

**Town Of Haddam
BOARD OF FINANCE
2014-2015 Budget Mil Rate Meeting
(following the Budget Town Meeting)
Haddam Volunteer Fire Company Firehouse #1
Wednesday, May 21, 2014
MINUTES**

Approved as Printed at the June 9, 2014 Regular Meeting

In Attendance: Vice Chairman Harlan Fredericksen, Members: John Bosco, Joseph Centofanti, Marjorie DeBold, and John Tabak, and Alternates: James Bucko (new) and Joanne Nesti

Not present: Chairman David Kapitulik and Alternate Cheryl Haase

Staff in Attendance: Georgia Emanuel, Financial Coordinator, and Barbara Galloway, Secretary

Also present First Selectmen Melissa Schlag

1. Call to order

Vice Chairman Fredericksen called the Meeting to order at 8:10 PM.

2. Public Input

Mark Lundgren offered a letter to Mr. Bucko that he had already been distributed earlier to the rest of the Members.

3. Seating of Alternates

Ms. DeBold made the Motion seconded by Mr. Bosco to seat new Alternate Member Mr. Bucko for Chairman Kapitulik. The Motion was approved unanimously.

4. Discussion of/Actions on any necessary/time-sensitive issues related to the 2014-2015 Budget

There was a discussion of making use of a portion of the undesignated General Fund balance towards reducing the tax burden on residents. This idea had begun at the Town Meeting with several residents requesting that a portion of this funding be used to offset the Budget in order to reduce the size of a potential Mil Rate and, therefore, individual taxes. During the Town Meeting, Vice Chairman Fredericksen had explained to the tax payers present that, when asked for her opinion, Vanessa Rossito, a representative of Blum, Shapiro, the Town's auditing firm, although not making a recommendation to the Town, had noted that the Town had been maintaining a very normal and reasonable 10 to 15% General Fund balance and she stated that bond rating agencies prefer to see that the balance, if spent in any way, be used to fund capital improvements rather than as a means of providing tax relief. Vice Chairman Fredericksen had noted that Chairman Kapitulik, who had not been able to attend the meetings tonight, was in agreement with this philosophy.

Mr. Centofanti also counseled that the General Fund balance should fall within 10-15% of the Budget. The current balance (about \$3.6 million) is 12-13% of the budget, which Mr. Centofanti believes is appropriate. Mr. Centofanti concurred with Ms. Rossito's comment and suggested that if it is decided to use a portion of these General Fund balance funds, the Town should put that agreed-upon portion toward a capital/infrastructure project (such as road improvement, i.e., the Road Fund #12) or Town buildings, i.e., a replacement for the Town Garage). Mr. Centofanti also

noted that it is important to keep in mind for future planning that various bond rating companies prefer towns to maintain an even larger percentage of surplus funds balance than the Town's current 12-13%. It was agreed by several Members and town representatives, based on past experience, that if this funding is used to pay for operating expenses (reduce taxes), that the Town will find it will need to raise taxes substantially (via the Mil Rate increase) the following year.

There was a brief discussion re: the roll off truck for which funding had been approved during the Town Meeting. Vice Chairman Fredericksen suggested giving the Board of Selectmen an opportunity to get bids for the purchase/rental of this truck, although first Selectman Schlag stated that she already has this information available. Vice Chairman Fredericksen noted that this topic was not an item on the Agenda for tonight's Meeting, but could be discussed further with the Board of Selectmen at this Board's June Regular Meeting when it could be included as a scheduled item on the Agenda; this referred to detailed information could then be shared with this Board and discussed at more length, if necessary.

5. Deliberations regarding the setting of the new Mil Rate [after the Town Meeting has voted to approve the 2014-2015 Budget total]

The Board discussed the best way to address maintaining a reasonable Mil Rate and attainable Collection Rate for the new fiscal year Budget. Several options were introduced, discussed, and rated. There was concern expressed about raising the Mil Rate to more than 30 Mils. A reasonable Collection Rate was also factored in to their decision. Further discussion about use of the General Fund balance also occurred.

Mr. Bosco made the Motion seconded by Ms. DeBold to approve the 2014-2015 Mil Rate at 30.39 (a 0.91 mils increase from the previous fiscal year 2013-2014) with a 98.5% Collection Rate based on the 2014-2015 fiscal year approved budget total of \$29,871,222 [the General Levy: \$27,098,033 divided by the 2013 Grand List: \$905,164,703 equals 0.029937129 divided by the Collection Rate: 98.5 equals 0.030393024 (30.39 Mil Rate)]. The Motion was approved unanimously.

It was agreed by consensus that all of the Members, while not comfortable with using part of the General Fund balance on operating costs, were supportive of using a reasonable portion of the balance on infrastructure expenses, especially for road improvement. As any use of the General Fund balance for infrastructure must start with the Board of Selectmen, Vice Chairman Fredericksen stated that the Board will communicate with the Board of Selectmen regarding that Board's opinion on this matter.

6. Adjournment

Ms. DeBold made the Motion seconded by Mr. Bosco to adjourn the Meeting. The Motion was approved unanimously. The Meeting adjourned at 8:25 PM.

Respectfully submitted,
Barbara D. Galloway
Secretary