

## **Lyme Board of Finance Meeting Minutes**

**Thursday February 1<sup>st</sup>, 2018:** Meeting called to order at 6:30pm

**Board Members Present:** Chairman Matthew Sharp, Kathryn Wayland, Jarred Leonardo, Peter Evankow, Dan Hagan, Lori Caine & Dave Brown, absent: Judith Duran & Herbert Ross

Also, in attendance; Town First Selectmen, Steve Mattson, John Kiker arrived late at 7:03pm

**Approval of May 4<sup>th</sup>, 2017 Meeting Minutes;** approved with a motion by Dave Brown and second by Lori Caine, all approved, Dan Hagan abstained as he was not in attendance of that meeting.

**Approval of January 18<sup>th</sup>, 2018 Meeting Minutes;** motion made by Dave Brown and approved by Lori Caine, all approved.

**Discussion on School Budget:** by Dave Brown

Since our last meetings discussion, a letter was sent to the Board of Education Members and Ian Neviser from: Dave Brown and Matt Sharp, Chair of Lyme Board of Finance and Andy Russell, Chair of Old Lyme Board of Finance and Dave Kelsey, (note, not from the boards, but from those four people only), regarding the declining numbers and how are they addressing the lower head count and increased expenses. Dave Brown, as our representative, is personally discouraged as he has attended these meetings and still cannot get clear answers on specifics in a lot of the categories.

Should we invite the Board of Ed members who represent Lyme to explain more, not sure they will be able to explain in any better detail than we have already in the budget presentations.

Matt and Dave will share the response letter with all the board members via email.

Steve's opinion is that the Board of Ed is proposing a 1.89%, but with inflation at 2.5%, this is less than the rate of inflation. Often the school budget is difficult to manipulate as they are locked into three-year rate contracts with their union. There is a state law that you cannot reduce your school budget by a certain percentage either. The budget book they present is a three-year projection and on course with prior exhibits.

We were hurt last year because of the 1% holdback that was not reserved. The returned funds to the towns were less but should be corrected for this year.

**First Selectman's Presentation:** Steve Mattson passed out detailed packets relating to all the subjects discussed below to work with the board of finance members to work on a yearly budget and a long-term budget look.

First discussion was on tax collection receipts. The Town of Lyme typically collects a lot more than the 98% collection rate. In 12/13 we were at 98% but since then we have been higher. Our tax collector is working hard, and we have been collecting delinquent tax from prior years. The delinquency is down to \$100,000 in total on all receipts. Should we increase the projection to a higher %, 98.5? or higher?

A motion was made to raise the collection rate to 98.75% from 98% proposed by Peter Evankow and seconded by Dave Brown and unanimously approved by the board of finance members present.

### **General Fund Balance: Discussion of the Financial Health**

Steve suggests using these metrics to forecast the budget. Looking at both the general fund balance and the specific funds and the debt outstanding. Previously we have focused before on the general fund balance alone.

17% of operating budget or \$1.6 million is the recommendation by our auditor to keep in general fund at any time. Of course, this amount changes as our operating budget changes. It equals to approximately two months of total expenses for the town. It is also a goal to achieve debt to zero, exclusive of the school budget debt over time.

To maintain funds in the open space fund there is preliminary discussion with selectman and other southeastern towns to add a conveyance tax to house sales. Southeastern region towns could add a 1% tax on house sales that they could earmark for open space purchase in their towns. It is just in the preliminary discussion stages and of course the fear would be that it could also hurt home sales. Again, just in discussion, no decisions have been made on this matter. If you feel strongly in some manner, you should reach out to your Town Selectmen to share your thoughts.

Further in Steve's packet: review of the income, municipal aid 8%, majority driver is grand list, our grand list goes up only .50% on average annually. Based on revaluation the average property tax payer usually ends up paying an increase, but it can vary if on water homes or antique homes or inland homes have increased or decreased in market sales.

Steve's table top view of the mill rate is income increases .5% per year and expenses increase 2.5% per year and shortfall 2% per year or \$220,000 or .4 mill per year. Grand list expected to decrease by \$50 mill after revaluation, based on very preliminary figures.

If we force the school system to stop spending, property values fall if property values fall then you need to increase the mil rate to maintain services.

**Discussion on benefits etc. by comparison with other small towns and other neighboring towns:**

What stands out is that the library director is paid the highest of all salaries in our Town and far exceeds neighboring small towns of similar size. By comparison our other positions are lower than neighboring towns but not significantly in comparing town of comparable size. Our town runs on a very small staff of eleven full time employees. Our full-time staff is aging, and it is a concern on how we will attract talent going forward if we do not pay competitively. However, we are the only town also that pays 100% of medical benefits which are increasing at substantial percentages year over year.

Steve also reviewed the condition of our town assets, including buildings, bridges, land and cemeteries. One of the largest items in our operating budget is buildings and equipment and he feels there is room to improve in increased energy savings. There was also a review of road maintenance and our town equipment.

Lastly the specific fund balances were shared and discussed. It was brought up that the capital non-recurring fund is one that you can shift funds from to the general fund to make an unanticipated purchase, therefore possibly making this a better fund to transfer funds to in lieu of the open space fund or other specific funds. Other specific funds can Not be transferred to the general fund and only used for that specific purchase. Previously the board of finance deposited \$50,000 annually for the open space fund but could instead shift that to the capital non-recurring fund for greater flexibility. Again, all discussion points for the board to consider upon in producing the budget.

Peter Evankow, Lori Caine, and Dave Brown excused themselves early, about 30-40 minutes prior to end of the meeting.

Steve passed out packets for fire budget and the library budget.

**Next meeting is next Thursday Feb 8<sup>th</sup> at 6:30pm at the Lyme Town Hall**, 30 minutes for the Library and 30 minutes for the Fire Company, followed by a general discussion by the board on the Selectman's presentation tonight.

The next meeting Steve would appreciate our feedback on how we want to evaluate our financial health going forward.

Meeting adjourned at 8:48pm

Respectfully submitted by Clerk of Board of Finance,

Kathryn Wayland