

**Town of Simsbury Board of Finance
REGULAR MEETING MINUTES
Tuesday, October 18, 2016 at 5:45PM
Simsbury Town Offices – Main Meeting Room
933 Hopmeadow Street, Simsbury, Connecticut**

PRESENT: Barbara Petitjean, Jeff Blumenthal (via phone), Kevin Prell, and Robert Pomeroy.

ABSENT: Linda Schofield and Moira Wertheimer.

ALSO PRESENT: Finance Director Sean Kimball, Simsbury Public Schools Business Manager Burke LaClair, First Selectman Lisa Heavner and other interested parties.

1. CALL TO ORDER:

Chairman Barbara Petitjean called the meeting to order at 5:45PM.

2. PLEDGE OF ALLEGIANCE:

All those present stood for the Pledge of Allegiance.

3. APPROVAL OF MINUTES – September 20, 2016:

The September 20, 2016 Minutes should be amended as follows:

Page 3, Fifth Paragraph, under 10. Other Items, the first line that reads, "...policy discussion will be skimmed next month..." should instead read, "...policy discussion will be skipped next month..."

MOTION: Mr. Pomeroy, Mr. Prell second, to approve the September 20, 2016 Minutes as amended; unanimously approved.

4. 2017 REGULAR MEETING SCHEDULE:

Ms. Petitjean reminded the Board that the Conservation Commission often meets in the Main Meeting Room of Town Hall immediately following this Board. She reported that a compromise had been reached wherein they will be scheduled to hold their meetings in the Board of Education Conference Room upstairs from January through April, allowing for later meetings of the Board of Finance through the budget cycle should there be a need. It was confirmed that the dates proposed do not conflict with holidays. Additionally, it was agreed to move the Public Audience to the October meeting rather than the indicated November meeting.

MOTION: Mr. Pomeroy, Mr. Blume second, to approve the 2017 Regular Meeting Schedule; unanimously approved.

5. APPROVAL OF BOE NON-LAPSING CARRYOVER BALANCE AND ADDITION OF UNEXPECTED FUNDS:

Ms. Petitjean referred to a memorandum from Mr. LaClair to the Board of Finance dated October 14, 2016. She reported that she had heard through a message from fellow BOF member Linda Schofield, indicating that she thought it was for Spend to Save investments. Ms. Petitjean reminded the Board that part of how budgets were trimmed back the previous year was through an agreement to carry over the prior year's unexpended monies to be used to fund some of their operating initiatives. The Board of Education sought to carry forward \$249K from the remaining non-lapsing account funds from two years ago as well as to add to this the sum of \$136K, the favorable balance they have after closing their books for last fiscal year. This \$384K would be useable this year for the purposes of unanticipated educational costs due to an increase in the number of students from what was anticipated. Ms. Petitjean noted that this

increase in students is not a net increase in the number enrolled but instead represents an increase to the budgeted number planned. She reported that the Board of Education would use these funds for continued special education needs and insurance. Mr. Blumenthal questioned whether they had been intending to use these funds from the non-lapsing account for that purpose last month when he had asked whether the Board of Education was able to cover the unanticipated costs associated with this in-migration of students and had replied affirmatively. Mr. LaClair indicated that this was indeed the case, knowing that they had the non-lapsing account coupled with the fact that they were aware of the issue early in the year, allows the opportunity to make sure that the Board of Education can be positive by yearend. Mr. Pomeroy questioned how many years the funds have been carried over. Mr. LaClair explained that \$639K had been originally put into the fund, out of which \$390K had been spent on energy improvement projects. He explained that savings derived from those improvements were included in the operating side of the Board of Education's budget that year which may have led to the confusion that it need be a Spend to Save.

MOTION: Mr. Pomeroy, Mr. Prell second, that the Board of Finance approve the carryover of the existing balance in the Board of Education non-lapsing account of \$249K and the transfer of \$136,991 from the FY15-16 budget to the Board of Education non-lapsing account for the purpose of supporting the unanticipated regular education instruction costs in addition to Special Ed education and insurance costs; unanimously approved.

MOTION: Mr. Pomeroy, Mr. Prell second, to amend the Agenda to include an update from the Board of Education's Finance Director; unanimously approved.

6. BOARD OF EDUCATION FINANCE DIRECTOR REPORT:

Mr. LaClair reported that the final enrollment report of October 1, 2016 had not yet been received but will be by the next Board of Education meeting. He reported that the number of enrolled students has not decreased since September 1, 2016, noting the unanticipated in-migration over the summer to certain K-6 schools. Mr. LaClair also reported that he had attended a meeting this date in Hartford regarding the Henry James Phase II and Phase III grant processing and was pleased at what he heard.

Mr. Kimball reported that the auditors will be arriving next week and that schedules have been prepared for those two weeks. He reported that the transfers will likely be ready for the November 15, 2016 Board meeting.

7. FY18 BUDGET INDICATORS PRESENTATION & DISCUSSION:

Ms. Petitjean characterized Mr. Kimball's FY17-18 Budget Context PowerPoint presentation as an integrated look at revenues, expenditures, debt, borrowings of debt repayment and reserve positions. She noted that the purpose of the presentation was to allow folks to become comfortable with what it contains. The scheduled November meeting is to hear from everyone but also to provide guidance to the other boards and to avoid a lot of iterations that are unnecessary in the budgeting process, according to Ms. Petitjean.

Mr. Kimball reviewed the range of mill rate impact, noting that \$380K is equal to .5% mill rate impact. He then presented a FY18 preliminary expenditure view. Utilizing the budget modeling tool, a preliminary view of FY18 expenditures shows a potential increase of Board of Selectmen and Board of Education expenditures in the range of 3.5%-4.4%. Mr. Kimball reminded the Board that the Town and Schools are only three months into the current fiscal year and have not gone through the typical process where department heads come up with their needs, present to the Board of Selectmen. He explained that this tool is preliminary to all of that. Mr. Kimball also reviewed the FY18 state revenue challenges. Part of his discussion on those challenges

included worst case, best case, and likely case scenarios. Grand List decrease and state aid cuts were reviewed as part of the FY18 preliminary revenue picture.

Mr. Kimball indicated that from consulting with the Town Planner and the Assessor, there is a lot of development occurring. He said that while it is difficult to predict exactly when it will all come online, they know from last year's approval process and building fees, projections show a shortfall from the loss of The Hartford to be at \$900K for FY18, conservatively, \$100K-\$200K for FY19, and then up in FY20 by \$200K. He noted this when discussing the possible reserve commitment. Mr. Kimball reported that he was able to connect with the Town's financial advisor from PFM on this proposal to be sure that it would not negatively impact Simsbury's AAA bond rating. Mr. Kimball indicated that the advisor indicated that this is actually good fiscal planning.

Mr. Kimball then reviewed three different models for FY18 Capital Financing. These were then discussed. Ms. Petitjean strongly encouraged Board members to reflect on what to share with the Board of Selectmen and Board of Education in terms of guidance as they prepare their FY18 budgets.

Mr. Pomeroy noted that this is a good tool to use for budgeting and noted that it was well presented.

8. OTHER ITEMS:

Ms. Heavner reported that the Town is a recipient of a \$500K grant to be used for Complete Street projects. She noted that this is a non-matching grant which will go directly to the benefit of the Community and will help with "place making".

9. ADJOURN:

MOTION: Mr. Pomeroy, Mr. Prell second, to adjourn at 7:00PM; unanimously approved.

Respectfully submitted,

Pamela A. Colombie
Commission Clerk