

BOARD OF FINANCE SPECIAL MEETING

CITY HALL AUDITORIUM/ZOOM

JUNE 4, 2025

A **SPECIAL MEETING** of the Board of Finance was held on Wednesday, June 4, 2025. Present at the City Hall Auditorium were Mayor Carbone and Board of Finance Members Deborah Iannacito, Laurene Pesce, Christopher Anderson, Chris Beyus, and James Wright. Board of Finance Member Wendy Traub participated via Zoom. Also present at City Hall were City Comptroller Oliva DeRosa, Deputy Comptroller & Manager of Budgets Erika Johnson, Torrington Public Schools (TPS) Superintendent Michael Wilson, Interim Finance Director Donna Labbe, and Director of Facilities Dean Pergola. Police Chief William Baldwin, Deputy Police Chief Bart Barown, and Deputy Fire Chief David Tripp joined via Zoom.

Mayor Carbone called the meeting to order at 5:02 p.m., beginning with the Pledge of Allegiance.

PRESENTATION & DISCUSSION REGARDING FY 2025-2026 BUDGETS

Mayor Carbone revisited some of the discussions from the prior joint meeting with the City Council, presenting information that was updated based on recent developments.

- **Property Revaluation Impact:** Nothing had changed regarding the disparity in property value increases between residential properties (95-125% increase) and commercial properties (40% increase). This explained why the mill rate could not simply be halved despite the grand list doubling; the residential taxpayers would bear almost 80% of the tax burden in 2024, up from 74% in 2023.
- **Motor Vehicle Transition Grant Funds:** The city anticipated losing approximately \$3,700,000 in these funds because the state-mandated mill rate cap remained at 32.46, and the city's mill rate would be higher (ranging from 38.25 to 38.96).
- **Board of Education (BOE) Insurance Departure:** The BOE's departure from the joint insurance program meant they would be retaining over \$2.4 million in premium cost shares. While this was a revenue reduction for the city, it increased the BOE's spending power by allowing the BOE to move these funds to other line items.
- **State Funding Updates:**
 - ECS (Alliance District) funding for FY26 slightly decreased by about \$10,000, to \$10,768,079, based on updated town runs from the state budget.
 - A new Special Education and Expansion Development (SEED) Grant of \$435,329 would go directly to the BOE for special education, marking additional new funding. These funds cannot supply existing special education expenses.
- **BOE Surplus Funds Control:** A significant change in state procedures under §10-248a now grants Boards of Education unilateral control over surplus funds. They could move up to 2% of their operating budget (estimated \$1,574,453.96 for the current fiscal year) into a non-lapsing account for any educational purpose without Board of Finance oversight. The Mayor expressed concerns that this change meant the city could no longer rectify deficits in the revenue column with surpluses in the expense column.
- **Total New Funds to BOE:** The combined new funding for the BOE, above FY25 levels, was calculated at \$5,759,718. This included new ECS carveout Alliance funding (\$1,038,337), the likely surplus funds (\$1,574,453), employee premium and cost shares (\$2,441,599), and the new SEED grant (\$435,329).
- **City Budget Cuts:** The city was still seeking an additional \$1,606,624 in cuts to reach level funding plus debt service. There was a direct revenue offset from bond premiums of \$1,568,860 for the debt service. The financial team was still working with department heads to fine-tune line items to meet this \$1.6 million target.
- **BOE Budget Request Analysis:** The BOE's operating budget request was a \$9,345,330 increase over the prior year's appropriation. Mrs. Iannacito requested a translation of this increase into a mill rate impact. Mayor Carbone said that this translates to a mill rate increase of about 3.76 mills. Mr. Anderson asked if this budget request took into consideration the net budgeting for the BOE's health insurance. Mayor Carbon said it did. She also reminded the Board that the BOE budget could not go below the prior year's appropriation due to the Minimum Budget Requirement (MBR).
- **Grand List and Phase-in Numbers:** The GL24 assessment numbers were updated based on the two-year phase-in, and the new numbers were lower than previously discussed. Mayor Carbone explained that this was explained by taking into consideration exempt properties and changes related to intangible personal property, which GL24 no longer considers.
- **Fund Balance Discussion:**
 - The audited fund balance as of FY24/beginning of FY25 was \$20,182,000, representing approximately 13.4% of operating expenses. This figure included \$3.9 million that the Board of Finance elected to use for FY25 budget adoption.
 - It was said that while funds were assigned for budget adoption in previous years, they often weren't fully utilized due to careful expense control, allowing surpluses to fall back into the fund balance. However, this year was different, with a strong likelihood of hitting \$3.9 million due to the BOE's decision to depart from the self-funded medical program and keep their \$2.4 million premium cost shares, which had previously offset city revenues.

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Presentation & Discussion Regarding FY 2025-2026 Budgets Continued

Mayor Carbone presented the Board with three different scenarios for using additional fund balance for FY26, considering the policy target of 7-10% of operating expenses. If the \$3.9 million from the FY25 budget adoption was fully expended, the fund balance would reduce to 10.81%.

1. Using \$3.6 million for FY26 would reduce the fund balance to 8.42%, resulting in a mill rate of 38.96.
2. Using \$5 million for FY26 would bring the fund balance to 7.49%, resulting in a mill rate of 38.45.
3. Using \$5.5 million for FY26 would bring the fund balance below the 7% floor, to 6.49%, with a mill rate of 38.5.

Mrs. Pesce asked if the \$1,568,860 was the whole debt service, and Mayor Carbone said it was a direct dollar-for-dollar offset to new debt service in the city's budget.

Mr. Beyus indicated he would be inclined to go with the middle column, using \$5 million from fund balance for a 38.45 mill rate, as he believed it was a "special circumstance" and necessary to keep the increase reasonable for taxpayers. He noted the fund balance is "taxpayer dollars".

Mrs. Traub expressed concerns about using \$5 million from fund balance, fearing a "fiscal cliff" in the future. She pointed out that departments had flatlined budgets for two years, meaning salary increases (average 3% per year) were coming out of other line items, which is unsustainable for a third year. She said she is worried about the long-term ability to flatline budgets and the unavailability of one-time revenues like fund balance in future years. She also raised concerns about future contract negotiations and the potential impact if state ECS funding were to change significantly for Torrington. She preferred using closer to \$2 million, or at most, what wasn't used from the \$3.9 million technically approved for FY25.

Mr. Beyus argued that the unprecedented tax increase for residents, with some seeing taxes go up \$940 to over \$1,300, constituted an "emergent circumstance" to use fund balance. He emphasized that the money belongs to taxpayers, and now was the time to lessen the impact. He also stated that this budget was cutting public safety and other important things, making it unsustainable.

Mayor Carbone added that the primary reason the \$3.9 million from fund balance was being used for FY25 was due to the BOE's decision to move away from the shared health benefit plan and keep \$2.4 million.

Mr. Anderson disagreed with Mr. Beyus' characterizing the situation as an "emergency", stating that an emergency is also subjective. He believed the fund balance should be saved for actual emergencies like climate events or OPEB obligations. He said that the citizens voted for the new school, and the City Council approved the two-year phase-in, so they knew these increases would happen.

Mayor Carbone clarified that this was the first time in 12 years that the unassigned fund balance had decreased. She also mentioned approximately \$9 million in additional assigned capital reserve funds that could be used in a real emergency, to alleviate fears about utilizing the unassigned fund balance.

Mr. Wright said to do everything they could to help the taxpayers, especially those with fixed incomes.

Mr. Anderson believed the savings of taking \$5 million versus \$3.6 million were not necessary right now and that taxpayers made choices. He stressed that budgeting and planning are all about the what-ifs.

Mrs. Iannacito said the situation was a time of need rather than an emergency and agreed to the \$5 million use of fund balance and the 38.45 mill rate to provide relief to taxpayers this year, but stressed that this cannot be repeated in future years.

Overall, there was a general concern among members about the fiscal cliff looming in future years if one-time revenues were continually used, especially as departments faced flatlining budgets despite salary increases.

ROLL CALL VOTE: ADOPTION OF 2025 – 2026 BOARD OF EDUCATION OPERATING BUDGET

On a motion by Mr. Anderson, seconded by Mr. Beyus, the Board voted 5/1 by roll call vote, with Mr. Wright opposed, adopting the 2025-2026 Board of Education Operating Budget for \$78,722,698.

ROLL CALL VOTE: ADOPTION OF 2025 – 2026 BOARD OF EDUCATION CAPITAL BUDGET

On a motion by Mr. Anderson, seconded by Mr. Beyus, the Board voted unanimously by roll call vote to adopt the 2025-2026 Board of Education Capital Budget for \$0.00.

Mrs. Traub said that while she cares about children and education, she believed the state funding was there for the BOE. She expressed frustration that the Board of Finance lacked oversight over additional funds given directly to the BOE, such as Alliance District money and other off-book funding for capital projects. She encouraged the BOE to try to get out of the Alliance District so that the money sent directly to them could be discussed and reviewed by the Board of Finance.

ROLL CALL VOTE: ADOPTION OF 2025-2026 CITY BUDGET

On a motion by Mr. Anderson, seconded by Mrs. Pesce, the Board voted 5/1 by roll call vote, with Mr. Beyus opposed, adopting the 2025-2026 City Budget for \$71,865,471, which includes an additional \$1,568,860 in Debt Service.

Mr. Beyus reiterated his concern that we can't continue to fund the City, the DPW, and Public Safety this way, noting that these cuts are detrimental, and the amount of training stripped from Police and Fire Departments is incredible, making it not sustainable.

ROLL CALL VOTE: MILL RATE (REAL ESTATE & PERSONAL PROPERTY)

On a motion by Mr. Beyus, seconded by Mr. Wright, the Board voted 5/1 by roll call vote, with Mr. Anderson opposed, setting the mill rate for 2025-2026 at 38.45 mills, and authorizing the Mayor to execute the Tax Warrant.

Mr. Anderson said the presentations were excellent.

Mr. Beyus emphasized that having a budget manager is essential, as it makes the information more accessible and easier to understand.

Mrs. Traub stated that she respects the views of her colleagues and the Mayor. While she is not opposed to using the funds, she expressed concern about the potential impact of a fiscal cliff.

ROLL CALL VOTE: MILL RATE (MOTOR VEHICLES)

On a motion by Mr. Anderson, seconded by Mr. Beyus, the Board voted unanimously by roll call vote to set the motor vehicle mill rate for 2025-2026 at 32.46 mills, and to authorize the Mayor to execute the Tax Warrant.

Mr. Anderson said that this is the easiest decision all night, as the state mandates this cap.

The Mayor expressed her gratitude to the board members for their hard work and acknowledged the difficulty of the decisions. She agreed that the current situation is not sustainable and encouraged the next administration to consider two-year budgeting to better control expenses and to build back the fund balance.

ADJOURNMENT

On a motion by Mr. Anderson, seconded by Mr. Beyus, the Board voted unanimously to adjourn at 6:24 p.m.

Respectfully submitted by
Heather Abraham, Asst. City Clerk

ATTEST:


CAROL L. ANDERSON, CITY CLERK