

## Questions from the January 10, 2018 Meeting on Supplemental Tax Increase

**1. Can this be absorbed in an upcoming budget cycle?**

The current budget situation in Fiscal Year 2018 is unable to be absorbed in a future budget. In all likelihood, doing so would result in a Fiscal 2018 Year End deficit. The Town does not want to begin the path of the State, closing years in a deficit, and kicking the can down the road. Taxes would need to be increased in the Fiscal 2019 budget to pay off the Fiscal 2018 deficit.

**2. What is the intent to handle this long-term?**

Our long-term intent is to ween ourselves from dependency on State Aid and become more self-dependent in Town. To do so, the mill rate will have to gradually increase year after year and the Town needs to more aggressively seek business and income producing properties.

**3. Is a tax levy the same as a mill increase?**

The tax levy is the amount of money charged as taxation on particular assets of goods. The mill rate is a figure representing the amount per \$1,000 of the assessed value of property. The two are used together. The levy is made on the entire tax base. The mill rate is then set to determine the amount charged to each piece of property in that tax base.

**4. Is recreation a necessity?**

Recreation income and expenses are not a part of the General Fund. As a result, recreation is not paid for by taxpayers. Recreation is a self-supporting enterprise that does not affect the tax base. The cost to run the programs (staffing, supplies, etc.) is paid for by registration fees that are collected when registrants sign up.

**5. If we raise the mill rate, is the levy for a fraction of the year or an entire year?**

The levy is for the entire year. You cannot levy for a partial year. Any increases will be retroactive to the start of the current fiscal year.

**6. Will this be a permanent increase, or the base, for the upcoming budget cycle?**

Any increase in mill rate will remain the base going forward.

**7. Is 15% too much to hold in reserves and should it be lower?**

Two months of budget expenditures is the preferred practice, or 1/6<sup>th</sup> of your total annual budget. That is about 16.7%. The Town has decided that 15% is a healthy window to stay at and anything below that is too risky considering the state of affairs in Connecticut.

**8. What are other Towns doing?**

Other Towns have absorbed these cuts by using Fund Reserves but they also have not used their Fund Reserves to the extent that Somers has to offset tax increases. Somers has avoided a 1.6 mill increase over the past two years by using Fund Reserves.

**9. Do we have 3 & 5-year projections?**

The Finance Department annually projects both 3-year and 5-year futures on budgets. The Finance Department also maintains a rolling 10-year Capital Outlay plan.

**10. Who authorized the purchase of new equipment?**

All new capital equipment is first presented to the Capital Improvement Committee (CIP) in January of each year. All equipment proposals must be first approved by the Board of Selectmen or the Board of Education. The Committee at their February meeting develops their capital budget for the upcoming budget cycle, determines funding sources, and votes to recommend approval by the Board of Finance. This budget is then presented to the Board of Finance to be voted on at their meeting. Once approved by the Board of Finance, an amount in the General Fund is earmarked for capital improvement. The General Fund budget that is voted on at referendum contains a transfer to capital line item.

**11. Who authorizes general spending?**

General spending is first authorized by department heads. Once checks are cut by the treasurer to pay the associated bills, the Board of Selectmen vote to authorize the payments and the check are then mailed out. Full listings of all authorized payments are available in the Town of Somers Finance Department.

**12. Will a supplemental tax bill go to us directly or to our mortgage companies?**

Supplemental tax bills will be handled in the same manner as regular tax bills.

**13. Transparency on spending is a need and how is the Town going to address that?**

Full listings of all authorized payments are available in the Town of Somers Finance Department. Any particular payment can be FOIA requested and a copy of an authorized invoice can be supplied. In addition, all of the Town's accounts, payments, and financial statements are subject to audit annually.

**14. Could we hire a consultant to aid the Town with Economic Development?**

This would be a decision that would have to be authorized by the Board of Selectmen and the Board of Finance both with an agreed upon contract and scope of work.