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To: SimsburyCT_FinanceMin
Cc:

BOARD OF FINANCE
NOVEMBER 19, 2009
SPECIAL MEETING

1. CALL TO ORDER

A Special Meeting of the Board of Finance was called to order at 6:00 P.M. in the Main Meeting Room of the Simsbury Town Offices. The following members were present: Paul Henault, Peter Askham, Nicholas Mason, Kevin North and Anita Mielert. Also present were Director of Finance Kevin Kane, Board of Education Business Manager David Holden, Tax Collector Colleen O'Connor and other interested parties.

2. MINUTES

Mr. Askham made a motion to approve the minutes of the October 20, 2009 Regular Meeting. Mr. Mason seconded the motion.

Mr. Henault tabled approval of the minutes until the next meeting as not all Board members present had had an opportunity to review them.

3. 2010 CALENDAR YEAR OF MEETING DATES

Mr. North made a motion to approve the 2010 calendar year of meeting dates. Mr. Mason seconded the motion and it passed 5-0.

4. ESTABLISH "DOG PARK" SPECIAL REVENUE FUND

Mr. Henault stated that the Board of Selectmen took action at their last meeting and established a special revenue fund for the Dog Park. The Board was provided with a set of policies and procedures for governing the fund. Mr. Kane confirmed that the policies and procedures were similar to those used for other special revenue funds, noting that this fund will not allow for expending of any funds that are not available.

Mr. Mason asked about the previous effort to eliminate special revenue funds. Mr. Kane stated that the auditors have approved the use of a special revenue fund for the next few years, at which time it could eventually be taken into the General Fund. Mr. Askham asked about any restrictions on donations. Mr. Kane noted that contributions would not be tax deductible. Further, contributions could only be used for annual maintenance and operation of the Dog Park in that it is expected to be self-sustaining.

Mr. North made a motion to establish the Simsbury Dog Park Special Revenue Fund. Mr. Mason seconded the motion and it passed 5-0.

5. DRAFT OF JUNE 30, 2009 CAFR

The Board reviewed a draft of the annual audit with Mr. Kane, who indicated that there were no disclosures or items that were out of the ordinary. After a very tough year, the fund balance realized a small increase, going from \$7.6 million to \$8.0 million due to a break-even in revenues and a surplus on expenditures. There were some transfers from reserves. Mr. Kane expected the current year to be similar and noted that Simsbury is in a positive position in relation to other neighboring communities. However, major concerns exist at the State level.

Mr. Mason asked about the previous year transaction that produced a \$17 million difference in spending in the Board of Education budget. Mr. Kane stated that it pertained to a one-time correction that the State of Connecticut made in response to accusations that they were not properly funding the teachers' pension. Unfortunately, in hindsight, the correction was made at the wrong time as the stock market crashed shortly thereafter.

Mr. Askham noted that there was a math error in total revenues for the Sewer Use Fund as it did not reflect that more fees had been collected than were budgeted and that the total shortfall was about \$22,000, rather than \$167,000. Mr. Kane stated that he would have the auditors correct it.

Mr. Askham noted that the self-insurance fund had realized a \$2.1 million increase. Mr. Kane stated that claims are up in the current year and are about 50% more than projected. Mr. Holden also noted that claims are up about 25% over the previous year at the same time. It was not expected that the increase in claims this year would offset the entire increase realized last year.

Mr. Mason asked if the negative fund balance had to be fixed in the Capital

Projects Fund. Mr. Kane replied that he anticipates that there will be a \$4,775,000 bond issue sometime between January and April 1st such that the fund balance at June 30, 2010 will be about \$1 million.

Mr. North asked if spending on the Library project is within the original bond authorization. Mr. Kane stated that expenditures are ongoing and that there is still money left in the fund and about \$450,000 has been received from the \$500,000 grant.

Mr. Henault asked about OPEB funding. Mr. Kane stated that the actuary estimates that the funding requirement will increase 4%-5%.

Mr. Henault asked the Tax Collector about the current collection rate. Ms. O'Connor stated that the collection rate last October was 100.5% and that this October it is 100.26% as people are paying early. Mr. Kane noted that you really have to wait until after the January collections to get a real feel for how collections are going.

Mr. Henault noted that conveyance tax revenue was down about \$200,000 and asked if it would be similar this year. Mr. Kane stated that refinancing was low last year and the low rates and housing market increase this year may impact these revenues.

Mr. Henault asked about the Student Group liability amount of \$651,312. Mr. Holden explained that the amount reflects funds that are received to go towards funding student activities and are not really a liability per se, but are stated as such because, if the activities were to cease, the amounts would have to be refunded to the donors. The funds are managed by the respective principals and are reconciled by the auditors.

Mr. Askham asked about the HVAC/boiler replacement listed under Capital Projects that was authorized in May 2008 for \$700,000 and is still outstanding. Mr. Holden stated that it pertains to Henry James and that an engineering firm has been retained and plans and specifications have been developed and are expected to go out to bid shortly for work to be done next summer.

Mr. Askham asked about the purpose of Facilities Management Program Fund under Non-major Government Funds, noting that it has an \$800,000 reserve. Mr. Kane stated there are several such funds and that he would have to research the details and report back.

Mr. Askham noted that Simsbury Farms showed a profit and now has \$95,000 in reserves. Recreation Director Gerard Toner stated that golf course revenue increased slightly more than was projected, programs ran higher and utility costs leveled off.

Mr. Askham asked about the Sewer Use Fund balance. Mr. Kane stated that the reserves are to be used for debt service and suggested that the Board of Selectmen and Board of Finance need to work with the WPCA towards not increasing fees as he felt that the fund is now ahead of plan. Mr. Askham asked Mr. Kane to provide the Board with a model as to the current status of the fund. Mr. Kane stated that he would do so, but reiterated that the Board of Finance, as the Town's budget-making authority, needs to give the WPCA input. Mr. Askham thought that the WPCA needs a strategic plan relative to equipment replacement and debt service.

Mr. Henault noted the \$1.4 million uncommitted balance as of June 30th relative to the Tariffville School project and asked for an update on expenditures. Mr. Holden stated that currently all but \$500,000 has been committed and that there still is a punch list that has not been closed out and items are still being completed.

Mr. Henault asked about the \$7 million uncommitted balance at the High School. Mr. Holden stated that the balance represents the amount that had been committed not to spend. The Building Committee has approved the project and the final paperwork is being submitted to the State. The project should be audited within the next six months and the final funds will be released after the audit is completed.

Mr. Henault noted that the CNR Fund appropriations as of June 30th were \$2.3 million and the expenditure balance was \$1.7 million and asked about the current balance. Mr. Kane stated that the balance is currently \$256,388, which is adequate and that he will provide a projection as of December. He added that, if the \$641,000 of authorized spending goes forward, the balance would go negative.

Mr. Askham asked about current school enrollment. Mr. Holden stated that enrollment is currently 4,840. The projected decline of 50 students turned out to be 68 less students, mostly at the elementary level.

Mr. Mason asked if there is any estimate relative to the grand list. Mr. Kane stated that last year showed 0% growth and that last year revenues decreased for both components of personal property tax for the first time ever. He added that there has been a decline in vehicles experienced State-wide and felt that effects of the Stimulus auto package would not be felt all that much in Simsbury. He felt there would likely be a decrease in motor vehicles again this year. For planning purposes, he advised the Board to expect close to 0% growth once again.

Mr. Kane stated that the auditors will present the finalized financial statements to the Board at their next meeting in December and that any

further comments on the draft should be forwarded to him by e-mail.

Mr. Henault congratulated Mr. Kane and his staff as well as the efforts of the Board of Education for receiving the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting to the Town for the 10th consecutive year, noting that in order to receive the award, "the Town must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements." The award is for one year and must be achieved each year.

Mr. Henault also congratulated both Mr. Mason and Mr. Askham for their recent re-election to the Board.

6. ADJOURNMENT

Mr. North made a motion to adjourn the meeting at 6:50 P.M. Mr. Askham seconded the motion and it passed 5-0.

Paul Henault, Chairman
Clerk

Debra L. Sweeney,