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BOARD OF FINANCE
SPECIAL MEETING - 2012-2013 BUDGETS
NOVEMBER 17, 2011

2012-2013 BUDGETS PRESENTATION

At 7:00 PM Mr. Henault addressed the public audience for his Budget Presentation. The following members were also present: Anita Mielert, Kevin North, Peter Askham and Barbara Petitjean. Also present were Mary Ann Harris, Finance Director/Treasurer, Burke LaClair, Board of Education Business Manager, Leslie Faraci, Clerk and other interested parties.

Mr. Henault began the presentation with overview description of how the Board of Finance puts together the budgets. He explained that the Board of Finance is an elected oversight board as well as the budget-making authority for the Town, according to Simsbury Town Charter and the State of Connecticut. Mr. Henault then stated that the operating and capital budgets are moved on to the Board of Finance by the Board of Selectmen on January 15th. The process then runs through Town meeting, referendum and then the Mill Rate is set.

Mr. Henault reviewed the Town's current Financial Indicators. The reserves currently are at \$10.5 Million. Mr. Henault explained that they had recently authorized \$2.4 Million from out of Reserves for clean up from the storm, 75% of which is anticipated to be reimbursed from FEMA, so the \$10.5 reflects the anticipated post-reimbursement number. Mr. Henault explained that Moody's has given the Town its highest rating, Aaa and expanded further on that rating. The Town's current debt obligations total \$51,256,850, comprised of \$33,610,000 of General Obligation Bonds (most of which is as a result of the High School project), \$17,540,653 in a 2% Clean Water Fund loan (in connection with the WPCA upgrade and expansion), and \$106,197 in a 1% housing loan. Mr. Henault explained that this amount of Debt is relatively conservative, as the State of CT would authorize Simsbury to go up to \$225 Million of Debt.

Mr. Henault then reviewed the 2011-2012 \$87,262,303 budget and what it is comprised of (72% Board of Education; 20% Board of Selectmen; 7% debt service; and 1% non-public schools). Mr. Henault then showed a slide comparing the current budget with the previous year of 2010-2011 FY outlining the following changes: the Board of Selectman budget increased .21%, the debt retirement budget decreased .45%, the Board of Education increased 1.52% and the Non-Public Schools budget increased .87%. Mr. Henault then spoke about the revenue sources for the 2011/12 fiscal year reflecting the following; 91% (\$79,323,653) came from property taxes generated by commercial and residential property, the bulk of it being residential. Other sources of income consisted of 7% (\$5,943,893) from State aid, 0% (\$100,000) from investment income and 2% (\$1,894,757) from other sources, such as licenses and permit fees. Mr Henault then showed a slide regarding the Dependence on Property Tax Revenue and how it has changed over the past 30+ years.

Mr. Henault showed a Large Capital Project Review slide outlining projects approved by the Voters: Simsbury High School renovations (\$43 Million), sewer plant renovations (\$26.8 Million), the Ethel Walker land purchase (\$8 million), Tariffville School renovations (\$6.2 Million), Library Expansion (\$6.1 Million), the Triangle (Griffin Land) Land Purchase (\$2.75 Million), Paving Management (\$2.4 Million), Police Station Renovations (\$2.3 million), Simsbury High School Track and Stadium (\$1.905 Million) and most recently, Simsbury Farms (\$3.06 Million).

Mr. Henault gave an explanation of how the mill rate is calculated, noting that one "mill" produces \$1 for each \$1,000 of property value and then gave an example of how to calculate the formula. Mr. Henault then showed a slide displaying a ten-year history of the changes in the mill rate, noting that last year's increase was only 1.50%. The current mill rate is 31.88 (30.86 Town/1.02 Fire District).

Next, Mr. Henault discussed the factors that are considered by the Board when giving the other boards guidelines for their budgets: the current economy, revenue estimates, community needs, education needs, pension obligations, salary/benefit requests, the Social Security cost of living adjustment (COLA), grand list growth, current debt obligations (7%), storm impacts, and Tax impact. Taking all of these factors into account, the Board must balance the capacity of the community to afford expenditures relative to projected revenues.

Then next slide outlined the Challenges for 2012-2013 Budgets including the following; continued minimal grand list growth, State Aid, economic conditions, additional State Taxes imposed in 2011, low interested rates on investments, health care costs continually rising and capital requests for

2012.

Finally, Mr. Henault reviewed the various tax relief programs that are currently available: the elderly and disabled tax credit program, the veterans' exemption program and volunteer firemen and EMT program. He noted that the Assessor's office should be contacted for 2011 filing deadlines for these programs. Mr. Henault thanked members in the audience for attending and said that the public's involvement is important since everyone has a stake in the process. Board of Finance members may be contacted via the Town website. He then opened up the conversation to the Public Audience for their comments on the Budget.

PUBLIC AUDIENCE COMMENTS ON UPCOMING BUDGET

Joan Coe, 26 Whitcomb Drive, began by saying these are difficult financial times, and the Town cannot impose a tax increase during these times. Secondly, she said that most of the budget comes from salaries and we need to look at redoing the salary structure to reflect the new economy. She then said there are fewer students, so there should be a drastic reduction of administrative costs. Ms. Coe said pensions and benefits should be reexamined and restructured. Ms. Coe then said that the golf course is too costly and there should be a study to look at those expenses. Ms. Coe said the fire district should revise their budget with a downsizing of expenditures. She then commented on how capital expenditures are handled and then expressed concern on Special Revenue Funds. Ms. Coe then urged the Board to give the people a choice between a Town Manager and a First Selectmen.

Mr. Robert H. Kalechman, 971 Hopmeadow Street, started by stating he was concerned the budget cuts would be imposed on the backs of "Joe Six-Pack". He said, as an example, there had been previous cut backs within the Police Department and now there isn't the same supervision. He referenced the Route 10 study and the money that was costing the Town. Mr. Kalechman expressed frustration with the breakdown of his electric bill and about where all of that money is going. Next Mr. Kalechman said he was frustrated about the Sand Hill project. Lastly, Mr. Kalechman brought up the Performing Arts Center and asked about specific expenses related to the PAC. Mr. Kalechman asked that the Board go over the PAC expenditures to see the wasted expenses. Mr. Henault assured Mr. Kalechman that auditors go through these numbers and that he would also go through these costs with Ms. Harris.

Mr. Bert Kaplan, 3 Lionel Drive, started by stating he would like to see the return of the ten (10) hours that were previously taken away from the Library. He stated that there have been complaints from mothers with small children regarding the later opening and from the seniors regarding the

earlier closing. He would like to see the return of these hours. Mr. North asked about the cost of getting those ten (10) hours back and it was said it would be approximately \$3,000/week.

Ms. Coe then said some libraries close one (1) day during the week instead, but there have to be reductions in cost and that the reduction in hours has to come somewhere. She also asked for a Maintenance Budget breakdown on each Town asset and that they should be reflected in the Budget.

Mr. Kalechman then commented on the cuts in the Library hours saying during the summer, people need the library during those times.

Mr. Henault thanked everyone for attending and that the next Board of Finance meeting is on December 20th.

Mr. Henault adjourned the meeting at 7:50 p.m.

Respectfully submitted,

Paul Henault, Chairman
Commissions Clerk

Leslie U. Faraci,