

**Board of Finance
TOWN OF SIMSBURY, CONNECTICUT
REGULAR MEETING MINUTES
Tuesday, November 14, 2023, at 5:45 P.M.
In Person Meeting**

PRESENT:

Lisa Heavner, Mike Doyle, Robert Helfand, Arthur House, Derek Peterson

ALSO PRESENT:

Amy Meriwether, Director of Finance; Lee Erdmann, Interim Town Manager; Nick Boulter, Police Chief; Jenna Caulfield, Police Commission Chair; Arthur Wallace, member elect; Todd Burrick, member elect.

1. Call to Order – Establish Quorum

Ms. Heavner called the meeting to order at 5:45

2. Pledge of Allegiance

All present stood for the Pledge of Allegiance.

Ms. Heavner thanked Mr. Peterson for his service on the Board of Finance and presented him with a gift of appreciation from Board members

3. Public Audience

No members of the public addressed the board.

4. Finance Director's Report

Ms. Meriwether provided an overview of the Finance Director's report. She reported there are no concerns with expenditures. On the revenue side, Ms. Meriwether reported the town received an unanticipated increase to PILOT in the amount of \$569,866. She also reported that the town is receiving more interest income than budgeted. For Insurance refunds, Ms. Meriwether informed the board that CIRMA had a large loss claim and there will be no member distribution this year, for a loss to the town of \$60,000.

5. Town Fiscal Year 2022/2023 Year-End Fiscal Results

General fund revenues exceeded expenditures by \$2,310,441 as of June 30, 2023. Fund balance increased from \$19,390,002 to \$21,700,443.

Ms. Meriwether reported year-end results. Revenues ended with a net surplus of \$1,226,182. The Board of Selectmen budget ended the year with savings of \$1,680,835.

6. Board of Education Fiscal Year 2022/2023 Year-End Results.

The Board of Education had a deficit of \$596,578 which was offset by increased revenues from additional tuition, rental fees, miscellaneous income, an unanticipated non-public grant, a

supplemental appropriation for increased utility costs and the use of two ARPA to fund two social workers.

7. Proposed Fiscal Year 2022/2023 General Fund and Capital Transfers

The following motions were approved by the Board after discussion

MOTION: Mr. House made a motion, effective November 14, 2023 to transfer from the General Fund to the Capital Reserve Fund in the amount of \$2,400,000 and to the CNR Fund in the amount of \$165,000 and further moved to appropriate the CNR funds for the following projects: (1) Managed Network Detection and Response (\$18,000), (2) Network Switches (\$37,000), Performing Arts Center (PAC) Life Safety Analysis (\$35,000), Compensation & Classification Study (\$75,000). Transfer \$39,900 from the Capital Reserve Fund (Police Funds) to the CNR Fund and further move to appropriate the CNR funds for the following project (1) Roadside cameras (\$39,900). The motion was seconded by Mr. Peterson. All were in favor and the motion passed unanimously.

MOTION: Mr. House made a motion, effective November 14, 2023, to roll over open encumbrances totaling \$68,319 and appropriate funds in the FY24 budget in accordance with the "Open Purchase Order Detail" report on page 82 of the board packet. The motion was seconded by Mr. Peterson and the motion was passed unanimously.

MOTION: Mr. Peterson made a motion, effective November 14, 2023, to unassign the FY22 General Fund fund balance assignment of \$1,361,317 and reassign \$68,319 of fund balance for FY23 for open encumbrances. The motion was seconded by Mr. Doyle and the motion passed unanimously.

MOTION: Mr. Helfand made a motion, effective November 14, 2023, to approve the year end budget transfer in accordance with the "General Fund Budget Transfers – Budgetary Basis" document on page 84 of the board packet. The motion was seconded by Mr. Peterson and the motion was passed unanimously.

MOTION: Mr. Helfand made a motion, effective November 14, 2023, to approve the capital transfers in accordance with the "Capital Transfer Requests" document on page 86 of the board packet. The motion was seconded by Mr. Peterson and the motion was passed unanimously.

8. Fiscal Year 2023/2024 Budget Status Report Through September 30, 2023

Ms. Meriwether reported that as of September 30, 2023, General fund revenues are expected to exceed budget by \$2,141,670 as of June 30, 2024.

The Revenue budget surplus is mainly attributable to tax collections budgeted at a collection rate of 98.5% but anticipated to come in at 99.5%; increased interest income resulting from rising rates, and a minor surplus in Planning due to an unanticipated bond call of \$25,000 for Cambridge Crossing.

The board asked Ms. Meriwether to evaluate increasing the interest income for the FY25 budget.

Ms. Meriwether reported that the Health Insurance fund expenditures are expected to exceed revenues by \$80,412 as of June 30, 2024. This is a planned use of fund balance. Revenues are expected to total \$4,321,594, or 26% of claims. The board discussed that this projection means reserves will unlikely be available to offset the health cost increase for the FY25 budget, if this projection remains unchanged.

Ms. Meriwether indicated that legal fees are trending to exceed budget.

9. Supplemental Appropriation- Connecticut Department of Agriculture Farm Viability Grant

Ms. Meriwether confirmed that no additional appropriation was necessary from the General Fund for the match component of the grant.

Upon the recommendation of the Board of Selectmen, the following motion was made:

MOTION: Mr. Doyle made a motion, effective November 14, 2023, to approve a supplemental appropriation for the Connecticut Department of Agriculture Farm Viability Grant in the amount of \$35,500. The motion was seconded by Mr. Helfand and the motion was passed unanimously.

10. Budget Modeling

Ms. Meriwether presented the updated budget model to the board. The board reviewed various scenarios and trends.

The board noted the following that will impact the FY2025 budget:

- Debt service will increase by 14.21% from FY24, in the amount of \$1,109,058
- Projections indicate a loss of \$1,041,457 in non-property tax revenue due to the State Motor Vehicle reimbursement program formula
- Grand list growth is projected at 0.7% (\$797,423 new revenue dollars)

The board noted that 20% of Simsbury residents are housing burdened - spending more than 30% of their income on housing costs. The board also noted that last year the median increase in taxes for Simsbury residents was 5.18%.

The board expressed the importance of keeping Simsbury's mill rate competitive with neighboring towns to ensure the long-term fiscal health of the town. Simsbury is already on the high end of that comparison.

The board further discussed that Social Security COLA was announced at 3.2%. Social Security COLA is a key indicator for the board. The town historically tries not to tax above COLA. October inflation also came in at 3.2%.

Approving a tax increase below 3.2% will be a challenge this year, due to increased debt service of 14.21% and revenue losses. Numbers are preliminary and it is still possible that the grand list estimates improve, state aid increases, or health and pension contributions come in more favorably than anticipated.

The board expressed the challenge of giving early guidance without full information versus waiting. The sentiment of the board was to give preliminary guidance in December with the understanding that not all information will be available and the guidance may be adjusted as the revenue and expenditure changes become more refined, as boards set priorities, and as we hear from the public.

The following items were discussed as potential decision points and preliminary guidance for December:

Tax increase target

Use of Capital Reserves

Use of Health Reserves

Potential reductions in the Capital Improvement Plan to reduce the tax burden in the out years

Use of Capital Reserves instead of taxing for new CNR projects

Reviewing approved Board of Finance policies

- 98.5% tax collection assumption
- 6.5% Pension and OPEB investment assumption
- Debt service not to exceed 8%, targeted below 7%
- Health reserves at 20-25%
- Balance budget
- 10-year bonds for most projects

The board noted the grand list will not be finalized until the end of January and state aid will not be available until the third week in February. Ms. Meriwether indicated the town will receive preliminary numbers from the town's advisors on pension and OPEB contributions and health contributions in December and she will report those at the tri-board

For the December tri-board, Ms. Meriwether noted that the town and education will have preliminary fixed cost estimates, but those will not include savings from retirements and new hires, which will be incorporated later in February and March.

Mr. Erdmann confirmed the capital plan will be presented in December and all capital will be ranked and prioritized as a best practice and to assist the policy boards in determining which projects can be funded within limited resources.

11. Approval of the Minutes

MOTION: Mr. Peterson made a motion, effective November 14, 2023, to approve the minutes of the July 18, 2023, the August 3, 2023 and the September 19, 2023 meetings. The motion was seconded by Mr. Doyle and the motion was passed unanimously.

MOTION: Mr. Peterson made a motion, effective November 14, 2023, to approve the minutes of the October 17, 2023 meeting. The motion was seconded by Mr. Doyle. Ms. Heavner, Mr. House and Mr. Peterson voted in favor. Mr. Doyle and Mr. Helfand abstained.

12. Adjourn

MOTION: Mr. Peterson made a motion, effective November 14, 2023 to adjourn the meeting at 8:33 p.m. The motion was seconded by Mr. House and the motion passed unanimously.