vehicle, Senior Van and Route 44 Water Line all be moved to the 2018/2019 budget. For the Board of Education Capital move the Technology Wireless Infrastructure, Mower and Genie Light Changer to 2018/2019 budget for a total of \$292,000. With the BOE line the \$295,497 was the MBR number that Ms. Moore had proposed last time and the \$148,419 is the total increase in their budget. With all that the total number is \$889,353. One thing he would like to support is the Economic Development Commission and fully fund their request for \$18,000.

Ms. Moore said for the BOE the \$295,497 accounted for the \$148,419. Mr. Smith said the new total number is \$740,934. That is a cut to the Board of Education of \$295,497. Ms. Moore handed out a sheet about the Minimum Budget Requirements (MBR). A copy filed with the minutes.

Ms. Moore is not comfortable taking out the senior van because we received a large grant to purchase it. For the Board of Education the light changer is currently broken. Mr. Murphy said we currently have a sub-contractor come in and do this. When questioned how much it has cost Mr. Murphy said they haven't come in yet. Mr. Tuxbury said if you put in the senior van then you should include the Senior Citizen Supplies. Mr. Jerram said in that line item it covers the van driver for part of a year plus gas, insurance, any repairs, etc. Ms. Moore would like van to stay and ask the Senior Center Director is she could use her additional money to see what the needs are for a driver. Ms. Hayward said you can't directly charge the senior citizens. They aren't allowed to pay on the bus. They would have to pay ahead of time at the Senior Center.

Mr. Smith said currently the General Government cuts are at \$153,347 with \$100,000 of recommended cuts to come from a future Board of Selectman meeting. On the capital budget the majority of the items would be moved to next year's budget for a total cut of \$292,000 for this year. Cut \$295,497 from the Board of Education budget for a total cut of \$740,934.

Mr. Witte said with these drastic cuts you need to let the selectmen decide where the cuts will be made. Between the operating budget and capital it would be around \$300,000.

In the proposed cuts there is \$28,081 to bring the Building Inspector up to full-time. Mr. Smith commented he would agree to take the \$28,081 out of the proposed cuts and make the total \$128,081 the Board of Selectmen need to cut thus letting them decide what they are going to cut.

Mr. Charest said this isn't even a close representation to what we presented at the budget meeting. You are making all these cuts and no one said when we had that meeting and that we need to make cuts. He feels the board is being premature in making these cuts. There is no true basis and you are being reckless. Mr. Smith said you can make a motion to approve the budget. Mr. Witte said we already did but then we had full board representation.

Mr. Fitzgerald said by putting in the Senior Van and the Senior Citizen Supplies plus changing the \$100,000 to \$128,081 the total is \$749,434. Mr. Smith's proposal was to remove the Senior Van and the Senior Citizen Supplies. The Board of Education really hasn't changed relative to the MBR. Ms. Moore said it should be the \$295,497.

Mr. Smith said with the General Government Budget we are looking at \$153,437 in cuts with the Building Inspector removed (\$28,081) and added to 'Other Cuts per Selectmen's Recommendation' for a total in that line item of \$128,081. Adding in the Senior Citizen supplies (\$7,500), the total of that section would be \$145,937. The Capital would be moved out one year except for the town truck (\$55,000) and Senior Van (\$15,000) for a total of \$277,000. The Board of Education would have a cut of \$295,497. The total cuts would be \$718,434.

MOTION by Smith to approve the cuts as listed on the sheet in the General Government except for the Building Inspector and Senior Citizen Van and Supplies; the Selectmen are to go back and look at their budget to cut \$128,081 for a total General Government cut of \$145,937. From the Capital budget all items except for the Large Truck and Senior Van to be cut for a total of \$277,000 in Capital cuts. For the New Hartford Board of Education a cut of \$295,497. The total reduction is \$718,434; second by Tuxbury.

Discussion followed. Mr. Jerram said for discussion and the record he strongly opposes the cuts as presented and they don't act in the best interests of the community. At some point they will jeopardize the daily operations of the town and it is all based on a guess. We don't know what is happening with the state. You are making draconian cuts based on no new information. There is plenty of time where we could work with our tax collector and Board of Selectmen to extend this process. We have other options where we could issue tax bills using the current year's rate. Before we start imposing a systemic change in the operations of the services we provide both in our schools and towns that our taxpayers have come to know and expect. All of this is based on a guess. It does a disservice to our community and he strongly opposes it.

Mr. Fitzgerald asked about the 2nd page – *Other Line Items* - included with the recommended cuts. Mr. Smith said the Auditor was taken care of. The question about the resident trooper was answered by Mr. Jerram that there was no news from the state on the status of fully funding the resident trooper. Mr. Smith suggested that we fully fund the Economic Development Commission at \$18,000. During the discussion of project notes at the bottom of the Capital Spreadsheet, Mr. Smith and Mr. Jerram had a heated discussion resulting in Mr. Smith advising Mr. Jerram to 'Shut up and allow him to finish what he was saying'.

Mr. Smith suggested that future projects not be listed on the capital sheet until they are projects. At the bottom of the Capital Projects he noted the following words should always be added: *"Potential overages in individual line items may be covered by savings from other line items on the above schedule with authorization of the BOF"*.

Mr. Charest asked about looking at the numbers with the recommended cuts. Mr. Fitzgerald said with these numbers, including the \$44,000 from Oak Hill School, you are looking at a 6.5% tax increase. Ms. Moore commented that if the numbers from the state are not as bad as thought she would like to go back and re-visit some of these line items. For now the 6.5% increase is asking a lot of our taxpayers. Mr. Charest said it shouldn't be in our purview to cut specific line items. Mr. Witte said we haven't done it in the past and you are picking on an opportunistic time to do it.

Aye: Fitzgerald, Smith, Tuxbury, Moore; Opposed: Charest, Witte; Abstained: none

Motion passed.

Discuss and take any action on approving the 2017-2018 budget, and, sending the budget to the Board of Selectmen for the Town Meeting, where the 2017-2018 Budget will be subject to approval by the legislative body at a referendum

No action was taken.

Discuss and take any action regarding approval of "C.G.S. 7-344, Report on Budget Summary for the Town of New Hartford" for Publication in a local Newspaper in accordance with C.G.S. 7-344.

No action was taken.

Communications or other items to come before the Board

There were no communications.

Mr. Fitzgerald said if any communications from the state on the budget are received, a special meeting will be called but we need more information.

Adjournment

MOTION by Smith, to adjourn the meeting at 9:12 pm; second Tuxbury.

Unanimous

Respectfully submitted,

Penny Miller
BOF Recording Secretary

Attachments:
Suspense List
Bookkeeper's Report
NH Proposed Budget Cuts
Email from BOF member Bart Baxter