

From: SimsburyCT Postings August 22, 2012 1:08:47 PM
Subject: Board of Finance Minutes 07/26/2012-Special Meeting
To: SimsburyCT_FinanceMin
Cc:

BOARD OF FINANCE
SPECIAL MEETING - 7:30 AM
JULY 26, 2012

CALL TO ORDER

Paul Henault, Chairman, called a special meeting of the Board of Finance to order at 7:30 A.M. on Thursday, July 26, 2012 in the Main Meeting Room at the Town Offices, 933 Hopmeadow Street, Simsbury, CT. The following members were also present: Peter Askham, Jeff Blumenthal, Nicholas Mason and Barbara Petitjean. Also present was Mary Ann Harris, Director of Finance.

Mr. Henault explained that this is a special purpose meeting primarily to discuss capital non-recurring fund in addition to the FEMA reimbursement.

Discuss Capital Non-recurring Fund; review current policy: Mr. Henault said this was last revised in 2003. Mr. Mason said these policies need to be reviewed on an annual basis.

Review current and future cash flows

Mr. Henault turned the discussion over to Ms. Harris who explained she would start with the balance sheet. She reviewed the numbers from 2008 to 2012 and provided the balances associated with each of those years and gave an explanation of those balances. These balance sheets were discussed further by the Board members. Mr. Askham and Ms. Harris discussed some funds allocated to authorized projects that were not completed. Mr. Askham said there would be a negative fund balance if those projects were actually completed. His concern, he explained, is with cash-flow. This issue was discussed further by Mr. Blumenthal, Mr. Mason and Mr. Askham. Mr. Askham said he thinks they need to transfer money over to make the account whole and then possibly transfer more to handle any increased allocation, noting it will reimburse itself on a 5-year basis. Ms. Harris spoke about the rolling fund balance saying they pay back what is approved by making an operating transfer. She did say it could be streamlined by putting it all into one fund. Timing of expenses and transfers were discussed further by Ms. Harris. The issue of the fund going negative was discussed further by the Board members and Ms. Harris. As a result of a question by Mr.

Blumenthal, it was discussed what happens when authorized funds are not spent within the allocated two (2) year time period. Mr. Askham again said he thinks they should transfer money into the account to avoid going negative within the fund. The appropriate amount that should be transferred was discussed by Ms. Harris and the board members. Reimbursements were further discussed by the Board members. Mr. Askham suggested the Board recommend transferring between \$340,000 - \$390,000 in order to attain positive cash flow. Secondly, he suggested, they transfer an additional increase allowance to the Boards. Mr. Mason said he did not want to do that without going to Board of Education and Board of Selectmen in order to gauge their needs for the upcoming year. He said this can be used as a planning tool for them in order to get them thinking about their needs for the coming year. Mr. Mason said he wouldn't mind doing a transfer of \$400,000 in order to get to a positive cash flow for an ongoing basis going forward, but he also wants to ask the Boards to begin thinking of what they want to put in their budgets next year. Mr. Askham said they will have a better handle on their reserves now that there is a reimbursement number from FEMA. Mr. Henault asked Mr. Roy to provide the update on FEMA reimbursement at this point.

FEMA Update

Mr. Roy said they began considering FEMA reimbursement immediately after the storm hit, but they did what needed to be done in order to ensure the public's safety and that was first priority. Mr. Roy said they did an excellent job in getting everything possible back allowable by FEMA. He said FEMA will reimburse a maximum of 75% of storm-related costs and then he reviewed the specific costs by category. He said debris removal was the biggest portion of monies spent. Mr. Roy then spoke about the FHWA designated roads and how that designation affected the accounting of the FEMA reimbursement. Then Mr. Roy spoke about the monitoring service we used throughout the clean-up process and how it benefited Simsbury monetarily. Mr. Roy spoke of areas of reimbursement that were debated by FEMA and how we were able to get increased reimbursement dollars by justifying those expenses. Mr. Roy said Simsbury had the second largest amount of debris in the State of CT. He then reviewed the timing and efficiency of the cleanup process. Mr. Roy said the last storm debris was cleaned up on December 29, 2011. Mr. Mason, and other Board members, commended Mr. Roy on overseeing this difficult process. Mr. Henault announced the total FEMA reimbursement will be \$2,682,274 (approved through the first critical review stage and Mr. Roy does not expect a reduction). Mr. Roy said he anticipates reimbursement within six (6) weeks. Mr. Roy then spoke about the FHWA reimbursement process and what is eligible. The net loss to reserves from the Storm was discussed, estimating approximately \$700,000. With the approximately \$800,000 coming in from the operating budget, Mr. Askham reviewed, there will be a positive impact to reserves of approximately \$100,000.

Mr. Henault brought the conversation back to CNR and the appropriate amount to take out of reserves to put into CNR in order to be comfortable on a cash flow basis. The process of this action was discussed. Mr. Henault said he believes they have to make a formal request to the Board of Selectmen. Ms. Petitjean said she thinks they need to go back to the Boards and ask about their needs in order to address them early in the process. Mr. Blumenthal asked if they should supplement their policy statement to include a review of the fund in order to reconcile each year. This was discussed further by Mr. Henault. Mr. Henault then adjourned the meeting.

Respectfully submitted,

Paul Henault, Chairman
Commissions Clerk

Leslie U. Faraci,