

From: SimsburyCT Postings February 12, 2010 4:04:05 PM
Subject: Board of Finance Minutes 02/09/2010
To: SimsburyCT_FinanceMin
Cc:

BOARD OF FINANCE
FEBRUARY 9, 2010
REGULAR MEETING

1. CALL TO ORDER

The Regular Meeting of the Board of Finance was called to order at 6:00 P.M. in Room D172, Simsbury High School, 34 Farms Village Road, Simsbury, Connecticut. The following members were present: Paul Henault, Peter Askham, Candace Fitzpatrick, Nicholas Mason, Anita Mielert and Kevin North. Also present were Director of Finance Kevin Kane, Board of Education Assistant Business Manager Burke LaClair, and other interested parties.

2. MINUTES

Mr. Askham made a motion to approve the minutes of the January 19, 2010 Regular Meeting. Ms. Fitzpatrick seconded the motion.

A correction was noted on page 6.

The motion to approve the minutes as amended passed unanimously.

3. FINANCIAL REPORTS

Board of Education

Mr. LaClair provided the Board with three handouts: "Mid Year Budget Analysis of the Simsbury Public Schools for the 2009/10 Fiscal Year", "Simsbury Public Schools – Revenue Receipts", and "October 1 Enrollment Report/Magnet School Enrollment Report". He stated that the quarterly report reflects a small net surplus of \$17,625. He indicated that insurance costs were \$50,000 higher than projected due to unemployment insurance costs associated with staff reductions. There is a surplus of \$22,500 in the Conferences/Workshop account due to a reduction in professional development costs associated with give-backs from the administrative union.

Mr. LaClair indicated that staffing levels remain unchanged since the last quarterly report. Revenue projections based on the Governor's report last week are expected to decline slightly with no overall change in ECS funding. The reductions in revenue are primarily associated with transportation and adult education.

Mr. Askham asked about the disparity in tuition fees that are charged per student to students outside the district (\$12,475) vs. the amount received per student for Open Choice students. Mr. LaClair stated that it was about \$2,500/student plus a slight bonus and that there are approximately 100 students involved in the program. Mr. Askham estimated the resulting disparity would be approximately \$700,000. Mr. Henault noted that this is the major opposition towns have with the Open Choice program, namely that the funding does not follow the student.

The Board reviewed an enrollment report as of 10/1/09 with Mr. LaClair, which currently reflects a decrease of 68 students. Mr. Henault asked that these figures be updated to February 2010 and be forwarded to the Board. Mr. Askham wanted to know what student enrollment figure will be used in determining next year's budget, as based on the information presented, it would appear that student enrollment will be dropping to a level close to the 1999/2000 enrollment level.

Mr. Mason stated that he would like to have these type of reports included in the packets that are sent to the Board prior to the meeting rather than being distributed to them at the meeting so that they have adequate time to review all the information being presented.

Board of Selectmen

Mr. Kane stated that revenue on the Town side is close to a break even level. The Tax Collector has closed the books for January and collections are slightly ahead of the last few fiscal years, although the total number of delinquencies are increasing. He projected that the collection rate will be 99% and should generate a surplus of approximately \$800,000. He noted that there would be some minor decreases in State revenue.

Mr. Askham asked about the status of the Hall property transaction that was discussed at the last meeting. Mr. Henault stated that the grant deadline had been technically met, but the Town Attorney is continuing to work out the details with the Hall family.

Mr. Henault asked about the status of the grant money for the Christensen property. Mr. Kane stated that the money has come in and is being used to pay down the capital project.

Mr. North asked about the effect of a projected \$800,000 surplus on the fund balance. Mr. Kane stated that the fund balance would be \$8.8 million, or 10%.

Ms. Mielert asked about the effect of conveyance fees involved in the transfer of The Hartford's property. Mr. Kane stated that approximately \$115,000 had been realized.

Mr. Kane stated that the two main areas that the Board needs to consider in projecting revenues for next year would be investment income and the potential loss of the conveyance tax. He thought that projecting \$300,000 in investment income might be a little high as interest rates are currently at .25% to .30%. Mr. Askham stated that, when interest rates go back up, he would like to establish a policy that budgeting is done within a tighter range so that interest income does not get out of control. Mr. Kane stated that, although some legislators are in favor of not renewing the conveyance tax, he did not feel that it was likely that it would be discontinued.

4. STATE OF CT BUDGET UPDATE

Mr. Henault stated that, at this time, there are no definitive reports other than legislators are currently indicating that the cuts will not be taken out of the cities and towns.

5. OPERATING AND CAPITAL PROJECTS DISCUSSION

Mr. Henault stated that the Board of Education has adopted their capital plan and that capital presentations will be made to the Board at their February 23rd meeting. Mr. Kane stated that Board of Selectmen has not yet made any decisions.

Mr. North noted the receipt of a lot of correspondence received from residents expressing their sentiments on the impact of the guidelines that were put on the Board of Education budget, although several writers also expressed sentiments with which Mr. North agreed, namely that the Board of Selectmen was able to achieve a very favorable outcome last year because the general government employees opened up their contracts to include no wage increases in exchange for no lay-offs. He thought it was important for the public to know that the lay-offs that are suggested by a 1.33% expense increase are not the only solution to the problem. He noted that it is a matter of public record that the Board of Education bargaining units have been communicated with and that, should those bargaining units volunteer to do the very kind of thing that the general government bargaining units did last year, this threat of lay-offs would be moot.

6. OTHER BUSINESS

Mr. Henault noted the receipt of a letter from the Land Trust and the federal matching grant that had been received for the Tuller property. The Land Trust is asking for a certain portion from the Town. Mr. Henault stated that he did not know where the Board of Selectmen was planning on including such a request. Mr. Askham felt that it should be part of the capital plan. Mr. Kane noted that it could technically not be on the capital plan as it was not bondable. Mr. Askham thought that it could be paid out of reserves. Mr. North stated that the Board does consider small scale projects that can be funded out of reserves and felt that this request needs to stand in line with other projects under consideration.

Mr. Henault felt that it should be conveyed to the Water Pollution Control Authority that the same budget guideline as was given to the Board of Selectmen and the Board of Education applies to the Sewer budget as well. Mr. Kane noted that they currently have a major capital project within their budget which already puts them outside of the guideline. Mr. Askham noted that they currently have \$6.8 million in reserves and are currently on track with even debt service payments. He felt that they should be developing a plan that models out how reserves will be used in the future for debt service along with a schedule of future equipment replacement. Mr. North and Ms. Fitzpatrick concurred. Mr. Henault asked Mr. Kane to have them attend the February 23rd meeting to address questions from the Board. Mr. Askham volunteered to draft the questions.

Mr. Askham noted that the self-insurance fund currently has about \$2 million in reserves. Mr. Kane stated that, while last year was a healthy year, Bob Lindberg is projecting that the balance will be reduced by current year claims. Mr. Askham asked that an update be presented and thought that there should be a three-year analysis of trends and that the reserves balance should be monitored. Mr. Kane noted that it is recommended that the reserves represent 25% of costs.

Mr. Askham noted that the Simsbury Farms budget has been subsidized in the past and asked if that would continue to be the case. Mr. Kane stated that the Board of Selectmen is currently discussing whether to continue this practice. Mr. North noted that the Public Building Committee is also discussing a \$2 million capital project at Simsbury Farms. Mr. Mason noted the receipt of a letter from Gerry Wetjen expressing his concerns about the effects of a suggestion made at a Board of Selectmen budget workshop to shift administrative expenses to the Simsbury Farms budget. Mr. Kane explained that currently two administrative positions are split 50/50 between the Town and Simsbury Farms budgets and it is up to the Board of Selectmen to decide if they want to continue doing so.

7. ADJOURNMENT

Mr. North made a motion to adjourn the meeting at 6:50 P.M. Ms.
Fitzpatrick seconded the motion and it passed unanimously.

Paul Henault, Chairman

Debra L. Sweeney, Clerk