Town of Simsbury
Board of Finance
Regular Meeting Minutes
July 21, 2026

Present:
Members in attendance: Lisa Heavner, Lalitha Shivaswamy, Regina Pynn, Bert Helfand, and Mike Doyle (by Zoom).

Others in attendance included: Amy Meriwether, Finance Director; Marc Nelson, Town Manager; David Flint, Principal Auditor (CliftonLarsonAllen)

Call to Order:
Ms. Heavner called the meeting to order at 5:46 p.m.in the Main Meeting Room in the Simsbury Town Hall.

Pledge of Allegiance:
Everyone stood for the Pledge of Allegiance.

Public Audience:
Joan Coe, 26 Whitcomb Drive, spoke about priority-based budgeting, using artificial intelligence to increase efficiencies, a need for school restructuring, the condition of the tennis courts at Henry James Memorial School, plans for Memorial Pool, the maintenance costs associated with the expansion at the Simsbury Performing Arts Center, and other matters.

Lori Boyko, 15 Oakhurst Road, spoke about her analysis on the Library expenditures, which includes nearly $100,000 in expenses covered by the Friends of the Simsbury Public Library. She expressed concerns over how the funding from the Friends is budgeted and accounted for, and advocated for transparency in this spending.

Presentation: CliftonLarsonAllen:
Ms. Heavner introduced the Town's principal auditor from CliftonLarsonAllen (CLA), David Flint.

Mr. Flint said that CLA specializes in serving municipalities, and works with 90 different municipalities in Connecticut. He said that there are three main things that they do: a state single audit, a federal single audit, and a financial statement audit. He said they provide compliance reports regarding the expenditures for both state and federal grants, and the primary task is the financial statement audit. He said that the auditors are primarily ensuring that those financial statements are free from any material misstatements. Mr. Flint said that this differs from a forensic audit which is designed to detect fraud. He said they incorporate procedures could potentially detect fraud, but they are just trying to make sure that the financial statements are free and clear from material misstatements. He said that every audit area is given a risk level of low, medium or high, and then based on the particular risk assessment, they will dig into individual area.

Ms. Heavner asked how this differs from a performance audit. Mr. Flint said they are normally only called to perform a forensic audit when fraud is suspected, and that involves a deep dive into something specific. He said a financial audit focuses on a sampling since it would be unreasonable to look at every transaction over the course of the year. He said a performance audit looks at a broader area, such as controls, procedures, and processes. Mr. Flint said an example of this is a general fund that has had deficits for three years in a row; this would not necessarily come up in the audit, as they are not looking at the actual performance of

the general fund. He said they are just making sure that it is recorded properly in order to make financial decisions.

Dr. Shivaswamy asked whether municipal audits include a "going concern" assessment similar to corporate audits. Mr. Flint confirmed that going concern evaluations are performed for municipal audits when warranted. He noted that municipalities are generally unlikely to face bankruptcy so going concern issues are more commonly encountered with smaller quasi-governmental entities, such as housing authorities and utility companies.

Mr. Flint said that the engagement letter is intended to facilitate communication between the auditors and the Board. Board members were encouraged to raise any questions, concerns, or areas they believe warrant additional attention. He noted that final audit fieldwork is scheduled for November, with the audit due by December 31.

Mr. Flint said that a standard significant risk noted in all of their audits is management override of controls. He said that even well-designed internal controls become ineffective if management overrides them. He also said that any prior-year audit findings that remain unresolved would also be identified as significant risks. Ms. Meriwether noted that if Board members have any concerns, they can bring them up outside of this meeting format. Mr. Flint said that fraud interviews are conducted as part of the audit process, and that interviews provide individuals with an opportunity to confidentially discuss any concerns they may have. He said that interview participants vary from year to year but always include one member of the Board, the Finance Director, and selected Town employees. Ms. Heavner reminded Board members that they may contact the auditors at any time during the audit process using the contact information provided in the engagement letter.

Dr. Shivaswamy asked about the Board's role in overseeing internal controls. Mr. Flint clarified that the Board serves as "those charged with governance," while responsibility for internal controls is distributed throughout various levels of the organization. He said that the auditors ensure that internal controls have appropriate segregation of duties, with more than one individual involved in key control activities.

Dr. Shivaswamy asked what the Board of Finance should be looking at in regards to internal controls and the audit. Mr. Flint said that the Board of Finance is generally not expected to review detailed internal control procedures directly, and recommended that the Board conduct periodic fraud risk assessments as part of its governance responsibilities. Ms. Heavner noted that the Town completed a fraud risk assessment the previous year and recently drafted related policies, which will be shared with the auditors.

Ms. Meriwether provided some examples of what the auditors review in regards to internal controls; she said that the Board's role in that is if there is a deficiency and whether it is then corrected. Ms. Heavner reviewed the Board's role in reviewing Town policies, with the asset disposition policy serving as an example of governance-level oversight.

Dr. Shivaswamy asked whether issues identified during a standard financial statement audit could lead to a forensic audit. Mr. Flint said that while a financial statement audit is not a forensic audit, it is possible for the audit to identify issues that warrant additional investigation. He said that would be brought to the Board's attention and the Board could determine whether a forensic audit is necessary to focus on a specific area.

Ms. Heavner requested that the auditor's annual management letter be redistributed to all Board members for reference. She asked for prompt notification if the audit is expected to be delayed beyond the December 31 deadline. Ms. Heavner discussed the possibility of conducting periodic performance audits of specific

departments. Mr. Flint said they have a business risk services group that performs that type of work. He said that they could provide a proposal and cost estimate for this work.

In response to a question raised during public comment regarding the Library Board of Trustees, Ms. Heavner noted that the Library Board operates under a separate state statute with distinct legal requirements and procedures. The auditor confirmed that these statutory requirements are considered as part of the audit process. She said that Connecticut's statutory framework can be complex and that the Town relies on professional expertise to ensure compliance.

Finance Director's Report (Pages 1-8):

Prior to the Finance Director's report, Ms. Heavner announced that the Town had been awarded a $5,000 North Central Area Agency on Aging grant to support the Souper Thursday event and congratulated the Aging and Disability Committee, staff, and all those involved in securing the grant.

Ms. Heavner said that a revised draft of the Town's take-home vehicle policy had been distributed for review. Mr. Nelson reported that comments received, including feedback regarding applicable state policies, were being incorporated into the next draft. Ms. Pynn asked if it is more cost effective to take Town vehicles for out of state travel rather than renting a vehicle. Mr. Nelson said it is typically more cost effective to use Town vehicles. Ms. Pynn asked if there is an inventory of Town vehicles; Mr. Nelson confirmed that there is.

Ms. Heavner asked if we keep track of how many vehicles comparable communities have. Mr. Nelson said that we are generally consistent with those of neighboring communities. Ms. Heavner suggested adding language requiring employees with assigned take-home vehicles to return those vehicles to Town property, or another approved secure location, during extended absences or vacations.

Ms. Heavner noted that the Town's updated fraud risk policies were circulated earlier in the day, and thanked staff for the extensive work involved in developing the policies. She also said that they received an update from Ms. Meriwether on the Town's health reserve fund. She said that while quarterly reports are typically not presented in July, an update was requested because of the significant changes in reserve levels. She said that health reserves are currently estimated at approximately 31% and that limited reserve funding may be available for use in the next budget cycle. She said that the Board will consider a proposed policy regarding the use of reserves later in the meeting.

Ms. Heavner said that a new law was passed, Public Act 26-1, which establishes additional budget reporting requirements for boards of education. She asked staff to research and provide additional information on what this would look like to ensure compliance with both state requirements and the Town Charter.

Ms. Heavner asked Mr. Nelson for an update on vacancy rates. Mr. Nelson said that it is early in the fiscal year, and vacancy levels remain within budget. He said that they are making progress in filling a long-vacant Information Technology position. He said there are currently five non-Police vacancies.

Ms. Meriwether said that she added the most recent supplemental appropriation of $10,000 for the Simsbury Farms Clubhouse hot water heater had been incorporated into the fiscal year totals. She said that total supplemental appropriations for the year were reported at just under $500,000, representing approximately 0.39% of the annual budget, which remains well below the 3% threshold requiring referendum approval.

Ms. Meriwether said that on page 3 under pooled investments, all of the certificates of deposit (CDs) had been cashed out. She noted that we have all of our teacher balloon payments and debt service payments

during this time. She said that we are still getting a rate of approximately 3.7%, and that we plan to reinvest in CDs following the July tax collection cycle into three-, six-, and nine-month CDs.

Ms. Meriwether said that General Fund reporting is a point in time, and are still subject to year-end adjustments. She said that revenues are currently exceeding budget by approximately $2 million. Dr. Shivaswamy asked if the explanatory notes could include additional explanations for significant negative variances. Ms. Meriwether said that most of the negative variances are simply a difference between what was budgeted and what actually occurred.

Ms. Heavner asked for an explanation of the reduction in Board of Education tuition revenue. Ms. Meriwether said that tuition revenue was lower than budgeted because enrollment from neighboring communities, particularly Hartland, declined from prior years. She said that it is too early to determine whether this trend will continue, but that the FY27 budget had already reflected a reduced revenue estimate.

Ms. Heavner asked for additional detail regarding the tax revenue variances, including a breakdown of amount attributable to the collection rate versus one-time delinquent tax payments.

Dr. Shivaswamy asked about the increased revenue received from the Belden Trust. Ms. Meriwether said that this is the amount that is transferred from the trust to the General Fund. She said that this reflects that amount approved by the trustees. Discussion ensued regarding the various trusts that the Town has, their origins, and their purpose.

Ms. Meriwether reported that General Fund expenditures are 99.22% spent, compared with 99.51% at the same point in the prior year. She said that preliminary results indicate expenditures are approximately $900,000 below budget; however, this amount is expected to decline after final year-end accounting entries are completed. Ms. Heavner asked specifically about the results for the Board of Selectmen budget. Ms. Meriwether provided some additional data and Ms. Heavner noted that they are within 1% of budget.

Ms. Heavner asked if we used all of the $1.3 million of capital reserves as an offset. Ms. Meriwether confirmed. She noted that the benefit allocations out of the General Fund are still pending, and explained that the benefits for WPCA and Simsbury Farms employees will be moved out.

Ms. Meriwether noted on page 7, Memorial Pool operations, current revenue and expenditure percentages reflect deferred revenue accounting. She said that we collect pool pass revenue in FY26 for the upcoming season will be deferred into FY27. She said she still needs to move that revenue into FY27.

Ms. Meriwether noted the insurance expenditures associated with a previously reported heart and hypertension settlement involving a former police officer. She said that the claim arose under Connecticut's statutory heart and hypertension provisions and represented one of the remaining legacy claims known to the Town. The settlement had previously been approved by the Board of Selectmen and was relatively small. Ms. Heavner requested that the Board of Finance be notified of similar settlements in the future, even when no additional appropriation is required.

Ms. Heavner asked about expenditure variances within Town building accounts, including Town office buildings, library facilities, and other municipal buildings. Ms. Meriwether noted that some percentage variances are affected by changes in budget allocations rather than actual spending patterns. She said we can request additional information regarding specific operating variances from the Public Works Department.

Ms. Heavner asked about savings within the Assessor's Office. Ms. Meriwether said this is attributable to vacancies, unfilled part-time positions, and timing differences associated with personal property audit expenses that will be accrued during year-end closing.

Ms. Heavner asked about reductions to the Library budget related to reference materials for FY27. Mr. Nelson said that the reductions resulted from the implementation of zero-based budgeting. He said that the Library will have the opportunity during the next budget process to provide additional justification for restoring funding. He said that year-end savings would not be used to offset those reductions in order to see the true impact.

Vacancy Sub-Committee Update:

Dr. Shivaswamy said that members recently conducted site visits to several vacant commercial properties. She said that one property on Mill Pond Lane is move-in ready and in good condition. She said that the property located at 82 Hopmeadow Street sustained significant vandalism after unauthorized entry. She noted that the site visit highlighted the challenges associated with returning some vacant properties to productive use.

Dr. Shivaswamy said the subcommittee is discussing strategies for engaging property owners and attracting new businesses. She said she is developing a proposal for attracting high-tech industry to Simsbury, and that the subcommittee is discussing how to get more reliable internet in Town and the infrastructure necessary to support that.

Dr. Shivaswamy reported that its next meeting is scheduled for August 6 and that the subcommittee is aiming to begin direct outreach to prospective businesses during the fall. Mr. Nelson thanked Main Street Partnership for putting this together. He said he is encouraging the group to produce a written report in late fall outlining its findings, recommendations, and proposed next steps.

Mr. Helfand asked what infrastructure investments are necessary for attracting business. Dr. Shivaswamy said it is primarily high-capacity wireless and bandwidth. Discussion ensued regarding the fiber network and potential for expanding.

Agenda Items:

a) Budget Planning Discussion

Ms. Heavner reviewed a debt service calculator developed by the Commonwealth of Massachusetts. She said that this shows how various financing approaches impact borrowing costs and annual debt service. The Board reviewed the impact of a large capital project, such as a school reconstruction, entering $68 million into the calculator and looking at the difference between level debt service and level principal repayment structures.

Discussion ensued regarding the advantages and tradeoffs of each financing method, with level debt service providing consistent annual payments and level principal resulting in higher payments in early years that gradually decline over time. Ms. Heavner said that tax-supported capital should be increased so that the large school project does not prevent other capital projects from occurring.

The Board reviewed additional scenarios to show how changes in bond terms and interest rates affect annual debt service and total borrowing costs.

Ms. Heavner asked for feedback on her capital planning memo as a starting point, including a proposal for increasing tax-supported capital. She introduced a preliminary concept of establishing a long-term target for annual tax-supported capital funding equal to approximately 2.5% of General Fund operating expenditures, noting that the percentage was based on Farmington's policy.

The Board reviewed the memo, starting on page 1. The Board reaffirmed its practice of funding recurring capital expenditures, such as vehicle replacement, primarily through recurring operating revenues rather than one-time funding sources whenever financially feasible. Ms. Heavner noted again the proposed goal of tax-supported capital of 2.5% of the operating budget, which would include both recurring and non-recurring capital. She noted a point in the memo regarding the use of Town Aid Road grant funding, which is a proposed goal to use that funding source for non-recurring purchases as opposed to a offsetting bonding costs.

Ms. Heavner also reviewed the use of capital reserves, noting that reserves should be used primarily for non-recurring capital expenditures rather than ongoing operating expenses. She reviewed the category of General Fund Operating transfer, which is for recurring capital projects that originate within departmental operating budgets and are transferred to the capital fund. She also reviewed the General Fund Traditional Payback, which is an annual transfer of $416,250 used for non-recurring capital projects. Ms. Heavner introduced a new category of General Fund Capital Transfer, which would be a pay-as-you-go funding source.

Ms. Heavner reviewed the capital thresholds outlined in the Town policies, and discussed a potential new category for capital items that do not reach the threshold. Discussion ensued in regards to this potential category, including how it differs from true capital, the funding source, etc. Ms. Pynn noted that any new terminology should avoid implying the items are capital assets and suggested selecting a clearer label. Ms. Heavner noted that Glastonbury calls this type of capital "capital outlay." Further discussion ensued regarding how technology assets and software fit into the capital categorization. Ms. Heavner said that software is typically in the operating budget while hardware is often treated as capital.

Ms. Heavner recommended including a consolidated summary table identifying capital projects by funding source to distinguish between tax-supported capital, capital reserve-funded projects, and other funding sources. She also recommended identifying recurring capital items temporarily funded by capital reserves so they can be tracked and eventually returned to tax-supported funding.

Ms. Heavner discussed expanding the CIP to include a longer planning horizon, particularly in anticipation of the proposed Squadron Line project. She said it is important to identify major future capital needs, such as roofs, HVAC systems, athletic fields, and other large infrastructure projects, to avoid multiple large projects occurring simultaneously. Ms. Pynn noted that the Town's existing capital policy identifies roof replacement as maintenance unless the replacement provides additional improvements or benefits. Ms. Heavner said that the distinction between maintenance and capital improvements would need further clarification within the policy. Ms. Meriwether clarified that the roof would be capitalized if we are replacing the entire thing.

Ms. Heavner reviewed a proposed capital funding prioritization framework. She said that the proposed funding source for recurring capital is the general fund, followed by the traditional payback and capital reserves. She said that capital reserves should be used only as a last resort, and that the budget should clearly identify projects by capital reserves, with the intent of returning to tax-supported funding as Grand List growth permits. Ms. Heavner noted the funding sources for non-recurring capital, including: the traditional payback; a new proposed category of General Fund Capital Transfer; special revenue

funds, such as the Simsbury Farms fund; one-time grants and donations; capital reserves; and bonding for projects over $250,000.

Ms. Heavner reviewed a flow chart illustrating how various funding sources move into the capital budget.

Ms. Heavner presented an alternative method of tracking, which would consolidate departmental capital transfers into a single transfer rather than listing separate transfers within each departmental budget. Under this approach, distinctions between traditional payback and other cash-funded projects would be made within the Capital Budget rather than individual department budgets.

Mr. Nelson said that keeping the items within the individual departments allows the Town Manager and Board of Selectmen to evaluate the needs of each department and prioritize accordingly within the context of overall organizational needs.

Mr. Nelson requested clearer definitions of recurring versus non-recurring capital expenditures. For example, he questioned whether regularly scheduled fleet replacement, such as purchasing one police cruiser each year, should be considered non-recurring because even though the expenditure occurs annually, the specific asset changes. He noted that the enabling legislation for CNR funding is intended to provide municipalities with a mechanism to spread the cost of one-time capital purchases over multiple years, and that if we are continuing with the traditional payback method of funding, it needs to be used for items that are clearly non-recurring. Discussion ensued regarding how we define recurring versus non-recurring; there was agreement that the traditional payback funding of $416,250 should be used only for non-recurring items.

Mr. Nelson noted that we need to balance the goal of increasing cash funding for capital projects with the competing objective of providing mill rate relief. Ms. Heavner said that this depends on the Board of Selectmen goals for tax increases. Mr. Nelson discussed the potential to implement guardrails that would protect cash for capital so that it is not the first item cut to achieve mill rate relief.

Ms. Heavner asked staff to come up with recommendations regarding the target for tax-supported capital funding; how to categorize technology; and how to define recurring versus non-recurring.

The Board reviewed the current capital project sheet form used during the budget process. Ms. Heavner suggested adding projected start and completion dates; priority ranking; identification of whether projects are recurring or non-recurring; classification of projects (replacement, renovation, expansion, acquisition, etc.); total project cost, including prior appropriations; cost per square foot for new construction projects; whether an item is new or a replacement.

Ms. Meriwether walked through the budget modeling, and reviewed the assumptions included in the model. She noted that this model is conservative in that it does not account for growth in non-tax revenues. She said that the only projected revenue increase currently included is the anticipated state reimbursement related to the motor vehicle tax cap. Ms. Heavner said that we should do some scenario testing to adjust the projected expenditure increases, non-tax revenue changes, state aid, etc.

Ms. Meriwether reviewed the assumptions incorporated into the upcoming revaluation year, which is FY29. She said that we are anticipating a 25% increase in the Grand List. She noted that this increase will reduce the mill rate, but that will eliminate our eligibility for the state motor vehicle tax reimbursement. She said that while the mill rate decreases after revaluation, higher property

assessments can still result in higher taxes bills for residents. Mr. Helfand said that assessment increases are unlikely to be distributed evenly among residential and commercial properties and that individual taxpayer impacts may differ significantly.

Ms. Meriwether reviewed the capital financing portion of the budget model. She provided an example of a potential $60 million project, showing how this would impact debt service. Ms. Heavner asked for an update on when existing debt service for Henry James and Latimer will fall off. Ms. Meriwether said that for Henry James, the first bond issuance is scheduled to be fully retired in FY35 and the second issuance is scheduled to mature in FY36. She said that we are paying approximately $2.2 million in debt service for the Latimer project in FY27.

Ms. Meriwether reviewed the capital financing graph, which shows whether our debt is within our policy or not. Under the scenario presented, the potential Squadron project shows on the CIP in FY32 and the impact to the budget begins in FY36/FY37. Ms. Heavner noted the importance of building additional cash-for-capital capacity before this major project hits. Ms. Heavner said that we need to consider whether we want to absorb a large increase in one year or spread it over time, and we also need to consider how we time this with revaluation. Discussion ensued regarding how we can control expenditures within this context.

Ms. Heavner asked if we can show the Town's total outstanding principal debt within the model. Ms. Meriwether pointed to the section of the model that displays this data, including principal and interest. She noted that debt service differs from the Town's outstanding principal balance at any given point in time. Ms. Heavner asked if we could obtain benchmark data and show how we compare to other municipalities in regards to debt per capita, debt as a percentage of Grand List, etc. Ms. Meriwether said that we can work with our bond advisor on this.

Ms. Heavner said that we need to further discuss how capital reserves can be used to support the funding of capital projects. She noted that earlier versions of the financial model illustrated strategies for gradually increasing cash-for-capital funding using reserve balances. Ms. Meriwether walked through an analysis of how capital reserves may be used within the overall budget model. Discussion ensued regarding the target for tax-supported capital; there was consensus for this amount to be 2% of the operating budget.

b) Revaluation Selection Appointment.

Ms. Heavner requested one volunteer to serve on the committee responsible for selecting the Town's next revaluation contractor, with one alternate. Ms. Heavner said that this would include being involved in the RFP and selection process. Ms. Meriwether said that the RFP will be released in the next few weeks. The participant would be expected to read the proposals and participate on the interview panel. Dr. Shivaswamy volunteered to be the primary representative and Ms. Pynn agreed to be the alternate. Mr. Doyle volunteered to serve as third back-up.

Mr. Helfand made a motion, effective July 21, 2026 to appoint Dr. Shivaswamy as the Board of Finance representative on the committee to select the revaluation authority, with the alternates being Regina Pynn, Mike Doyle, and Bert Helfand. Ms. Pynn seconded the motion. All were in favor and the motion passed unanimously.

c) Policy Review (Pages 9-84)

Members agreed to defer review of the policy revisions until the August meeting to allow additional time for review. Ms. Meriwether said that she sent redlined versions of the proposed policy revisions

with the meeting packet. Ms. Pynn and Dr. Shivaswamy noted that it would be helpful to have a shared document, such as a Google document, to facilitate comments and revisions. Ms. Heavner noted that members may add comments to a shared document, but deliberation and discussion of proposed changes must occur during a public meeting to comply with open meeting requirements.

Mr. Helfand made a motion to table the policy review until the August 2026 meeting. Ms. Pynn seconded the motion. All were in favor and the motion passed unanimously.

Review of Minutes:

d) June 16, 2026 Regular Meeting Minutes (Pages 85-91)
Ms. Heavner said that she circulated revised minutes before the meeting.

Mr. Helfand made a motion, effective July 21, 2026 to approve the revised minutes of the June 16, 2026 Regular Meeting as presented. Ms. Pynn seconded the motion. The motion passed 4-0-1, with Mr. Helfand, Ms. Heavner, Ms. Pynn and Mr. Doyle in favor, and Dr. Shivaswamy abstaining.

Communications:

e) PCard Agreement Example (Pages 92-93)
Ms. Heavner thanked Mr. Nelson for the purchasing card (P-Card) example provided by staff. She noted that neither the First Selectman nor the Town Manager has a Town P-Card.

f) Capital Improvement Project Request Form (Page 94)

g) Simsbury Performing Arts Center Band Shell Expansion Project Update (Pages 95-98)

Adjourn:
Dr. Shivaswamy made a motion to adjourn the Regular Meeting of the Board of Finance at 8:43 p.m. Ms. Pynn seconded the motion. All were in favor and the motion passed unanimously.

Respectfully submitted,
Melissa Appleby
Budget Director