

BOLTON BOARD OF FINANCE
REGULAR MEETING
7:15 PM, Thursday, May 4, 2017
Minutes & Motions

Attendance: Members Chairman Robert Munroe, Robert Gallé, Matthew Maulucci, Robert Flowers, Emily Bradley, and Robert DePietro were present. Morris Silverstein was present by phone. Staff present were Finance Director Jill Collins, Administrative Officer Joyce Stille, First Selectman Robert Morra, and Selectmen Michael Eremita and Sandra Pierog. Also present were Board of Education members Andrew Broneill and Beth Sawyer.

1. Call to Order: Chairman Robert Munroe called the meeting to order at 7:16 pm.

2. Public Participation: None.

3. Discussion and Action re: FY18 Proposed Budget Revenues and Expenditures – including Ballot Question for May 23, 2017 Referendum:

Chairman Munroe recapped the Public Hearing. Around 35-40 members of the public in attendance, and only three spoke; two in favor of the budget as presented, and a third also in favor of the budget as present but who was primarily interested in another matter (the high school project closeout).

Chairman Munroe then opened discussion on how to proceed with the budget given a change in one of the assumptions that the BOF based it upon – the motor vehicle mil cap. Previously, it was expected that the change from 37 to 32 mils would not be allowed to stand, according to what had been heard at the state. It now appears that it will stand, meaning that the amount of revenue the town may at this point expect in FY17-18 is lower by \$72,000. The cap changes from 37 to 32 on July 1st, and that is when tax bills are to reflect the change.

R. Munroe wanted to keep the proposed tax increase at 2.9%, as put before the town at the public hearing, and keep the raised contingency budget intact. In order to leave those untouched, he felt the only place to look for the \$72,000 was in reductions to the BOS and BOE budgets, perhaps supplemented with a small contingency budget reduction. He did not want to lower the contingency budget below \$200,000, so that those funds would remain to buffer any hardship still to come.

R. Flowers said that there have been changes from the state nearly every week and they are likely to continue. He believed the purpose of the raised contingency fund was to prepare for such events as this one. He noted that while the motor vehicle mil cap situation has become less hopeful, the Teachers' Retirement Fund situation has become more so. He would like to keep the budget without reductions and keep the contingency budget intact as proposed at the hearing, and perhaps use the contingency for the gap at a later time.

J. Stille explained that if the requirement lowering the cap rate to 32 is allowed to stand, the town must go forward using that rate. The town will be forced to then raise tax in another area to make up for the

revenue shortfall. The contingency budget cannot be used to fill in on the revenues side within the same fiscal year because it is an expenditure item. If the budget is left as presented at the public hearing, the town will be in a deficit due to an unbalanced budget. The BOF has the authority to set a mil rate other than that presented at referendum. The referendum is to approve expenditures, not revenues. A town can also send out a supplemental tax bill to make up a deficit.

R. Gallé asked if the town is required to pass a balanced budget. It is required by statute. R. Gallé said then he would want to handle the gap as a contingency item, and he felt it would be disingenuous to pass a mil rate other than the one proposed at the hearing.

E. Bradley thought that if the BOF approves a rate other than presented at public hearing, though within its discretion, the public would lose faith in the board.

M. Maulucci agreed with R. Flowers that the contingency should be used for the \$72,000 gap as it was a contingency event.

First Selectman Robert Morra thought that, whether the \$72,000 was split between the BOS and BOE, or the boards and the contingency budget somewhat, both boards could absorb the \$35,000-\$36,000 reduction. He was more concerned that the contingency budget be left intact. R. Morra also said he would come up with an additional \$10,000 in cash surplus from the current fiscal year to use towards the gap, leaving the deficit at \$62,000. R. Flowers asked BOE member Andrew Broneill to respond. A. Broneill was not comfortable speaking on behalf of the BOE without prior discussion. They have not yet discussed where to find the current reduction amount and Superintendent Heckt is on medical leave. He did not see why the \$72,000 could not be taken out of the contingency fund, though personally he also did not feel a \$35,000 was the worst thing that could happen. He asked if they would get funds back if unused. Chairman Munroe said that any remaining fund would flow into cash surplus in FY18-19, and then be used to lessen whatever increase was found necessary at that point. BOE member Beth Sawyer also said they have not had a chance to discuss moving forward with the present budget, but did say the BOE was prepared to work with the reality of a difficult season as was the BOS.

R. Gallé moved to accept \$10,000 in additional FY17 cash surplus from the BOS, and to reduce the BOS and BOE FY18 budgets by \$31,000 each. Chairman Munroe seconded. Discussion followed. R. DePietro did not think it disingenuous to respond to the motor vehicle mil cap if done with good communication and transparency to the public, as the public was warned at the hearing that this could happen. M. Maulucci thought the standing motion was the best approach. M. Silverstein said that proper procedure, after determining the final expenditures figure and subtracting from it the known revenues, was to meet the remainder of the balance by taxing the people. He was not concerned about acting differently than was presented if necessary and in accordance with a new reality. E. Bradley agreed with the standing motion. R. Gallé added that while he had been prepared to act in line with public opinion at the hearing, whether higher or lower than a 2.91% tax increase, he personally had thought that rate too high given the fiscal situation. He had felt it best to further reduce expenditures and this would accomplish that. He did not want to touch contingency. R. Flowers was concerned about what further cuts to the BOE would mean. He was more comfortable with service loss on the town on the town side than the school side

and would find it much harder to get behind any BOE reductions than any BOS reductions going forward. Vote 6:0:1, M. Silverstein abstaining.

R. Gallé asked if they had to balance the budget exactly, with revenues not higher than expenditures, or only the other way around (expenditures higher than revenues). J. Stille and R. Morra said legally a shortfall is not allowed. Revenues can be higher than expenditures, but they are not supposed to intentionally overtax people. R. Gallé asked if it came to the point of setting the mil rate and the BOF believed they did need higher revenues to account for contingencies, whether they could then do so. The answer was yes. Only expenditures are voted upon by the town, not revenues.

R. Flowers moved to approve the following budget question: "Shall the Annual Budget for the Town of Bolton, Connecticut for the fiscal year 2017-2018 as recommended by the Board of Finance in the amount of \$21,384,355 be adopted?" R. Gallé seconded. R. DePietro asked where the BOF will go next if the people vote the budget down. Expenditures would have to be lowered. R. DePietro said the BOF must communicate the reasons for this budget as well as possible. Vote 6:1:0, M. Silverstein against.

The referendum is May 23, 2017. The BOF will meet May 24, 2017 if the budget does not pass.

M. Silverstein asked to present further comments to the board on the practice of transferring funds in the BOS and BOE budgets after referendum. After brief discussion, R. Gallé raised a point of order, saying that as the topic had expanded towards what M. Silverstein sees as an actionable event beyond the Special Meeting agenda, he would like to request that M. Silverstein submit a written document to bring before the town attorney. Chairman Munroe agreed and asked M. Silverstein to put it in writing for the BOS to send to the town attorney for a legal opinion.

4. Adjournment: M. Silverstein moved to adjourn. E. Bradley seconded. Meeting adjourned at 8:50 pm.

Respectfully submitted,

Sarah Benitez, Recording Secretary

Please see minutes of subsequent meetings for approval of these minutes and any corrections hereto.