

LEGISLATIVE COUNCIL
FINANCE AND ADMINISTRATION COMMITTEE
Special Meeting
Meeting Room #3, 3 Primrose Street, Newtown, CT
Wednesday, March 23, 2022

Minutes

PRESENT: Matthew Mihalcik, Jeff Capeci, Charles Gardner, Michelle Embree Ku, Ryan Knapp (joined by phone at 8:06pm)

ABSENT: Angela Curi

CALL TO ORDER: Mr. Mihalcik called the meeting to order with the Pledge of Allegiance at 7:40pm.

VOTER COMMENT: None

COMMUNICATIONS: Mr. Mihalcik passed out questions that Ryan Knapp had submitted, and that Bob Tait had answered (**Attachment A**).

NEW BUSINESS: *Discussion and Possible Action – 2022-23 BOS Budget*

The BOS budget was discussed and a list of questions to submit to Finance Director Bob Tait was developed (**Attachment B**).

Mr. Capeci wondered why increases in office supplies, purchased services, professional services and consumables wouldn't more closely align with inflationary increases. He suggested the possibility of developing a policy for consistent budgeting. The policy could require that budget requests above inflation (or set %) provide justification.

Mr. Mihalcik shared that the Municipal Operations Committee discussed the possibility of developing a policy regarding Town funding to outside agencies.

Mr. Gardner had questions regarding line items which had not been spent as of 12/31. Examples include "Technology, Dues, Travel & Education," "Emergency Communications, Repair and Maintenance Services," "Emergency Communications, Other Purchased Services." Mr. Knapp wondered if "travel" could be reduced given the ability to meet by videoconference.

Ms. Ku wondered whether OPEB is adequately funded

Mr. Capeci had questions regarding the Health District budget and the Land Use Department

Mr. Knapp had a question regarding the Land Use and ECD Director.

Mr. Knapp questioned whether the contribution to the pension fund would be enough in the current economic climate.

Ms. Ku had a question regarding the difference between the contributions to the pension fund and the actuary's recommendation

Mr. Mihalcik asked how much of the current supply of salt and sand will carry over to next year.

Ms. Ku asked whether there was a (3-5 yr) plan for building maintenance. Similarly, is vehicle replacement planned? Mr. Knapp supports consistent budgeting for recurring capital expenditures such as bridges, roads, technology, and vehicles.

Mr. Knapp wondered whether PILOT revenue from the state will remain at the same level over the long term and suggested that the LC ask Newtown's state delegation to weigh in on whether state funds are likely to be available in out years.

VOTER COMMENT: None

ADJOURNMENT: There being no further business, Mr. Capeci moved to adjourn the meeting at 9:25pm. Seconded by Mr. Charles Gardner. All in favor.

Respectfully submitted,

Michelle Embree Ku, Vice Chair

Finance and Administration Committee of the Legislative Council

***THESE MINUTES ARE SUBJECT TO APPROVAL BY THE FINANCE AND ADMINISTRATION
COMMITTEE. ANY EDITS WILL BE REFLECTED IN THE MINUTES OF THE MEETING AT WHICH
THEY ARE APPROVED.***

Finance and Administration Questions

Pg. 12, Procedural, but 6-20 says we should adopt the budget "by the second Wednesday in April." Is the 4/6 first Wednesday deadline we discussed due to the ballot or would we have until the second Wednesday if needed?

The Town Clerk has confirmed that 4/6 is ok.

Pg. 32, what constitutes fund balance "assigned and committed"?

Outstanding encumbrances (purchase orders) at fiscal year end.

Pg. 33, intergovernmental, how concerned are we that this is volatile? What happens if the increase does not come?

These amounts have come from the state. If the increase does not come in other areas of the budget could help offset the loss. Charges for services revenue accounts have been budgeted conservatively so most likely there will be favorable balances there. Also on the expenditure side there will be savings in various accounts (wages due to vacancies etc). In the worst case scenario not all of the amount budgeted in the capital & non-recurring line item would have to be transferred.

Pg. 38, why specifically is PILOT increasing?

The State has never reimbursed the full amount for the PILOT program. Now the state is making an effort to reimburse the affected Towns appropriately.

Pg. 33, Other financing sources, hand outs say we are transferring in 1,000,000 or 1.3M depending on the document ("What if" shows 1.3, "Change in motor vehicle grand list" shows \$1m request.) Is 1.3M the correct number? Pg. 46 shows BOF recommended 2.3M, should Pg 33 match that number, representing 2.3 of the 2.4M in projected car tax revenues?

Good question, it can be confusing:

The \$2,300,000 on the expenditure side in "transfer out – capital & non-recurring" is being financed by:

Revenues:

Current year taxes (due to the increase in the grand list – more specifically MV taxes) -
\$1,000,000

Use of fund balance (following the fund balance policy) - \$1,300,000

So, the budget as it appears says we have budgeted \$2,300,000 to transfer to the capital & non-recurring fund (this is on the expenditure side). We are able to do this because we have \$1,300,000 in excess fund balance and \$1,000,000 in additional motor vehicle taxes (MV grand list amount increased more but we are using \$1,000,000) (this is on the revenue side).

Pg. 60 shows 1.3M as use of fund balance (unrelated to MV transfer?)

Answered above.

What state motor vehicle mill rate cap and full reimbursement would be needed to offset the appreciation increase in our motor vehicles?

Around a 28 mil rate (assuming same vehicles as prior year). Full reimbursement would be close to \$2,500,000

Pg. 72, favorable leasing contract, does the BOE get the same terms?

Per the town IT director the BOE chose not to participate in our copier leasing contract.

Pg. 81 and 82, please explain how changes are showing a decrease in salaries if on the subsequent page they are showing as a 2.50% increase. Was 21-22 adopted then reduced? Happens in other areas as well. Same on Pg. 92

A different amount was offered upon hiring (person was hired at a lower rate than what was budgeted)

Pg. 85, retirement contributions down in several areas, offsetting other increases. Concerns about pension performance and what we may see next year if we enter a recession. Could we get some pension "what ifs" based on our existing position and scenarios in the market?

This is really a Pg. 291 question.

Gains in the asset values are not recognized all at once. They are smoothed over a five year period. At the same time as new employees come on board the pension plan is contracting. What ifs will have to come from the actuary which will involve a fee.

Pg. 106, insurance increasing 100%, is this based on claims activity?

Total insurance is increasing 3%. Our cyber insurance policy is estimated to increase 100% due to the nature of the type of insurance (is happening nationwide).

Pg. 114, Fairfield Hills Authority collects CAM charges; where do these go and what is their current fund balance?

They go into fund 170 "Fairfield Hills Authority special revenue fund". The fund balance is \$50,000. Expenditures in this fund relate to FH campus (small) improvements.

Pg. 121, "state connectivity was required with no state support for the services" was this part of the Police Accountability Bill?

No, it was the dark fiber connecting the new police building to the state 911 system. The state did not contribute. It was the town's responsibility.

Pg. 231, Did we have any issues staffing lifeguards when we paid \$12-13.50? Why if the state level is going to 14 are we going to 14.50?

We are currently having trouble staffing life guards due a life guard shortage. We are now competing with other towns. Danbury is starting at \$17.00 an hour this summer.

Pg. 250, How much did the Library receive in PPP funds? What was their combined income that year?

Per their financial statement ending June 30, 2021 they received \$172,600 in PPP funds (financial statement in pocket of budget book). Not including the PPP funds the combined operating support and revenue = \$1,767,638 without restrictions and \$371,161 with restrictions.

Pg. 250, what is the Library's current fund balance? Could you provide the sheet that was circulated when we first discussed the roof concerns during the CIP process?

Per latest financials fund balance (not invested in property and equipment or held in trust) (that was designated by the board for capital improvements) was \$826,410.

Pg. 266, following up on the discussion of probate and the trust, is the BOM able to access those funds now for building needs?

The BOM received an extra \$55,000 for two years (\$110,000 total). They will have to reapply for any additional amount. There will not be any large amounts (to keep the trust intact). Given the amount it is really to help out the annual budget.

Pg. 305, typo in 21-22 budget salaries and wages (263 should be 283?)

Will check with community center. 2021-22 could be amended budget amount.

Pg. 305, what is new line credit card charges?

In prior year credit card charges were netted against revenues. Now they are applied to separate expenditure account (change in accounting method).

Pg. 154, what is the current fund balance of each of the lake authorities? What is the purpose of these funds if not long term capital equipment reserve?

Lake Z \$100,000+ and lake L \$125,000+

Typically the fund balance would be used for capital items. Will forward question to the authorities.

ATTACHMENT B

BUDGET QUESTIONS LC FINANCE & ADMINISTRATION

1. Is there a standard for how office supply budgets are projected from department to department? Some department budgets increase significantly (such as Tax Collector 18.4%; or Town Clerk 15.38% ; or Assessor 45.45%). Why is the increase so high in these cases? Absent a specific reason, it seems an adjustment at or about the rate of inflation is all that can be justified.
2. p. 99. The budget for Dues, Travel & Education in the Technology Department has not been used as of 12/31/2021. Will \$8000 be needed in the budget for next year?
3. p. 196. At the bottom of page, it indicates that “The increase is due to a flat budget amount in the prior year.” Can you clarify what this means, as the prior year’s budget was not flat (\$408,441 increased to \$420,438)? Additionally, even if the budget was flat, how does this serve as a justification for an increase in the budget – shouldn’t an increase address an identifiable need?
4. From the packet titled “Line Item Detail Summary”, on page 12, in Land Use, why are “printing, binding and microfiching” going up 10% when most media is going digital? (It should be noted that the line item descriptions on page 222 in the budget are slightly different from the summary packet.)
5. Is the Land Use Director serving as EDC Director? Given the different missions of these agencies, does this create a potential for conflicting interests represented by one person?
6. What are the current supply of salt and sand? How much can be carried over to next year? And how well does this budget take these conditions into account?
7. Based on the 2021 CAFR, the total Other Post-Employment Benefits (OPEB) liability (\$8,446,732) was more than twice the fund balance (\$4,098,574). Page 105 of the budget indicates that the OPEB annual required contribution (ARC) has not reached the target due to the economic downturn (since 2009-10). What is the difference between the budgeted contribution (\$184,113) and the target ARC?
8. Page 262 indicates that \$280,000 from the Debt Service Fund is budgeted toward paying debt service. What is the current Debt Service fund balance and what is the recent history of the balance? When bonds were sold recently at a better interest rate than anticipated, does the money saved (~\$80,000?) go to the Debt Service fund? And could this be applied to the projected interest payment (to decrease the taxpayer funded amount)?

9. Page 291 in the budget reflects the recommendation of TR Paul Inc. (communication dated December 14, 2021) for pension trust fund contributions. They were as follows:

BOS \$551,024
 Police \$1,099,390
 BOE \$601,197

The budgets include actual amounts of:

BOS \$ 693,336 (adding all lines labeled “retirement”)
 Police \$1,219,195 (p. 125)
 BOE \$852,347 (BOE budget p. 157)

Why are the budgeted amounts greater than the recommended amounts? Did the Pension Committee make any recommendation? Was it different from that of the actuary?

10. Pages 312-317 inventories the town’s more than 100 trucks, trailers, other vehicles, and other equipment. I see two capital items in the budget for vehicle replacement (p. 132, Police Department), five vehicle/equipment purchases from the capital non-recurring fund (p. 264, Reserve for Capital Non-Recurring), and three significant proposed capital items from ARP funds (\$630,000 per ARP workgroup). Am I missing any? Is there a long-term strategy for vehicle replacement with level spending from one year to the next?

		budget	capital non-recurring	ARP
PD	2 - vehicle	100,479		
PD	1 - vehicle		50,240	
HWY	1 - frame		80,000	
HWY	1 - frame		60,000	
HWY	1 - plow		15,000	
Prk & Rec	1 - airator		35,500	
Prk & Rec	1 truck			90,000
PW	1 truck			240,000
PW	1 truck			300,000

11. Similarly, is there a maintenance plan (ie. 3-5 yr of projects) for municipal buildings?