

**TOWN OF CROMWELL - BOARD OF FINANCE
SPECIAL MEETING
WEDNESDAY, MAY 12, 2010
CROMWELL HIGH SCHOOL-LIBRARY**

MINUTES AND RECORD OF VOTES

Present: Chairman Ed Maley, Jr., Loraine Caruso, Michael Gengler, Julius Neto, Jack Henehan, Joe Corlis, and Alternate Dan Kelly.

Absent: None.

Also present: First Selectman John Flanders, Tax Collector Sharon Ramsay and Finance Director Marianne Sylvester.

A. CALL TO ORDER:

Chairman Maley called the meeting to order at 8:17pm.

B. SEAT ALTERNATIVES:

None.

C. APPROVAL OF AGENDA:

A **motion** was made by Michael Gengler, **seconded** by Loraine Caruso and it was unanimously approved to approve the agenda. *Motion passed.*

D. APPROVAL OF PREVIOUS MEETINGS:

- 1) Special Meeting, April 19, 2010

A **motion** was made by Michael Gengler, **seconded** by Loraine Caruso and it was unanimously approved to approve the minutes of April 19, 2010. *Motion passed.*

E. NEW BUSINESS:

Chairman Maley read the results of the budget referendum; General Government Budget: 566 in favor, 366 opposed; Bonded Debt: 618 in favor, 312 opposed; Board of Education Budget: 576 in favor, 365 opposed.

- 1) Discussion and decisions on the budget based upon the results of the budget referendum. Should the budget not be approved, action to recommend a new budget to the adjourned Town Meeting.

Chairman Maley stated present figures based on making no changes: Total expenditure \$42,289,074, receipts from various sources \$5,820,544, less the elderly circuit breaker of \$201,000 totalling \$5,619,544 and a surplus amount which is equal to the amount of capital which is in the budget, small capital items of \$49,400; so the amount having to be raised by taxation would be \$36,620,130. The collection factor being used is 98.75% based against a Grand List of \$1,375,582,500. Ms. Sylvester stated that she had received an updated Grand List figure from Shawna O'Neil, Assessor, and gave it to the Chairman; Chairman Maley read the current Grand List is \$1,375,408,003.

There was a discussion of real estate transfers. Mr. Flanders and Chairman Maley discussed hotel and conveyance tax.

A **motion** was made by Michael Gengler, **seconded** by Loraine Caruso and it was unanimously approved to approve \$5,820,544 of non-current year tax revenue. *Motion passed.*

Ms. Ramsay stated that as of today, her office has not made budget; this is the first time in seven years budget has not been made by March. She also said that there are 100 delinquent Real Estate accounts, last year there were 67. Her office is sending letters and utilizing 2 collection agencies and a Marshall in attempts to collect the delinquent taxes. There was a discussion of accepting partial payments. There was a discussion regarding the settled court case with Shaner as well as the pending case with the TPC. There was a discussion of assessments.

Chairman Maley read the email he received from Assessor Shawna O'Neil regarding the Grand List and the Town Elderly Benefit. Ms. Sylvester clarified figures for Mr. Maley. There was a discussion of the Senior Tax Abatement Program.

A **motion** was made by Michael Gengler, **seconded** by Jack Henehan to set the town's contribution to the Senior Tax Abatement Program at \$130,000. Jack Henehan, Julius Neto, Chariman Maley, Michael Gengler and Joe Corlis in favor; Loraine Caruso opposed. *Motion passed.*

A **motion** was made by Joe Corlis, **seconded** by Jack Henehan and it was unanimously approved to approve a 98.75% Collection Rate. *Motion passed.*

2) Discussion and action decisions on setting the mill rate for fiscal year 2010-11 should the entire budget be approved.

A **motion** was made by Michael Gengler, **seconded** by Jack Henehan to approve the mill rate at 26.97. **Motion was withdrawn.**

There was a discussion of the General Fund fund balance and using the fund balance to offset the extraordinary pension expense due to the downturn in the economy; is the situation more in the nature of a one-time capital expense or rather an on-going expense.

There was an increase in contributions to the town and police pension funds. Chairman Maley explained how the regulations work in funding pensions. Ms. Sylvester said that the difference in last year's funding vs. this year for the Police Pension is \$101,461 and the difference for the Town's Pension is \$75,250 for a total increase of \$176,711.

There was a discussion of grant funds and projects. Ms. Sylvester said that the town has been pre-funding grants, decreasing the fund balance, but the town will be getting reimbursements for these funds.

Ms. Sylvester was asked what the effect would be on the mill rate should this action be approved; she said it would be 26.84 vs. 26.97. It was stressed that this deduction would be a one-time situation due to the extraordinary circumstances. Chairman Maley stated that the Fund Balance is for difficult times like these; and is in favor of doing something such as this to moderate a tax increase. Ms. Sylvester stressed that going forward the Fund Balance is not to be used to offset General Operating Expenses for the purpose to keep the mill rate low. Mr. Gengler discussed 2012 and the potential shortfall expected at that time. He also clarified the amount in discussion was a total of \$226,111 (\$49,000 small capital expense and the \$176,711 for the extraordinary pension contribution situation). The Board expressed their opinions on the \$226,111 coming out of the Fund Balance; Mr. Henehan, Mr. Gengler and Ms. Caruso spoke in favor of the \$226,111 coming out the Fund Balance; Mr. Neto struggled to support the move and was very concerned about next year; Mr. Corlis expressed that he wanted to stay conservative and also had serious concerns about next year. Ms. Sylvester said that the town has a AA rating and discussed why.

Mr. Gengler stressed that should this move be approved, it is not being done for tax subsidy; instead it is because it appears as though the Town took an extraordinary hit on the pension contribution.

A **motion** was made by Michael Gengler, **seconded** by Loraine Caruso to approve \$226,111 as a designated amount of the total use of the

General Fund fund balance. Jack Henehan, Loraine Caruso, Chairman Maley, Michael Gengler and Joe Corlis in favor; Julius Neto opposed.
Motion passed.

A **motion** was made by Michael Gengler, **seconded** by Loraine Caruso and it was unanimously approved to approve the mill rate at 26.84.
Motion passed.

Chairman Maley reminded the board that all of the budgets passed overwhelmingly; as a result of the budgets being passed, taxpayers should expect that it would lead to an increase in taxes.

Mr. Corlis commented that he believes Cromwell is doing very well based on what he has read about other towns.

3) Discussion and action on Tax Collector's suspense accounts.

Ms. Caruso had questions regarding the Suspense report (attached) and Ms. Ramsay clarified for her. Ms. Ramsay noted that many taxpayers are with a collection agency, which is why the Suspense Report total was so low. Regarding Motor Vehicle, she said that most on the list were either deceased or insolvent. There was a discussion of New England Asphalt appearing on the Personal Property report for 4 years and Ms. Ramsay explained that it was a result of the Assessor's Office audit. In response to Mr. Neto's question regarding rights to collecting taxes on suspended accounts, Ms. Ramsay explained her use of UCC liens.

A **motion** was made by Jack Henehan, **seconded** by Loraine Caruso and it was unanimously approved to approve the Tax Collector's Suspense Accounts: Motor Vehicle \$2,262.59 and Personal Property \$19,019.48.
Motion passed.

F. CHAIRMAN'S COMMENTS:

Chairman Maley reiterated his previous comments on the budget passing and the subsequent tax increase as a result. Chairman Maley noted that the Suspense Accounts were discussed tonight should a meeting on the 27th be unnecessary; noting that the Board of Finance meeting for May 27th has not been cancelled as of this time.

G. VICE CHAIRMAN'S COMMENTS:

None.

H. GOOD AND WELFARE:

None.

I. ADJOURNMENT:

A **motion** was made by Loraine Caruso, **seconded** by Michael Gengler and it was unanimously approved to adjourn the meeting at 9:23 pm.
Motion passed.

Respectfully submitted,

Lisa Ruggiero
Clerk, Board of Finance