

**Board of Finance  
TOWN OF SIMSBURY, CONNECTICUT  
REGULAR MEETING MINUTES  
Tuesday, February 16, 2021 at 5:45 P.M.  
Zoom Meeting/Simsbury Community Television Live Stream**

**PRESENT:** Lisa Heavner, Arthur House, Derek Peterson, Robert Pomeroy, Kevin Prell, and Linda Schofield.

**ALSO PRESENT:**

Melissa Appleby, Deputy Town Manager; Sean Askham, Deputy First Selectman; Jackie Battos, Selectman; Maria Capriola, Town Manager; Tom Fitzgerald, Management Specialist; Wendy Mackstutis, Selectman; Amy Meriwether, Director of Finance; Mike Paine, Selectman; Jessica Aniskoff, Blum Shapiro; Cheryl Cook, Simsbury SPIRIT Council; Kristen Formanek, Director of Social Services; Tanesha Grant, Simsbury SPIRIT Council; Nicole Kodak, Simsbury SPIRIT Council, Nikoleta McTigue, Blum Shapiro.

**1. Call to Order - Establish Quorum**

Mr. Pomeroy called the meeting to order at 5:48 P.M.

**2. Pledge of Allegiance**

All present stood for the Pledge of Allegiance.

Mr. Pomeroy opened the meeting by outlining the 1<sup>st</sup> order of business is a presentation on the 2020 audit and welcomed our auditors.

**3. Presentation: 2020 Audit Presentation**

Ms. McTigue gave a detailed presentation on the findings of the FY19/20 audit. She reported good news on the Financial Statements and reported an unmodified opinion on the basic financial statements. The report on internal controls over financial reporting was clean and there were no findings. The Federal and State single audit reports were very similar and showed and unmodified opinion on major programs that were tested, and no compliance findings to report in internal control over compliance.

The Government Wide financial statements were presented first. The total net position increased by approximately \$6.6M. The ending net investment in capital assets totaled \$104M and unrestricted net assets totaled \$12M.

The Governmental Funds financial statements were presented next. The town showed an end of year balance of \$31.8M which was a decrease of \$3.3M from the prior year. The majority of that decrease was in the Capital Project fund, which was a decrease of \$5.9M. Included in the total \$31.8M is the General Fund fund balance of \$18.9M, and the town reported and increase on this balance of \$1.8M for the current year.

Ms. Aniskoff continued the presentation and went into detail on the State and Federal Single audits. The summary on major programs tested was an unmodified opinion. No compliance findings were reported in internal control over compliance.

There were no new standards adopted this year and she outlined the significant estimates used

Ms. Aniskoff said the bulk of the audit was completed remotely this year and praised the work of the Finance Department for proving most of material electronically. She reviewed some recommendations which were the same as prior years with nothing new added. Ms. Meriwether confirmed the new accounting system will go live on April 1<sup>st</sup> which will address the majority of the management comments. The fraud risk assessment is something the auditors recommend to a lot of towns and with an expected implementation time of FY22.

Ms. McTigue went over the Governmental Accounting Standards Board (GASB) standards for the next 3 years but did not go into too much detail as they may not necessarily be applicable to the town. The last slide went over the merger of the auditing firms Blum Shapiro with CLA (CliftonLarsonAllen) and provide contact information.

Ms. Heavner thanked Ms. Meriwether and staff for the outstanding work and getting such a great report and thanked the auditors for generating the report. She raised a question on what was included in the audit and asked what, if anything was excluded. McTigue clarified that nothing is excluded except when it comes to the Single Audits. The State tells them what is, and is not, subject to be audited. Anything excluded in the single audits is included in the overall financial statement audit. Ms. Heavner asked for clarification on what's included in a referendum and stated that they don't always include some of the grant money. She also asked if it should be done a different way. A discussion ensued with Ms. McTigue and concluded with it not being an accounting question. Ms. Heavner asked that at some point in the future it should be discussed to review the process with Ms. Meriwether. Ms. Heavner had additional questions on the report. Pomeroy concluded that any specific questions on the audit should be channeled to Ms. Meriwether to get the answers.

#### **4. Approval of Minutes – January 19, 2021**

Ms. Heavner requested to include a % after the number 60 on page 2.

**MOTION:** Ms. Schofield made a motion to approve the minutes of the January 19, 2021 with one minor clarification. The motion was seconded by Mr. Prell. All were in favor and the motion passed unanimously.

#### **5. Finance Director's Report**

*FY21 Bond Issuance:* There is a settlement coming up in a couple of days for the most recent bond issuance, and as part of that process the AAA bond rating was reaffirmed. A copy of that report was included in the communication section. Mr. Pomeroy thanked town management and Ms. Meriwether for their hard work and excellent rapport with the rating agency.

*Parks and Recreation:* Fees have increased following a discussion item at the last BOS Meeting. The camps and aquatics program is expected to generate an additional \$55K in revenue and the golf is expected to generate \$25K, totaling around \$80K per year. Ms. Schofield expressed her gratitude that Simsbury Farms proceeded with raising the fees and thanked everyone who was involved in that.

*Town Facilities Master Plan:* Tecton Architects made a presentation at the last BOS meeting. Based on their initial results there is a good base amount to use is the FY22 Capital Plan which will be provided during the budget season. The energy portion of the plan is still in process.

#### **6. Quarterly Budget Status Report**

The General Fund is currently at \$67.3M in revenue or 64% of budget.

The Building department is having a great year and has exceeded budgetary estimates by \$321K in relation to the permit fees they have collected.

The Finance department is below what they were in the same period in the previous year by \$408,329. This is due to a significant decrease in the Town's interest income as a result of COVID-19. The Town will not meet the budgeted investment income of \$400K. Ms. Schofield asked for clarification on the low interest rates, and Ms. Meriwether explained the interest they were making on their investment income from their bank accounts and their investments were at a certain point and then when the pandemic hit all of the interest rates dropped which resulted the investment income dropping. Mr. Pomeroy added that the invested income is not all interest and it includes gains from equities also. Mr. Meriwether confirmed it's mostly all short-term investments.

The Town Clerks recording fees are already over budget by at \$8.8K and conveyance fees are at 80% of budget.

Expenditures are around \$51.8M or 50% of budget. Ms. Meriwether reviewed the potential for expenditures savings due to staff vacancies and reductions in conferences and education expenditures due to COVID.

Excess revenues and expenditure savings are expected to yield an overall budgetary surplus around \$600K.

Simsbury Farms Fund revenues have exceeded expenditures by approx. \$115K, specifically related to the golf activities. The golf course fees are up substantially since the same period last year showing around \$180K increase.

The Health Insurance Fund revenues exceed expenditures by around \$730K. Reserves are showing \$5.1M or 35% of expected claims. The goal is around 20%-25% of expected claims. The budget for claims is \$14.7M and they are currently at \$6.3M so it is trending towards a savings. If this is the case their total reserves will likely be around 40%. They are meeting with their Benefits Consultants who will give them revised projections for FY22 budget and the additional reserves will be discussed. Ms. Schofield asked if they are allowed to take money out of the reserve and put it into other funds, or does it have to stay there and only become a premium holiday. Ms. Meriwether confirmed it does not have to stay there, and can be used for other things, but since there is employee money included, there could be repercussions. Ms. Schofield questioned about the large amount of town money (\$850K) that was put in last year and asked was there a way to take that out and put back in the general fund. Mr. Pomeroy said they need to get more information on this, and fact check what role the board plays as it related to a transfer in or out. Mr. Peterson added that they should expect some volatility due to the pandemic. Ms. Meriwether added that any recommendations that they have for the money will go through the budget process and will be approved through the BOS and then the BOF.

## **7. Board of Education Use of the Non-Lapsing Fund for COVID-19 Related Expenses**

Ms. Meriwether provided a summary of submission for the request to approve the use of the Non-Lapsing Fund for COVID-19 related expenditures in the amount up to \$651,308. If approved, the Board of Education Non-Lapsing Fund balance of \$651,308 would be eliminated or reduced dependent upon fiscal year-end results. Discussion ensued.

Ms. Heavner clarified that \$850K has been spent within current appropriations, but because there was a bigger spend on COVID related items it's not going to be enough to get them through the end of year.

Mr. Peterson asked to clarify that the BOE received \$375.5K in grant funding to offset these costs and asked if this money went into the Non-Lapsing acct. Ms. Meriwether confirmed it went into their Grants fund and this goes to offset the \$850K.

**MOTION:** Ms. Heavner made a motion to approve the use of the Non-Lapsing Fund for COVID-19 related expenditures in the amount up to \$651,308. Mr. House seconded the motion. All were in favor and the motion passed unanimously.

#### **8. Supplemental Appropriation Request for Farmington Valley Health District**

Ms. Appleby provided an overview of the request to approve a supplemental appropriation in the amount of \$29,818 in relation to COVID expenses to the FVHD. Ms. Heavner mentioned that these expenses are eligible for reimbursements through FEMA but none of the health districts are applying for them because they are overwhelmed and don't have the administrative support. She said Ms. Meriwether was going to look into whether their donation to FVHD could be a FEMA application, or whether they could support them administratively. Ms. Appleby agreed and said FEMA is not a realistic option because they don't have money to front the cost without knowing whether or not they are going to be reimbursed. Ms. Schofield asked if there could give the money contingent on them filing with FEMA. Ms. Meriwether said they are waiting for confirmation from FEMA on whether the Town can apply for reimbursement for the excess contribution to the health district. She mentioned that assuming they are eligible to apply that they will do that.

**MOTION:** Mr. Prell made a motion to approve a supplemental appropriation in the amount of \$29,818, an additional funding request from the Farmington Valley Health District, for their continued efforts in relation to their response to COVID-19. Ms. Heaver seconded the motion. All were in favor and the motion passed unanimously.

#### **9. Supplemental Appropriation Request for Simsbury SPIRIT Council**

Ms. Formanek made a supplementary budgetary request in the amount of \$5,000 for the Simsbury SPIRIT Council to support marketing and data collection and analysis efforts. They requested a supplemental appropriation of \$5,000, with \$2,000 for marketing work and \$3,000 for data collection. This funding would allow them to start their work prior to the end of this fiscal year. Ms. Schofield asked if the money could be reallocated from the surplus in other funds or if they needed to appropriate additional funds. Ms. Meriwether confirmed there would be no increase and it would come from the year end savings.

**MOTION:** Mr. House made a motion to approve a supplemental appropriation in the amount of \$5,000 for the Simsbury SPIRIT Council to support marketing and data collection and analysis efforts. Ms. Schofield seconded the motion. All were in favor and the motion passed unanimously.

#### **10. Retirement Plan Sub-Committee Meeting Report**

Mr. Prell gave an update on this and confirmed the sub-committee met in the 1<sup>st</sup> week of February. He provided an update on the ICMA transition for the Defined Contribution Plan and everything is on schedule with no issues. He gave an update on 2020 performance, and the portfolios were in line with moderate growth expectations in 2021. The current actuarial return

assumption is still 6.75% and the forecast for the return of the portfolio is around 6.4%. Ms. Heavner asked if our pension interest rate assumption should be at 6% and Ms. Meriwether said they confirmed with Milliman that 6.5% is still appropriate right now. Mr. Prell confirmed the last time the Investment Policy Statement was reviewed in 2014, and a copy is included for the BOF for review. Ms. Meriwether said it will be reviewed at the next Retirement Plan Sub-Committee meeting and to reach out to Mr. Prell if anyone has any updates.

### **11. Annual Town Report**

Mr. Pomeroy confirmed the report looks great and the notable improvements are based off last year's comments. Mr. House noticed some minor grammatical errors and asked if someone would be editing it. Mr. Pomeroy confirmed they would.

### **11. Executive Session**

**MOTION:** Ms. Schofield made a motion to amend the agenda to go into an executive session at 7:12 P.M to discuss cyber security and invite the members of the BOS who are also in attendance. Mr. Prell seconded the motion. All were in favor and the motion passed unanimously.

Staff present in executive session were Maria, Melissa, Amy and Rick Bazzano  
BOS present in executive session were Mike Paine, Wendy, Sean, and Jackie

### **12. Adjourn**

The parties left executive session at 8:01pm.

**MOTION:** Ms. Schofield made a motion to adjourn at 8:02 P.M. Mr. House seconded the motion. All were in favor and the motion passed unanimously.

Respectfully submitted,

Marion Lynott  
Commission Clerk