

BOARD OF FINANCE

29 West Avenue

Essex, CT 06426

Thursday, May 15, 2014 – 7:00 p.m.

Conference Room A – Town Hall

Minutes

In attendance: Keith Crehan, Chairman, Campbell Hudson, Vice Chair, Mary-Louise Polo and Don Mesite. Absent: Jeff Woods and Fred Vollono

Others in attendance: Norman Needleman, First Selectman
Kelly Sterner, Finance Director
Yvonne Roziak, Recording Secretary

Call to Order: 7:06 p.m.

APPROVAL OF AGENDA:

Keith Crehan, Chairman requested additional item under New Business be added as 7C: Set Mill Rate.

Motion made by Don Mesite to approve agenda as amended, seconded by Mary-Louise Polo. Passed unanimously. Motion carried.

APPROVAL OF MINUTES:

No changes to the minutes of April 24, 2014. Campbell Hudson requested the following changes to the amended minutes of March 27, 2014, under Board of Selectmen's 2014-2015 Budget, page 3, to read as follows:

"Campbell Hudson made a motion to submit for review and discussion at Public Hearing the 2014-2015 Board of Selectmen's Budget in an amount of \$7,202,161 and the Essex Elementary School 2014-2015 budget in an amount of \$7,742,313. Seconded by Fred Vollono. Passed unanimously. Motion carried."

Motion made by Keith Crehan to approve the March 27, 2014 minutes as amended, seconded by Don Mesite. Passed unanimously. Motion carried.

FINANCIAL REPORT:

Kelly Sterner, Finance Director provided the following financial report for the fiscal year through the month ending April 30, 2014:

REVENUES:

Current Property Tax collections are heading into their slowest time of year. April collections of \$99,591 for the month bring the total YTD collections to \$20,901,588 or 99.2% of budget. This puts the collection rate in essentially a dead heat with the collection rate as of April month-end of the prior year. With the receipt of the second half of the Education Cost Sharing grant from the State, our State/Federal revenue is at 103% of budget. Our biggest contributors to local revenue, Building Permits, Conveyance Taxes and Town Clerk fees, had another strong month and total Local revenues have reached 119.2% of full year budgeted amounts. The full year forecasted revenue has been tweaked up slightly to an anticipated total of \$22,806,544. This total revenue covers the budgeted decrease in the unassigned fund and would finish the fiscal year approximately \$122,000 over budgeted revenue.

EXPENDITURES:

Total expenditures as of April month end of \$19,838,636 represent 87.5% of the total fiscal year budget. We are still running slightly ahead of last year's rate of 86.9% at the end of April, but the gap is closing. Spending for the month of April was typical for this time of year. The full fiscal year forecast shows a couple of changes from the prior month. The Town Clerk budget is also expected to exceed budget based on fees paid to the State. This is offset by the higher Town Clerk Fees on the revenue side. The Elementary School slightly increased their projected surplus. Total expenditures are now projected to finish the year with a net deficit of \$28,500 across all expenditure categories.

Based on these projections, we could end the fiscal year with a surplus of almost \$94,000.

Motion made by Don Mesite to accept the Financial Report, seconded by Mary-Louise Polo. Passed unanimously. Motion carried.

Selectmen's Report:

Essex Place Centerbrook – Request to establish P.I.L.O.T payments. The Board of Selectmen approved a motion at their May 7th Board of Selectmen's meeting to recommend to the Board of Finance a request from Essex Place Centerbrook, LLC to establish payments in lieu of taxes to the Municipality in accordance with the provisions in Connecticut General Statutes as stated below.

Motion made by Mary-Louise Polo to approve and recommend to Town Meeting that Essex Place Centerbrook, LLC shall make payments in lieu of taxes to the Municipality in accordance with the provisions of Section 8-118a and Section 8-119gg of the Connecticut General Statutes, as amended, in an amount equal to 10% of the net shelter rent per annum. Seconded by Don Mesite. Vote was as follows: In favor: 3 (Don Mesite, Keith Crehan & Mary-Louise Polo), Opposed: 0, Abstained: 1 (Campbell Hudson). Motion carried.

OLD BUSINESS: None

NEW BUSINESS:

Appointment of Auditor – Kelly Sterner, Finance Director informed the Board that a new partner with Mahoney Sabol & Co., LLP has been assigned to the Town of Essex account and will be available for a future meeting. The audit process is scheduled to begin in the next few weeks.

Motion made by Mary-Louise Polo to appoint Mahoney Sabol & Co., LLP as the audit firm for the Town of Essex for the audit of the fiscal year from July 1, 2013 to June 30th, 2014, seconded by Don Mesite. Passed unanimously. Motion carried.

Tax Suspense List - The suspense list was submitted by the Tax Collector to the Board for review and acceptance.

Motion made by Campbell Hudson to approve the tax suspense list as presented by the Tax Collector in the amount of \$37,828.92 (\$7,822.10 Motor vehicle, \$1,504.20 Motor Vehicle Supplement and \$28,502.62 for Personal Property), seconded by Don Mesite. Passed unanimously. Motion carried.

Set Mill Rate – The Board of Finance reviewed and discussed the Mill Rate Analysis Sheet (Addendum A) as well as the Town of Essex Example of Revaluation Impact and Mill Rate Change on Property Taxes spreadsheet (Addendum B) as presented by the Finance Director in order to determine and set the mill rate for fiscal year 2014-2015.

Motion made by Campbell Hudson to set the mill rate for the Town of Essex fiscal year 2014-2015 at 20.99 mills, seconded by Mary-Louise Polo. Passed unanimously. Motion carried.

COMMUNICATIONS & CORRESPONDENCE: None

PUBLIC COMMENT: None

ADJOURNMENT:

Motion made by Don Mesite to adjourn meeting at 8:20 p.m., seconded by Mary-Louise Polo. Passed unanimously. Motion carried.

Respectfully submitted,

Yvonne Roziak



Town of Essex 2014/2015 Proposed Budget
Mill Rate Impact Analysis

Addendum A

FY 2014/2015 Net Grand List 1,031,545,611
Adjusted FY 2013/2014 Mill Rate 20.62 (recalculation of current year mill rate using new grand list)

Expenditures

Selectmen's Budget-FY 14/15 7,202,161
Essex BOE Budget FY 14/15 7,742,313
Reg. Dist 4 Budget FY 14/15 8,112,489
Proposed Total Exp. - FY 14/15 23,056,963

Revenue

State & Local Revenue 1,373,057
Collection of Prior year Taxes 150,000
Collection of Interest & Liens 50,000
Transfer from Sinking Funds -
Less: Est Shortfall in Current Year (225,000)
Est. Income other than Property Taxes 1,348,057

Amt to be funded by property taxes 21,708,906

Mill Rate Impact

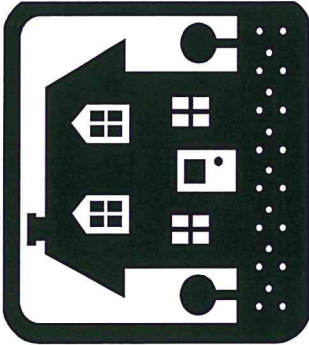
Mill rate % increase over adj. FY 13/14	1.75%	1.8%	1.90%	2.0%	2.10%
New Mill rate based on % increase	20.98	20.99	21.01	21.03	21.05
Prop. Tax rev (net grand list x Mill rate)	\$ 21,642,704	\$ 21,653,339	\$ 21,674,609	\$ 21,695,880	\$ 21,717,150
Surplus/(shortfall) revenue v. exp	(66,202)	(55,567)	(34,297)	(13,026)	8,244

Mill Rate Impact

Mill rate % increase over adj. FY 13/14	1.0%	1.25%	1.50%	1.55%	1.60%
New Mill rate based on % increase	20.83	20.88	20.93	20.94	20.95
Prop. Tax rev (net grand list x Mill rate)	\$ 21,483,175	\$ 21,536,351	\$ 21,589,528	\$ 21,600,163	\$ 21,610,798
Surplus/(shortfall) revenue v. exp	(225,731)	(172,555)	(119,378)	(108,743)	(98,108)

Breakeven Mil Rate 21.05
% Increase 2.06%

TOWN OF ESSEX
EXAMPLE OF REVALUATION IMPACT AND MILL RATE CHANGE ON PROPERTY TAXES



Net Grand List 2012 (used to set FY 13/14 mill rate)	\$	1,119,619,296
Net Grand List 2013 (used to set FY 14/15 mill rate)		1,031,545,611
Overall average percentage decrease		-7.8664%

EXAMPLE: Base Year = FY 13/14 (Grand List 2012)

Assessed Value as of Oct. 1, 2012	\$	260,000
FY 13/14 mill rate		18.99
FY 13/14 total property taxes (260 x 18.99)	\$	4,937.40

Scenario #1 - assessed value of home decreases by same % as Net Grand List decrease

2013 Reval Assessed Value (based on a decrease of 7.8664%)	\$	239,547
Approved mill rate for FY 14/15		20.99
FY 14/15 total property tax	\$	5,028.10
change in property tax versus base year		90.70
Property Tax change (%)		1.84%

Under this scenario, entire change in property tax is due to budget increase

Scenario #2 - assessed value of home decreases more than the Net Grand List decrease

2013 Reval Assessed Value (based on a decrease of 12.5%)	\$	227,500
Approved mill rate for FY 14/15		20.99
FY 14/15 total property tax	\$	4,775.23
change in property tax versus base year		(162.17)
Property Tax change (%)		-3.28%

Under this scenario, the budget increase is offset by the greater than average assessed value decrease

Scenario #2 - assessed value of home decreases less than the Net Grand List decrease

2013 Reval Assessed Value (based on a decrease of 2%)	\$	254,800
Approved mill rate for FY 14/15		20.99
FY 14/15 total property tax		5,348.25
change in property tax versus base year		410.85
Property Tax change (%)		8.32%

Under this scenario, the budget increase plus lower than average decrease combine, resulting in a more significant total increase