

From: SimsburyCT Postings May 16, 2012 9:34:08 AM  
Subject: Board of Finance Minutes 04/12/2012-Special Meeting  
To: SimsburyCT\_FinanceMin  
Cc:

BOARD OF FINANCE  
SPECIAL MEETING - 6:00 PM  
APRIL 12, 2012

#### CALL TO ORDER

Paul Henault, Chairman, called the special meeting of the Board of Finance to order on Thursday, April 12, 2012, at 6 p.m. in the Main Conference Room, Simsbury Town Hall, 933 Hopmeadow Street, Simsbury, Connecticut. The following members were also present: Nicholas E. Mason, Peter K. Askham, Kevin A. North, Barbara Petitjean, and Jeff Blumenthal. Also present were Mary Glassman, First Selectman; Mary Ann Harris, Finance Director/Treasurer; Diane Ullman, Superintendent of Schools; Burke LaClair, Board of Education Business Manager; Lydia Tedone, Chairman of the Board of Education; Janis Prifti, Commission Clerk; and other interested parties.

#### APPROVE MINUTES of March 27, 2012

##### 7:00 PM Public Hearing - Capital Projects

Ms. Petitjean made a motion to approve the minutes of the March 27, 2012, Public Hearing on Capital; Mr. Blumenthal seconded the motion, and it was passed unanimously.

##### 8 PM Public Hearing - Operating Budgets

Mr. Blumenthal made a motion to approve the minutes of the March 27, 2012, Public Hearing on the Operating Budget; Ms. Petitjean seconded the motion, and it was passed unanimously.

##### 9:45 PM Special Meeting

Mr. North made a motion to approve the minutes of the March 27, 2012, Special Meeting and Ms. Petitjean seconded the motion. The minutes were amended on page 4, 2nd paragraph, 6th line, to change "1.74%" to "1.78%", and also on page 4, last paragraph, 2nd line, to change "Finance's" to "Education's"; and on page 5, 3rd line, to change "Council" to "Counsel". The amended motion was passed unanimously.

#### DISCUSSION AND POSSIBLE ACTION ON PROPOSED 2012/13 OPERATING BUDGETS

Chairman Henault explained that, having had a public hearing and action on capital, the Board will now review the mill rate worksheet and will review the impact of those operating budgets on taxpayers. He passed out to the Board copies of the proposed operating budgets with a total increase of 1.49% (Board of Selectmen at .99%, Debt Retirement at .04%, Board of Education at 1.78% increase, and Non-Public Schools at .86%) and meeting the Board of Finance 7% debt policy at 6.87%. He said this also includes CNR at the full amount requested as discussed at the last meeting. Ms. Harris scrolled down to show the 1.85% increase in the mill rate. Ms. Harris stated Debt Retirement has been reduced so the increase is only \$2,500 due to project pay downs being \$260,000 instead of \$375,000. Chairman Henault explained that is due to a last minute change by the Board of Selectmen which would remove the Green Way, West Street, and Owens Brook projects from the CNR budget.

Mr. Henault noted the Board of Education grants added on line 7 at \$3.266 million; he said a line was also added under Revenues for projected Board of Education grants. Dr. Ullman explained that the \$3.266 million is just an estimate and the real amount will not become known until January/February/March. Mr. Henault noted that the mill rate increase stays the same at 1.78%; he explained that, if they were to restate prior years, it would stay constant with the Board of Education increase the same. He said the danger is budgeting for the expenditures and the grants don't come in as expected; they make projections on tax collections, timing of grants, LOCIP money, and other things.

Mr. Henault said that, at the end of the 3/27/12 meeting, the impact of CNR was discussed as being too high for both Boards and needed to come down approximately \$90,000. Additionally, there were discussions about reducing the Board of Education Budget in the area of \$200,000. He opened the floor for discussion and distributed copies of two revised sheets previously sent to Board members on 4/10/12 regarding the \$200,000. Mr. Askham asked what last year's tax increase was and what was the total appropriation change of all budgets; he said we are higher this year. Mr. Henault confirmed last year's appropriation was an overall 1.19% and a tax mill rate change of 1.01%. Mr. Askham said this year's revenue has declined due largely to a reduction in The Hartford's personal property assessment of about \$300,000. But Ms. Harris stated that in a Grand List comparison, autos have held it up. Mr. Askham said he looked at Board budget increases over the last 3 years at an average 1.46% increase; this year 1.78% is requested, but by removing \$200,000, it comes out to the 1.46% average. In looking at the per pupil costs, Mr. Askham saw, with the last year's projected enrollment an increase of 5% per pupil, sequentially in prior years the increase was 3%, 4%, 4%, 5%, 8%, 5%. He said this year it is in the 3% range, and, with a 3% drop in enrollment, a settled teacher's contract with a small increase, and some normal retirements, you would expect a lower increase

than in the prior year but it appears to be too high. He said he had no expectations for the Board of Selectmen and under 1% seems very reasonable. He said he felt a \$200,000 deduction from the Board of Education budget would get it more in line with expectations.

Regarding Capital Non-Recurring, Mr. Askham said the fund has only so much cash and, if more is appropriated than in past years, there may be financial trouble with the fund. He said that, even though it pays back over 5 years, in Year 1 you have to pay for it. Theoretically, once an appropriation is authorized, people will commit that expenditure even though there appears to be a lag and through cash management, the cash can be maneuvered. He said, fundamentally, the fund could go bankrupt and, therefore it should stay at \$365,000 between the Board of Selectmen and Simsbury Farms together and the Board of Education average of \$520,000. He said, when appropriations come off this summer, it could be revisited for next year. Mr. Mason asked how much the Town has to come down. Ms. Harris answered they are over \$53,500; there was a State STEAP grant and the current schedule is correct. She said they are requesting \$369,000 for the Town and \$53,500 for Simsbury Farms combined for \$422,810. Mr. Askham confirmed that the Board of Education is now \$614,000 or an increase of \$94,000 from \$520,000. Ms. Harris stated the corrected version is in the Board's budget books. She said that, when you add the \$507,471 which includes the \$157,471 from LOCIP and the \$350,000 for the STEAP, grant it comes to \$932,081. Mr. Mason asked what the net effect on the budget was. Ms. Harris answered that the 5-year amortized spread would be \$10,700.

Mr. Blumenthal said he would like to better understand the impact on services to residents of these budget changes and cutting \$200,000 from the Board of Education budget. Dr. Ullman responded that, since the budget was submitted to the Board of Finance and the Public Hearing, they have learned their OPEB contributions are a little lower, insurance is a little less, there will be a resignation of a very senior faculty member and potentially another and they can piece it together from different sources. Mr. LaClair added that the recent trash contract signed is lower and they are working hard to find the \$200,000. Dr. Ullman said the Board's main priority is class size and preserving technology and they can probably squeak by, but if there were further cuts, they would be looking at raising elementary class size.

Mr. Mason stated that he is bothered about having these discussions now after the Board of Education spent a tremendous amount of time developing a workable proposal. He said he has no problem with a \$200,000 adjustment in a \$63+ million budget, but he hates to think it is coming from textbooks or smart screens that impact students. He said doing this at the last minute is sort of a travesty. He agreed that CNR should be at the same level as last year and the Board was remiss in not telling them that.

Mr. Henault recalled that, at last December/January's Board meeting, the Board said it was not looking for anything above last year from a tax standpoint increase. In looking at last year, the total increase was 1.19% and this request for total increase is at 1.49%, and, if the budget is revised down by \$200,000, it is 1.26% and looking at the mill rate last year, it was 1.01%. This year, even with the reduction, it is 1.62% which is a significant difference on a percentage basis. He said, although the Boards were not given a guideline, the Board did say they were looking at not doing much beyond what was done last year. He commented that, while this year's process was not as smooth as in past years, it is still moving along in a fairly consistent way compared to other towns. He said making a reduction and adjusting the CNR is probably appropriate.

Mr. North commented that probably every Board member has been frustrated with the process this year, but the end result is that this is a conservative budget that recognizes the realities and pressures created by the budget-making process over the past couple of years and acknowledged that, if it goes through this way, voters will be asked to approve a higher tax increase than in the prior year. He said it is a tight budget without lots of capacity, but it is necessary because the Town has a very high mill rate compared to Farmington's proposed tax increase resulting in a 20.9 mill rate. He stated the mill rate is a material factor influencing commercial and residential real estate values as is the quality of the Town's education.

Ms. Petitjean commented that she supported this proposed budget at this point and said it is a problem that revenues are going down which causes the tax increase and we will have to live with the 1.26%. Mr. Blumenthal commented on the differences between Simsbury and Avon and Farmington where per pupil expenditures are higher, but said there are many favorable comparisons and people move to Simsbury for those reasons and the Town has more major infrastructure. He asked to hear from Ms. Glassman about what they are contemplating because Board of Education increases have been in the lower 25% in the State over a number of years and the Board of Selectmen budgets have been tight. Ms. Glassman confirmed with the Board there is no plan to further cut the Board of Selectmen's budget.

Mr. Henault said he would like to move the focus to Capital Non-Recurring. He stated that, at the end of the Public Hearing, adjustments were discussed and currently the Board of Education is at \$614,000. If this is reduced to \$520,000, he asked what adjustments would be made. Mr. LaClair answered he has those lists but would have to share those first with the Superintendent. Mr. Henault said they don't have to share that with the Board, but the number moving forward is \$520,000 in the CNR Budget and Mr. LaClair would need to have the specific items by the filing on 4/19/12.

Ms. Glassman said, relative to CNR, there is some frustration in what they are being asked to do. For the fourth year in a row, they have kept the operating budget very tight and under 1%, following a significant reduction three years ago. She said they have really gone down in core services and tried to improve efficiency. She stated that they discussed, in anticipation of tonight's meeting, here they could make reductions in the CNR accounts. They did not feel they could get down to the number the Board wants, but suggested cutting the Bike-Friendly initiatives, which would mean not making some of the improvements in the trail system, e.g. not replacing fencing, not putting up signage, not doing bike racks. If the initiative is cut from the CNR, there might be \$3-4,000 left in the operating budget to fill the hole rather than funding the Bike-Friendly Initiative at \$23,000. She said, given the recent storm, even with a tight budget, the Board cannot recommend cutting any equipment items. She said the Bike-Friendly Initiative was the only project that the Board felt comfortable cutting. She added that the only other item considered was the Tariffville Driveway and Parking Project and the Board, in good conscience, cannot recommend cutting it. If the Board of Finance has to go down to that number, they could take the project, but they urged the Finance Board to first go look at the project. She said they are asking for more CNR funding than the Board of Finance wants to fund but it is not significant in the Town's 1/4 of the budget; the increase over a five-year payback in the CNR account for the Tariffville project would be about \$4,000 a year. She said sending it back to the Board of Selectmen will result in the same vote. Mr. Henault said the Board of Selectmen would have to make the decision. Ms. Glassman said then the Board of Selectmen would be over budget. Mr. Henault said then the budget won't get approved. Ms. Glassman said the Board of Finance has to cut the Tariffville project if they don't want the budget to go over, but they want the Board of Finance to fund what the Board of Selectmen feel is responsible. Mr. Henault said the Board of Selectmen is asking the Board of Finance to pick projects and on capital, the Board of Selectmen criticized the Board of Finance for picking projects and not sticking to the bottom line and now the Board of Selectmen wants the Board of Finance to pick a project. He said the Board of Selectmen is not doing its job. Ms. Glassman said, with all due respect, they cannot recommend cutting the Tariffville project.

Mr. Askham said that, for five years, the number has been \$365,000 with no problem. Ms. Glassman said it is a problem this year because of the winter and, to save time, the only item that can be cut is the Tariffville project, but they are not recommending it and they may have to close the park. Mr. North observed that the excess fund requests for CNR and the Board of Finance requests to reduce the requests relate to the fund itself and it does not have the capacity to do roughly \$151,000 of the requests (\$94,000 for the Board of Education and \$58,000 for the Board of

Selectmen). He said talking about specific projects does not serve anyone well, and until there is an opportunity to revisit the overall size of the CNR account, perhaps this summer, they will have to live with reductions in the amounts suggested in order to keep the fund liquid and perhaps be receptive about hearing requests from reserves once their status is known after the FEMA reimbursement. He concluded that, until then, these are dollar amounts that have to come out to keep from overdrawing the fund.

Ms. Petitjean stated it has been agreed they will look at the CNR account in detail in July; the amount was funded a long time ago, but in order to increase CNR, they need to take it out of reserves which means there is less money in the current year for individual projects. She said they need to think about it as money comes back from the Federal Government and what the reserve position is to balance both funds and whether to fund CNR on an ongoing basis for future years at a higher level and whether that is the best use of excess reserves. She said if they can find some this year, as opposed to funding individual projects, they've promised to look at it. She said the important thing is they are not against any project and their job is to make a fiscally responsible budget.

Mr. Henault said, aside from the commitment to study the CNR fund this summer, for the long-range capital needs of the Town, they have suggested a number of deferred projects in the original capital request to be considered for funding out of reserves. By doing this in a systematic way this summer when they know the status of the reserve account based on FEMA reimbursements and the more precise cost of the deferred capital projects, they can look at revisiting the CNR account and perhaps adjusting it in proportion to the budget going forward. It has been a long time since it was looked at.

Mr. Blumenthal said that he would like to better understand the discussion by the Board of Selectmen. He said there are liability issues and the Town is on constructive notice of issues it has and, other than the Bike-Friendly initiative, the Selectmen, from a policy-making perspective, did not feel comfortable cutting anything further. Mr. Henault asked who put the Town on constructive notice. Mr. Blumenthal responded that constructive notice follows the Town inspecting its premises and finding deficiencies resulting in liability issues. Mr. Henault said it is the Board of Selectmen's job to go through the projects and decide what to do. He said the Selectmen criticized the Board of Finance for not sticking to the bottom line on capital. Mr. Blumenthal differed. Ms. Glassman said they provided two options: 1) to take the Bike-Friendly Initiative, and 2) to take the Tariffville project, but with concerns for the Town.

Mr. Askham made a motion to approve for the Board of Education \$520,000 for Capital Non-Recurring (CNR) to be decided by their Board what items are in that and for the Board of Selectmen and Simsbury Farms combined \$365,000 to be decided by the Board of Selectmen as to what items should be included in that. Mr. North seconded the motion.

Mr. Henault invited discussion. Mr. Blumenthal asked if there is an opportunity to talk about what is in the CNR fund vs. what is a capital project and, as the money comes back from FEMA, to provide guidance to the respective boards how to review the CNR fund as well as reserves. He said, with the FEMA money, the Town will certainly exceed the self-imposed reserve requirement by a considerable amount and asked what that amount is. Mr. Henault answered there is a 1% restriction of how much they can take out each year for projects, but they can entertain requests as they come up during the year for projects, and also suggest to the Board of Selectmen, since they approved \$2 Million of highway paving money that some of that funding be diverted for a project. Ms. Harris asked if the Tariffville Project and Bike-Friendly Initiative are taken out of the CNR now, could the Board of Selectmen come back to the Board of Finance in May or June and get the money in this fiscal year for appropriation to use those funds in a CNR account. Mr. Mason answered probably no, until the Board of Finance is shown what the cash flow of the CNR account is at the time. Mr. Mason said he is supporting this motion, not because he agrees with it completely, but because there is nowhere else to go right now; they have been using the figures of \$520,000 and \$365,000 for a number of years, but don't know if the fund is solvent at this point. Ms. Harris confirmed the CNR fund is solvent; it is paid out over a five-year period and is funded on a yearly basis. The State aid sometimes comes in at a later date; they were two years in arrears and there was still a fund balance. Further, not everything is spent in the first year, especially on the Board of Education side, and they do spend it by the end of the second year. The Town side spends it in the first year, putting so much into each account.

Mr. Mason said four members who have been on the Board for some years understand that, but he did not know if Mr. Blumenthal has seen the model they looked at several years ago. He said a couple of years ago they had to increase the amounts used now because the CNR fund was slowly running out of money as shown by the long-term projections. Mr. Askham said that theoretically we have more commitments than fund balance, so with the authorization given someone could spend the money and there isn't the cash to pay for it. He said the theory of the fund is to get this type of expenditure in budgets in an even sense; the reimbursement is pretty close to what they are asking for and, on the Board of Education side, reimbursement will be even higher, so effectively in their budget they are

now paying in their operating budget on this volume and cannot pay for anymore unless someone finds a mechanism to give them more and this fund cannot do that unless they put more balance in it or transfer reserves. He does not feel comfortable having a negative fund.

Ms. Glassman asked, in terms of meeting the deadline and two Boards voting, what is the timeframe for procedural requirements for the Town meeting. Ms. Harris clarified that 10 days prior to Town Meeting on 4/21/12 (next Saturday), if the Board of Finance has not made a budget, the Board of Education and Board of Selectmen budgets go forward to Town Meeting and to Referendum. Ms. Glassman asked whether it has to go back to the Board of Finance for final approval. Ms. Harris and Mr. Henault concurred it did not. Ms. Harris said once the Board of Finance has made its decision, then there is an authorization from the Boards to meet the individual number. Ms. Harris asked the Board to consider \$367,810 vs. \$365,000 or a difference of \$2,781.

Mr. Askham amended his motion to \$367,810 for the Board of Selectmen and Simsbury Farms, and Mr. Mason seconded it.

Mr. Henault verified the Board of Education is \$520,000 and asked for any further discussion. Mr. Blumenthal said he wasn't sure his question was answered about whether some of these projects the Board of Selectmen deems critical can come back after reimbursement is received from FEMA. Mr. Henault clarified they can come back and ask and the Board would have to determine at that time whether there are appropriate funds, whether the Board is satisfied they have enough information on cash flow that they are comfortable with the fund's solvency, or they are comfortable there are no other demands coming out of reserves. Mr. Blumenthal asked where the reserves are currently and what is anticipated following FEMA reimbursement. Ms. Harris said to date, they have issued over \$2.3 million from reserves, including \$2.244 million for the October snowstorm; there is a balance in the reserve account currently of \$219,000. She said they do not anticipate FEMA's reimbursement until after July 1st and, after talking with the FEMA representative, his best estimate is that it will be \$3 million. Mr. Blumenthal asked what total reserves are right now. Ms. Harris said currently they are about \$7.3 million. Mr. Blumenthal stated the guideline is 10%. Ms. Harris said we are under it and, when the FEMA money comes in they will be in the 9-10% range, because they are replenishing and will have paid out close to a million dollars as the Town's 25% share.

Mr. Mason asked where they will be budget-wise at year end. Ms. Harris said she is looking at all of the department budgets and monitoring them. Mr. Mason asked if there will be a deficit or surplus. Ms. Harris said they should be level, but may have to come back in and ask for a reserve,



but she does not believe so. Mr. LaClair said he is looking at a small surplus. Ms. Petitjean asked Mr. Askham if the Board has the authority to grant money out of CNR mid-year or is it more of a reserve adjustment. Mr. Askham stated that, if the Board of Selectmen had leftover money, you could authorize it for those projects; but you cannot authorize it out of CNR.

The motion as amended was passed by 5 votes and 1 vote opposed (Mr. Blumenthal).

#### BOARD OF EDUCATION BUDGET

Mr. Henault said the original Board of Education budget amount of \$63,916,112 has been revised to \$63,716,112. He thought that they should not penalize the Board on the CNR, putting the grants aside, and the total appropriation should stay at \$63,716,112. He asked if that would be an issue for the Board. Dr. Ullman responded that, if the CNR budget is cut, the numbers won't match and the Board of Education budget, Board of Selectmen budget chargeback will be reduced. Mr. Askham said the chargeback could be reduced and something else increased. Mr. LaClair added it is a single line item and they know \$511,200 is their operating budget impact so the \$18,800 decrease in the operating budget was understood to be part of the \$200,000. Mr. Askham stated that the Board of Selectmen can reduce their chargeback and put it elsewhere. Ms. Harris confirmed that number would be \$11,000 going to Parks and Open Space Maintenance Account and further capital outlay for Tariffville Park and the Bike-Friendly Initiative. Ms. Harris said they took the CNR and dropped it and added \$11,000 to the Parks and Open Space Maintenance Account in the General Fund, keeping the budget at \$88,376,805 with the same mill rate.

Mr. North made a motion to approve the Board of Education Budget with a reduction of \$200,000, for a total of \$63,716,112. Ms. Petitjean seconded the motion. The motion was passed by 5 votes and 1 vote opposed (Mr. Mason).

Mr. North made a motion for an appropriation for the Non-Public Schools Budget of \$528,738. Mr. Askham seconded the motion. The motion was passed by 6 votes and 0 votes opposed.

Mr. North made a motion for an appropriation in the Debt Retirement Budget for 2012/13 in the amount of \$6,082,355. Mr. Askham seconded the motion. The motion was passed by 6 votes and 0 votes opposed.

Mr. North made a motion that the Board of Selectmen Budget reflect an

appropriation for the 2012/13 fiscal year in the amount of \$18,038,600 with a specific line item increase of \$11,000 in the Parks and Open Space Maintenance Account and a reduction in the CNR chargeback of \$11,000. Mr. Askham seconded the motion. Chairman Henault clarified the total appropriation for the Board of Selectmen would be a .99% increase, Board of Debt Retirement .04%; Board of Education 1.46%; Non-Public Schools .86%; for a total appropriation across the four budgets of 1.26% which would create a mill rate increase of 1.62%. The motion was passed by 6 votes and 0 votes opposed.

## EDUCATION GRANTS

Mr. Henault initiated discussion of how to display Board of Education grants received, primarily Open Choice and some others and how to show that for the budgets. He explained that Avon has gone through a somewhat similar process with the issues of accounting for funds and building a surplus and they will move forward showing funds as a spending amount in their referendum. He said the question for Simsbury is: 1) how to account for those funds in the Board of Education budget moving forward; 2) what to do from the standpoint of the ballot appropriation request; and 3) the timing.

Mr. North said he had considerable discussion with the Avon Town Manager and they had a much more complicated situation and their formally ratified September 2011 decision was to gross up all their budgets. He had the resolution and relevant budget pages. He said Avon's decision was grounded on very specific Connecticut State Statute requirements: Section 7-348 relating to Boards of Finance entitled "Towns Not to Contract in Excess of Appropriations - Town Meeting to Increase Amount" describing the circumstances and methods for authorization to spend more than appropriated at the Town Meeting; and most importantly, in Section 7-349 the penalty says, "Any officer who in violation of any provisions of this chapter expends or causes to be expended any money of such town, except for the purposes of paying judgments rendered against such town, shall be liable in a civil action in the name of such town and the amount so drawn from the treasury of such town shall be liquidated damages in such action against that officer." And further, Section 10-222 relating to the Board of Education actions says, "Expenditures by the Board of Education shall not exceed the appropriation made by the municipality." He said research by the Avon Town Counsel (who is from the same firm as Simsbury's Town Counsel) confirmed for him the wisdom of grossing up the budget for all known expenditures as an accounting policy and would be in much tighter compliance with what the law intends in budget-making for towns. He believes it will be easier to make the first-year adjustment in presenting the budget because, as Avon has done, the prior year is simply grossed up with no change in the bottom line in terms of tax increase, mill rate

increase, or expense increase; it is a matter of assuring the Town's contractual obligations are reflected in the appropriation questions at referendum.

Mr. Blumenthal asked if this is being proposed for restricted grants as well. Mr. North responded it does not affect restricted grants, but would be for expenses that are the obligation of the Town of Simsbury. Mr. Blumenthal said restricted grants are not the obligation of the Town of Simsbury and he would like an independent assessment because he heard "made by the municipality", and these are not expenditures and he does not see action brought against the Board of Education members because they are expending restricted funds in the manner intended by the donor/grantor. He does not believe those statutes were intended to apply to that; these are not Simsbury funds, they are grants secured for the Board of Education and it is within the purview of the Board of Education if the grant is not provided the following year to decide to fund that program in a different way and, if there is no funding in the budget, it is within their purview to decide which programs to keep. They are the responsible policy-making branch and he felt the Board was overstepping its bounds.

Mr. Mason said that, regarding transparency, he agreed it makes good sense to have monies on both sides of the ledger. Ms. Harris' exhibit with the mill rate showed the adjustment of \$3.266 million on the current year and the prior and current year should be shown. He said it could be restated with all funds on the expenditure and appropriation sides; if the Town voters authorize \$X, then it is covered. Mr. Askham said it is material and there are issues and legal requirements to consider. He said, if a restricted grant is received, it is audited for that purpose; under the statute, if you spend first and don't get it back, you are spending without authorization and there are problems. He added they give the Town authorization to do that anticipating getting the grant back, as does the Board of Education; he stated that transparency is owed to the voters to show what else is out there. Technically, he said grants are approved and commingled in the Board of Selectmen budget and the place to locate it might be under Special Revenue Funds. Dr. Ullman said that it does not go into the General Fund, but goes into Special Revenue and its own separate fund from which it is paid out; it is their best estimate and if money is not received, they don't spend it. Mr. Henault asked how they do that if it is allocated to teachers. Dr. Ullman answered that adjustments are made throughout the year and they may tell a paraprofessional that they are done working in March.

Mr. Henault, addressing Mr. Blumenthal's concerns, clarified that the Board of Finance is the budget-making authority for the Town by Town Charter and Connecticut General Statute and it is appropriate to discuss these issues, look at how questions appear to the voters, talk through these with respect

to grants which come into both the Board of Education and Board of Selectmen, and it is absolutely within the purview of the Board of Finance to discuss these issues. Ms. Petitjean said Mr. Blumenthal may be technically correct that the statute Mr. North referred to may not apply to grants; however, if the money is spent prematurely and causes the Town to exceed appropriations, then it might apply as Mr. North pointed out. She clarified for Ms. Glassman that, regarding the penalty statute passed in 1949, she is not aware of any suit ever brought and even with very little personal liability, it is not a good idea and we should assure transparency in the right part for voters to see. Mr. Mason said at the 3/27/12 meeting he suggested deferring this until after this year's Town Meeting and taking time to study the legal ramifications. Mr. Blumenthal stated his total support of transparency.

Dr. Ullman noted \$3 million is an estimate and the rest of the appropriations are firm numbers; she is concerned they do not know the full grant amount until January/February/March of each year and whatever appropriation is voted on may not be an accurate number and could vary as much as 10% while the other numbers are fixed. She said another concern is sometimes they are awarded grants during the year they don't know about at budget time, so the public has been told an appropriation number and they actually may have more. The Board of Education has a legal authority to accept grants from the State which could be in conflict with another legal authority that the Board of Finance has, which is why those grants are separate - e.g. the appropriation is \$3 million and the Board has an opportunity to get a grant of \$500,000 during the year and has the legal authority to accept it, but then they have not been truthful with the public about what the actual appropriation is. She said there are many technical questions; most grants are for two years with a two-year overlapping period and they do not spend evenly in a year so leading the public to believe a given appropriation is an accurate number is not possible. She thinks it creates a misleading impression for the general public to have it as an appropriation; she agrees it should be listed as a revenue source and it should be clear how much money they anticipate having to supplement General Fund dollars received. She said there are many restrictions, including the Board's legal authority to accept grants not approved in the operating budget, and she suggested more legal analysis is needed given the goal of transparency. She believes that the public is misled by calling it an appropriation. She cautioned that the amount of grant money is not fixed and whereas appropriations are. She stated that sometimes they have to stop services when a grant runs out; however, she believes the public in Simsbury thinks all appropriations come from their taxes and they need to understand there is an amount coming from restrictive grants.

Mr. Henault invited discussion from the members. Ms. Petitjean appreciated

that it is a different kind of funding, but other appropriation numbers are also variable because they do not know what the State will provide nor what the collection rate will be; this is a budget providing guidelines for next year. She said the Town has done a good job getting grants during the year and, if they come in, the Board of Finance has the authority to accept them. Dr. Ullman said those are not being called appropriations. Ms. Petitjean said, if they knew about it, all monies would be put in. Messrs. Mason and Henault suggested tabling, deferring, and studying this topic further before making a decision. Mr. Askham commented that, if the appropriation is approved and grossed up, it is an authorization to spend and it is not netted with the revenues and the revenues are put somewhere else. Once the authorization is approved and spent, revenues may come in higher or lower, but, in a grant, the increase is approved and if the revenues aren't received, you could theoretically spend more than the grant with Board approval and they must be careful. Mr. Mason asked if the issue is about doing this for legal or informational purposes; Mr. North is talking about transparency so it is known by the public.

Mr. Henault asked Mr. LaClair to talk about his conversation with Brandon Robertson in Avon. Mr. LaClair said their conversation indicated this was in the works for about a year and a half beginning with auditor concerns about Avon's revolving fund; the new Superintendent and Town Manager worked with the Board of Finance on changes and held a policy vote in September to carry that forward. He focused on the auditor trail and did not have the same conversations as Mr. North regarding legal issues; he believes that process would be hard to do given the available timeframe but supports studying the concept to determine the ramifications. Mr. Henault said Avon wasn't taking care of their funds as they should have and asked Mr. North to read their Board of Finance motion. Mr. North read the Avon motion adopted 9/26/11 transmitted to Town Counsel, Superintendent, Finance Department stating, "Beginning with the fiscal year 2012/2013 budget request, the Board of Finance requires that the Town Counsel and the Board of Education budget gross for all expenditures and all sources of revenue subject only to such exceptions on a limited basis as may be deemed necessary and appropriate and agreed upon by the Town and Board of Education finance stats subject to Board of Finance approval." The 3/5/12 Budget Message states, "The reported 7.99% increase to the Board of Education Budget warrants an explanation. The Board of Education budget this year includes both revenues and expenditures that in years past had been budgeted differently. Without this change, the Board of Education budget increase would have been 2.92%. It is important to note that the difference between the 7.99% increase and the 2.92% increase is fully supported by non-tax revenues." He said they are not restating prior years because there would be no change when grossed up.

Mr. Henault said the reason he wanted that read is so everyone could know

what Avon's Board of Finance has done and to see if this Board would support having a discussion during the year to move toward something similar; Simsbury will be in a similar situation with a new Business Manager, a new Finance Director, a new Superintendent, and new programs coming in. He is in favor of studying this issue and there is already an Avon model (the same auditors and attorney firm and Avon's Town Manager learned his craft in Simsbury). He said, with this source available, it would be better to take time to look at the legal and accounting issues and come to agreement; the Board members agreed with this idea. Mr. Blumenthal agreed it deserved further evaluation with inherent differences from Avon. He asked Mr. LaClair what the per pupil expenditure impact would be compared to other municipalities based on municipal funding. Mr. LaClair said that is reflected already in their EE 01 number rankings. Mr. Blumenthal stated his complete support of transparency and evaluations to determine the most appropriate option in light of respective powers of the Board of Finance and Board of Education.

#### SPECIAL REVENUE VOTES

Ms. Harris noted that the Animal Control Fund was moved to a General Fund line item under Public Safety and is included in the .99% increase and any fines or funds they receive will go into the General fund.

Ms. Petitjean made a motion to approve the Water Pollution Control Fund budget of \$3,523,510; the Residential Property Fund budget of \$55,655; and the Simsbury Farms Complex budget of \$1,915,295. Mr. North seconded the motion. The motion was passed by 6 votes and 0 votes opposed.

#### REVIEW CALENDAR

Mr. Henault stated the Town Meeting is scheduled for 5/1/12 and the Referendum is 5/15/12 and the next Board of Finance meeting is also scheduled for 5/15/12.

#### SIX-YEAR CAPITAL PLAN UPDATE

Mr. Henault asked Ms. Glassman if the Board of Selectmen adopted the final Six-Year Capital Plan. She answered they did not because there was so much moving of projects; at the suggestion of the Board of Finance, they put all the things not funded this year into next year which changed the prior capital plan's placeholders. Therefore, it seemed more productive to clean up those projects first and let the Selectmen know what will be funded once reimbursement issues are gone through and then they will reconvene. But at this point, there are just placeholders for the projects. Ms. Petitjean suggested setting a timeframe. Ms. Glassman thought that it would most likely be sometime over the summer.

#### CORRESPONDENCE

Mr. Henault said the only correspondence he had was FEMA which has been addressed.

#### ADJOURNMENT

Mr. Henault adjourned the special meeting of the Board of Finance at 7:45 p.m.

Respectfully submitted

---

Paul Henault, Chairman  
Clerk

---

Janis Prifti, Commission