

From: SimsburyCT Postings September 3, 2009 10:55:02 AM
Subject: Board of Finance Minutes 02/10/2009
To: SimsburyCT_FinanceMin
Cc:

BOARD OF FINANCE
FEBRUARY 10, 2009
REGULAR MEETING

1. CALL TO ORDER

The Regular Meeting of the Board of Finance was called to order at 6:00 P.M. in Conference Room 103 of the Simsbury Town Offices. The following members were present: Paul Henault, Peter Askham, Nicholas Mason, Anita Mielert and Kevin North. Also present were Director of Finance Kevin Kane, Superintendent of Schools Diane Ullman, Board of Education Business Manager David Holden, Board of Education Chairman Jack Sennott, First Selectman Mary Glassman, Tax Collector Colleen O'Connor and other interested parties.

2. MINUTES

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

Mr. Mason noted a typographical error on page 4 ("9%" should read "0%").

The motion to approve the minutes as corrected passed 5-0.

Mr. Mason made a motion to make Item 3 ("2009/10 Budgets") on the agenda be the next topic addressed. Ms. Mielert seconded the motion and it passed 5-0.

3. 2009/10 BUDGETS

Mr. Henault asked Mr. Kane for an update on the status of the Board of Selectmen's 2009/10 budget. Mr. Kane stated that the Board of Selectmen had met the night before and had adopted a budget representing a (1.43%) decrease. In order to arrive at that number, Mr. Kane indicated that 4

positions had been eliminated, the unaffiliated employees' wages were set at 0% increase, their health insurance coverage was capped at 85% of the HMO plan's premium, and they would be taking one furlough day (all resulting in a savings of approximately \$80,000). Additionally, the actuaries had adjusted the OPEB funding for Town employees to be approximately \$350,000 lower than was originally projected. Mr. Kane also indicated that health insurance costs were decreased to reflect higher employee co-pays and the effects of several 10-year police retirement agreements dropping off the plan.

Mr. Henault asked Ms. Glassman to comment on the Board of Selectmen's budget. Ms. Glassman stated that there had been a significant reduction in the budget after many meetings and discussions. She noted that the non-union staff had agreed to voluntary freezes, furloughs and insurance reductions and that all staff has been cooperative and willing to talk. She added that some unanticipated savings were also realized. She indicated that she had attended a CCM meeting that morning and, although the Governor's budget is reported to be favorable for Simsbury, the state budget is still \$2 billion short of where it should be. She stated that the Town has still not received confirmation that it will be receiving its April or June ECS payments and that she was advised not to count on funds until they are actually received. She stated that the Board of Selectmen felt it was important to reach the 0% tax increase goal and that cuts were needed due to the tight time constraint. She indicated that next year's budget and its projected pension funding issues may be dealt with more through retirements and reorganizations.

Mr. Askham asked if there had been any consideration given to moving the Simsbury Farms debt service to their budget and Ms. Glassman responded that, given the fact that the bonds were almost retired, it was not. Mr. Mason thought that a larger discussion and review would be warranted for such a policy change.

Mr. North commented that, if the Board of Selectmen is not projecting any undue hardship at arriving at this very favorable budget, their efforts should be commended as it makes the Board of Finance's challenges easier to resolve. Mr. Henault concurred.

Mr. Henault asked Mr. Sennott for an update on the status of the Board of Education's budget. Mr. Sennott stated that the Board of Education has a meeting this evening as well as February 24th and that they are also operating under the guideline goal of achieving a 0% tax increase. He

indicated that the news that there would be no withdrawal of ECS funding and that educational funding would remain flat next year was encouraging. He stated that they are still struggling with people costs and contractual obligations that had previously been entered into. The Board has developed a list of potential cuts and changes at 2.5%, 1.25% and 0% levels that are organized by priorities and programs to be impacted, with the goal to keep any cuts as far away from the students as possible. He said that they were looking at cuts in textbooks, maintenance, administration, and extracurricular programs. He thought that cuts at the 0% level would begin impacting programs and initiatives.

Ms. Ullman projected that the 1.25% increase level would involve a reduction of approximately 30 positions and that the 0% increase level would involve a reduction of approximately 43 positions. Mr. Askham asked if there were any proposed wage freezes comparable to that being done on the Town side and Mr. Sennott said that the Superintendent, the senior administration, and the non-bargaining unit employees have agreed to 0% increases.

Mr. Askham asked about the anticipated effect of the budget reductions on the 8-period day initiative. Mr. Sennott stated that there is a State initiative to increase the number of credit requirements for graduation and that many districts are moving from a 7-period day to an 8-period day in order to accommodate that initiative. The change could result in smaller class sizes or headcount retention. Mr. Sennott stated that the State Board of Education has decided to defer the initiative as part of the State budget efforts and that Simsbury will follow suit. However, Ms. Ullman noted that the State mandate will come eventually and has been part of a 5-year improvement program for the high school, which is in its fourth year.

Mr. Sennott noted that some improvements that had been laid out in the one- and two-year summaries as part of the accreditation process will have to be rolled back. Ms. Ullman added that certain eliminated positions will have to be reported back and it will be likely that the district will receive some sort of sanctions as a result.

Mr. Henault asked the Board of Education to continue to work on the 1.25% increase level and whatever can be done to make it lower as the large dollar amounts that have the greatest impact on the overall budget are in the Board of Education budget. In order to get to the 1.25% level, there must be a huge reduction in dollar costs on the expense side and he encouraged them to continue to look for additional areas in which costs could be reduced. He also reiterated that the State grant amount is still

uncertain.

Mr. Askham asked about the current collection rate. Tax Collector Colleen O'Connor stated that the rate was 97.15% at this time last year and that it is currently 96.49%. However, she noted that the delinquent notices (which are being mailed tomorrow) included approximately \$344,000 for businesses that she expected would be paid. Mr. Kane thought that the resultant rate would be about .25% lower, or 98.9%. Mr. Mason noted that the collection rate in the last recession went as low as 97.3%.

Mr. Kane stated that the actual grand list should show a slight increase. Ms. Mielert noted that there was an anticipated increase in State PILOT payments to Simsbury; however, Mr. North noted that the increase would be offset by a decrease in funding for road improvements.

Mr. Askham asked what dollar amount reduction would be required to arrive at a 0% tax increase. Mr. Kane stated that, using the 1.25% scenario, \$1.5 million would be required. Mr. Mason shared some projected scenarios which involved the use of reserves at various levels so as to mitigate deep budget cuts in the Board of Education budget.

Mr. North suggested that the Board consider a 5-year averaging policy for purposes of projecting investment income so as to take out the volatility. Ms. Glassman stated that it was worth considering, but that she would like to see if it is a standard practice that is used by other towns and how bonding agencies view such a policy. The Board discussed the pros and cons with Mr. Kane.

4. TRANSFER REQUEST FROM RESERVES

Mr. North made a motion to approve a supplemental appropriation of \$8,450 as requested by the Director of Social Services for a grant received from the State of Connecticut to be spent on \$3,450 for "motion detector night lights" for a seniors' Fall Prevention Program and \$5,000 to be spent on laptop computers for the Senior Center "Computer Lab Without Walls". Mr. Askham seconded the motion and it passed 5-0.

5. OPEB DISCUSSION

Mr. Henault referred to information that had been provided by Mr. Kane regarding OPEB and the Simsbury Fire District. He also stated that he wanted to have a discussion relative to moving the oversight of the OPEB Trust from the Board of Finance to the Pension Subcommittee beginning with

the next fiscal year. Mr. Kane noted that the ordinance would first have to be amended. Ms. Glassman indicated that a draft of the steps that would be involved can be drafted for the Board.

Mr. Kane stated that the Board should be reviewing reports on the Trust semi-annually. Mr. Henault asked Mr. Kane to invite the Investment Advisors as well as Kevin Shultz to attend the Board's next meeting.

Mr. Kane stated that the Fire District has been purchasing the Town's health coverage for a long time and that the latest census data brought it to the attention of the actuaries that the Fire District may have to comply with the GASB 43/45 requirements similar to the Town. Mr. North stated that he had brought this issue to the attention of the Chairman of the Fire District. He also noted that, should there ultimately be a decision required of the Board of Finance relative to this issue, that he would not be involved in such a decision.

Mr. North stated that, although it was originally thought that the Fire District's obligation was not material enough to require compliance, the current findings of the Town's actuaries has identified a \$20,000 liability and that now appears to be material enough for the Fire District to set aside \$25,000 in their next year's budget for a contribution. As it would be inefficient for the District to set up its own trust, it might be more cost effective for the taxpayers overall for the Town to amend its plan so that the Fire District could piggyback off of it, with the Fire District paying for any costs associated with such an amendment. Mr. Kane stated that additional information would be forthcoming from the actuaries and noted that the Fire District would not be required to comply until June 30, 2010. Ms. Glassman concurred that Mr. North should be excluded from any vote on this subject.

6. OTHER BUSINESS

Mr. Henault asked about the current status of the Town's plowing budget. Ms. Glassman stated that it is 96% expended.

The Board decided that, as a policy, it did not want to have any anonymous letters that are received at Town Hall to be forwarded to them in the mail or made part of public record.

7. ADJOURNMENT

Mr. North made a motion to adjourn the meeting at 7:10 P.M. Mr. Askham seconded the motion and it passed 5-0.

Paul Henault, Chairman
Clerk

Debra L. Sweeney,