

TOWN OF POMFRET

Board of Finance Update: July 10, 2017

The Board of Finance would like to thank the citizens of Pomfret for their overwhelming support of the 2017/18 Budgets. It speaks very highly of the town that even in the face of a very uncertain situation at the State level that there is strong support for the school and town operations.

In the last update from the board, we stated that if the Governor's May budget proposal was adopted then Pomfret would receive \$1.4 million dollars less in State funding year over year, which translates into a 4 mil funding gap. There wasn't a lot of support for this budget from the legislature so we felt it was very unlikely that this budget would be adopted. As it turns out we were right, however, the result was not what anyone would hope for. The State was not able to pass a budget before July 1st, the start of this fiscal year. This resulted in the Governor signing an executive order to allow the State to continue paying bills and running the business of the State. Unfortunately, the Governor has limited authority and cannot raise revenues that are traditionally passed during each two year budget cycle. The Governor still needs to run a balanced budget so the potential cuts in State funding to Pomfret are actually larger than those in his budget. Looking at his spending plan, we estimate that if the State was to run under this order for the entire year, Pomfret would actually see closer to a \$2 million dollar cut in funding from the state or roughly a 5.5 mil shortfall.

We do not believe this will happen and in the coming months we expect a compromise budget will be adopted. At the time of writing this update we expect a special legislative session to occur on July 18th to begin work on this compromise and potentially to attempt to pass a budget. With this in mind, the Board of Finance set a 2.5 mil increase for the 2017/18 fiscal year. However, you will see that the payment amount on the second coupon is not specified. This is because we believe we will need to take another look at the mil rate when the State budget is finally passed.

We will continue to provide updates as appropriate.

Kenneth Kristal

Board of Finance Chair

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