

Town of New Fairfield
Board of Finance
4 Brush Hill Road
New Fairfield, CT 06812

MINUTES

Board of Finance Special Meeting
Tuesday, March 1, 2022
7:00 PM
Via Zoom

Members present:

Wes Marsh, Chairman
Mark Bennison
Thora Perkins
Cheryl Reedy
Claudia Willard
Dave Coleman, Alternate
Chris D'Esposito, Alternate
Greg Williams, Alternate

Other Town Officials Present:

Pat Del Monaco, First Selectman
Lori Ann Beninson, Selectman
Khris Hall, Selectman
Olga Melnikov, Finance Director
Dr. Rich Sanzo, BOE Director of Business and Operations
Kerrie Greening, Tax Collector
Dominic Cipollone, BOE Chairman

Members not present via Zoom

Michael Cammarota

Call To Order Chairman Wes Marsh called the meeting to order at 7:00pm and noted that the purpose of this special meeting is to review the most current numbers of the proposed budget and to give an explanation of the pieces of the budget and how they affect the Mil Rate.

BOE Network Administrator Paul Gouveia gave a brief overview of the rules and procedures for having a virtual meeting.

Budget Overview and Key Factors

Finance Director Olga Melnikov gave a presentation of the process for putting together the budget for both the Board of Education and the Town. The presentation included the following information.

- The five main expenditure components:
 - Municipal Expenditures
 - Education Expenditures
 - Debt Service
 - Medical Insurance Fund
 - Capital and Nonrecurring expenses

Olga Melnikov noted that based on the present calculations the total amount of expenditures for the 2022-2023 budget would be \$62,252,151. She showed a chart on how these expenditures are broken down by category. Once the expenses are identified and the amount of non-tax revenue is calculated, the amount needed to be raised by taxes is determined. She spoke of how the Mill Rate is calculated and how it is affected by the Grand List. There was a brief discussion of ways

to grow the Grand List. The amount of tax increase for the median house price and the drivers of the increase were discussed.

There was a discussion of the amount of contributions to the medical fund and how this affects the budget.

The presentation included information about the new debt service and contractual obligations impact on the budget. Expectations for future budgets were also included.

Olga Melnikov spoke of future challenges to the budget for fiscal year 2023-2024 which include less of a chance of increase to the Grand List, the increase in Debt Service, final bonding for the capital projects and increase to operating costs.

Wes Marsh thanked Olga Melnikov for a well thought out presentation. A copy of this presentation will be distributed to the members and attached to the minutes of this meeting.

Adjournment

Cheryl Reedy made a motion to adjourn the meeting at approximately 8:23 pm. Mark Beninson seconded the motion. **Vote: 5-0-0 (Motion approved)**

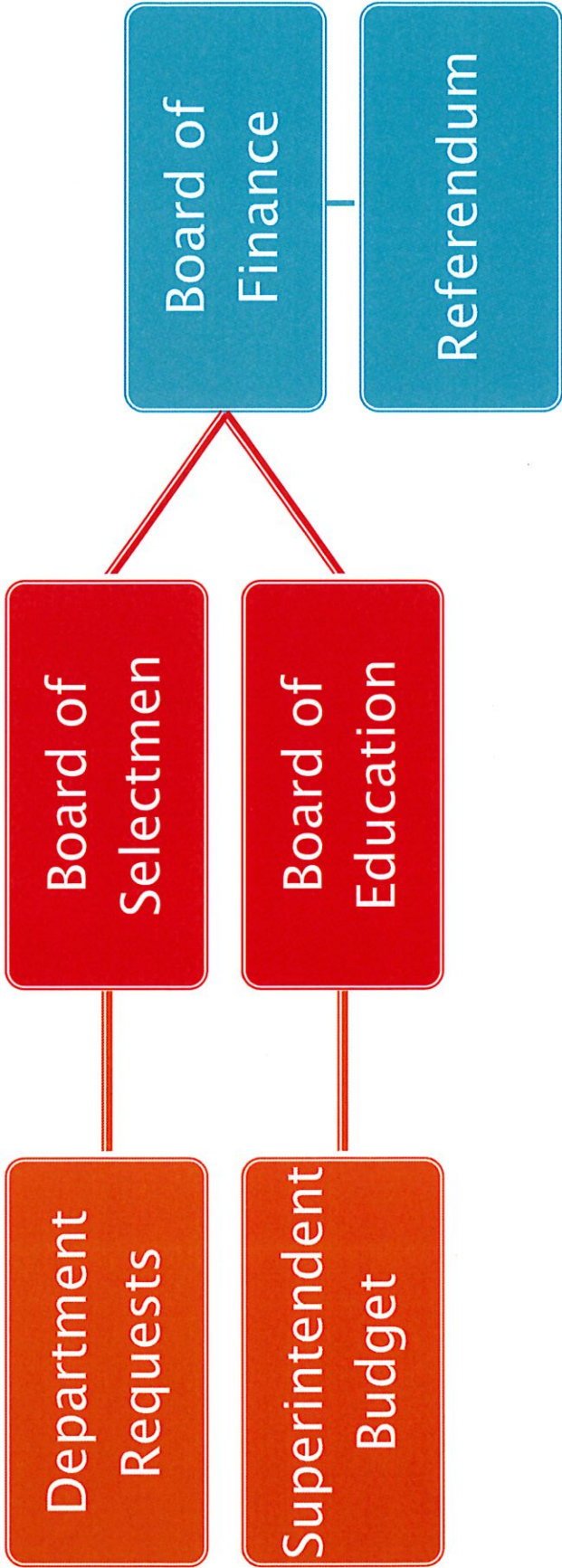
Cheryl Reedy made a motion to adjourn the meeting at 8:23 pm. Mark Beninson seconded the motion. **Vote: 5-0-0 (Motion approved)**

Received by email on 03/08/2022 @ 12:24 p.m.
by Chrystie M. Bontempo, Asst. Town Clerk, New Fairfield

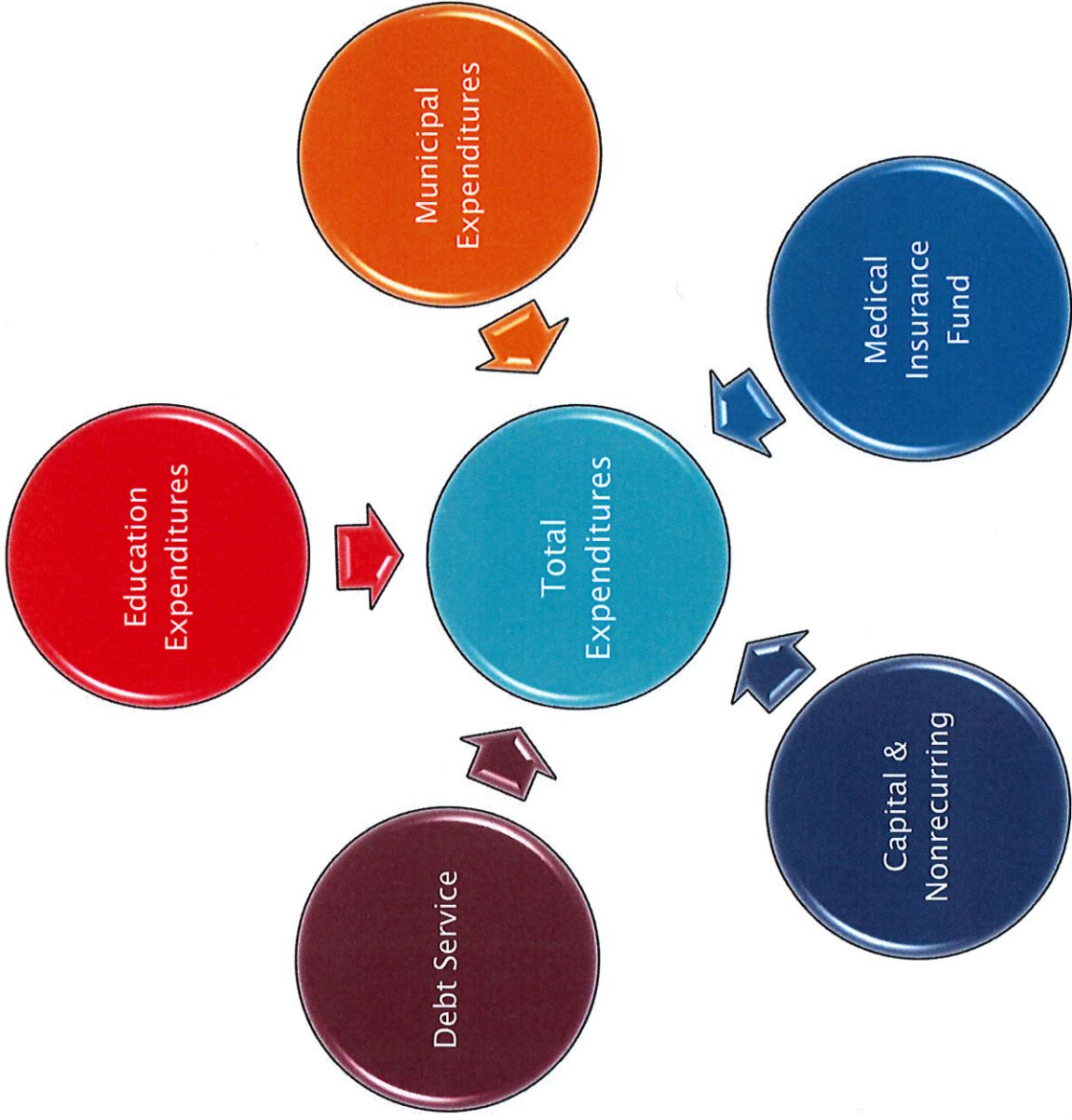
Budget Overview and Key Factors



Budget Process

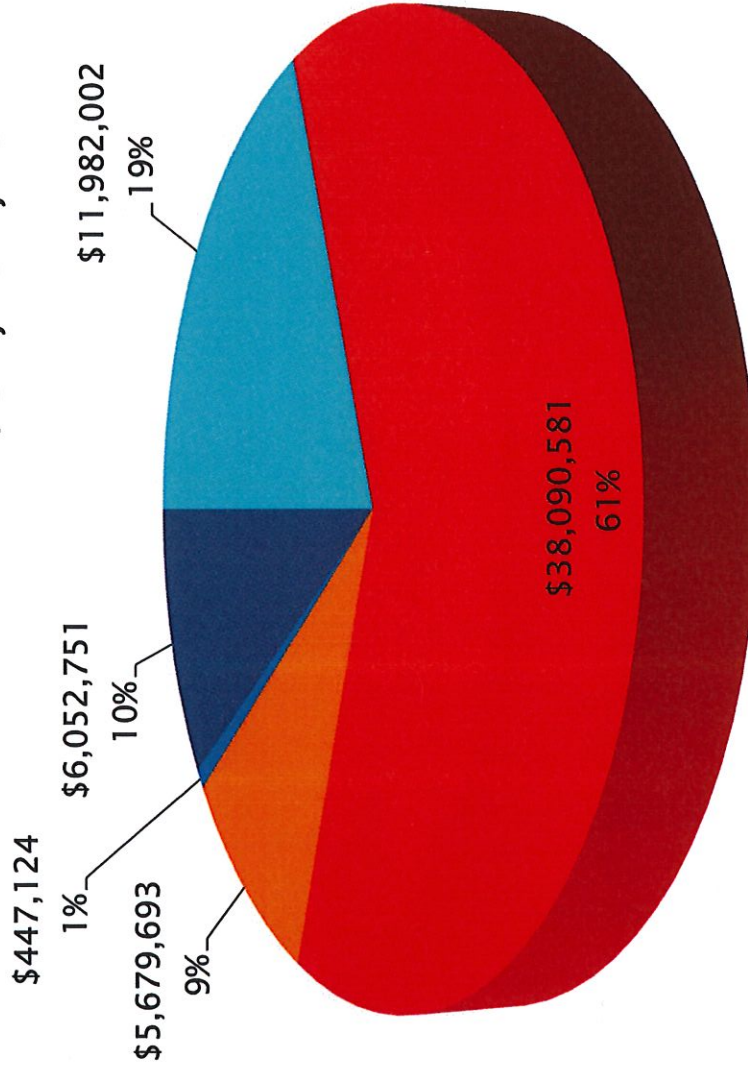


Expenditure Components



FY23 Expenditures

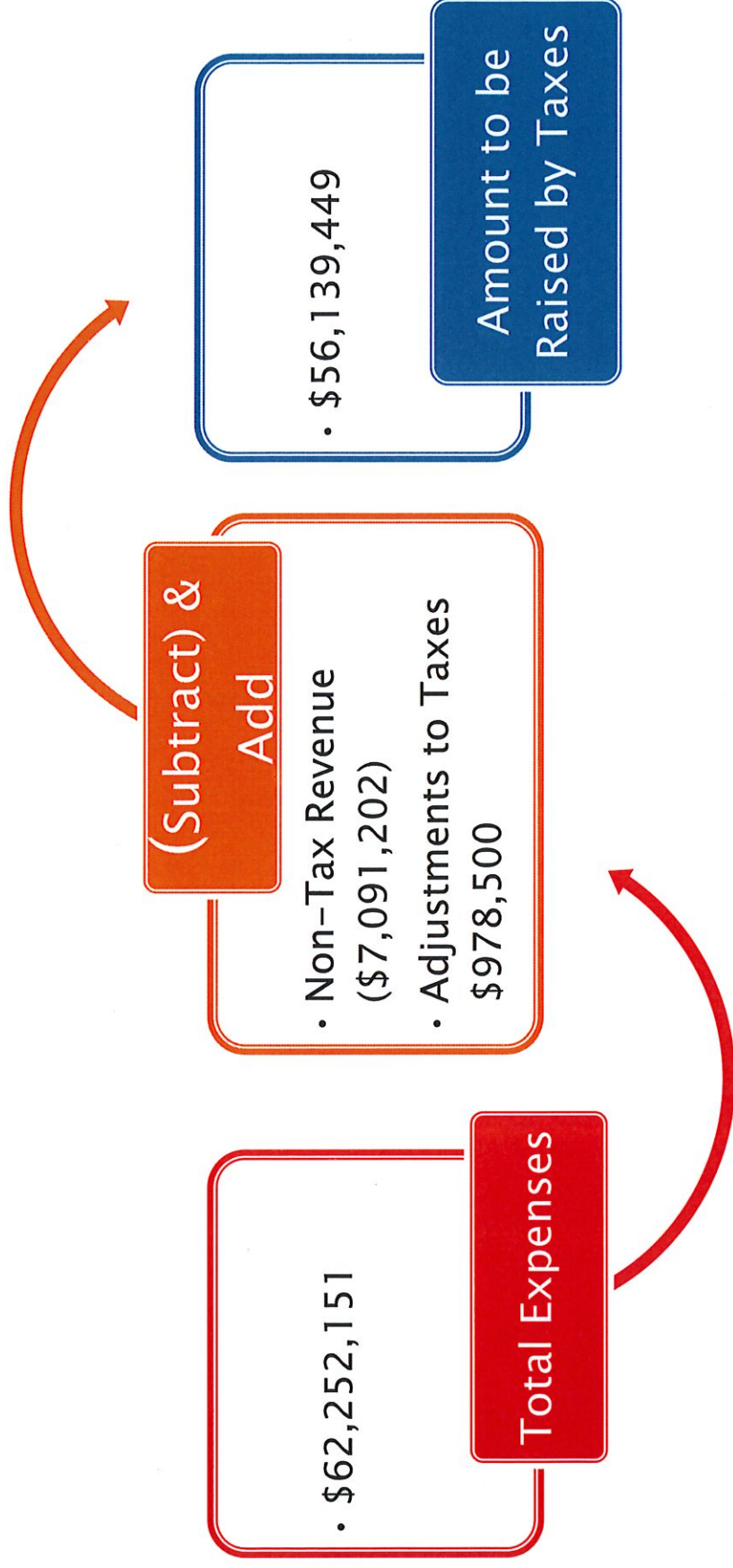
\$62,252,151



- Municipal Operations
- Education Operations
- Medical Insurance Fund
- Capital & Nonrecurring
- Debt Service



Amount to be Raised by Taxes



Mill Rate

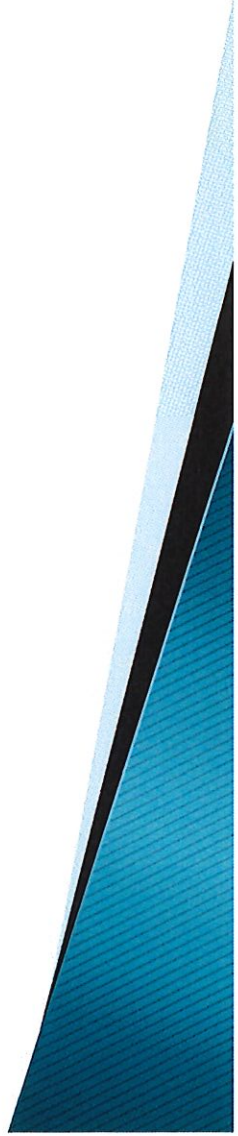
Amount to be Raised	
\$56,139,449	
<hr/>	
Taxable Grand List	
\$1,701,086,814	



1,000

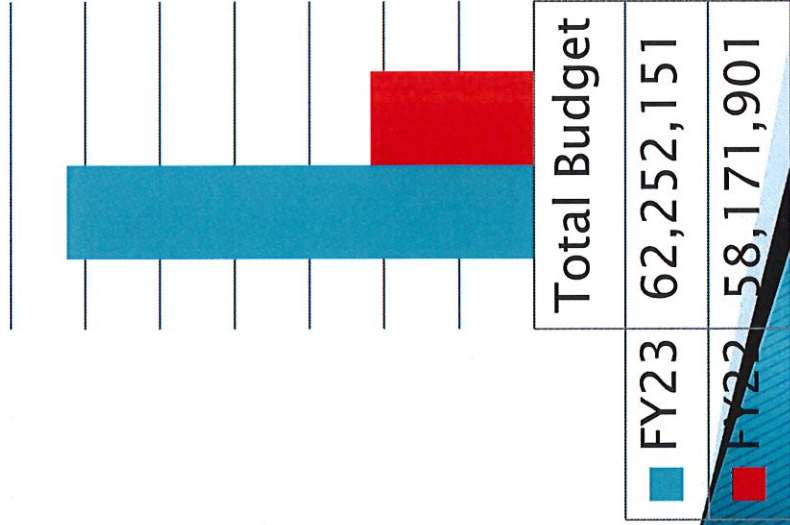


Mill Rate
33.0

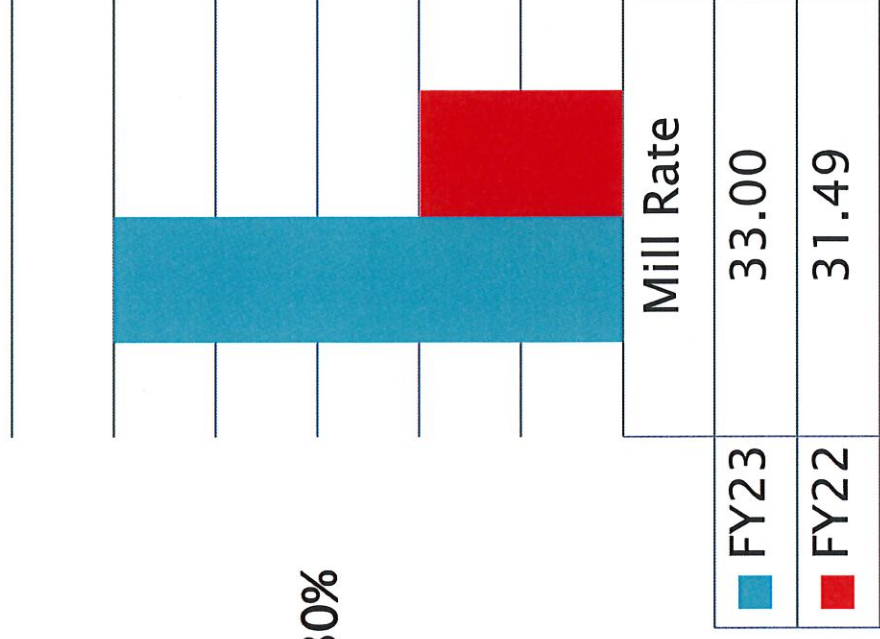


Increase in Expenses ≠ Increase in Mill Rate

Total Expenditures



Mill Rate



Key Factors

Grand List

Grew by
2.73%

Non-Tax
Revenue

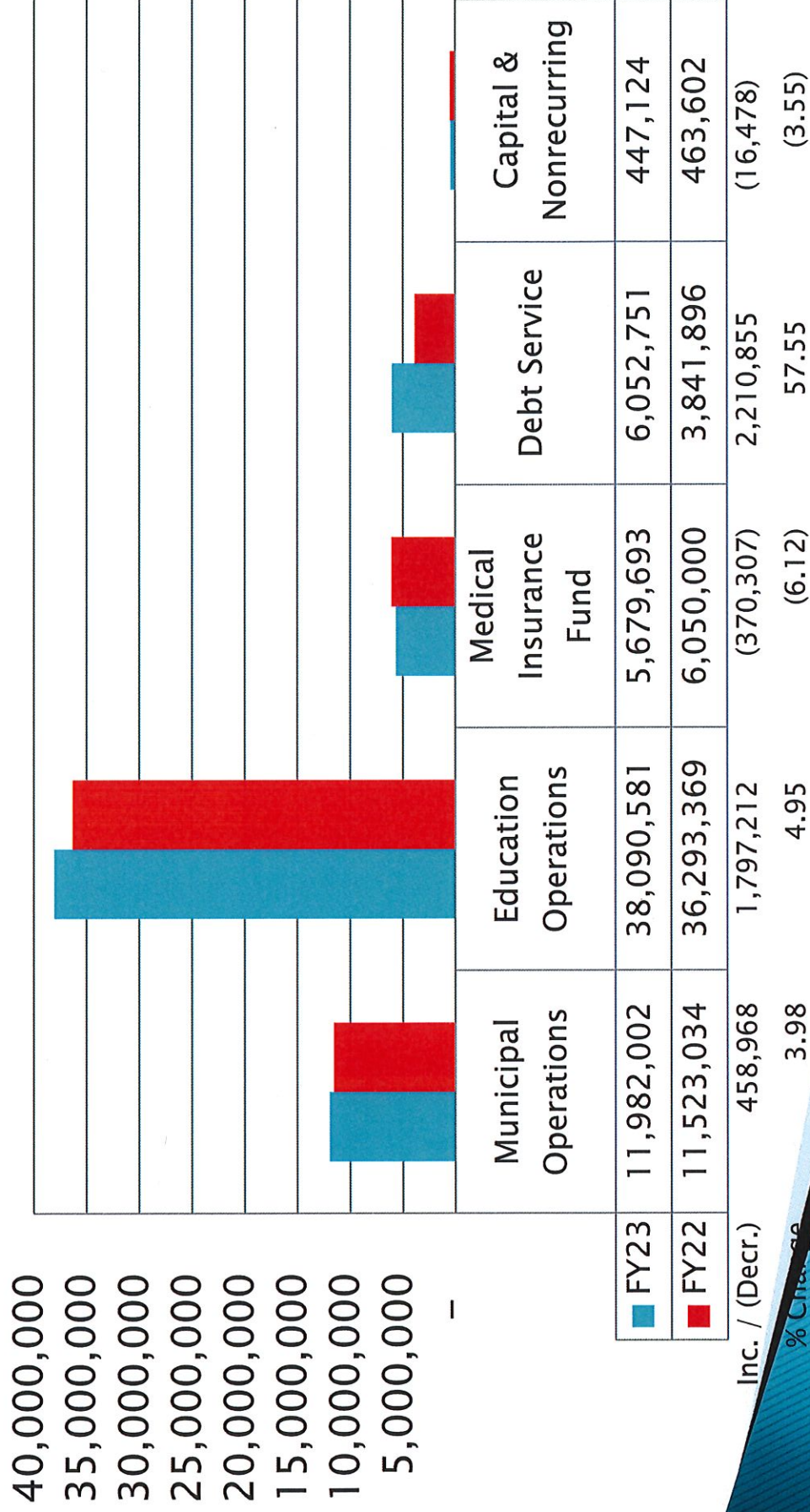
Grew by
2.93%



Proposed FY23 vs FY22

Expenditures

Increase - \$4,080,250



FY23 Proposed vs FY22 Adopted

<u>MUNICIPAL EXPENDITURES</u>	<u>2022/2023</u>	<u>2021/2022</u>	<u>Inc/Dec</u>	<u>%</u>
Operating Expenditures	\$ 11,982,002	11,523,034	458,968	3.98%
Contribution to Medical Insurance Fund	792,522	826,055	(33,533)	-4.06%
Contribution to Debt Service	137,826	141,380	(3,554)	-2.51%
Contribution to Capital & Nonrecurring Fund	353,239	370,213	(16,974)	-4.58%
GENERAL FUND	\$ 13,265,589	\$ 12,860,682	\$ 404,907	3.15%

<u>EDUCATION EXPENDITURES</u>	<u>2022/2023</u>	<u>2021/2022</u>	<u>Inc/Dec</u>	<u>%</u>
Operating Expenditures	\$ 38,090,581	36,293,369	1,797,212	4.95%
Contribution to Medical Insurance Fund	4,887,171	5,223,945	(336,774)	-6.45%
Contribution to Debt Service	5,914,925	3,700,516	2,214,409	59.84%
Contribution to Capital & Nonrecurring Fund	93,885	93,389	496	0.53%
GENERAL FUND	\$ 48,986,562	\$ 45,311,219	\$ 3,675,343	8.11%



PRELIMINARY FISCAL 2022/2023 BUDGET

		<u># of Mills</u>
OPERATIONS		
Municipal Operations	\$ 11,982,002	7.04
Education Operations	38,090,581	22.39
Medical Insurance Fund	5,679,693	3.34
OPERATING EXPENDITURES \$	55,752,276	32.77
Non-tax Revenues	\$ 7,091,202	4.17
Adjustments to Property Taxes	(978,500)	-0.58
To be raised by PROPERTY TAXES	\$ 49,639,574	29.18
DEBT SERVICE		
To be raised by PROPERTY TAXES	\$ 6,052,751	3.56
CAPITAL & NONRECURRING		
Municipal Capital Spending	788,239	
Education Capital Spending	93,885	
CAPITAL EXPENDITURES \$	882,124	
To be raised by PROPERTY TAXES	\$ 447,124	0.26
TOTAL PROPERTY TAXES	\$ 56,139,449	33.00

TAXABLE GRAND LIST	1,701,086,814
DOLLARS PER MILL	1,701,087
MILL RATE CHANGE	1.51
% MILL RATE CHANGE	4.80%

	Example
Median Residential Prop. Assessment	\$ 220,800.00
FY22 Property Taxes @ 31.49	\$ 6,952.99
FY23 Property Taxes @ 33.00	\$ 7,286.40
Increase	\$ 333.41



PRELIMINARY FISCAL 2022/2023 BUDGET

OPERATIONS	FY23 # of Mills	FY22 # of Mills	% Change
Municipal Operations	\$ 11,982,002	7.04	6.96
Education Operations	38,090,581	22.39	21.92
Medical Insurance Fund	5,679,693	3.34	3.65
OPERATING EXPENDITURES \$	55,752,276	32.77	0.78%
Non-tax Revenues	\$ 7,091,202	4.17	4.16
Adjustments to Property Taxes	(978,500)	-0.58	-0.53
To be raised by PROPERTY TAXES	\$ 49,639,574	29.18	0.91%
DEBT SERVICE			
To be raised by PROPERTY TAXES	\$ 6,052,751	3.56	2.32
CAPITAL & NONRECURRING			
Municipal Capital Spending	788,239		
Education Capital Spending	93,885		
CAPITAL EXPENDITURES \$	882,124		
To be raised by PROPERTY TAXES	\$ 447,124	0.26	0.28
TOTAL PROPERTY TAXES	\$ 56,139,449	33.00	31.49

TAXABLE GRAND LIST	1,701,086,814
DOLLARS PER MILL	1,701,087
MILL RATE CHANGE	1.51
% MILL RATE CHANGE	4.80%



Debt Impact on Proposed Mill Rate

OPERATIONS	FY23 # of Mills	FY22 # of Mills	% Change
Municipal Operations	7.04	6.96	0.27%
Education Operations	22.39	21.92	1.51%
Medical Insurance Fund	3.34	3.65	-1.00%
OPERATING EXPENDITURES \$	32.77	32.53	0.78%
Non-tax Revenues	4.17	4.16	0.03%
Adjustments to Property Taxes	-0.58	-0.53	-0.16%
To be raised by PROPERTY TAXES	29.18	28.89	0.91%
DEBT SERVICE			
To be raised by PROPERTY TAXES	2.38	2.32	0.22%
CAPITAL & NONRECURRING			
Municipal Capital Spending	788,239		
Education Capital Spending	93,885		
CAPITAL EXPENDITURES \$	882,124		
To be raised by PROPERTY TAXES	0.26	0.28	-0.05%
TOTAL PROPERTY TAXES	31.83	31.49	1.08%

TAXABLE GRAND LIST	1,701,086,814
DOLLARS PER MILL	1,701,087
MILL RATE CHANGE	0.34
% MILL RATE CHANGE	1.08%

Budget Notes



From one average year to the next, operating expenditures will always increase (due to known contractual obligations, at a minimum)




An increase in operating expenditures does not necessarily mean an increase in the Mill Rate (expenses are offset by Non-Tax revenue and spread over grand list)



A reduction in operating or capital account, does not necessarily eliminate the need for that expense. Thus, such amount will be part of an increase in the following year



Use of fund balance creates “a hole” in the next year budget, i.e. such amount will be part of an increase in the following year



Use of potential surplus to offset operating expenses creates “a hole” in the next year budget. This is not a conservative budgeting. Surplus is needed to keep Unassigned Fund Balance in line with Fund Balance Policy; any excess can be used to offset unexpected or future capital needs



Structural changes (staffing) will lower expenses in the budgeted year, but will not eliminate an increase in the following year

Looking Forward

Set expectations*:

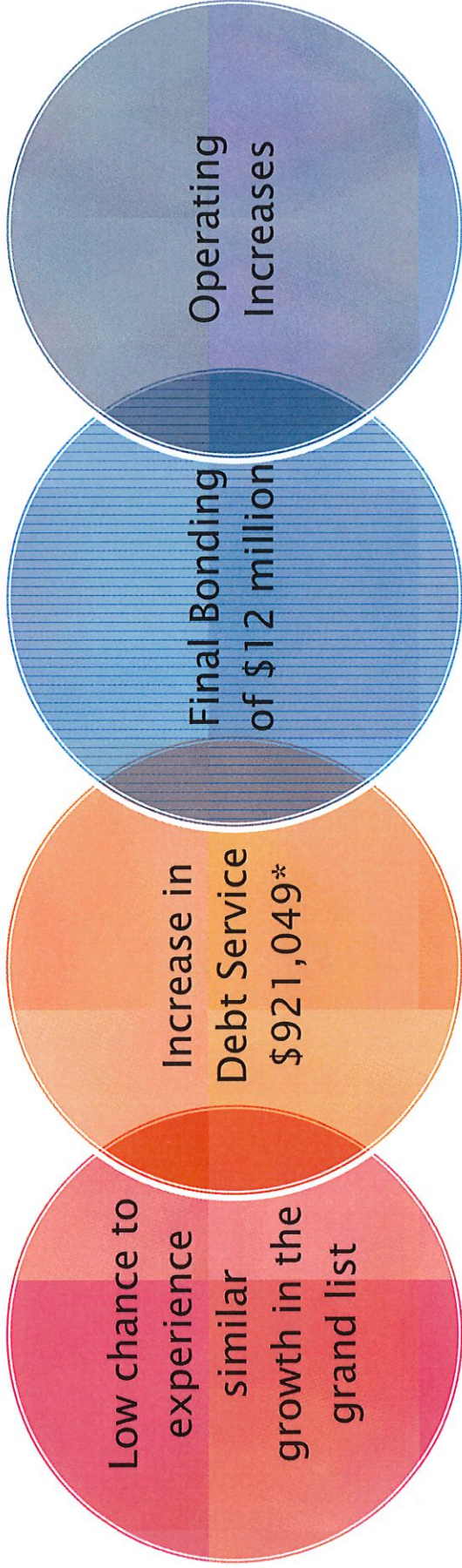
- 0% increase in expenses and 0% increase in the Mill Rate are two different goals
- From one average year to the next, 0% in expenses is unattainable while 0% in Mill Rate is possible

Focus on increasing Non-Tax Revenue to help offset unavoidable operating increases and capital needs

Focus on growing Grand List, such as investment in related infrastructure and economic development

*It starts with a reasonable base. Due to the growth in the Grand List, FY23 is an opportunity to bring operating budgets to a sustainable level

FY 24 Challenges



*FY24 Debt Service \$6,973,800 vs. FY23 Proposed Debt Service - \$6,052,751 (which calls for \$598,788 use of premium)

