

**APPROVED
BOARD OF FINANCE
Minutes - April 9, 2015
(Revised May 22, 2015)**

CALL TO ORDER

Chairman Hammers called the Board of Finance meeting to order at 7:00 p.m. at the Town Hall, Trumbull, Connecticut. All those present joined in the Pledge of Allegiance.

PUBLIC COMMENT

There was no public comment.

ATTENDANCE

Present

Elaine Hammers, Chairman
Paul Lavoie
Lainie McHugh
Andrew Palo
Thomas Kelly
Roy Molgard
Bill Haberlin, Alternate
Karen Egri, Alternate
Vincent DeGennaro, Alternate

Absent

Also present:

Maria Pires, Finance Director; John Ponzio, Treasurer; Lynn Arnow, Chief of Staff; James Haselkamp, Director of Labor Relations; Mark DeVestern, Tax Assessor; Senior Volunteer Tax Relief Committee members: Dee Chiota; Gail Hanna; Victor Pioli; Sylvia Askinazi

TOWN TREASURER'S REPORT – John Ponzio

Mr. Ponzio presented his monthly report, as follows:

- \$24,000 interest income for the month; right on forecast.
- Still reflecting reduced market rates; however, reduced borrowing this year means we have less available for investment.
- Increased government securities this month by +/- \$700,000.
- Cash balance is +/- \$45 million. Our next debt payment is due in June.
- This is a slow month for tax collections; nothing out of the ordinary.
- \$512,000 quarterly payment made for the Police Pension and \$110,000 to the Police Medical Fund. In addition, we paid \$540,000 into the Town Pension Plan and of that +/- \$225,000 is available for investment.
- Pension Board met in February and will meet again at the end of April. We eliminated the Inflation Protection investment, since there is no inflation out there and the return is very low. We reinvested the funds in Fixed Income and International and Domestic Equity.
- On-line tax payments went into effect in January and to date we have received 1610 through the web for a total \$996,111 in payments. These results are excellent for a 3 month period. In July, we will be able to analyze the results more thoroughly.

FISCAL YEAR 2014-2015 TRANSFER

Mr. Lavoie moved, seconded by Mr. Molgard, to transfer \$9,300 from account number 01013800-511160 Property/Liability and Auto Insurance to account number 01013800-522205 Program Expenses \$9,300 to cover banking fees.

Mr. Ponzio indicated that we have no fees with TD due to our balance; we are limited with Peoples to \$250,000, the maximum insurable amount. To cover our fees we would need more than one \$250,000 CD. We leave as much as we can on a weekly basis to earn credits to mitigate their fees. However, they do charge us fees because we don't maintain the necessary balance. In addition, Peoples and other banks work on a calendar year basis whereas we work on a fiscal year basis and when the budget was put together, we underestimated the fees we would have to pay.

Bond Counsel has advised us that we must segregate all the proceeds from our Bond and Ban sales. The IRS has an arbitrage restriction where you cannot earn more on your funds than we pay in debt service. We take the funds out of Peoples and reinvest them in the STIF account. Once the funds are moved from Peoples, we lose the earning credits.

Vote: 6-0-0 motion carries

FISCAL YEAR 2014-2015 TRANSFER

Mr. Lavoie moved, seconded by Mr. Molgard, to transfer \$2,400 from account number 01013000-556604 Prof. Dev-Publication to account number 01013000-522204 Service & Fees Contractual \$2,400 for HR Testing software and support.

Mr. Haselkamp indicated that the funds will be used to purchase a testing system that will eliminate the need to give the standard pen and pencil testing. He feels that we should use a better method of testing and he was able to see this system that is being used in the City of Milford. We can use this software for training as well as testing, and we would be able to customize tests for each position. The funds will be coming from an account previously used for background checks.

Vote: 6-0-0 motion carries

FISCAL YEAR 2014-2015 TRANSFER

Mr. Lavoie moved, seconded by Mr. Molgard, to transfer \$10,000 from account number 01011000-501101 Salaries-Full Time to account number 01011000-522202 Professional Services 01011000-522202 \$10,000, to hire our current auditor to evaluate the Finance Dept.'s operations to enhance overall efficiencies and improve Internal controls.

Ms. Pires indicated that she has an open position and she feels it is a good time to review all the positions to see if any duties or functions can be moved around. She would like someone to look at the internal control process and analyze the positions to determine if we are using all technology available for maximum efficiency. Ms. Pires indicated she would like to use the same firm that performed the Town audit because they are already familiar with our system.

Vote: 6-0-0 motion carries

FISCAL YEAR 2014-2015 TRANSFER

Mr. Lavoie moved, seconded by Mr. Molgard, to transfer \$2,394 from account number 01070000-534401 Office Supplies to account number 01070000-589901 Annual Rentals \$2,394, to properly reflect the account to be charged for the lease of library copiers and upgrade library printers.

Ms. Pires indicated that with our current copier lease at the library, we must pay for all the supplies. We made the decision to go out to bid and we did find one where the supplies are included, with no cap.

Vote: 6-0-0 motion carries

Senior Volunteer Tax Relief

Mr. Lavoie moved, seconded by Mr. Molgard, to move the Senior Volunteer Tax Relief Committee discussion item to an Agenda item.

The Chair indicated that the Town Council Chairman was not sure if the Board of Finance needed to vote on this item. It was decided to add it as an Agenda item and it was noted by the Board of Finance Chairman that in accordance with statute 12-129n, the Committee must submit their report to the Board of Finance prior to the adoption of a Senior Volunteer Tax Relief program.

She went on to add that the Board of Finance would vote whether or not to recommend the program to the Town Council, basing their decision upon the financial impact the program would have on the town, since only the Town Council can adopt the Senior Volunteer Tax Relief program. In addition, it can later be amended by the Town Council on the recommendation of the Board of Finance, without appointing another Committee.

Vote: 6-0-0 motion carries to add the discussion item as an Agenda Item.

Ms. Arnow presented the proposed Senior Volunteer Tax Relief Committee Program for the Board's recommendation to the Town Council for approval.

- Volunteer opportunities within the Town – would there be enough for all interested seniors.
- “Eligibility” criteria for not-for-profit agencies and/or town departments providing volunteer hours.
- Budgetary effects of an “income qualifying” program vs. a “non-income qualifying” program.
- Senior profile statistics, including the average income for Trumbull seniors (65+).
- Logistics for administering the program.
- Analysis of existing programs in other municipalities.

She then went on to add that their research provided the Committee with the following:

- Without an income restriction, we are looking at approximately 4000 eligible seniors.
- We would need to put a cap on the number of people that can participate each year.
- Non-income qualifying parameter opens up volunteer opportunity for all seniors. We currently have seniors taking advantage of income qualifying programs at a cost of \$1.02 million or \$1100 per individual and we have no cap on the number of people who can apply.
- Volunteers must be a good match for the opportunity available; must apply for the opening. The department head must monitor volunteer and keep track of hours and assignments.

Based upon their considerations and research, the Committee recommended a “non-income qualifying” senior or disabled volunteer tax credit program that will provide an opportunity for Town residents who are 65 or over, or permanently or totally disabled, to reduce their property tax by utilizing their skills and experience by volunteering at town departments, non-profit agencies, and town-related events.

The Committee presented 2 scenarios for the implementation of their recommendations (see exhibit A attached hereto and made a part hereof.)

Ms. Arnow indicated that the Committee was formed by the First Selectman for the specific task of determining how a Senior Volunteer Tax Relief Program would be structured and the fiscal effect on the Town's budget. This program would promote volunteer service within the community, calling upon seniors to use their skills, experience and knowledge, in exchange for credit towards their real estate taxes.

The Committee reviewed other communities currently involved with similar programs. They discussed how they would like to see the program progress for the remainder of 2015, from June through

December. In addition, they looked at the average income of the seniors as a guideline, to determine if the program should be income qualifying or non-income qualifying. They also met with the Tax Assessor, Mark DeVestern and Economic Development Director, Edward Lavernoch to discuss the census information and later with First Selectman Herbst and Town Council Chairman Carl Massaro to discuss the Committee's findings and options.

She then went on to present the profile of the Trumbull senior household, based on the most recent census data.

Age 65 to 74	834	45% < \$74,999 income
Age 75+	1,766	80% < \$74,999 income
Age 65 to 74	1,836	55% > \$75,000 income
Age 75+	2,222	20% > \$75,000 income

She indicated that the data showed more than 4000 senior aged 65 and over would be eligible to earn the proposed \$600 tax credit, if there were no income restrictions, which could impact the Town significantly. She went on to add that 790 were not homeowners and therefore would not be eligible.

Ms. Egri asked if 834 represented the number of individuals or did we need to use 45% of that figure; Ms. Arnow indicated they should use the 834.

Ms. Arnow then discussed the research done by the Committee on the four (4) towns that currently have the program. She noted that each town was structured differently and the City of Danbury had only 30 applicants last year.

The Chairman questioned the number of individual in the 2014 Census. By her calculations, there were 2600 seniors with incomes <\$74,999 and 4058 seniors with income >\$75,000, which gives us a total of 6,658 seniors. How can you say 4,500 seniors when there are actually 6,658; why the discrepancy? Ms. Arnow indicated that they looked at households 65 to 85 and did not count seniors 85 years and older. She went on to add that they would not be disqualified, they were just not included.

Ms. McHugh also noted that the year 2014 was given as the census information year, yet the information was actually from 2010. Ms. Arnow explained that there was a four year window.

It was mentioned that the program will be capped at 50 individuals the first year. Ms. McHugh asked how those individuals will be chosen, since it is not mentioned in the report. Are they going to decide on a first come first serve?

The Chair indicated that the other towns used for comparison were income qualifying, and asked why ours is non-income qualifying. Ms. Arnow indicated that by removing the income qualification, it opens up volunteering to all seniors and that was the objective of the First Selectman – to make It non-income qualifying – and there is also a vast difference in senior incomes between Trumbull and the other towns. In addition the seniors are taking advantage of other income qualifying programs in town.

Mr. DeVestern indicated that there are currently 100 seniors who are on the deferred tax payment plan. They must be over 65 and earn < \$70,000 per year to receive the exemption until the title transfers at which time the taxes will be paid along with a 3% annual simple interest charge.

Mr. DeVestern went on to add that we have 926 individuals in the Credit program. The parameters are the same as the deferred program; you must be over 65 and earn < \$70,000 per year. The totally disabled also qualify and there are 57 totally disabled individuals earning <\$70,000 in the program. The credit to the homeowner is based on a scale of 4 tiers. The total cost of the program last year was less than one quarter of a mill. The average household lies in the first two tiers, and the average credit is \$1,100. The average income is between \$20,000 and \$60,000.

Ms. McHugh asked that the information regarding the 4 tiers, etc., be provided under separate cover. There is no cap on the number of people who can apply in this program. The Chair indicated that we do have income qualifying programs in place, and now we are looking at a non-income based program.

Ms. McHugh went on to mention that there is a Senate Bill 83 that would require municipalities to provide a property tax credit to senior citizens who volunteer in the municipality in which they reside. She went on to ask if anyone knew where this bill stands and it would require that the volunteer hours be within the municipality. McHugh asked why the Board of Education was excluded, yet Town groups were cited and there was no information in the report.

Ms. Arnow indicated that at the Board of Education level, there are many parents that already volunteer at the schools, so they excluded the Board of Education thinking it would be better to keep the volunteers in the Town departments for at least for the first year.

The Chair researched Bill 83 and indicated that it is an unfunded mandate and hasn't moved since January 2015. It has since been referred to the joint Committee on planning and development and that is where it will stay, since it will have no impact on the state, just the municipalities. If the Town Council implements the Senior Volunteer Tax Relief Program, they may have to tweak it once Bill 83 is approved at the state level, if the parameters are different. It doesn't appear that the Bill will be approved anytime soon.

The Chair then indicated that the Committee has 2 proposals for the program, with the first proposal being on a first come - first served basis, that she assumed would be the response to Ms. McHugh's question. Ms. Arnow agreed and then indicated that the first proposal would be limited to 50 participants; maximum per person is 300 credits for 6 months or 50 credits per month with a cap of 600 credits per household.

Mr. Haberlin asked who would make the determination that the person would meet the qualifications of the job. Ms. Arnow indicated the Committee spent a lot of time on this question and then met with a representative from the Volunteer Center, a division of the United Way, to discuss the types of volunteers they get and how they address the different challenges. They do their absolute best to match the skill set with the available opportunity. Ms. Arnow went on to add that our program will be managed by the Town, along with her assistance and the HR department. This is very different from the two towns the Committee spoke with; those programs were managed by the Volunteer Center. Our program will be much more hands on. We have been working on an application that discusses the skill set in the town that the senior would like to share with the Town department. We will then take the opportunity from the Town departments such as answering phones, filing, greeting guests or issuing park stickers (etc.). Our department heads are working on finding opportunities.

The Chair asked if we could reverse the process. For example, you have a list of opportunities, and I could come in and ask to shelve books. However, can we take an offer from the senior who has a unique skill, and wants to know if anyone would be able to use that specific skill, and find a place for them? Ms. Arnow indicated that this is certainly a possibility. However, we have only just begun to talk to the departments. The senior will need to meet with the department head and they must be a good fit; it will not be automatic.

The Chair asked how it works if someone puts in 50 hours, yet when they apply they are number 51? It was indicated that the application would be filled out first. Ms. McHugh ask what would occur is someone begins but cannot complete the entire 50 hours? It was indicated that it would not be prorated, it would be too difficult for the Tax Assessor. Ms. McHugh went on to ask who will monitor the number of hours if it is a 501c or a non-profit. Ms. Arnow indicated the department head will need to be accountable for the volunteer, tracking what the individual does and the time put in. Ms. McHugh then asked about the liability to the Town if a volunteer were to be hurt. She went on to add that according to Federal tax law a person could be considered an employee if they receive a benefit for providing a service even if they are not paid.

The Committee indicated that the Connecticut statutes do not require you to pay taxes on volunteer work. Ms. Arnow indicated for the record that she has an opinion issued by Gary Pesce of the Connecticut Department of Labor, as follows: "the program is acceptable to the Connecticut Department of Labor if the following two conditions are maintained 1.) The volunteers cannot be Town employees; further, to our discussion with Lynn earlier, it would not be advisable to allow employees to participate in any way due to the potential for a wage claim 2.) All of the work must be performed for non-profit organizations." She went on to add that we had a legal opinion. Mr. Kelly asked if this means they are not employees of the Town, and was told that was correct.

Mr. Kelly indicated that the Department of Labor in the State of Connecticut is not rendering an opinion. This for him is not material on how he would vote on this but he thinks the IRS would determine whether or not something is considered income. They are getting a property tax credit in exchange for volunteer hours. He thinks it might be a taxable event for them, which is something between them and the IRS.

He went on to add that the Town needs to get an opinion from a CPA or directly from the IRS to determine if we need to issue a 1099. He went on to add that he does not think anyone here is in a position to make that determination. He also indicated that the Town should protect itself and do its due diligence with the IRS to determine if this is a taxable event.

Mr. Lavoie asked how the other two towns are handling this issue and the Committee indicated that they are not issuing a 1099 form. Ms. Egri went on to ask if the other tax credit program being offered by the Town is being considered as income. She was informed that it is not treated as income.

Ms. McHugh raised the question of liability once again, and asked who is responsible for that person while they are here and what about confidentiality. The Chair indicated that all information in this building is public information except for HR files and that area would be restricted. Ms. Arnow indicated that the liability would be the same as it is now for anyone who is on Town property.

Ms. Egri asked the Committee if the other Towns issued 1099 forms. They indicated that Massachusetts was issuing them and they would check with the Connecticut State program director. It was also mentioned that they are not issuing them in Connecticut. The Chair indicated that if the income were low enough the tax credit wouldn't affect them, since they would most likely be below the threshold.

Ms. Egri asked how we would place these volunteers; if we cannot place everyone, is there going to be a waiting list? Also, how do we deal with the issues of interviewing and the skill set that will be needed. The Chair indicated that you can always test using the new HR software. Ms. Arnow indicated that we would do our best to find a position that would fit the skill set of the individual.

Mr. Haberlin indicated that based on the numbers, it does not appear that seniors are actually interested in this program, so 50 is probably a very high number. The Chair asked if the individuals in the first pilot will get rotated or do the same 50 stay on. Ms. Arnow indicated that the program will be assessed each year and that would include either rotating or allowing the 50 to stay on.

The Chair questioned the decision to limit the Volunteer opportunities to Town departments, Town sponsored events, and Town related 501-c groups. During the pilot, the last 6 months of this year, the volunteers should perform tasks that benefit the Town departments and events such as Trumbull Day, etc. and not the 501-c groups that might be difficult to monitor. If we are giving you a credit towards your taxes, then she feels the task performed should benefit the Town.

Ms. McHugh indicated that she feels the guidelines should be more specific regarding the areas where volunteers would be used. Ms. Arnow indicated that the Tax Assessor is the monitor; he won't manage the day-to-day since that will be done by HR and the Chief of Staff. The Chair reiterated that she would like to see the credits being issued to only those who assist the Town departments and events. It should not include all 501c programs. The Chair indicated that she feels we should be looking out for the tax payer.

Ms. Arnow indicated that is why they want to reassess the program in January in order to see what contributions have been and the number of hours that were contributed. Once again, the Chair indicated that if you include the 501c you will not be able to assess it accurately.

Ms. McHugh again indicated that she would like to see more depth and specific parameters with details. The Chair indicated that the level of detail she is looking for is not necessary to provide the program.

Mr. Lavoie indicated that he feels that this is a great idea, and he would love to see 50 volunteers; however, he would encourage the Board not to make it too difficult, not to overthink it, or to micromanage the Senior Tax Relief Volunteer Program.

Mr. Palo indicated that this program bothers him since there are those who can't take advantage of the program because they are babysitting for grandchildren or are not quite disabled enough to qualify.

Ms. Egri also indicated that the idea is a good one, and we will have positions that the volunteers can fill.

Mr. Kelly urged that we solicit the opinion of our auditors with regard to issuing a 1099 form to make sure we are covered. Mr. Lavoie indicated his agreement with Mr. Kelly; he went on to add that it is always prudent to seek the financial and legal advice that we need to protect the Town.

The Chair indicated that it was time to vote whether or not to recommend the Senior Tax Relief Program as presented to the Town Council.

Mr. Lavoie moved, seconded by Mr. Molgard, to vote to recommend the Senior Tax Relief Program as presented to the Town Council.

Mr. Kelly asked how he could motion to include the Town Council solicit an opinion from our Auditors. The Chair indicated the motion and second be amended.

Mr. Lavoie amended his motion and Mr. Molgard amended his second.

Mr. Lavoie moved, seconded by Mr. Molgard, to vote to recommend the Senior Tax Relief Program as presented to the Town Council and recommended the Town Council seek an opinion from our Auditors.

Vote: 6-0-0 motion carries

DISCUSSION ITEMS

- **Status on the Internal Auditors position**

Mr. Haselkamp indicated that he has received 8 applications for the position; however, they are underwhelming with only two having any auditing experience. He did receive a call from an Employment agency suggesting we hire a temp to perm individual. It may be more costly, but not as costly as hiring the wrong person. He went on to add that he would pursue getting a price from the Agency. In addition, he can re-advertise the position or post on a job site. He hasn't posted on line since our budget is only \$2,000 for the year and to run one ad is \$595. He has run ads with GFOA, the CT Post and CCM.

- **Year to Date Budget to Actual Report – Expenditures FY 2015**
 - Salaries are up to 75% which is normal.
 - Police Overtime is \$36,000 over budget; the chief is monitoring this carefully.
 - Police Training is \$34,000 over budget.
 - Public Works snow removal is over budget due to leaf pickup and snow plowing. Snow account is over \$291,000.

- **Special Agency Accounts**

The Chair indicated that she would like Ms. Pires to contact the holders of Special Agency accounts and make them aware that going forward they will now be responsible for providing the following:

 - A quarterly report to the Board of Finance for all accounts with a balance in excess of \$100,000. The report must contain detail indicating how they are using the funds and how the funds were acquired.

 - A semi-annual report to the Board of Finance for all accounts with a balance less than \$100,000. The report must contain detail indicating how they are using the funds and how the funds were acquired.

 - Mr. Palo indicated that he would like to see the Special Agency Account balances on a monthly based. In addition, Mr. Palo asked that a break-out of training fees be obtained from Chief Lombardo.

APPROVAL OF MINUTES – February 19, 2015

Mr. Lavoie moved, seconded by Mr. Molgard, to accept the February 19, 2015 minutes as presented.

Vote: 5-0-1 (abstained: Hammers)

ADJOURNMENT

By unanimous consent the meeting was adjourned at 8:50 p.m.

Vote: 6-0-0 motion carries

Respectfully submitted,

Phyllis C. Collier - Board of Finance Clerk

EXHIBIT A

Recommendation #1 – 2015 (Effects 2015 Grand List; 2016-2017 Budget)

Annual Cap \$15,000, or 50 persons

- A **6 month Program**, with a **\$300 credit per person**, for **50 hours of service**. **No more than two qualifying taxpayers per household may qualify for the credit.**
- “Non-Income Qualifying” program
- Available to 65+ and/or Permanently or Totally Disabled residents
- Limit Volunteer opportunities to Town departments, Town sponsored events, and Town-related 501-c groups (Excluding BOE)
- Earn volunteer hours between July 1–December 31, 2015
- Application process:
 - Submit intake form to determine eligibility
 - Volunteers must submit to a background check
 - Placements are based on the skills and interests of the applicant’s ability to perform all duties and responsibilities of the placement
 - Deadline to submit verified hours: January 31st
- Reassessment of the program in February of each year. Town Council should use its discretion to expand, or discontinue, the program at any time

Recommendation #2 – 2016 (Effects 2016 Grand List; 2017-2018 Budget)

Annual Cap \$30,000, or 50 persons

- A **12 month Program**, with a **\$600 credit per person**, for **100 hours of service**. **No more than two qualifying taxpayers per household may qualify for the credit.**
- “Non-Income Qualifying” program
- Available to 65+ and/or Permanently or Totally Disabled residents
- Expand Volunteer opportunities to select not-for-profit and charitable organizations, town departments, and town-related 501-c groups (Excluding BOE). A list of such qualifying organizations will be managed by the Tax Assessor, or his designee
- Earn volunteer hours between January 1–December 31, 2016
- Application process:
 - Submit intake form to determine eligibility
 - Volunteers must submit to a background check
 - Placements are based on the skills and interests of the applicant’s ability to perform all duties and responsibilities of the placement
 - Deadline to submit verified hours: January 31st
- Reassessment of the program in February of each year. Town Council should use its discretion to expand, or discontinue, the program at any time