

Town of Simsbury Connecticut



Comprehensive Annual Financial Report

For The Fiscal Year Ended

June 30, 2014

TOWN OF SIMSBURY, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL
REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Department of Finance
Joseph Mancini
Director of Finance

Introductory Section

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Town of Simsbury

933 HOPMEADOW STREET

P.O. BOX 495

SIMSBURY, CONNECTICUT 06070

December 22, 2014

To the Board of Selectmen, Board of Education, Board of Finance and the citizens of the Town of Simsbury:

Connecticut State Statutes require that all municipal entities publish within six months of the close of the fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Simsbury, Connecticut for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the Town of Simsbury, Connecticut. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Simsbury has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefit, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Blum, Shapiro & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide a reasonable assurance that the financial statements of the Town of Simsbury for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the

Town of Simsbury financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of broader, federal and state mandated "Single Audits" designed to meet the special needs of federal and state grantor agencies. The standards governing the Federal and State Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Town of Simsbury's separately issued Single Audit Reports.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Simsbury's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Simsbury was incorporated as Connecticut's twenty-first Town in May 1670. It has a land area of approximately 34.5 square miles and a population of approximately 23,498. Centrally located in the heart of the New York - Boston corridor, Simsbury is a most attractive and diverse suburban community. As a part of the beautiful Farmington Valley, Simsbury offers an unmatched quality of life with a traditional New England town atmosphere in a setting of rolling hills, the picturesque Farmington River and well-manicured properties. Simsbury is conveniently located 20 minutes northwest of Hartford and 20 minutes southwest of Bradley International Airport.

The Town of Simsbury operates under a Charter revised as of November 6, 2012. The form of government is Board of Selectman – Board of Finance - Referendum. There are five Selectmen (2-year term) and a full time paid First Selectman (2-year term). There is also an eight-member Board of Education (4-year term) and a six member Board of Finance (6-year term). The First Selectman functions as the Town's Chief Elected and Administrative Official. The legislative authority of the government is vested in the Board of Selectmen. The Charter requires an automatic referendum for the annual budget and for expenditures in excess of 2% of the annual budget.

The Town of Simsbury provides a full range of services, including police protection; the construction and maintenance of streets, and other infrastructure; and recreational activities and cultural events; and a public school system which is as one of the finest in the state and national level for excellence. Certain sanitation services are provided by a legally separate Water Pollution Control Authority, which functions, in essence as a department of the Town of Simsbury and therefore its operations have been included as an integral part of the Town of Simsbury's financial statements.

Annual Budget Process

The budget serves as the foundation of the Town of Simsbury's financial planning and control. The proposed budget is presented during at least one Board of Finance Public Hearing in April. The proposed budget is subject to an automatic referendum by all qualified voters of the Town to be held from 14 to 21 days after the Board of Finance files the approved budget with the Town Clerk. Should the referendum fail to adopt the budget, the Board of Finance, in cooperation with the First Selectman and Board of Education, shall revise the annual budget, or that portion thereof, which has been rejected at the referendum, and present it at a subsequent Board of Finance Public Hearing and referendum for acceptance. If the budget remains unaccepted at the second referendum, the budget adopted for the then current fiscal year becomes the temporary budget on a month-to-month basis until a new budget is adopted.

Local Economy

The Town has a diverse local economy with retail, insurance, and manufacturing. It is host to several national corporations, a world class skating center and an outdoor performing arts center. Simsbury's recently approved Form Based Codes and Planned Area Development Zoning Regulations have encouraged the creation of economic development opportunities for mixed use, pedestrian-friendly, low impact communities. Included are Dorset Crossing, with the St. Francis Emergency Care Center, 48 units of special needs housing, Eastpointe apartments with 168 units, and retail/office space; Hopbrook Development with Millright's restaurant, offices, 85 luxury apartments and 20 townhouses. Northeast Utilities has also completed a power substation, which not only made a significant contribution to the grand list, but doubles the reliability of the facility. Dyno Nobel/Ensign Bickford Industries with its related companies owns substantial real estate in the town on which it has developed high quality residential structures and over 235,000 square feet of Class A office and research space. The diversity of the Town's grand list is reflected by the fact that the ten largest taxpayers only account for 7.03% of the grand list.

The Town's current unemployment rate is 4.8% compared to the state average of 6.4% and the national average of 5.8% (as of October, 2014).

Long-Term Financial Planning

The Town has a five year Capital Improvement Plan which totals approximately \$30.5 million of which is estimated that \$29.0 million will be funded through debt and the remainder from grants and fund balance.

Relevant Financial Policies

The Town of Simsbury written financial policies are as follows:

- Debt Policy
- Capital and Non-Recurring Fund Policy Statement
- Investment Policy
- Pension Investment Policy and Investment Objectives
- Other Post Employment Benefit (OPEB) Trust Investment Policy
- GASB 34 - Capital Asset Policy

- Fund Balance Policy
- The Town's debt policy establishes as a long term objective that debt retirement expenses (interest and principal) be at a rate of not more than 7% of the total annual budget. For the year ended June 30, 2014, the annual debt retirement expense percentage in relation to the total annual budget was 6.98%, and therefore in compliance with the Town's debt policy.

Major Initiatives

The Board of Finance Special Meeting on Capital Projects and subsequent Referendum approved the following projects:

At the April 15, 2014 Special Meeting of the Board of Finance, the Board approved the following projects and sent three projects to Referendum:

- \$212,000 was approved and appropriated from the General Fund Reserves for the Tariffville Connection, improvement to the Farmington River Trail, and River Loop Multi-use Trails.
- \$125,000 was approved and appropriated from the General Fund Reserves for improvements to the Simsbury Farms Gold Course.
- \$115,000 was approved and appropriated from the General Fund Reserves for design and construction of various bridge improvements.
- \$600,000 was approved and authorized to be funded through the issuance of bonds for the design, acquisition, and installation of town-owned technology infrastructure.
- \$103,000 was approved and appropriated from the General Fund Reserves for alternate energy efficiency projects.
- \$150,000 was approved and appropriated from the General Fund Reserves for the design, acquisition, and installation of a school district-owned network infrastructure.
- \$775,000 was approved and authorized to be funded through the issuance of bonds for relocating and renovating the main office at Henry James Memorial School.
- \$250,000 was approved and appropriated from the General Fund Reserves for renovations in connection with the reconstruction of athletic fields.

The following project was sent to the May 6, 2014, Referendum:

- \$1,050,000 was approved and authorized to be funded through the issuance of bonds for relocation and renovation of the main office and nursing office at Squadron Line Elementary School. .
- \$1,150,000 was approved and authorized to be funded through the issuance of bonds for the purchase of 42 Acres of open space.
- \$2,500,000 was approved and authorized to be funded through the issuance of bonds for repaving, repair, and rehabilitation of Town roadways.

At the July 15, 2014 Regular meeting of the Board of Finance, the Board approved the following project:

- \$280,000 was approved and appropriated from bond proceeds for first floor renovations at Henry James Memorial School

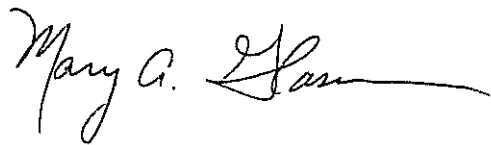
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its comprehensive annual financial report for fiscal year ended June 30, 2013. This was the seventeenth consecutive year that we have received this prestigious award. In order to be awarded a Certificate of Achievement, the Town must publish an easily readable and efficiently organized comprehensive annual financial report. The report published satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of this report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. In addition, the accounting firm of Blum, Shapiro & Company, P.C., made substantial contributions in the development of this document. Due credit also should be given to the First Selectman, Board of Selectmen, Board of Education and the Board of Finance for their cooperation, assistance and support throughout the year in matters pertaining to the financial affairs of the Town.

Respectfully submitted,



Mary A. Glassman
First Selectman



Joseph Mancini
Director of Finance/Treasurer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Simsbury
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

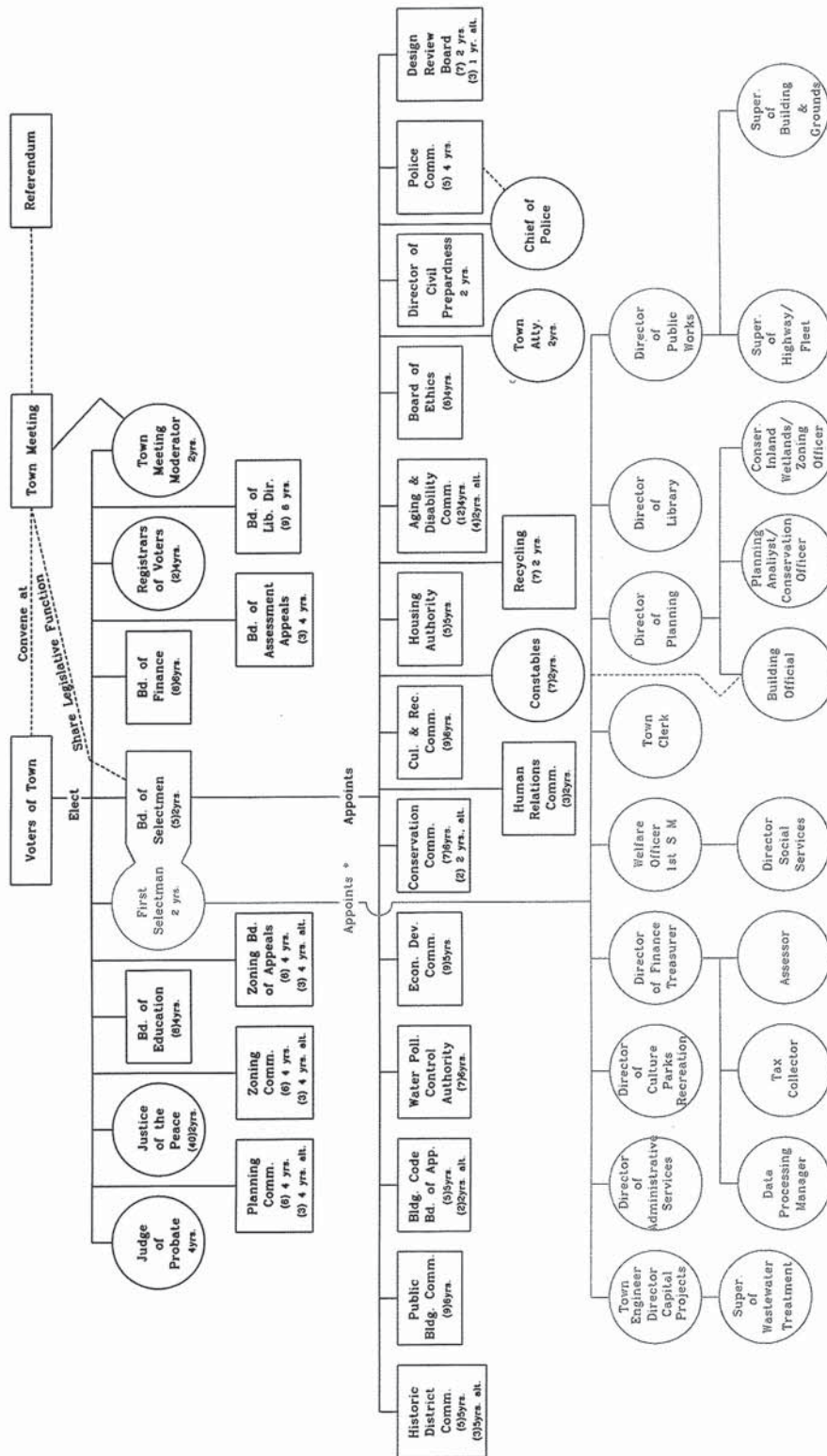
Executive Director/CEO

Legend

□ Groups functioning as boards, commissions or departments

○ Individuals functioning as separate officers

* With the approval of Board of Selection



Date: July 21, 2009

PRINCIPAL OFFICIALS
June 30, 2014

BOARD OF SELECTMEN

Mary A. Glassman First Selectman
Nancy M. Haase, Deputy 1st Selectman
Lisa L. Heavner
Sean P. Askham
Cheryl B. Cook
Mike R. Paine

BOARD OF EDUCATION

Lydia A. Tedone, Chairman
Chris M. Kelly, Vice Chairman
R. Michael Goman
Michael Wade
Tara Donohue Willerup
Susan Salina
Todd Burrick
Tom Doran

BOARD OF FINANCE

Peter K. Askham, Chairman
Nicholas B. Mason, Vice Chairman
Barbara Petitjean
Jeffrey Blumenthal
Moira K. Wertheimer
Linda J. Schofield

APPOINTED OFFICIALS

Matt Curtis, Superintendent
Burke LaClair, School Business Manager
Joseph P. Mancini, Director of Finance/Treasurer
Carolyn Keily, Town Clerk
Colleen O'Connor, Tax Collector
David Gardner, Assessor
Kevin J. Kowalski, Director of Civil Preparedness
Micheline Lecours-Beck, Social Service Director
Gerard Toner, Director of Culture, Parks & Recreation
Hiram Peck, Director of Planning
Howard Beach, Conservation Officer
Henry Miga, Building Official
Jeff Shea, Town Engineer
Updike, Kelley & Spellacly, Town Attorney

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
Town of Simsbury, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Simsbury, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Simsbury, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Simsbury, Connecticut, as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Sewer Use Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, the schedule of funding progress - Pension Trust Funds and OPEB Trust Funds on pages 66 and 67, the schedules of changes in net pension liability and related ratios on pages 68, 69 and 70, the schedules of employer contributions on pages 71, 72 and 73, and the schedule of investment returns on page 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Simsbury, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Simsbury, Connecticut, as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated December 17, 2013, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying General Fund schedule of revenues and other financing sources and schedule of expenditures and other financing uses for the year ended June 30, 2013 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2013 financial statements. The accompanying General Fund schedule of revenues and other financing sources and schedule of expenditures and other financing uses have been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund schedule of revenues and other financing sources and schedule of expenditures and other financing uses are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014 on our consideration of the Town of Simsbury, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Simsbury, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 22, 2014

**TOWN OF SIMSBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

The management of the Town of Simsbury, Connecticut (the Town) offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- At the end of the fiscal year the town's unassigned general fund balance was \$11,611,521 or 12.61% of General Fund expenditures.
- On a government-wide basis, the assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$134,191,981 for the Governmental Activities.
- As of the close of the current fiscal year, the Town's Governmental Funds reported combined ending fund balances of \$23,713,442 a slight decrease of \$657,078 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in a future fiscal period (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, planning and development, public safety, facility management, culture and recreation, health and welfare and insurances, education, special projects and interest on long-term debt.

The government-wide financial statements can be found on pages 15 and 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds - Governmental Funds are used to account for essentially the same functions reported as Governmental Activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for Governmental Funds with similar information presented for Governmental Activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between Governmental Funds and Governmental Activities.

The Town maintains 16 individual funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Sewer Use Fund, Sewer Assessment Fund and the Capital Project Fund, all of which are considered to be major funds.

Data from the other 12 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17 to 21 of this report.

Proprietary Funds - The Town maintains a Self-Insurance Fund to account for the self-insurance program for health insurance coverage for the Town and Board of Education employees.

The basic proprietary fund financial statements can be found on pages 22 to 24 of this report.

Fiduciary Funds - Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

The basic fiduciary fund financial statements can be found on pages 25 to 26 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 to 65 of this report.

Required Supplementary Information

This report contains certain supplementary information concerning the Town's progress in funding its obligation to provide pension benefits and other post employment benefits to its employees.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 75-95 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the Town, assets exceeded liabilities by \$134,191,981 at the close of the most recent fiscal year.

By far, the largest portion of the Town's net position is its net investment in capital assets (e.g., land, buildings, machinery and equipment). It is presented in the statement of net position less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets, net of accumulated depreciation, is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

NET POSITION - GOVERNMENTAL ACTIVITIES

	Governmental Activities	
	2014	2013
Current assets	\$ 35,261,037	\$ 36,650,577
Capital assets, net of accumulated depreciation	136,122,373	138,168,372
Noncurrent assets	6,494,114	6,709,962
Total Assets	177,877,524	181,528,911
Deferred Outflow of Resources	173,323	214,921
Current liabilities	10,770,633	12,248,034
Noncurrent liabilities	32,923,714	39,562,524
Total Liabilities	43,694,347	51,810,558
Deferred Inflow of Resources	164,519	236,106
Net Position:		
Net investment in capital assets	97,320,295	93,069,141
Unrestricted	36,871,686	36,628,027
Total Net Position	\$ 134,191,981	\$ 129,697,168

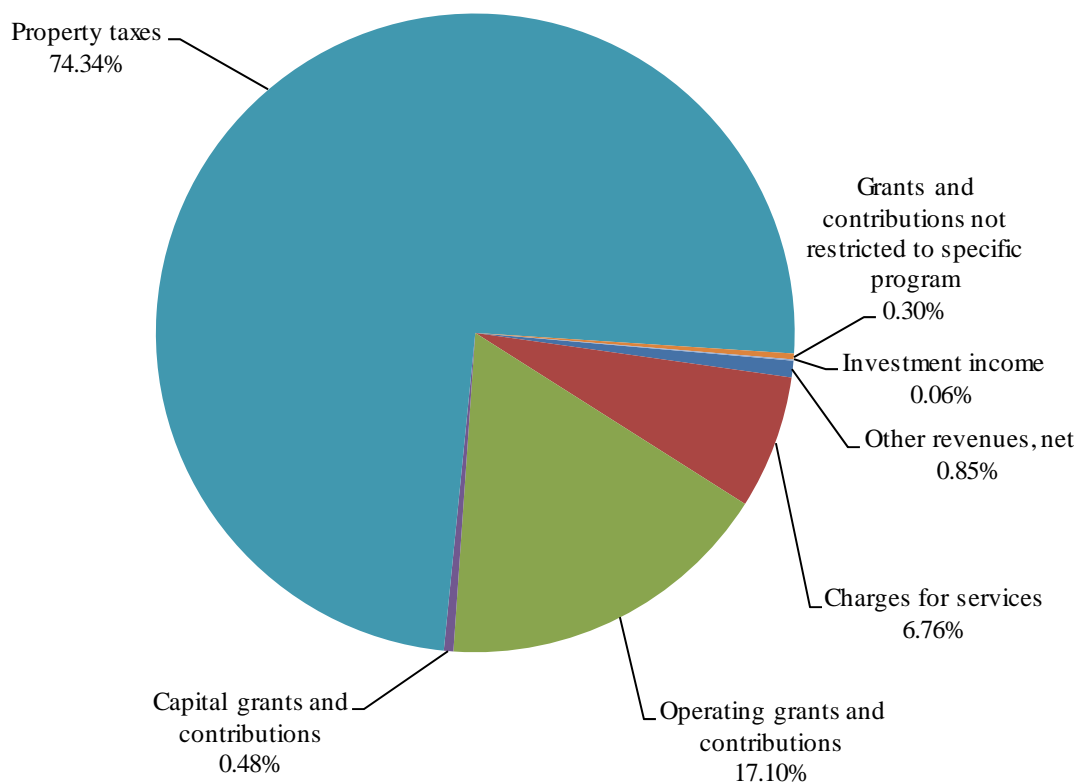
The government's net position increased by \$4,494,813 or 3.35% during the current fiscal year from \$129,697,168 at June 30, 2013 to \$134,191,981 at June 30, 2014. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, is \$36,871,686 at the end of this year compared to \$36,628,027 at the end of the prior year for an increase of \$243,659.

CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 7,590,283	\$ 7,640,384
Operating grants and contributions	19,194,517	18,100,831
Capital grants and contributions	541,351	1,642,186
General revenues:		
Property taxes	83,574,205	81,741,250
Grants and contributions not restricted to specific purpose	333,164	315,020
Unrestricted investment earnings	71,233	54,591
Other general revenues, net	957,675	464,993
Total revenues	112,262,428	109,959,255
Program expenses:		
General government	2,205,896	2,343,479
Planning and development	596,042	960,662
Public safety	5,007,354	5,492,049
Facility management	8,266,613	8,934,586
Culture and recreation	5,137,622	5,203,432
Health and welfare	868,466	864,456
Education	84,666,310	77,356,625
Interest on long-term debt	1,019,312	1,199,014
Total expenses	107,767,615	102,354,303
Change in net position	4,494,813	7,604,952
Net Position - July 1	129,697,168	122,092,216
Net Position - June 30	\$ <u>134,191,981</u>	\$ <u>129,697,168</u>

Total revenues were \$112,262,428 and \$109,959,255 respectively, for the years ended June 30, 2014 and June 30, 2013. Total cost of all programs and services were \$107,767,615, and \$102,354,303, respectively, for the years ended June 30, 2014 and June 30, 2013. Net position increased by \$4,494,813 and \$7,604,952 for the years ended June 30, 2014 and June 30, 2013, respectively.

Revenue by Source - Governmental Activities



Governmental Activities

Major revenue factors during the year include:

- Property taxes collected increased by \$1,832,955 or 2.2%. The property tax budget increase was \$1,829,183 or 2.27% and the revenue budget increase excluding property taxes was \$103,575.
- Charges for goods and services decreased by \$50,101 or (0.66%). Illustrated below is a comparison between 2014 and 2013:

	<u>2014</u>	<u>2013</u>	<u>Variance</u>
General government	\$ 760,330	\$ 799,556	\$ (39,226)
Planning and development	169,606	146,655	22,951
Public safety	311,044	278,247	32,797
Facility management	3,452,650	3,427,181	25,469
Culture and recreation	1,748,704	1,710,717	37,987
Health and welfare	8,675	14,335	(5,660)
Education	<u>1,139,274</u>	<u>1,263,693</u>	<u>(124,419)</u>
	<u>\$ 7,590,283</u>	<u>\$ 7,640,384</u>	<u>\$ (50,101)</u>

- Operating Grants and contributions increased by \$1,093,686. The increase is mostly due to the town receiving additional funds for education.

	<u>2014</u>	<u>2013</u>	<u>Variance</u>
General government	\$ 334,574	\$ 1,075,530	\$ (740,956)
Planning and development	110,020	282,497	(172,477)
Public safety	12,173	31,083	(18,910)
Facility management	193,969	262,172	(68,203)
Culture and recreation	624,762	74,989	549,773
Health and welfare	237,750	248,981	(11,231)
Education	<u>17,681,269</u>	<u>16,125,579</u>	<u>1,555,690</u>
	<u>\$ 19,194,517</u>	<u>\$ 18,100,831</u>	<u>\$ 1,093,686</u>

- Capital grants and contributions decreased by \$1,100,835. The decrease is due to an open space grant received in fiscal year 2013 for the open space purchase of the Ethel Walker Woods-Phase II as well as a decrease in education grants. Illustrated below is a breakdown comparison between 2014 and 2013:

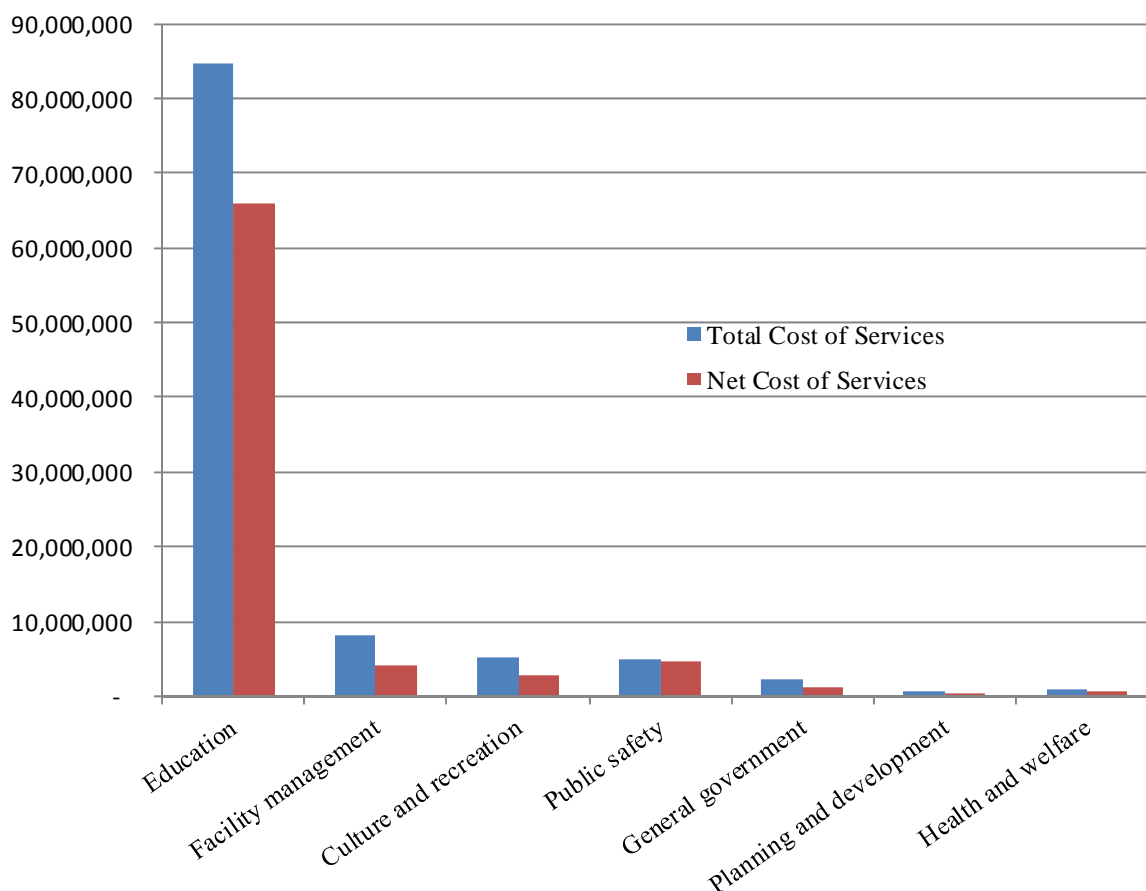
	<u>2014</u>	<u>2013</u>	<u>Variance</u>
Facility management	\$ 541,351	\$ 499,380	\$ 41,971
Culture and recreation	-	691,666	(691,666)
Education	-	451,140	(451,140)
	<u>\$ 541,351</u>	<u>\$ 1,642,186</u>	<u>\$ (1,100,835)</u>

The following table present the cost of each of the Town's programs as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

GOVERNMENTAL ACTIVITIES
For the Year Ended June 30, 2014

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government	\$ 2,205,896	\$ (1,110,992)
Planning and development	596,042	(316,416)
Public safety	5,007,354	(4,684,137)
Facility management	8,266,613	(4,078,643)
Culture and recreation	5,137,622	(2,764,156)
Health and welfare	868,466	(622,041)
Education	<u>84,666,310</u>	<u>(65,845,767)</u>
	<u>\$ 106,748,303</u>	<u>\$ (79,422,152)</u>

Expenses and Program Revenue - Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's Governmental Funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's Governmental Funds reported combined ending fund balances of \$23,713,442 a decrease of \$657,078 or (2.70%) in comparison with the prior year. Of this total amount, \$37,169 is non-spendable (inventory), \$1,726,391 use is restricted by governmental grants, \$10,317,052 is committed by Simsbury Board of Finance (Budget-Making Authority), \$21,309 is assigned and \$11,611,521 is unassigned. The \$11,611,521 unassigned fund balance is available for spending at the Town's discretion.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance was \$11,611,521, while total fund balance was \$11,635,198. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Of this total fund balance \$2,368 is restricted by governmental grants, \$21,309 is assigned, with the balance being unassigned in the amount of \$11,611,521.

The fund balance of the Town's General Fund decreased by \$365,380 during the current fiscal year and the unassigned fund balance increased by \$770,834.

The Sewer Use Fund has a fund balance of \$4,442,745 at the end of the year, an increase of \$195,715 from the prior year. A portion of the fund balance is to be used to help pay the debt service on the Waste Water Treatment Plant \$26.8 million renovation and expansion capital project. This project was funded 100% by the State of Connecticut Clean Water Fund 2% Loan and Grant program. This project is completed and payments began on the 20-year, 2% loan program in September 2008. The loan will be repaid by future sewer user charges.

The Sewer Assessment Fund has a fund balance of \$1,259,481 at the end of the year, an increase of \$99,876 from the prior year.

The Capital Project Fund has a fund balance of \$2,079,094 at the end of the year, a decrease of \$661,525.

Other non major governmental funds have a total fund balance of \$4,296,924 an increase of \$74,236 from the prior year as illustrated.

NonMajor Governmental Funds	2014	2013	Variance
Residential Rental Properties	\$ 137,254	\$ 126,437	\$ 10,817
Simsbury Farms Fund		(234,950)	234,950
General Government Program Fund	147,491	175,610	(28,119)
Public Safety Program Fund	319,967	387,286	(67,319)
Planning & Development Program Fund	282,523	332,732	(50,209)
Facilities Management Program Fund	847,528	949,234	(101,706)
Health & Welfare Program Fund	297,208	278,735	18,473
Culture & Recreation Program Fund	113,561	108,550	5,011
Board of Education Program Fund	1,051,244	540,858	510,386
Cafeteria	181,638	226,448	(44,810)
Capital and Nonrecurring Expenditures Fund	918,510	1,331,748	(413,238)
Total	<u>\$ 4,296,924</u>	<u>\$ 4,222,688</u>	<u>\$ 74,236</u>

General Fund Budgetary Highlights

The original general fund budget including other financing sources and uses of \$90,082,018, was increased by \$2,030,397 to the final budget of \$92,112,415. The bulk of this increase was driven by transfers made by the Board of Finance to fund capital projects that otherwise would have been bonded for, as well as funding Simsbury Farms operating deficit.

Actual revenues were more than budgetary amounts by \$1,970,836, and expenditures were less than budgetary amounts by \$60,010. Most revenue types had favorable results; property taxes, intergovernmental revenue, other local revenues and other financing sources. .

Overall revenues over expenditures on the budgetary basis were \$2,030,846.

Capital Asset and Debt Administration

Capital Assets - The Town's investment in capital assets (net of accumulated depreciation) for its governmental activities as of June 30, 2014 amounted to \$136,122,373. This investment in capital assets included land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total net change in the Town's investment in capital assets for the current fiscal year was a decrease of \$2,045,999 which was comprised of an increase of \$3,289,929 for new additions, decrease of \$5,335,928 for depreciation.

CAPITAL ASSETS (net of depreciation)

June 30, 2014

Land	\$ 8,859,189
Development rights	11,725,000
Construction in progress	1,606,082
Buildings and improvements	92,075,852
Land improvements	1,966,012
Equipment	4,096,724
Infrastructure	<u>15,793,514</u>
	<u>\$ 136,122,373</u>

Additional information on the Town's Capital Assets can be found in Note 3C on page 41 of this report.

Long-term Debt - At the end of the current fiscal year, the Town had total bonded debt outstanding of \$38,609,436, of which \$7,259,775 is due within one year. All of the debt is backed by the full faith and credit of the Town.

OUTSTANDING DEBT

June 30, 2014

General obligation bonds	\$ 23,810,000
Loan payable - Clean Water Fund	14,715,929
Loan payable - State of Connecticut	<u>83,507</u>
	<u>\$ 38,609,436</u>

The Town's total debt decreased during the current fiscal year by \$6,342,620. This decrease is driven by the paying of debt service payments and not issuing new debt in the fiscal year.

The Town has an "Aaa" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.0 times its total prior years' tax collections. The current debt limitation for the Town is \$585,105,962 which is significantly more than the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note 3E on pages 44 to 47 of this report.

Economic Factors and Next Year's Budgets and Rates

The Town's elected Board of Finance considered many factors when setting the fiscal year 2015 budget spending guideline and mill rate. Factors include the economy, which covers the unemployment rate and the increase in the annual social security cola for the elderly. The current unemployment rate for the Town of Simsbury for October, 2014 was 4.8%, which is a decrease from the prior year of 0.6%. This compares to the State's average unemployment rate of 6.4% and the national average rate of 5.8%.

Fiscal 2015 saw a tax decrease for the first time in recent history, thanks in part to controlling expenditures and grand list growth.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Finance/Treasurer for the Town of Simsbury.

Basic Financial Statements

TOWN OF SIMSBURY, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
Assets:	
Current assets:	
Cash and cash equivalents	\$ 32,295,463
Investments	346,850
Accounts receivable	1,786,204
Due from fiduciary funds	21,933
Loans receivable	317,468
Inventories	37,169
Other assets	455,950
Total current assets	<u>35,261,037</u>
Noncurrent assets:	
Pension and other post employment benefit assets	2,043,621
Capital assets:	
Nondepreciable	22,190,271
Depreciable, net	113,932,102
Loans receivable	4,450,493
Total noncurrent assets	<u>142,616,487</u>
Total assets	<u>177,877,524</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	<u>173,323</u>
Liabilities:	
Current liabilities:	
Accounts payable	1,925,548
Accrued interest payable	274,115
Unearned revenues	21,170
Claims liabilities	1,290,025
Bonds and loans payable	6,532,553
Compensated absences	722,222
Landfill closure	5,000
Total current liabilities	<u>10,770,633</u>
Noncurrent liabilities:	
Bonds and loans payable	32,515,383
Compensated absences	343,331
Landfill closure	65,000
Total noncurrent liabilities	<u>32,923,714</u>
Total liabilities	<u>43,694,347</u>
Deferred Inflows of Resources:	
Advance property tax collections	152,864
Advance sewer use collections	77
Advance sewer assessment collections	11,578
Total deferred inflows of resources	<u>164,519</u>
Net Position:	
Net investment in capital assets	97,320,295
Unrestricted	<u>36,871,686</u>
Total Net Position	<u>\$ 134,191,981</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SIMSBURY, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Function/Program Activities	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) and Changes in Net Position</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
General government	\$ 2,205,896	\$ 760,330	\$ 334,574	\$	\$ (1,110,992)
Planning and development	596,042	169,606	110,020		(316,416)
Public safety	5,007,354	311,044	12,173		(4,684,137)
Facility management	8,266,613	3,452,650	193,969	541,351	(4,078,643)
Culture and recreation	5,137,622	1,748,704	624,762		(2,764,156)
Health and welfare	868,466	8,675	237,750		(622,041)
Education	84,666,310	1,139,274	17,681,269		(65,845,767)
Interest on long-term debt	1,019,312				(1,019,312)
Total Governmental Activities	<u>\$ 107,767,615</u>	<u>\$ 7,590,283</u>	<u>\$ 19,194,517</u>	<u>\$ 541,351</u>	<u>(80,441,464)</u>
General Revenues:					
Property taxes, levied for general purposes					83,574,205
Grants and contributions not restricted to specific programs					333,164
Investment earnings					71,233
Other general revenues					957,675
Total general revenues					<u>84,936,277</u>
Change in net position					4,494,813
Net Position at Beginning of Year					<u>129,697,168</u>
Net Position at End of Year					<u>\$ 134,191,981</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SIMSBURY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>General Fund</u>	<u>Sewer Use Fund</u>	<u>Sewer Assessment Fund</u>	<u>Capital Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 12,748,377	\$ 4,581,366	\$ 1,271,059	\$ 2,320,105	\$ 3,870,402	\$ 24,791,309
Investments					346,850	346,850
Receivables	1,062,791	38,551	294,507		372,998	1,768,847
Due from other funds	159,000				21,933	180,933
Inventories					37,169	37,169
Other assets	<u>135,250</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>135,250</u>
Total Assets	<u>\$ 14,105,418</u>	<u>\$ 4,619,917</u>	<u>\$ 1,565,566</u>	<u>\$ 2,320,105</u>	<u>\$ 4,649,352</u>	<u>\$ 27,260,358</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,375,464	\$ 177,095	\$	\$ 82,011	\$ 287,136	\$ 1,921,706
Due to other governments					3,842	3,842
Unearned revenue					21,170	21,170
Total liabilities	<u>1,375,464</u>	<u>177,095</u>	<u>-</u>	<u>241,011</u>	<u>312,148</u>	<u>2,105,718</u>
Deferred Inflows of Resources:						
Unavailable revenue - property taxes	648,504					648,504
Unavailable revenue - property tax interest	293,388					293,388
Unavailable revenue - sewer assessments			294,507			294,507
Unavailable revenue - loans receivable					40,280	40,280
Advance sewer assessment collections			11,578			11,578
Advance sewer use collections		77				77
Advance property tax collections	<u>152,864</u>					<u>152,864</u>
Total deferred inflows of resources	<u>1,094,756</u>	<u>77</u>	<u>306,085</u>	<u>-</u>	<u>40,280</u>	<u>1,441,198</u>
Fund Balances:						
Nonspendable					37,169	37,169
Restricted	2,368				1,724,023	1,726,391
Committed		4,442,745	1,259,481	2,079,094	2,535,732	10,317,052
Assigned	21,309					21,309
Unassigned	<u>11,611,521</u>					<u>11,611,521</u>
Total fund balances	<u>11,635,198</u>	<u>4,442,745</u>	<u>1,259,481</u>	<u>2,079,094</u>	<u>4,296,924</u>	<u>23,713,442</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 14,105,418</u>	<u>\$ 4,619,917</u>	<u>\$ 1,565,566</u>	<u>\$ 2,320,105</u>	<u>\$ 4,649,352</u>	<u>\$ 27,260,358</u>

(Continued on next page)

TOWN OF SIMSBURY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
AS OF JUNE 30, 2014

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$	23,713,442
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 225,587,620		
Less accumulated depreciation	(89,465,247)		
Net capital assets			136,122,373

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

Pension asset		337,510
Other postemployment benefit asset		1,706,111
Loans receivable		4,808,241
Property tax receivables greater than 60 days		941,892
Sewer assessments receivable		294,507
Interest receivable on sewer use receivable		17,357

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.

6,534,829

Long-term liabilities, including deferred outflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable		(23,810,000)
Unamortized bond premium		(438,500)
Deferred charge on refunding		173,323
Clean Water Fund 2% loan		(14,715,929)
Notes payable		(83,507)
Interest payable on bonds		(274,115)
Compensated absences		(1,065,553)
Landfill liability		(70,000)

Net Position of Governmental Activities (Exhibit I)	\$	134,191,981
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The accompanying notes are an integral part of the financial statements

TOWN OF SIMSBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Sewer Use Fund</u>	<u>Sewer Assessment Fund</u>	<u>Capital Project Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Fund</u>
Revenues:						
Property taxes	\$ 83,460,141	\$	\$	\$	\$	\$ 83,460,141
Intergovernmental	14,265,662	409,927			4,613,652	19,289,241
Investment income	17,712	250	78		53,193	71,233
Charges for goods and services	591,889				3,234,122	3,826,011
Licenses and permits	708,824					708,824
Rental of town-owned property	171,087					171,087
Local revenues	577,789					577,789
Assessments	1,141	2,650,802	85,252			2,737,195
Other		315,022	14,546	5,500	1,242,685	1,577,753
Total revenues	<u>99,794,245</u>	<u>3,376,001</u>	<u>99,876</u>	<u>5,500</u>	<u>9,143,652</u>	<u>112,419,274</u>
Expenditures:						
Current:						
General government	1,989,099				210,100	2,199,199
Planning and development	489,131				215,019	704,150
Public safety	4,250,490				189,937	4,440,427
Facility management	3,923,129	1,817,929			121,655	5,862,713
Culture and recreation	2,244,612				2,019,295	4,263,907
Health and welfare	557,750				228,528	786,278
Fringe benefits and insurances	4,833,766					4,833,766
Education	73,703,266				5,283,751	78,987,017
Capital outlay				1,807,025	1,633,963	3,440,988
Debt service:						
Principal payments	5,485,000	960,452			8,522	6,453,974
Interest and other	799,178	304,755				1,103,933
Total expenditures	<u>98,275,421</u>	<u>3,083,136</u>	<u>-</u>	<u>1,807,025</u>	<u>9,910,770</u>	<u>113,076,352</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,518,824</u>	<u>292,865</u>	<u>99,876</u>	<u>(1,801,525)</u>	<u>(767,118)</u>	<u>(657,078)</u>
Other Financing Sources (Uses):						
Transfers in	256,150			1,299,000	841,354	2,396,504
Transfers out	(2,140,354)	(97,150)		(159,000)		(2,396,504)
Total other financing sources (uses)	<u>(1,884,204)</u>	<u>(97,150)</u>	<u>-</u>	<u>1,140,000</u>	<u>841,354</u>	<u>-</u>
Net Change in Fund Balances	(365,380)	195,715	99,876	(661,525)	74,236	(657,078)
Fund Balances at Beginning of Year	<u>12,000,578</u>	<u>4,247,030</u>	<u>1,159,605</u>	<u>2,740,619</u>	<u>4,222,688</u>	<u>24,370,520</u>
Fund Balances at End of Year	<u>\$ 11,635,198</u>	<u>\$ 4,442,745</u>	<u>\$ 1,259,481</u>	<u>\$ 2,079,094</u>	<u>\$ 4,296,924</u>	<u>\$ 23,713,442</u>

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TOWN OF SIMSBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (657,078)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	3,877,424
Depreciation expense	(5,735,402)
Loss on disposal of capital assets	(188,021)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property taxes collected after 60 days	96,707
Sewer assessment revenue	(85,252)
Loans receivable	(270,907)
Sewer use interest receivable	17,357

Change in pension and other post employment benefit assets	164,938
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Premium on bonds issued (net of amortization)	109,798
Other	(63,318)
Accrued interest	80,620
Principal payments	6,453,091

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of deferred charge on refunding	(41,598)
Change in long-term compensated absences	(10,348)
Other - landfill	5,000

The net profit (loss) of the internal service funds is reported with governmental activities.	<u>741,802</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 4,494,813</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SIMSBURY, CONNECTICUT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund				Sewer Use Fund			
	Budget		Actual	Variance with Final Budget Positive (Negative)	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Property taxes	\$ 82,547,393	\$ 82,547,393	\$ 83,460,141	\$ 912,748	\$	\$	\$	\$ -
Intergovernmental revenues	6,122,275	6,122,275	6,252,335	130,060	409,927	409,927	409,927	-
Investment income	25,000	25,000	17,712	(7,288)	1,000	1,000	250	(750)
Charges for goods and services	579,800	579,800	595,766	15,966	275,000	275,000	354,336	79,336
Fines and forfeitures	73,200	73,200	54,206	(18,994)				-
Rental of town-owned property	158,500	158,500	171,087	12,587				-
Licenses and permits	476,700	476,700	708,824	232,124				-
Local revenue			535,492	535,492				-
Assessment interest and liens			-	-	32,000	32,000	26,439	(5,561)
Assessments	2,000	2,000	1,141	(859)	2,587,445	2,587,445	2,650,802	63,357
Total revenues	<u>89,984,868</u>	<u>89,984,868</u>	<u>91,796,704</u>	<u>1,811,836</u>	<u>3,305,372</u>	<u>3,305,372</u>	<u>3,441,754</u>	<u>136,382</u>
Expenditures:								
Current:								
General government	1,112,175	1,126,993	1,108,137	18,856				-
Financial services	865,470	882,351	871,899	10,452				-
Planning and development	529,920	467,136	467,131	5				-
Public safety	4,134,965	4,251,042	4,250,490	552				-
Facility management	3,569,435	3,886,144	3,885,295	849	1,944,015	1,944,015	1,853,932	90,083
Culture and recreation	2,121,910	2,220,918	2,206,887	14,031				-
Health and welfare	571,040	564,333	557,750	6,583				-
Fringe benefits and insurance	4,900,845	4,838,699	4,833,767	4,932				-
Education	64,951,968	64,951,968	64,948,218	3,750				-
Debt service	6,284,175	6,284,178	6,284,178	-	1,265,207	1,265,207	1,265,207	-
Total expenditures	<u>89,041,903</u>	<u>89,473,762</u>	<u>89,413,752</u>	<u>60,010</u>	<u>3,209,222</u>	<u>3,209,222</u>	<u>3,119,139</u>	<u>90,083</u>
Excess of Revenues over Expenditures	<u>942,965</u>	<u>511,106</u>	<u>2,382,952</u>	<u>1,871,846</u>	<u>96,150</u>	<u>96,150</u>	<u>322,615</u>	<u>226,465</u>
Other Financing Sources (Uses):								
Appropriation of fund balance				-		481,000		(481,000)
Transfers from other funds	97,150	97,150	256,150	159,000				-
Transfers to other funds	(1,040,115)	(2,638,653)	(2,638,653)	-	(97,150)	(97,150)	(97,150)	-
Net other financing sources (uses)	<u>(942,965)</u>	<u>(2,541,503)</u>	<u>(2,382,503)</u>	<u>159,000</u>	<u>(97,150)</u>	<u>383,850</u>	<u>(97,150)</u>	<u>(481,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ (2,030,397)</u>	<u>449</u>	<u>\$ 2,030,846</u>	<u>\$ (1,000)</u>	<u>\$ 480,000</u>	<u>225,465</u>	<u>\$ (254,535)</u>
Fund Balances at Beginning of Year			<u>11,654,389</u>				<u>4,172,070</u>	
Fund Balances at End of Year			<u>\$ 11,654,838</u>				<u>\$ 4,397,535</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF SIMSBURY, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2014

	<u>Governmental Activities Internal Service Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 7,504,154
Prepaid items	<u>320,700</u>
Total current assets	<u>7,824,854</u>
Liabilities:	
Noncurrent liabilities:	
Claim incurred but not reported	<u>1,290,025</u>
Net Position:	
Unrestricted	<u><u>\$ 6,534,829</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SIMSBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Governmental Activities Internal Service Fund
Operating Revenues:	
Charges for services	\$ 12,763,814
Other operating revenue	484,163
Total operating revenues	<u>13,247,977</u>
Operating Expenses:	
Claims incurred	11,376,963
Administration and stop loss insurance fees	1,129,212
Total operating expenses	<u>12,506,175</u>
Change in Net Position	741,802
Net Position at Beginning of Year	<u>5,793,027</u>
Net Position at End of Year	<u><u>\$ 6,534,829</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SIMSBURY, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 13,247,977
Payments to employees	(12,844,525)
Net cash provided by operating activities	<u>403,452</u>
Cash Flows from Noncapital Financing Activities:	
Payments to other funds	<u>(686,363)</u>
Net Decrease in Cash and Cash Equivalents	(282,911)
Cash and Cash Equivalents at Beginning of Year	<u>7,787,065</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 7,504,154</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ <u>741,802</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in prepaid items	(320,700)
Decrease in claims payable	(17,650)
Total adjustments	<u>(338,350)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 403,452</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SIMSBURY, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2014

	Pension Trust Funds	Other Post Employment Benefit Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 783,580	\$ 192,725	\$ 1,010,411
Investments, at fair value:			
Mutual funds	52,225,915	8,314,581	
Accounts receivable		3,125	
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>53,009,495</u>	<u>8,510,431</u>	<u>\$ 1,010,411</u>
Liabilities:			
Accounts payable	32,007	13,612	\$
Due to student groups and others			988,478
Due to other funds			21,933
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>32,007</u>	<u>13,612</u>	<u>\$ 1,010,411</u>
Net Position	<u>\$ 52,977,488</u>	<u>\$ 8,496,819</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF SIMSBURY, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Pension Trust Funds	Other Post Employment Benefit Trust Fund
	<hr/>	<hr/>
Additions:		
Contributions:		
Employer	\$ 2,779,628	\$ 1,980,158
Plan members	568,802	300,162
Total contributions	<hr/> 3,348,430 <hr/>	<hr/> 2,280,320 <hr/>
Investment earnings:		
Net increase in fair value of investments	5,827,869	155,508
Interest	965,977	815,817
Total investment gain	<hr/> 6,793,846 <hr/>	<hr/> 971,325 <hr/>
Less investment expenses:		
Investment management fees	40,808	30,434
Net investment gain	<hr/> 6,753,038 <hr/>	<hr/> 940,891 <hr/>
Total additions	<hr/> 10,101,468 <hr/>	<hr/> 3,221,211 <hr/>
Deductions:		
Benefits	3,109,303	1,422,142
Refunds of member contributions	1,058,660	
Administrative expense	94,423	
Total deductions	<hr/> 4,262,386 <hr/>	<hr/> 1,422,142 <hr/>
Net Change in Net Position	5,839,082	1,799,069
Net Position at Beginning of Year	<hr/> 47,138,406 <hr/>	<hr/> 6,697,750 <hr/>
Net Position at End of Year	<hr/> \$ 52,977,488 <hr/>	<hr/> \$ 8,496,819 <hr/>

The accompanying notes are an integral part of the financial statements

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Simsbury, Connecticut (the Town) operates under a charter as revised November 6, 2012. The Town is governed by an elected Board of Selectmen consisting of a first selectman and five other members, an elected eight-member Board of Education, and an elected six-member Board of Finance. The financial statements include all of the funds of the Town that meet the criteria for inclusion as set forth in Statement of Governmental Accounting Standards No. 61 issued by the Governmental Accounting Standards Board (GASB).

Accounting principles generally accepted in the United States of America (GAAP) require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations which by the nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

B. Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are allocated as part of the program expense reported for individual functions and activities and are not eliminated in the process of consolidation. Program revenues include 1) charges to

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds use the accrual basis of accounting but have no measurement focus since they report only assets and liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The Town reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Sewer Use Fund* is the sewer treatment plant primary operating fund. It accounts for all financial resources associated with the operations of the sewer treatment plant. The major sources of revenue for this fund is sewer assessments and use charges.

The *Sewer Assessment Fund* accounts for all financial resources of extending sewers within the Town of Simsbury. The major source of revenue for this fund is sewer assessment charges.

The *Capital Project Fund* accounts for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment. Capital projects of greater than one year's duration have been accounted for in the Capital Project Fund. Most of the capital outlays are financed by the issuance of general obligation bonds. Other sources include capital grants, current tax revenues and low-interest state loans.

Additionally, the Town reports the following fund types:

The *Special Revenue Funds* are used to account for proceeds of special revenue sources (except for major capital projects and trust funds) that are legally restricted to expenditures for specific purposes.

The *Internal Service Fund* is used to account for the Town's self-insurance program for accident and health insurance coverage of Town and Board of Education employees.

The *Pension Trust Funds* are used to account for the activities of the Town's defined benefit plans which accumulate resources for pension benefit payments to qualified employees.

The *Other Post Employment Benefit Trust Fund* is used to account for the activities for both Town and Board of Education for other post employment benefits (e.g., health insurance, life insurance) which accumulate resources for other post employment benefit payments to qualified employees.

The *Agency Funds* account for monies held by the Town on behalf of students.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary funds are charges to the Town and its employees for medical insurance premiums. Operating expenses for the fund include the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

C. Cash Equivalents

For purposes of reporting cash flows, all savings, checking, money market accounts and certificates of deposit with an original maturity of less than 90 days are considered to be cash equivalents.

D. Investments

Investments are stated at fair value.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of donated commodities are stated at fair market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
<u>Infrastructure:</u>	
Roadways	40
Roadways - resurfacing	20
Bridge culvert	30-50
Sanitary sewer interceptors	40-50
Walkway and path	15-30
Dams and storm water control	40-60
Structure	40-60
Site lighting	20
<u>Land and Buildings:</u>	
Land	-
Buildings	50
Improvements	10-25
Construction in progress	-
<u>Vehicles and Equipment:</u>	
Computer equipment	5
Contractor's equipment	10
Furniture and fixtures	20
Miscellaneous equipment	5-10
Vehicles	3-10

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections, advance sewer use and advance sewer assessment collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections, advance sewer use and advance sewer assessment collections represent taxes and fees inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, property tax interest, sewer assessment and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Net Pension and Other Post Employment (OPEB) Assets

The net pension asset and net OPEB asset represent the cumulative difference between the annual pension/OPEB cost and the Town's contributions to the plans. This amount is calculated on an actuarial basis and is recorded as a noncurrent asset in the government-wide financial statements.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Compensated Absences and Termination Benefits

Employees are paid by prescribed formula for absence due to vacation or sickness. All vacation and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position - Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Town currently has no assets under restriction.

Unrestricted Net Position - This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Simsbury Board of Finance). The Board of Finance is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or reverse the limitation.

Assigned Fund Balance - This balance represents amounts constrained for the intent to be used for a specific purpose by the finance director or the Board of Finance which have been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

M. Property Taxes

The Town's property tax is levied each June on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town. Although taxes are levied in June, the legal right to attach property does not exist until July 1. Real and personal property tax bills in excess of \$100 are due and payable in two installments, on July 1 following the date of the Grand List and on January 1 of the subsequent year. Motor vehicle taxes are payable in one installment on July 1.

Additional property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1.

Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. The Town files liens against property if taxes that are due July 1 remain unpaid on the following June 30.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent year's assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

N. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets for the General Fund, Sewer Use Fund, Residential Rental Properties Fund, Animal Control Fund and Simsbury Farms Fund are authorized annually by the Board of Finance. Annual budgets are not adopted for Special Revenue Funds other than the Sewer Use Fund, Residential Rental Properties Fund, Animal Control Fund and Simsbury Farms Fund.

In accordance with the Town Charter, Chapter 9, Sections 901 through 911, the Town uses the following procedures in establishing the budgetary data included in the general-purpose financial statements:

No later than the 15th day of March, the Board of Education shall present its budget for the General Fund to the Board of Finance.

No later than the 22nd day of March, the Board of Selectmen shall present to the Board of Finance a budget for all departments, offices or agencies of the Town except the Board of Education for the General Fund.

After various public hearings, the Board of Finance recommends the budget, as revised, for adoption at the Annual Town Meeting held on the first Tuesday in May. The Annual Town Meeting may reduce the annual budget or any portion thereof by two-thirds (2/3) vote of the voters in attendance, but shall not increase the annual budget or any portion thereof, as approved, or deemed to have been approved by the Board of Finance.

The Annual Town Meeting is then subject to an automatic referendum by all qualified voters of the Town. This referendum shall be held from 14 to 21 days following the conclusion of the Town Meeting. Any motion at a Town Meeting dealing with a referendum matter which reduces the amount of such referendum matter shall require a two-thirds (2/3) vote of those voters in attendance for passage. The Board of Finance, in cooperation with the First Selectman, shall revise the annual budget, or that portion thereof, which has been rejected at the referendum, as the case may be, and present it at a subsequent Town Meeting for discussion and an additional referendum for acceptance. If the budget remains unaccepted after such subsequent meeting and referendum, the budget

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

adopted for the then current fiscal year shall be deemed to be the temporary budget for the forthcoming fiscal year and expenditures may be made on a month-to-month basis in accordance therewith, until such time as the referendum finally adopts a new budget.

Upon request of the Board of Selectmen, during the last six months of the fiscal year, the Board of Finance may, by resolution, transfer any unencumbered appropriation, balance or portion thereof from one department, commission, board or office to another, except for the Board of Education. No transfer shall be made from any appropriation for debt service and other statutory charges.

For management purposes, the Board of Finance is authorized to transfer the legally budgeted amounts between department accounts. In this function, departmental budget accounts serve as the legal level of control for the General Fund. The legal level of budgetary control is at the fund level for the Sewer Use, Residential Rental Properties, Animal Control and Simsbury Farms funds.

All unencumbered appropriations lapse at year-end except for those for capital projects and special revenue funds. Appropriations for these expenditures are continued until completion of applicable projects, which often last more than one fiscal year.

Subject to certain restrictions, additional appropriations may be approved by the Board of Finance upon recommendation of the Board of Selectmen. Summarizations of the amended General Fund budgets approved by the Board of Finance for the “budgetary” general and certain special revenue funds are presented in the required supplementary information. During the year, supplemental budgetary appropriations of \$2,030,397 were made from General Fund unappropriated and unencumbered surplus.

The Town’s budgeting system requires accounting for certain transactions to be on a basis other than GAAP. The major difference between the budgetary and GAAP basis is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued, and, accordingly, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures of the current year, whereas, on a GAAP basis, encumbrances are included in either restricted, committed or assigned fund balance depending on the level of restriction. In addition, the on-behalf payment of the State of Connecticut Teacher’s Retirement System is recorded for GAAP purposes only.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As explained above, the Town's budgetary fund structure accounts for certain transactions differently from that utilized in reporting in conformity with GAAP. A reconciliation of these differences at June 30, 2014 follows:

	<u>Revenue and Other Financing Sources</u>	<u>Expenditures and Other Financing Sources</u>	<u>Fund Balance</u>
General Fund:			
Balance, budgetary basis	\$ 92,052,854	\$ 92,052,405	\$ 11,654,838
Encumbrances outstanding at June 30, 2013, liquidated during the year ended June 30, 2014		371,352	
Encumbrances outstanding at June 30, 2013, cancelled during the year ended June 30, 2014	(15,786)		
Encumbrances outstanding at June 30, 2014, charged to budgetary expenditures during the year ending June 30, 2014		(21,309)	21,309
Encumbrances outstanding at June 30, 2013, still outstanding at June 30, 2014			25,625
State Teachers' Retirement on-behalf payments	8,013,327	8,013,327	
Other			(66,574)
Balance, GAAP Basis	<u>\$ 100,050,395</u>	<u>\$ 100,415,775</u>	<u>\$ 11,635,198</u>
Sewer Use Fund:			
Balance, budgetary basis	\$ 3,441,754	\$ 3,216,289	\$ 4,397,535
Encumbrances outstanding at June 30, 2013, liquidated during the year ended June 30, 2014		9,207	
Encumbrances outstanding at June 30, 2013, cancelled during the year ended June 30, 2014	(65,753)		
Encumbrances outstanding at June 30, 2014, charged to budgetary expenditures during the year ended June 30, 2014		(45,210)	45,210
Balance, GAAP Basis	<u>\$ 3,376,001</u>	<u>\$ 3,180,286</u>	<u>\$ 4,442,745</u>

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. DETAILED NOTES ON ALL FUNDS

A. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$16,154,386 of the Town's bank balance of \$17,171,073 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 14,651,783
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,502,603</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 16,154,386</u></u>

Cash Equivalents

At June 30, 2014, the Town's cash equivalents amounted to \$17,814,143. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor's</u>	<u>Fitch Ratings</u>
State Short-Term Investment Fund (STIF)	AAAm	
Cutwater Asset Management		
Connecticut CLASS	AAAm	

Investments

As of June 30, 2014, the Town had fair value investments of \$60,887,346 invested in various mutual funds.

Investment Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value if its investment or collateral securities that are in the possession of an outside party. Both the State of Connecticut STIF and MBIA Class Investments are 2a-7 like pools.

Credit Risk - The Town's investment policy limits its investments to those in conformance with State Statutes governing qualified public depositories.

Concentration of Credit Risk - Maturities shall be staggered to avoid undue concentration of funds in a specific maturity. At least 10% of the portfolio shall be invested in overnight instruments or in marketable securities, which can be sold to raise cash in one day's notice.

Interest Rate Risk - The Town's investment policy limits its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Except for CNR and Risk Management Funds, funds of the Town shall be invested in instruments whose maturities do not exceed 270 days at the time of purchase, unless a temporary extension of maturities is approved by the Board of Finance.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The Pension Trust Funds are also authorized to invest in corporate bonds, domestic common stocks and domestic equity real estate. The investments of this fund are held in Trust by a Trustee Bank, which executes investment transactions under the direction of the Pension Plans' investment manager.

B. Receivables

Receivables at year end for the government's individual major funds and nonmajor funds in the aggregate are as follows:

	<u>General</u>	<u>Sewer Use Fund</u>	<u>Sewer Assessment Fund</u>	<u>Other Funds</u>	<u>Total</u>
Receivables:					
Accounts	\$ 11,346	\$ 2,614	\$	\$ 58,963	\$ 72,923
Property taxes	748,626				748,626
Interest receivable	293,388				293,388
Special assessments	7,063	35,937	294,507		337,507
Due from other governments	<u>2,368</u>	<u></u>	<u></u>	<u>314,035</u>	<u>316,403</u>
Total Receivables	<u>\$ 1,062,791</u>	<u>\$ 38,551</u>	<u>\$ 294,507</u>	<u>\$ 372,998</u>	<u>\$ 1,768,847</u>

Table above does not include sewer use interest of \$17,357.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,026,689	\$	\$ 167,500	\$ 8,859,189
Development rights	11,725,000			11,725,000
Construction in progress	496,479	1,109,603		1,606,082
Total capital assets not being depreciated	<u>21,248,168</u>	<u>1,109,603</u>	<u>167,500</u>	<u>22,190,271</u>
Capital assets being depreciated:				
Buildings and improvements	135,315,897	248,353	23,515	135,540,735
Land improvements	7,298,812	216,000	10,587	7,504,225
Equipment	15,914,397	1,513,407	385,893	17,041,911
Infrastructure	42,520,417	790,061		43,310,478
Total capital assets being depreciated	<u>201,049,523</u>	<u>2,767,821</u>	<u>419,995</u>	<u>203,397,349</u>
Less accumulated depreciation for:				
Buildings and improvements	40,143,259	3,337,693	16,069	43,464,883
Land improvements	5,333,615	215,185	10,587	5,538,213
Equipment	12,159,692	1,158,313	372,818	12,945,187
Infrastructure	26,492,753	1,024,211		27,516,964
Total accumulated depreciation	<u>84,129,319</u>	<u>5,735,402</u>	<u>399,474</u>	<u>89,465,247</u>
Total capital assets being depreciated, net	<u>116,920,204</u>	<u>(2,967,581)</u>	<u>20,521</u>	<u>113,932,102</u>
Governmental Activities Capital Assets, Net	<u>\$ 138,168,372</u>	<u>\$ (1,857,978)</u>	<u>\$ 188,021</u>	<u>\$ 136,122,373</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 321,570
Education	2,377,609
Public safety	130,243
Facility management	2,114,198
Culture and recreation	738,736
Health and welfare	<u>53,046</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,735,402</u>

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Construction Commitments

The government has active construction projects as of June 30, 2014. The following is a summary of capital projects as of June 30, 2014:

Project	Project Authorization	Spent to Date
<u>Sewer Extension Projects:</u>		
Project 2010	\$ 260,000	\$ 61,647
Project 2013	272,320	-
Farmington River Design	100,000	9,350
Wolcott Pump Station	1,378,500	925,673
<u>Town Projects:</u>		
Library Expansion 5/06	6,100,000	6,099,439
Gertsen Land Purchase 5/08	720,000	721,523
Triangle Land Purchase 5/08	2,750,000	2,804,686
Streetscape 10/167 5/08	325,000	325,000
Eno Hall Improvements 5/08	1,000,000	1,027,894
Water Extensions 5/08	170,000	153,804
Tunxis Pump Station 5/10	670,000	505,354
Paving Management 5/10	2,400,000	2,371,537
Simsbury Farms Renovations	3,061,000	3,060,835
Police Dispatch Console	185,000	184,721
Emergency Mgmt Generators	234,000	18,576
Ethel Walker PHII	2,050,000	2,037,064
West ST/Owens Brook/Greenway	358,000	216,284
DPW Truck Wash	257,400	16,000
Town Hall Flat Roof Replacement	232,000	6,510
Center Area Charrette Infrastructure*	540,000	-
Senior/Community Center Design	204,000	5,525
Town office renovation	107,120	-
Town Teledata	125,000	3,032
Eno Hall Roof Repair	117,670	276
<u>Education Projects:</u>		
Computer technology improv 5/06	450,000	440,336
Tariffville expansion project 5/06	6,200,000	6,193,168
HVAC Boiler replacement 5/08	700,000	633,174
Tootin Hills roof replacement	1,257,500	1,032,723
Squadron Line generator 5/09	150,000	116,846
Latimer Lane roof replacement 5/10	1,277,500	1,176,058
District Network Infrastructure 5/10	450,000	450,147
District Network Infrastructure 5/12	1,800,000	968,706
Boiler Replacement Squadron Line	850,000	6,211
<u>Capital Nonrecurring Projects:</u>		
School Security Measures - Education	177,000	78,346
Town Security Measures - Town	77,600	46,578
Education Interior Building Renovations - 2013	195,000	50,703
Education Exterior Building Renovations - 2013	10,000	6,450
Education Plumbing Modifications - 2013	10,000	8,460
Education Ceiling/Flooring Replacement - 2013	126,000	125,999
Town Boilers/HVAC	10,000	-
Town Modifications - HVAC	60,000	25,646
Town Boilers/HVAC	6,500	8,954
Town Road Improvements	180,360	149,363
Town Road Improvements	45,000	45,000
Town Building Renovations - Exterior	10,000	7,319
Town Ceiling/Floor Replacement	23,000	23,000
Town Building Renovations - Interior	162,500	972
Town Building Renovations - Exterior	51,000	34,391
Town Modifications - Plumbing	10,000	-
Town Ceiling/Floor Replacement	56,000	30,997
Total	\$ 37,961,970	\$ 32,214,276

The commitments are being financed with general obligation bonds and State and Federal grants.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2014 is as follows:

Interfund balances are a result of temporary loans to various funds.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 159,000
Nonmajor Governmental Funds	Fiduciary Funds	<u>21,933</u>
		<u>\$ 180,933</u>

Interfund transfers:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Transfer out:				
General Fund	\$	\$ 1,299,000	\$ 841,354	\$ 2,140,354
Capital Projects Fund	159,000			159,000
Sewer Use Fund	<u>97,150</u>			<u>97,150</u>
Total Transfers In	<u>\$ 256,150</u>	<u>\$ 1,299,000</u>	<u>\$ 841,354</u>	<u>\$ 2,396,504</u>

Interfund transfers arose from transferring monies to fund operating activities.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

E. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and loans payable:					
General obligation bonds	\$ 29,295,000	\$	\$ 5,485,000	\$ 23,810,000	\$ 5,545,000
Premium on bonds issued	548,298		109,798	438,500	
Loans payable - Clean Water Fund	15,676,381		960,452	14,715,929	979,838
Loan payable - State of Connecticut	91,146		7,639	83,507	7,715
Total bonds and loans payable	45,610,825	-	6,562,889	39,047,936	6,532,553
Compensated absences	1,055,205	730,765	720,417	1,065,553	722,222
Landfill closure	75,000		5,000	70,000	5,000
Total Governmental Activities					
Long-Term Liabilities	\$ <u>46,741,030</u>	\$ <u>730,765</u>	\$ <u>7,288,306</u>	\$ <u>40,183,489</u>	\$ <u>7,259,775</u>

Compensated absences and other long-term liabilities are generally liquidated by the General Fund.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. General obligation bonds currently outstanding are as follows:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Annual Principal</u>	<u>Principal Outstanding June 30, 2014</u>
Bonds payable:						
General Bonds	9/1/2003	\$ 23,765,000	1.50-4.25%	1/15/2018	\$ 1,880,000	\$ 1,425,000
General Bonds	4/1/2005	5,000,000	3.00-3.75%	1/15/2015	350,000-520,000	510,000
General Bonds	3/1/2006	4,880,000	3.63-4.00%	1/15/2016	480,000-490,000	960,000
General Bonds	4/18/2007	9,865,000	3.75-4.00%	1/15/2017	985,000-990,000	2,955,000
General Bonds	4/8/2008	4,000,000	3.25-4.00%	1/15/2018	400,000	1,600,000
General Bonds	3/17/2010	4,785,000	2.00-3.00%	1/15/2020	480,000	2,865,000
General Bonds	3/16/2011	5,000,000	1.50-3.00%	1/15/2021	500,000	3,500,000
General Bonds	8/4/2011	5,000,000	2.00%	1/15/2018	205,000-1,630,000	5,000,000
General Bonds	3/19/2013	5,555,000	1.50%	3/1/2023	550,000-560,000	<u>4,995,000</u>
Total Bonds Payable						<u>\$ 23,810,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 5,545,000	\$ 621,999	\$ 6,166,999
2016	5,035,000	440,463	5,475,463
2017	4,525,000	307,263	4,832,263
2018	3,500,000	189,463	3,689,463
2019	1,530,000	110,450	1,640,450
2020-2023	<u>3,675,000</u>	<u>139,875</u>	<u>3,814,875</u>
	<u>\$ 23,810,000</u>	<u>\$ 1,809,513</u>	<u>\$ 25,619,513</u>

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Clean Water Fund Loan

The Town's Waste Water Treatment Plant \$26,840,083 renovation and expansion capital project was funded by the State of Connecticut Clean Water Fund 2% Loan and Grant program. The loan will be repaid by future sewer user charges.

Annual debt service requirements to maturity for the Clean Water Fund loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 979,838	\$ 285,369	\$ 1,265,207
2016	999,616	265,592	1,265,208
2017	1,019,792	245,415	1,265,207
2018	1,040,376	224,831	1,265,207
2019	1,061,375	203,832	1,265,207
2020-2024	5,637,004	689,032	6,326,036
2025-2027	<u>3,977,928</u>	<u>133,996</u>	<u>4,111,924</u>
	<u>\$ 14,715,929</u>	<u>\$ 2,048,067</u>	<u>\$ 16,763,996</u>

The Town has a corresponding receivable from participating municipalities for their portion of the Waste Water Treatment Plant renovation and expansion capital project. The total loan receivable at June 30, 2014 was \$4,767,961. Current year principal payments received by the Town totaled \$311,187.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Project Loan

The project loan obligation was issued by the State of Connecticut Department of Housing. The loan proceeds financed the Eno Farmhouse Renovation Project. The original loan balance was \$220,638 on June 10, 1994, with an interest rate of 1%. The obligation will be paid from future taxation.

Project loan obligations payable to the State of Connecticut mature as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 7,715	\$ 806	\$ 8,521
2016	7,793	729	8,522
2017	7,871	651	8,522
2018	7,951	572	8,523
2019	8,030	492	8,522
2020-2024	41,377	1,233	42,610
2025-2027	<u>2,770</u>	<u>9</u>	<u>2,779</u>
	\$ <u><u>83,507</u></u>	\$ <u><u>4,492</u></u>	\$ <u><u>87,999</u></u>

Authorized But Unissued Bonds

The total of authorized but unissued bonds (net of projected grants) at June 30, 2014 is \$8,897,923.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

F. Fund Balance

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

		Major Special Revenue Funds				
	General Fund	Sewer Use Fund	Sewer Assessment Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Fund balances:						
Nonspendable:						
Inventory	\$	\$	\$	\$	\$ 37,169	\$ 37,169
Restricted for:						
Grants	2,368				45,756	48,124
Education trusts					924,481	924,481
Facilities management trusts					720,856	720,856
Health and welfare trusts					32,930	32,930
Committed to:						
Sewer use		4,442,745				4,442,745
Sewer assessment			1,259,481			1,259,481
Education					233,989	233,989
General government					284,745	284,745
Public safety					319,967	319,967
Recreation					113,561	113,561
Planning and development					282,523	282,523
Health and welfare					255,765	255,765
Facilities management					126,672	126,672
Special assessment projects				2,079,094	918,510	2,997,604
Assigned to:						
Education	3,920					3,920
Recreation	345					345
Facilities management	17,044					17,044
Unassigned	11,611,521					11,611,521
Total Fund Balances	\$ 11,635,198	\$ 4,442,745	\$ 1,259,481	\$ 2,079,094	\$ 4,296,924	\$ 23,713,442

Significant encumbrances at June 30, 2014 contained in the above table in the assigned and committed categories are as follows:

	Assigned	Committed
General Fund	\$ 21,309	\$
Sewer Use Fund		45,210
Capital Projects Fund		116,927
Nonmajor Funds		17,476
	\$ 21,309	\$ 179,613

TOWN OF SIMSBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. EMPLOYEE RETIREMENT PLAN

A. Pension Trust Fund

The Town maintains three single-employer defined benefit pension plans for full-time employees: General Government Plan, Police Plan and Board of Education Plan. The plans are considered to be part of the Town's financial reporting entity and are included in the Town's financial reports as Pension Trust Funds. The plans do not issue stand-alone financial reports.

Oversight of the Town's retirement plans rests with the Retirement Plan Sub-Committee, which is comprised of two members of the Board of Selectmen, two members of the Board of Education, two members of the Board of Finance and two members at large. The Sub-Committee is staffed by the Town Treasurer, the Board of Education's Business Manager and the Town's Director of Administrative Services. The Town and the Board of Education have appointed a third party to serve as fiduciary investment advisor. Effective 2013, the Town of Simsbury's Charter was amended to place fiduciary responsibility for the investment of pension funds to the Board of Finance.

Plan Description

General Government Pension Plan

All full-time employees, except police and Board of Education employees, are eligible to participate in the General Government Pension Plan. The Plan provides retirement benefits as well as death and disability benefits. Annual retirement benefits for normal retirement for plan participants are based on the average monthly compensation during the highest five consecutive years of service out of the last ten years of the participants' active employment. The plan permits early retirement for participants at age 55 with 5 years of credited service. Benefits for early retirement are based on credited service and final average earnings to date of actual retirement reduced by 1/3 of 1% for each month by which the participant's retirement date precedes his normal retirement date. The participants' annual benefit is 2% of final average earnings times credited service for union employees, and 2½% of final average earnings times credited service for unaffiliated employees. State of Connecticut Statutes assign the authority to establish and amend the benefit provisions of the plan to the Town.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Police Pension Plan

All regular full-time employees of the Simsbury Police Department are eligible to participate in the Police Retirement Fund. The Plan provides retirement benefits as well as death benefits under two separate divisions. Division 000 participants are defined as those individuals who entered the plan on or after January 18, 1990, whereas Division 001 participants entered the plan prior to January 18, 1990. Pension benefits for normal retirement under the plan are based on average monthly compensation during the highest five consecutive years out of the last ten years. The participants' annual benefit is 2½% of final average earnings times credited service for Division 000, and 2% of final average earnings times credited service for Division 001. The Plan permits early retirement for participants at the earlier of 5 years early with 10 years of service or 20 years of credited service for Division 000, and at five years early with 10 years of credited service for Division 001. Benefits are based on credited service and final average earnings to date of actual retirement actuarially reduced for each month by which the participant's retirement date precedes his normal retirement date. State of Connecticut Statutes assign the authority to establish and amend the benefit provisions of the plan to the Town.

Board of Education Pension Plan

All regular full-time employees of the Board of Education, other than individuals covered by the State Teachers Retirement System or those hired after July 1, 2013 who participate in the defined contribution plan, are eligible to participate in the Plan. The Plan provides retirement benefits as well as disability benefits. Pension benefits for normal retirement under the Plan are based on the average earnings received in the last three July 1's before retirement for the National Association of Government Employees (NAGE); the average earnings received the last three completed years of employment for the Simsbury Federation of Educational Personnel (SFEP), and the highest average earnings received in any three consecutive July 1's during the last ten years before retirement for unaffiliated employees and the Simsbury School Nurses Association (SSNA). The participants' annual benefit shall be equal to 1½% of final average earnings times credited service through July 1, 1996, plus 2% of final average earnings times credited service after July 1, 1996. The plan permits early retirement for participants eligible five years early with ten years of credited service. Benefits are based on credited service and final average earnings to date and actual retirement reduced by 4% for each year by which the participant's retirement date precedes his normal retirement date. There is no reduction for NAGE employees after age 62 and 29 years of service or for unaffiliated employees after age 62 and 25 years of service. State of Connecticut Statutes assign the authority to establish and amend the benefit provisions of the plan to the Town of Simsbury Board of Education.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

At July 1, 2013, plan membership consisted of the following:

	General Government Plan	Police Plan	Board of Education Plan
Retirees and beneficiaries currently receiving benefits	81	31	107
Vested terminated employees	52	2	74
Active Employees	<u>104</u>	<u>34</u>	<u>186</u>
Total Participants	<u><u>237</u></u>	<u><u>67</u></u>	<u><u>367</u></u>

Summary of Significant Accounting Policies

Basis of Accounting: Pension plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments: Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

Contributions

General Government Plan

This plan provides for union employee contributions of 2% and for unaffiliated 5% of regular earnings for employees, hired prior to August 12, 2013, and 7% for unaffiliated hired after that date. The Town is required by its Charter to contribute amounts necessary to fund the plan. Employer contributions to the plan of \$985,089 were made in accordance with actuarially determined requirements. The contribution represents 100.0% of the actuarially determined contribution and 15.18% of covered payroll. State of Connecticut Statutes assign the authority to establish and amend the contribution provisions of the plan to the Town.

Administrative costs of the plan are financed through investment earnings.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Police Plan

Plan provisions require employee contributions of 6% of regular earnings for Division 000 and employee contributions of 3% of regular earnings for Division 001. The Town is required by Charter to contribute amounts necessary to fund the plan. Employer contributions to the plan of \$562,233 were made in accordance with actuarially determined requirements. The contribution represents 100.0% of the actuarially determined contribution and 20.28% of covered payroll. State of Connecticut Statutes assign the authority to establish and amend the contribution provisions of the plan to the Town.

Administrative costs of the plan are financed through investment earnings.

Board of Education Plan

This plan provides for employee contributions of 2.5% to 3% of regular earnings, based on the current individual collective bargaining contract. The Town is required by its Charter to contribute amounts necessary to fund the plan. Employer contributions to the plan of \$1,231,124 were made in accordance with actuarially determined requirements. The contribution represents 100.0% of the actuarially determined contribution and 15.56% of covered payroll. State of Connecticut Statutes assign the authority to establish and amend the contribution provisions of the plan to the Town of Simsbury Board of Education.

Administrative costs of the plan are financed through investment earnings.

Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Plan Subcommittee by a majority vote of its members. It is the policy of the Retirement Plan Subcommittee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Core Fixed Income	28.00 %
Broad US Equities	32.00
Developed Foreign Equities	20.00
Hedge Funds/Absolute Return	10.00
Real Estate (Property)	5.00
Commodities	<u>5.00</u>
Total	<u><u>100.00 %</u></u>

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

General Government	14.35%
Police	14.30%
Board of Education	14.02%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Town

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town at June 30, 2014, were as follows:

	<u>General Government</u>	<u>Police</u>	<u>Board of Education</u>	<u>Total</u>
Total pension liability	\$ 25,672,769	\$ 17,928,234	\$ 24,416,023	\$ 68,017,026
Plan fiduciary net position	<u>20,717,754</u>	<u>14,805,976</u>	<u>17,453,758</u>	<u>52,977,488</u>
Net Pension Liability	\$ <u>4,955,015</u>	\$ <u>3,122,258</u>	\$ <u>6,962,265</u>	\$ <u>15,039,538</u>
Plan fiduciary net position as a percentage of the total liability	80.70 %	82.58 %	71.48 %	77.89 %

The Town's net pension liability will be required to be recorded on the government-wide statement of net position at June 30, 2015.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

	General Government	Police	Board of Education
Inflation	2.75%	2.75%	2.75%
Salary increases	3.5%	8.25%, for first 7 years and 3.00% thereafter	3.5%
Investment rate of return	7.0%, net of pension plan investment expense	7.0%, net of pension plan investment expense	7.0%, net of pension plan investment expense

Mortality rates were based on the RP-2000 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period 2008-2012.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Fixed Income	2.20 %
Broad US Equities	6.12
Developed Foreign Equities	6.29
Hedge Funds/Absolute Return	3.37
Real Estate (Property)	4.43
Commodities	<u>4.57</u>
Total	<u><u>26.98 %</u></u>

Discount Rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Town, calculated using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
General Government	\$ 7,880,201	\$ 4,955,015	\$ 2,441,332
Police	5,374,851	3,122,258	1,340,297
Board of Education	9,742,214	6,962,265	4,615,503
Total	<u>\$ 22,997,266</u>	<u>\$ 15,039,538</u>	<u>\$ 8,397,132</u>

Annual Pension Cost and Net Pension Obligations

In accordance with GASB Statement No. 27, the Town's annual pension cost and net pension obligation to the Town of Simsbury Pension Plans for the year ended June 30, 2014 were as follows:

	General Government Plan	Police Plan	Board of Education Plan	Total
Annual required contribution (ARC)	\$ 985,089	\$ 562,233	\$ 1,231,124	\$ 2,778,446
Interest on net pension obligation	(4,564)	(2,973)	(16,081)	(23,618)
Adjustment to annual required contribution	<u>4,540</u>	<u>2,957</u>	<u>15,997</u>	<u>23,494</u>
Annual pension cost	985,065	562,217	1,231,040	2,778,322
Contributions made	<u>985,089</u>	<u>562,233</u>	<u>1,231,124</u>	<u>2,778,446</u>
Decrease in net pension asset	(24)	(16)	(84)	(124)
Net pension asset, beginning of year	<u>(65,193)</u>	<u>(42,470)</u>	<u>(229,723)</u>	<u>(337,386)</u>
Net Pension Asset, End of Year	<u>\$ (65,217)</u>	<u>\$ (42,486)</u>	<u>\$ (229,807)</u>	<u>\$ (337,510)</u>

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The annual required contribution for the current year was determined as part of the July 1, 2012 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) a 7.00% investment rate of return and (b) 3.5% projected salary increases. The assumptions did not include inflation and post-retirement benefit increases. The actuarial value of assets was determined by recognizing market gains or losses over five years. The value is constrained to +/- 20% of the actual market value. The unfunded actuarial accrued liability is being amortized as a level percent of pay over a 25-year closed period beginning July 1, 2008 for all plans.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
General Government:				
6/30/2012	\$ 722,519	\$ 722,519	100.00%	\$ -
6/30/2013	714,779	779,972	109.12%	(65,193)
6/30/2014	985,065	985,089	100.00%	(65,217)
Police:				
6/30/2012	\$ 497,614	\$ 497,614	100.00%	\$ -
6/30/2013	465,641	508,111	109.12%	(42,470)
6/30/2014	562,217	562,233	100.00%	(42,486)
Board of Education:				
6/30/2012	\$ 910,477	\$ 1,030,571	113.19%	\$ (129,389)
6/30/2013	1,011,317	1,111,651	109.92%	(229,723)
6/30/2014	1,231,040	1,231,124	100.01%	(229,807)

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Financial statements for each individual pension plan are as follows:

	General Government Pension Fund	Board of Education Pension Fund	Police Pension Fund	Pension Trust Funds
Assets:				
Cash	\$ 327,622	\$ 227,306	\$ 228,652	\$ 783,580
Investments	20,400,801	17,237,121	14,587,993	52,225,915
Total assets	<u>20,728,423</u>	<u>17,464,427</u>	<u>14,816,645</u>	<u>53,009,495</u>
Liabilities:				
Accounts payable	10,669	10,669	10,669	32,007
Net Position	<u>\$ 20,717,754</u>	<u>\$ 17,453,758</u>	<u>\$ 14,805,976</u>	<u>\$ 52,977,488</u>
	General Government Pension Fund	Board of Education Pension Fund	Police Pension Fund	Pension Trust Funds
Additions:				
Contributions:				
Employer	\$ 985,741	\$ 1,231,124	\$ 562,763	\$ 2,779,628
Employee	175,834	240,312	152,656	568,802
Total contributions	<u>1,161,575</u>	<u>1,471,436</u>	<u>715,419</u>	<u>3,348,430</u>
Investment income:				
Net increase in fair value of investments	2,270,452	1,858,508	1,698,909	5,827,869
Interest and dividends	372,704	312,303	280,970	965,977
Less investment expenses:				
Custodian fees	(14,582)	(13,323)	(12,903)	(40,808)
Net investment gain	<u>2,628,574</u>	<u>2,157,488</u>	<u>1,966,976</u>	<u>6,753,038</u>
Total additions	<u>3,790,149</u>	<u>3,628,924</u>	<u>2,682,395</u>	<u>10,101,468</u>
Deductions:				
Benefit	1,105,875	1,056,810	946,618	3,109,303
Refunds of member contributions	51,197	39,213	968,250	1,058,660
Administration	32,427	29,131	32,865	94,423
Total deductions	<u>1,189,499</u>	<u>1,125,154</u>	<u>1,947,733</u>	<u>4,262,386</u>
Change in Net Position	2,600,650	2,503,770	734,662	5,839,082
Net Position - Beginning of Year	<u>18,117,104</u>	<u>14,949,988</u>	<u>14,071,314</u>	<u>47,138,406</u>
Net Position - End of Year	<u>\$ 20,717,754</u>	<u>\$ 17,453,758</u>	<u>\$ 14,805,976</u>	<u>\$ 52,977,488</u>

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Schedule of Funding Progress

Actuarial Valuation Date	Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Actuarial Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<i>General Government:</i>							
7/1/2013	6/30/2015	\$ 17,308,917	\$ 24,507,050	\$ 7,198,133	70.63%	\$ 6,477,448	111.13%
<i>Police:</i>							
7/1/2013	6/30/2015	13,441,812	17,214,202	3,772,390	78.09%	2,866,183	131.62%
<i>Board of Education:</i>							
7/1/2013	6/30/2015	14,261,995	23,172,761	8,910,766	61.55%	7,916,465	112.56%

B. Teachers Retirement

All Town of Simsbury teachers participate in the State of Connecticut Teacher's Retirement System, a cost sharing plan with a special funding situation, under Section 10.183 of the General Statutes of the State of Connecticut. This is a multiple employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has:

- Attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or;
- Attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$32,186,040.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. For the year ended June 30, 2014 the Town has recorded in the General Fund (Exhibit IV) intergovernmental revenue schools and schools expenditures in the amount of \$8,013,327 as payments made by the State of Connecticut on behalf of the Town. The Town does not have any liability for teacher pensions.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

C. Post Employment Healthcare Plan - Retiree Health Plan

Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of the Retiree Health Plan (RHP) are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are paid by the Town.

Investments are reported at fair value. Investment income is recognized as earned.

Plan Description

The RHP is a single-employer defined benefit healthcare plan administered by the Town of Simsbury. The RHP provides medical, dental and life insurance benefits to eligible retirees and their spouses. All employees of the Town are eligible to participate in the plan. Benefit provisions are established through negotiations between the Town and the various unions representing the employees.

The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Post Employment Benefits Trust Fund. The plan does not issue a stand-alone financial report.

At July 1, 2012, plan membership consisted of the following:

	Retiree Health Plan
Retired members	226
Spouses of retired members	47
Active plan members	675
Total Participants	948

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Funding Policy

The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Town Employees

Retired town employees under the age of 65 receiving coverage under ConnectiCare contribute between \$139 and \$558 per month for retiree only coverage and between \$697 and \$1,116 per month for retiree and spouse coverage to age 65. Retired town employees under the age of 65 receiving coverage under Cigna contribute between \$204 and \$816 per month for retiree only coverage and between \$1,020 and \$1,632 per month for retiree and spouse coverage to age 65. Eligible Town employees over age 65 have the option of joining the Town's fully-insured Anthem Medicare Supplement Plan. Retirees typically contribute 25% of the premium (\$124) per month for individual coverage and 100% of the premium (\$497) for spouse coverage.

Board of Education Employees

Board of Education employees receiving coverage under ConnectiCare contribute between \$452 and \$470 per month for retiree only coverage and between \$903 and \$941 per month for retiree and spouse coverage to age 65, and \$357 and \$714 per month, respectively, thereafter. Board of Education employees receiving coverage under CIGNA contribute between \$644 and \$671 per month for retiree only coverage and between \$1,285 and \$1,338 per month for retiree and spouse coverage to age 65, and \$205 and \$410 per month, respectively, thereafter.

For the year ended June 30, 2014, plan members contributed \$300,162 for their share of premium payments. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

Employer contributions to the plan of \$1,980,158 were made in accordance with actuarially determined requirements.

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligations

The Town of Simsbury's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation (asset):

	Retiree Medical Program
Annual required contribution (ARC)	\$ 1,825,000
Interest on net OPEB obligation	(115,597)
Adjustment to annual required contribution	<u>105,941</u>
Annual OPEB cost	1,815,344
Contributions made	<u>1,980,158</u>
Decrease in net OPEB asset	(164,814)
Net OPEB asset, beginning of year	<u>(1,541,297)</u>
Net OPEB Asset, end of year	<u><u>\$ (1,706,111)</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (asset) three year trend information is presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2012	\$ 1,695,476	\$ 1,705,000	100.56%	\$ (752,545)
6/30/2013	1,604,610	2,393,362	149.16%	(1,541,297)
6/30/2014	1,815,344	1,980,158	109.08%	(1,706,111)

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 5.8% initially, reduced by decrements to an ultimate rate of 4.4% after 48 years. The general inflation assumption is 2.5% - 3.0%. Projected salary increases were 4%. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2014 was 24 years.

Funding Status and Funding Progress

The funded status of the plan as of July 1, 2012, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2012	\$ 5,018,000	\$ 19,989,000	\$ 14,971,000	25.1%	\$ 44,132,000	33.9%

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

5. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2014.

The Town's self-insurance program is used to account for health insurance coverage for Town and Board of Education employees. The Town retains the risk of up to a maximum of \$250,000 per claim. Commercial insurance covers any individual claim in excess of \$10,000. During 2014, total claims expense of \$11,376,963 was incurred, which represent claims processed and an estimate for claims incurred but not reported as of June 30, 2014.

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded an additional liability at June 30, 2014 of \$1,290,025.

Premium payments are reported as interfund services provided and used for the General Fund, and, accordingly, they are treated as operating revenues of the Self-Insurance Fund and operating expenditures of the General Fund.

A schedule of changes in the claims liability for the years ended June 30, 2014 and 2013, is presented below:

		Liability	Current Year	Claim	Liability
		July 1,	Claims and	Payments	June 30,
			Changes in		
			Estimates		
2012-13	\$	1,827,746	\$ 8,507,157	\$ 9,027,228	\$ 1,307,675
2013-14		1,307,675	11,376,963	11,394,613	1,290,025

TOWN OF SIMSBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

B. Contingent Liabilities

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by counsel to be likely to result in judgment or judgments that could materially affect the Town's financial position.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

The Town may be subject to rebate penalties to the federal government relating to various bond and note issues. The Town expects such amounts, if any, to be immaterial.

C. Landfill Postclosure Care Costs

The Simsbury landfill stopped accepting solid waste in 1988. The landfill has been capped and tested by the Department of Environmental Protection prior to October 1, 1993 and, as such, the U.S. EPA adopted regulations 40 CFR, Part 258 (Subtitle D), do not apply. However, the Simsbury landfill is still required to monitor its postclosure functions under an approved plan with the State of Connecticut Department of Environmental Protection.

The landfill closing costs of \$70,000 reported as a liability in the government-wide financial statements represent an estimate of the postclosure costs to be incurred by the Town over the next 17 fiscal years for mandatory ground water testing based on a study conducted by an independent consultant. It is estimated that the Town will incur a \$5,000 annual cost over the next 17 fiscal years. This estimate is subject to changes that may result from inflation, technological changes or regulatory changes.

Required Supplementary Information

TOWN OF SIMSBURY, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION - PENSION TRUST FUNDS

Schedule of Funding Progress

Actuarial Valuation Date	Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<i>General Government</i>							
7/1/2008	6/30/2010	\$ 16,241,456	\$ 18,510,133	\$ 2,268,677	87.74%	\$ 6,277,067	36.14%
7/1/2009	6/30/2011	14,497,423	19,472,317	4,974,894	74.45%	6,279,542	79.22%
7/1/2010	6/30/2012	16,036,176	20,364,876	4,328,700	78.74%	6,131,794	70.59%
7/1/2011	6/30/2013	16,473,527	21,036,448	4,562,921	78.31%	5,797,979	78.70%
7/1/2012	6/30/2014	16,705,634	23,104,691	6,399,057	72.30%	6,490,784	98.59%
7/1/2013	6/30/2015	17,308,917	24,507,050	7,198,133	70.63%	6,477,448	111.13%
<i>Police</i>							
7/1/2008	6/30/2010	13,428,830	14,758,110	1,329,280	90.99%	2,598,719	51.15%
7/1/2009	6/30/2011	12,005,104	15,088,590	3,083,486	79.56%	2,643,805	116.63%
7/1/2010	6/30/2012	13,198,277	15,864,384	2,666,107	83.19%	2,615,838	101.92%
7/1/2011	6/30/2013	13,214,956	15,870,566	2,655,610	83.27%	2,362,484	112.41%
7/1/2012	6/30/2014	13,162,518	16,826,819	3,664,301	78.22%	2,772,281	132.18%
7/1/2013	6/30/2015	13,441,812	17,214,202	3,772,390	78.09%	2,866,183	131.62%
<i>Board of Education</i>							
7/1/2008	6/30/2010	11,395,756	14,693,074	3,297,318	77.56%	6,984,577	47.21%
7/1/2009	6/30/2011	10,561,198	15,949,914	5,388,716	66.21%	7,421,437	72.61%
7/1/2010	6/30/2012	11,958,306	17,185,680	5,227,374	69.58%	7,686,831	68.00%
7/1/2011	6/30/2013	12,792,846	18,939,318	6,146,472	67.55%	7,740,314	79.41%
7/1/2012	6/30/2014	13,482,404	21,305,007	7,822,603	63.28%	7,911,823	98.87%
7/1/2013	6/30/2015	14,261,995	23,172,761	8,910,766	61.55%	7,916,465	112.56%

Schedule of Employer Contributions

Year Ended	General Government		Police		Board of Education	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
6/30/2009	\$ 544,651	100.00%	\$ 381,438	100.00%	\$ 705,973	100.00%
6/30/2010	586,140	100.00%	393,136	100.00%	706,849	100.00%
6/30/2011	759,126	100.00%	505,605	100.00%	876,860	100.00%
6/30/2012	722,519	100.00%	497,614	100.00%	910,571	113.00%
6/30/2013	714,779	109.12%	465,641	100.00%	1,012,381	109.81%
6/30/2014	985,089	100.00%	562,233	100.00%	1,231,124	100.00%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

TOWN OF SIMSBURY, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION -
OTHER POST EMPLOYMENT BENEFITS TRUST FUNDSchedule of Funding Progress

Actuarial Valuation Date	Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<i>Retiree Medical Program</i>							
7/1/2007	6/30/2010	\$ 676,400	\$ 18,354,200	\$ 17,677,800	3.69%	n/a	n/a
7/1/2009	6/30/2011	1,747,000	17,565,000	15,818,000	9.95%	n/a	n/a
7/1/2009	6/30/2012	1,747,000	17,565,000	15,818,000	9.95%	n/a	n/a
7/1/2011	6/30/2013	4,253,000	18,933,000	14,680,000	22.46%	n/a	n/a
7/1/2012	6/30/2014	5,018,000	19,989,000	14,971,000	25.10%	44,132,000	33.92%
7/1/2012	6/30/2015	5,018,000	19,989,000	14,971,000	25.10%	44,132,000	33.92%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Percentage Contributed
6/30/2009	\$ 1,670,800	103.3 %
6/30/2010	1,766,300	107.6
6/30/2011	1,611,000	118.1
6/30/2012	1,705,000	107.6
6/30/2013	1,613,000	148.4
6/30/2014	1,825,000	108.5

n/a - The covered payroll is not available.

TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL GOVERNMENT
LAST FISCAL YEAR
(in thousands)

	<u>2014</u>
Total pension liability:	
Service cost	\$ 605,889
Interest	1,718,093
Differences between expected and actual experience	(1,191)
Benefit payments, including refunds of member contributions	<u>(1,157,072)</u>
Net change in total pension liability	1,165,719
Total pension liability - beginning	<u>24,507,050</u>
Total pension liability - ending	<u><u>25,672,769</u></u>
Plan fiduciary net position:	
Contributions - employer	985,741
Contributions - member	175,834
Net investment income	2,628,574
Benefit payments	(1,105,875)
Refunds of member contributions	(51,197)
Administrative expense	<u>(32,427)</u>
Net change in plan fiduciary net position	2,600,650
Plan fiduciary net position - beginning	<u>18,117,104</u>
Plan fiduciary net position - ending	<u><u>20,717,754</u></u>
Town's Net Pension Liability - Ending	<u><u>\$ 4,955,015</u></u>
Plan fiduciary net position as a percentage of the total pension liability	80.74%
Covered-employee payroll	\$ 6,490,784
Town's net pension liability as a percentage of covered-employee payroll	76.17%

TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE
LAST FISCAL YEAR
(in thousands)

	<u>2014</u>
Total pension liability:	
Service cost	\$ 434,196
Interest	1,169,501
Differences between expected and actual experience	1,025,203
Benefit payments, including refunds of member contributions	<u>(1,914,868)</u>
Net change in total pension liability	714,032
Total pension liability - beginning	<u>17,214,202</u>
Total pension liability - ending	<u><u>17,928,234</u></u>
Plan fiduciary net position:	
Contributions - employer	562,763
Contributions - member	152,656
Net investment income	1,966,976
Benefit payments	(946,618)
Refunds of member contributions	(968,250)
Administrative expense	<u>(32,865)</u>
Net change in plan fiduciary net position	734,662
Plan fiduciary net position - beginning	<u>14,071,314</u>
Plan fiduciary net position - ending	<u><u>14,805,976</u></u>
Town's Net Pension Liability - Ending	<u><u>\$ 3,122,258</u></u>
Plan fiduciary net position as a percentage of the total pension liability	82.64%
Covered-employee payroll	\$ 2,772,281
Town's net pension liability as a percentage of covered-employee payroll	112.24%

TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
BOARD OF EDUCATION
LAST FISCAL YEAR
(in thousands)

	<u>2014</u>
Total pension liability:	
Service cost	\$ 723,982
Interest	1,635,060
Differences between expected and actual experience	(19,757)
Benefit payments, including refunds of member contributions	<u>(1,096,023)</u>
Net change in total pension liability	1,243,262
Total pension liability - beginning	<u>23,172,761</u>
Total pension liability - ending	<u><u>24,416,023</u></u>
Plan fiduciary net position:	
Contributions - employer	1,231,124
Contributions - member	240,312
Net investment income	2,157,488
Benefit payments	(1,056,810)
Refunds of member contributions	(39,213)
Administrative expense	<u>(29,131)</u>
Net change in plan fiduciary net position	2,503,770
Plan fiduciary net position - beginning	<u>14,949,988</u>
Plan fiduciary net position - ending	<u><u>17,453,758</u></u>
Town's Net Pension Liability - Ending	<u><u>\$ 6,962,265</u></u>
Plan fiduciary net position as a percentage of the total pension liability	71.53%
Covered-employee payroll	\$ 7,911,823
Town's net pension liability as a percentage of covered-employee payroll	87.86%

**TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
GENERAL GOVERNMENT
LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 346,341	\$ 457,749	\$ 499,353	\$ 549,783	\$ 544,651	\$ 586,140	\$ 759,126	\$ 722,519	\$ 714,779	\$ 985,089
Contributions in relation to the actuarially determined contribution	<u>346,341</u>	<u>457,749</u>	<u>499,353</u>	<u>549,783</u>	<u>544,651</u>	<u>586,140</u>	<u>759,126</u>	<u>722,519</u>	<u>779,972</u>	<u>985,089</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(65,193)</u>	\$ <u>-</u>
Covered-employee payroll	\$ 5,634,493	\$ 5,673,024	\$ 5,507,619	\$ 5,617,253	\$ 5,656,359	\$ 6,277,067	\$ 6,279,542	\$ 6,131,794	\$ 5,797,979	\$ 6,490,784
Contributions as a percentage of covered-employee payroll	6.15%	8.07%	9.07%	9.79%	9.63%	9.34%	12.09%	11.78%	13.45%	15.18%

Notes to Schedule

Valuation date: July 1, 2013

Measurement date: June 30, 2014

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	5-year non-asymptotic
Inflation	2.75%
Salary increases	3.50%
Investment rate of return	7.00%

Retirement age Rates based on age

Mortality RP-2000 Mortality for
Employees, Healthy Annuitants,
and Disabled Annuitants with
generational projection per
Scale AA

**TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE
LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 244,811	\$ 275,641	\$ 380,508	\$ 386,131	\$ 381,438	\$ 393,136	\$ 505,605	\$ 497,614	\$ 465,641	\$ 562,233
Contributions in relation to the actuarially determined contribution	<u>244,811</u>	<u>275,641</u>	<u>380,508</u>	<u>386,131</u>	<u>381,438</u>	<u>393,136</u>	<u>505,605</u>	<u>497,614</u>	<u>508,111</u>	<u>562,233</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,470)</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,331,495	\$ 2,363,965	\$ 2,444,737	\$ 2,453,053	\$ 2,533,739	\$ 2,598,719	\$ 2,643,805	\$ 2,615,838	\$ 2,362,484	\$ 2,772,281
Contributions as a percentage of covered-employee payroll	10.50%	11.66%	15.56%	15.74%	15.05%	15.13%	19.12%	19.02%	21.51%	20.28%

Notes to Schedule

Valuation date: July 1, 2013

Measurement date: June 30, 2014

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	5-year non-asymptotic
Inflation	2.75%
	8.25% for the first 7 years and
Salary increases	3.00% thereafter
Investment rate of return	7.00%
Retirement age	20% per year starting at
	Normal Retirement Date;
	100% at age 62
Mortality	RP-2000 Mortality for
	Employees, Healthy
	Annuityants, and Disabled
	Annuityants with generational
	projection per Scale AA

**TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
BOARD OF EDUCATION
LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 362,557	\$ 514,729	\$ 619,560	\$ 697,968	\$ 705,973	\$ 706,849	\$ 876,860	\$ 910,571	\$ 1,012,381	\$ 1,231,124
Contributions in relation to the actuarially determined contribution	<u>362,557</u>	<u>514,729</u>	<u>619,560</u>	<u>697,968</u>	<u>706,020</u>	<u>706,849</u>	<u>876,860</u>	<u>1,030,571</u>	<u>1,104,718</u>	<u>1,231,124</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(47)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(120,000)</u>	\$ <u>(92,337)</u>	\$ <u>-</u>
Covered-employee payroll	\$ 5,029,001	\$ 5,450,012	\$ 5,784,204	\$ 6,069,458	\$ 6,362,430	\$ 6,984,577	\$ 7,421,437	\$ 7,686,831	\$ 7,740,314	\$ 7,911,823
Contributions as a percentage of covered-employee payroll	7.21%	9.44%	10.71%	11.50%	11.10%	10.12%	11.82%	13.41%	14.27%	15.56%

Notes to Schedule

Valuation date: July 1, 2013

Measurement date: June 30, 2014

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	5-year non-asymptotic
Inflation	2.75%
Salary increases	3.50%
Investment rate of return	7.00%

Retirement age Rates based on age

Mortality RP-2000 Mortality for
Employees, Healthy Annuitants,
and Disabled Annuitants with
generational projection per Scale
AA

**TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST FISCAL YEAR**

2014

Annual money-weighted rate of return, net of investment expense

General Government Pension Plan	14.35 %
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Police Pension Plan	14.30 %
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Board of Education Pension Plan	14.02 %
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Supplemental, Combining and Individual Fund Statements and Schedules

Major Governmental Funds

General Fund

To account for the general operations of the Town, except those required to be accounted for in another fund.

Sewer Use Fund

To account for sewer user fees and sewer plant operations.

Sewer Assessment Fund

To account for sewer assessments.

Capital Project Fund

The Capital Project Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

TOWN OF SIMSBURY, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with	Actual Amounts
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)	(Budgetary Basis)
Property Taxes:					
Current year taxes	\$ 82,247,393	\$ 82,247,393	\$ 82,903,626	\$ 656,233	\$ 81,058,911
Prior year's taxes			301,798	301,798	457,689
Interest and lien fees	300,000	300,000	254,717	(45,283)	334,188
Total property taxes	82,547,393	82,547,393	83,460,141	912,748	81,850,788
Intergovernmental Revenues:					
State of Connecticut:					
Office of Policy and Management:					
Property tax relief:					
Disabled	1,380	1,380	1,676	296	1,381
Property tax relief - elderly	85,285	85,285	80,646	(4,639)	85,286
Additional veterans	5,000	5,000	5,942	942	4,919
Department of Education:					
Education equalization grant	5,648,941	5,648,941	5,609,946	(38,995)	5,548,260
School transportation			39,066	39,066	61,958
Adult education	8,816	8,816	9,635	819	10,761
Nonpublic schools - transportation	28,163	28,163	26,853	(1,310)	22,480
Miscellaneous:					
State-owned property			106,093	106,093	111,718
Telephone access line grant	76,000	76,000	60,378	(15,622)	73,110
Solid waste			13,027	13,027	75,747
Pequot casino revenue			31,434	31,434	32,752
Police grant			6,553	6,553	9,116
Municipal revenue sharing	87,140	87,140	64,181	(22,959)	352,498
State Aid - library	1,250	1,250	1,225	(25)	1,232
FEMA/FWHA				-	522,426
Elderly/Handicapped transportation	6,000	6,000	7,067	1,067	6,117
Other			9,308	9,308	2,293
Housing Authority in lieu of taxes	18,000	18,000	33,405	15,405	(327)
Board of Education tuition regular	57,300	57,300	45,000	(12,300)	99,000
PILOT - Westminster School	99,000	99,000	100,900	1,900	56,005
Total intergovernmental revenues	6,122,275	6,122,275	6,252,335	130,060	7,076,732
Investment income	25,000	25,000	17,712	(7,288)	19,628
Charges for Goods and Services:					
Central administration miscellaneous	5,000	5,000	2,057	(2,943)	2,874
Tourism Miscellaneous			2,062	2,062	8
Conveyance tax receipts	290,000	290,000	331,491	41,491	279,465
Town clerk recording fees	150,000	150,000	125,203	(24,797)	154,424
Town clerk farmland preservation fees	5,500	5,500	5,181	(319)	10,496
Town clerk miscellaneous	60,000	60,000	57,927	(2,073)	93,178
Tax collector - fire district supplies, etc.	6,500	6,500	6,500	-	6,500
Police department - emergency reporting	35,000	35,000	34,966	(34)	35,733
Police department miscellaneous	2,000	2,000	6,097	4,097	9,697
Animal control	500	500		(500)	
Engineering department fees	700	700	526	(174)	593
Facilities management			3,214	3,214	5,674
Social services				-	168
Culture and recreation			21	21	721
Library fines and fees	3,000	3,000	1,924	(1,076)	44,455
Library miscellaneous			56	56	627
War Memorial pool	9,600	9,600	8,675	(925)	14,335
Board of education miscellaneous	12,000	12,000	7,326	(4,674)	31,061
Community gardens			2,540	2,540	2,713
Total charges for goods and services	579,800	579,800	595,766	15,966	692,722

(Continued on next page)

TOWN OF SIMSBURY, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	2014				2013	
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Actual Amounts (Budgetary Basis)	
	Original	Final				
Fines and forfeitures						
Library fines and fees	\$ 45,000	\$ 45,000	\$ 44,368	\$ (632)	\$ 1,833	
Land use court fines			2,310	2,310	2,300	
Court fees	10,000	10,000		(10,000)		
False alarms fines	14,000	14,000	3,385	(10,615)	4,245	
Traffic tickets	3,700	3,700	3,513	(187)	3,280	
Animal control fines	500	500	630	130	455	
Total fines and forfeitures	73,200	73,200	54,206	(18,994)	12,113	
Rental of Town-Owned Property:						
Eno Memorial Hall	1,500	1,500	3,320	1,820	1,125	
Education - school rentals	80,000	80,000	60,767	(19,233)	82,231	
Library administration	2,000	2,000		(2,000)		
World skate	75,000	75,000	107,000	32,000	80,000	
Total rental of town-owned property	158,500	158,500	171,087	12,587	163,356	
Licenses and Permits:						
Sporting licenses	200	200	175	(25)	189	
Dog licenses	11,000	11,000	15,612	4,612	15,230	
Land use commission	10,000	10,000	33,976	23,976	21,272	
Police department fees	5,500	5,500	8,960	3,460	10,042	
Building department fees	450,000	450,000	650,101	200,101	499,615	
Total licenses and permits	476,700	476,700	708,824	232,124	546,348	
Other Local Revenues:						
Sale of property			480,000	480,000		
Other revenues			485	485	660	
Prior year encumbrances			11,909	11,909	43,976	
Insurance refunds			43,098	43,098	90,320	
Total other local revenues	-	-	535,492	535,492	134,956	
Assessments:						
Water assessments	2,000	2,000	1,141	(859)	1,507	
Total Revenues	89,984,868	89,984,868	91,796,704	1,811,836	90,498,150	
Other Financing Sources:						
Transfers from other funds:						
Culture and recreation fund				-	147,000	
Sewer use fund	97,150	97,150	256,150	159,000	106,545	
Total other financing sources	97,150	97,150	256,150	159,000	253,545	
Total Revenues and Other Financing Sources	\$ 90,082,018	\$ 90,082,018	\$ 92,052,854	\$ 1,970,836	\$ 90,751,695	

TOWN OF SIMSBURY, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	2014				2013	
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Actual Amounts (Budgetary Basis)	
	Original	Final				
General Government:						
Central administration	\$ 359,425	\$ 358,388	\$ 350,829	\$ 7,559	\$	345,042
Administration services	124,860	160,276	156,464	3,812		109,687
Community services	61,540	59,673	59,672	1		65,522
Land use commission	24,700	24,700	21,028	3,672		21,750
Economic development commission	55,100	55,100	54,830	270		57,956
Historic district commission	1,275	1,275	741	534		902
Public building committee	2,050	2,050	285	1,765		1,266
Beautification	5,015	5,740	5,738	2		4,746
Tourism committee	1,380	1,380	143	1,237		2,988
Elections	94,725	86,175	86,173	2		103,672
Legal	166,000	157,440	157,440	-		143,641
Town clerk	214,005	212,696	212,694	2		212,572
Probate court	2,100	2,100	2,100	-		2,100
Total general government	1,112,175	1,126,993	1,108,137	18,856		1,071,844
Financial Services:						
Board of Finance	10,300	13,396	13,396	-		10,821
Finance department	328,970	328,970	318,806	10,164		327,068
Tax collector	164,095	166,017	166,004	13		176,385
Assessors	183,525	183,556	183,553	3		178,411
Data processing	142,580	139,612	139,340	272		140,963
Auditors	36,000	50,800	50,800	-		34,900
	865,470	882,351	871,899	10,452		868,548
Planning and Development:						
Director of community development	186,750	161,654	161,652	2		194,969
Planning department	158,680	138,172	138,172	-		157,185
Building department	184,490	167,310	167,307	3		157,608
Total planning and development	529,920	467,136	467,131	5		509,762
Public Safety:						
Police	4,065,225	4,179,402	4,179,401	1		4,132,293
Animal control officer	63,055	64,955	64,953	2		58,100
Civil preparedness	6,685	6,685	6,136	549		14,789
Total public safety	4,134,965	4,251,042	4,250,490	552		4,205,182
Public Works:						
Engineering	167,400	189,727	189,722	5		171,952
Public Works Administration	167,845	172,500	172,498	2		170,075
Buildings and Grounds	376,465	408,923	408,919	4		365,481
Town Offices	162,250	160,567	159,743	824		171,666
Eno Hall Memorial	89,470	78,832	78,828	4		68,349
Miscellaneous Building	19,775	40,353	40,352	1		31,996
Highway - Labor & Equipment	1,477,470	1,629,738	1,629,735	3		1,457,188
Highway - Facilities & Programs	1,031,760	1,134,795	1,134,789	6		1,186,222
Landfill	77,000	70,709	70,709	-		116,497
Total facility management	3,569,435	3,886,144	3,885,295	849		3,739,426

(Continued on next page)

TOWN OF SIMSBURY, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

	2014				2013	
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Actual Amounts (Budgetary Basis)	
	Original	Final				
Culture and Recreation:						
Recreation - Administration	\$ 49,260	\$ 51,635	\$ 51,633	\$ 2	\$	50,394
Recreation - Memorial Pool	24,800	24,800	24,772	28		24,616
Parks & Open Space - Maintenance	561,690	627,981	627,898	83		625,586
Parks & Open Space - Memorial Field	20,770	19,200	15,135	4,065		22,277
Parks & Open Space - Memorial Pool	19,790	20,237	20,235	2		22,200
Library - Administration	513,475	513,475	507,022	6,453		496,508
Library - Adult & Young Adult	469,420	473,790	473,789	1		433,543
Library - Children Services	124,640	159,662	159,087	575		181,699
Library - Building & Grounds	338,065	330,138	327,316	2,822		327,215
Total culture and recreation	<u>2,121,910</u>	<u>2,220,918</u>	<u>2,206,887</u>	<u>14,031</u>		<u>2,184,038</u>
Health and Welfare:						
Health department	117,640	117,640	117,640	-		101,080
Social services administration	185,855	191,321	191,320	1		177,361
Elderly services outreach	23,810	23,810	23,351	459		23,421
Senior center	132,200	132,200	129,720	2,480		119,497
Transportation	111,535	99,362	95,719	3,643		111,535
Total health and welfare	<u>571,040</u>	<u>564,333</u>	<u>557,750</u>	<u>6,583</u>		<u>532,894</u>
Fringe Benefits and Insurance:						
Social Security	675,000	697,527	697,527	-		675,179
Town general liability insurance	419,305	402,117	397,185	4,932		353,013
Employee group insurance	2,468,855	2,392,274	2,392,274	-		2,409,092
Unemployment reserve	5,000	18,021	18,021	-		10,490
Pensions	1,332,685	1,328,760	1,328,760	-		1,027,705
Total fringe benefits and insurance	<u>4,900,845</u>	<u>4,838,699</u>	<u>4,833,767</u>	<u>4,932</u>		<u>4,475,479</u>
Board of Education	<u>64,420,569</u>	<u>64,420,569</u>	<u>64,417,758</u>	<u>2,811</u>		<u>63,187,142</u>
Non-Public Schools Budget:						
Non-public schools	<u>531,399</u>	<u>531,399</u>	<u>530,460</u>	<u>939</u>		<u>528,203</u>
Debt Service:						
Principal	5,485,000	5,485,000	5,485,000	-		4,930,000
Interest	799,175	799,178	799,178	-		893,344
Total debt service	<u>6,284,175</u>	<u>6,284,178</u>	<u>6,284,178</u>	<u>-</u>		<u>5,823,344</u>
Other Financing Uses:						
Transfers to other funds	<u>1,040,115</u>	<u>2,638,653</u>	<u>2,638,653</u>	<u>-</u>		<u>2,048,703</u>
Total Expenditures and Other Financing Uses	<u>\$ 90,082,018</u>	<u>\$ 92,112,415</u>	<u>\$ 92,052,405</u>	<u>\$ 60,010</u>	<u>\$</u>	<u>89,174,565</u>

**TOWN OF SIMSBURY, CONNECTICUT
GENERAL FUND
SCHEDULE OF BOARD OF EDUCATION EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Original Appropriation</u>	<u>Amended Appropriation</u>	<u>Actual Expenditures and Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
General control	\$ 1,877,659	\$ 1,877,659	\$ 1,813,088	\$ 64,571
Instruction	39,007,976	39,007,976	39,057,955	(49,979)
Health education	628,010	628,010	615,218	12,792
Transportation	2,281,290	2,281,290	2,403,572	(122,282)
Operation of school plant	5,078,028	5,078,028	4,753,678	324,350
Maintenance of schools	937,531	937,531	833,289	104,242
Fixed charges	12,502,329	12,502,329	12,491,666	10,663
Food services	7,284	7,284	7,283	1
Student activities	554,210	554,210	565,203	(10,993)
Community service	34,000	34,000	34,211	(211)
Additional equipment	372,252	372,252	297,443	74,809
Tuition to other schools	1,140,000	1,140,000	1,545,152	(405,152)
Nonpublic schools	<u>531,399</u>	<u>531,399</u>	<u>530,460</u>	<u>939</u>
Subtotal	64,951,968	64,951,968	64,948,218	3,750
Transfers to CNR	<u>498,300</u>	<u>498,300</u>	<u>498,300</u>	<u>-</u>
Total Expenditures	<u>\$ 65,450,268</u>	<u>\$ 65,450,268</u>	<u>\$ 65,446,518</u>	<u>\$ 3,750</u>

**TOWN OF SIMSBURY, CONNECTICUT
CAPITAL PROJECT FUND
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2014**

	Appropriations			Expenditures				Encumbrances June 30, 2014	Uncommitted Balance June 30, 2014
	Balance June 30, 2013	Current Year	Balance June 30, 2014	Balance June 30, 2013	Current Year	Payments on PY Prior Year Encumbrances	Balance June 30, 2014		
Sewer extension projects:									
Project 2008	\$ 260,000		\$ 260,000	\$ 260,000			\$ 260,000		-
Project 2010	260,000		260,000	61,647			61,647		\$ 198,353
Project 2013	272,320		272,320				-		272,320
Farmington River Design	100,000		100,000		\$ 9,350		9,350	\$ 8,850	81,800
Wolcott Pump Station	1,378,500		1,378,500	32,519	52,672	\$ 840,482	925,673		452,827
Town projects:									
Library Expansion 5/06	6,100,000		6,100,000	6,043,139	(500)	56,800	6,099,439		561
Gertsen Land Purchase 5/08	720,000		720,000	721,523			721,523		(1,523)
Triangle Land Purchase 5/08	2,750,000		2,750,000	2,804,686			2,804,686		(54,686)
Streetscape 10/167 5/08	325,000		325,000	325,000			325,000		-
Eno Hall Improvements 5/08	1,000,000		1,000,000	1,024,421	3,473		1,027,894		(27,894)
Water Extensions 5/08	170,000		170,000	132,140	21,664		153,804		16,196
Tunxis Pump Station 5/10	670,000		670,000	505,354			505,354	102,389	62,257
Paving Management 5/10	2,400,000		2,400,000	2,369,471	2,066		2,371,537		28,463
Simsbury Farms Renovations	3,061,000		3,061,000	3,038,019	1	22,915	3,060,935		65
Police Dispatch Console	185,000		185,000	184,721			184,721		279
Emergency Mgmt Generator	74,000	\$ 160,000	234,000	77	18,499		18,576		215,424
Ethel Walker PHII	2,050,000		2,050,000	2,037,064			2,037,064		12,936
West ST/Owens Brook/Greenway	358,000		358,000	136,395	75,108	4,781	216,284		141,716
DPW Truck Wash		257,400	257,400		16,000		16,000		241,400
Town Hall Flat Roof Replacement		232,000	232,000		6,510		6,510		225,490
Center Area Charrette Infrastructure*		540,000	540,000				-		540,000
Senior/Community Center Design		204,000	204,000		5,525		5,525		198,475
Town office renovation		107,120	107,120				-		107,120
Town Teledata		125,000	125,000		3,032		3,032		121,968
Eno Hall Roof Repair		117,670	117,670		276		276		117,394
Tariffville Expansion		212,000	212,000						212,000
Various Bridge Improvement		115,000	115,000						115,000
Simsbury Farms		125,000	125,000						125,000
Alternative Energy		103,000	103,000						103,000
Network Infrastructure		150,000	150,000						150,000
Education projects:									
Computer technology improv 5/06	450,000		450,000	440,336			440,336		9,664
Tariffville expansion project 5/06	6,200,000		6,200,000	6,116,837	76,331		6,193,168		6,832
HVAC Boiler replacement 5/08	700,000		700,000	633,174			633,174		66,826
Tootin Hills roof replacement	1,257,500		1,257,500	1,032,723			1,032,723		224,777
Squadron Line generator 5/09	150,000		150,000	116,846			116,846		33,154
Latimer Lane roof replacement 5/10	1,277,500		1,277,500	1,176,058			1,176,058		101,442
District Network Infrastructure 5/10	450,000		450,000	369,065	81,082		450,147		(147)
District Network Infrastructure 5/12	1,800,000		1,800,000	463,960	491,220	13,527	968,707	5,688	825,605
High School Track		250,000	250,000						250,000
Boiler Replacement Squadron Line		850,000	850,000		6,211		6,211		843,789
Totals	\$ 34,418,820	\$ 3,548,190	\$ 37,967,010	\$ 30,025,175	\$ 868,520	\$ 938,505	\$ 31,832,200	\$ 116,927	\$ 6,017,883

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for proceeds of several revenue sources that are legally restricted to expenditures for specific purposes. The Town's special revenue funds are:

Residential Rental Properties - to account for rental revenues and the maintenance and capital expenditures in maintaining the Town owned residential properties.

Simsbury Farms Fund - to account for user revenues associated with the Simsbury Farms Recreation Facility and the associated expenditures.

General Government Program Fund - includes the following programs:

- **Preservation of Historic Documents** - to account for, in the Town Clerk's office, additional revenues collected, grant revenues received and expenditures to preserve land records pursuant to Public Act No. 00-146.
- **LOCIP** - to account for document fees collected by Town Clerk's office to be used for expenditures that qualify under the State Local Capital Improvement (LOCIP) grants.
- **Preserve America** - to account for funds received from Federal Preserve America Program, State of Connecticut, Commission on Culture & Tourism and Simsbury Main Street Partnership. Expenditures will be made to pay for program activities associated with Preserve America Marketing Grant.
- **Ellsworth Fund** - to be used for the beautification of the main streets of the Town of Simsbury, particularly Hopmeadow Street and/or expenses relating to the Planning Commission.

Public Safety Program Fund - includes the following programs:

- **Narcotics Task Force** - to account for state grants for narcotic enforcement.
- **Police Dare Program** - to account for state grants for narcotic education.
- **Local Law Enforcement Block Grant** - to account for local law enforcement block grant from the State of Connecticut Office of Policy and Management and the United States Department of Justice. Expenditures are for public safety equipment not otherwise budgeted for in the public safety operating budget.
- **Police Vehicles** - to account for revenues associated with the sale of police vehicles and funding from the General Fund budget to be used for the purchase of new police vehicles.
- **Police Special Duty** - to account for revenues and expenditures for police officers special duty for outside organizations.

- **DUI Enforcement** - to account for revenues and expenditures for DUI check points funded by a DUI enforcement grant passed through the Connecticut Department of Transportation.

Planning & Development Program Fund - includes the following programs:

- **Community Development Block Grant** - to account for loan repayments for small cities grants relating to improvements to residential and commercial properties.
- **Greenway Project** - to account for federal grants and town funds in the conversion of old rail trails to bike trails.
- **Simsbury Meadow Bandshell** - to account for concert revenues and operating expenditures for running the bandshell at the Simsbury Meadow Park.
- **Small Cities Community Development Block Grant** - to account for small cities grant for capital improvements to the Owen Murphy senior housing.
- **Plan of Conservation & Development** – to account for revenue and expenditures related to a grant received for design and implementation of Low Impact Development storm water measures.
- **Town Center** - to account for outside donations for the “Town Center Design Guidelines”.

Facilities Management Program Fund - includes the following programs:

- **Town Aid Fund** - to account for state town aid road grants and related expenses to town roads.
- **Eno Memorial Hall** - to account for the revenue from the settlement of the Kenessat painting and the expenditures for capital improvements and maintenance for the Eno Memorial Hall building.
- **Antoinette Eno Wood** - to account for the distribution of Trust’s interest income to the Town and expenses related in maintaining Eno Memorial Hall. Interest income is earned on assets with a fair value of \$702,878 as of June 30, 2014. The assets are held in a separate trust and are not in the Town’s name.
- **Horace Belden Income** - to account for the distribution of Trust’s interest income to the Town and expenses related in maintaining town roads. Interest income is earned on assets with a fair value of \$1,387,456 as of June 30, 2014. The assets are held in a separate trust and are not in the Town’s name.
- **Pease Cemetery Trust** - to maintain the Pease and Shaw cemetery lots.
- **Hazard Mitigation** - to account for grants received from the Federal Emergency Management Administration for maintenance and reconstruction to alleviate storm drainage and flooding.

Health & Welfare Program Fund - includes the following programs:

- **Social Workers Contingency** - to account for donations and gifts and associated expenses related for the well being of town citizens in need of assistance.
- **Expanded Dial-A-Ride** - to account for grant and expenditures related to an expanded dial-a-ride service to the elderly and disabled residents of program.
- **Senior Center** - to account for donations and expenses related to senior center programs.
- **Youth Services** - to account for grant and expenditures related to youth services.
- **Julia Darling Income** - to account for the distribution of Trust's interest income to the Town and expenses related to the well being of Town citizens in need of assistance. Interest income is earned on assets with a fair value of \$613,587 as of June 30, 2014. The assets are held in a separate trust and are not in the Town's name.
- **Kate Southwell Income** - to account for the distribution of Trust's interest income to the Town and expenses related to the well being of Town citizens, excluding citizens of Tariffville, in need of assistance. Interest income is earned on assets with a fair value of \$334,333 as of June 30, 2014. The assets are held in a separate trust and are not in the Town's name.
- **Mary Schneider Memorial** - to account for donations to the Town and expenses related to the well being of Town citizens in need of assistance.

Culture & Recreation Program Fund - includes the following program:

- **Library** - to account for donations, memorial gifts and miscellaneous grants and expenses related to the operations of the library.
- **Dog Park** - to account for donations and expenses related to the operations of the dog park.

Board of Education Program Fund - the primary programs accounted for in this fund are as follows:

- **District Activity Fund** - Created in fiscal 2013-2014 and funded by a generous donation from the Kathleen Magowan Revocable Trust of \$479,715.
- **Farmington Valley Transitional Academy (FVTA)** - a collaborative program, located at the University of Hartford, supported by the Simsbury and Farmington public schools and funded by tuition and fees from other participating districts
- **Scholarships** - Scholarships and awards for post secondary school education and training, funded by donations, gifts and distributions of trust income.

Cafeteria - to account for the operation of all cafeterias for the public school system.

State and Federal Education Grants - to account for specially financed education programs under grants received from the Federal Government and the State of Connecticut.

Capital Project Funds

Capital and Nonrecurring Expenditures Fund - to account for equipment purchases and other nonrecurring capital expenditures.

TOWN OF SIMSBURY, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

	Special Revenue Funds					
	Residential Rental Properties	Simsbury Farms Fund	General Government Program Fund	Public Safety Program Fund	Planning & Development Program Fund	Facilities Management Program Fund
ASSETS						
Cash and cash equivalents	\$ 146,832	\$ 43,526	\$ 165,304	\$ 302,607	\$ 282,523	\$ 903,028
Investments						
Receivables:						
Accounts				17,360	40,280	
Due from other governments						
Due from other funds						
Inventories						
Total Assets	<u>\$ 146,832</u>	<u>\$ 43,526</u>	<u>\$ 165,304</u>	<u>\$ 319,967</u>	<u>\$ 322,803</u>	<u>\$ 903,028</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 9,578	\$ 43,526	\$ 17,813	\$	\$	\$ 55,500
Due to other governments						
Unearned revenue						
Total liabilities	<u>9,578</u>	<u>43,526</u>	<u>17,813</u>	<u>-</u>	<u>-</u>	<u>55,500</u>
Deferred inflows of resources:						
Unavailable revenue - loans receivable					40,280	
Fund balances:						
Nonspendable						
Restricted						720,856
Committed	<u>137,254</u>		<u>147,491</u>	<u>319,967</u>	<u>282,523</u>	<u>126,672</u>
Total fund balances	<u>137,254</u>	<u>-</u>	<u>147,491</u>	<u>319,967</u>	<u>282,523</u>	<u>847,528</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 146,832</u>	<u>\$ 43,526</u>	<u>\$ 165,304</u>	<u>\$ 319,967</u>	<u>\$ 322,803</u>	<u>\$ 903,028</u>

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TOWN OF SIMSBURY, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

	Special Revenue Funds					Capital Project Funds	
	Health & Welfare Program Fund	Culture & Recreation Program Fund	Board of Education Program Fund	Cafeteria	State and Federal Education Grants	Capital and Nonrecurring Expenditures Fund	Total Nonmajor Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 292,337	\$ 115,983	\$ 419,184	\$ 157,033	\$ 64,535	\$ 977,510	\$ 3,870,402
Investments			346,850				346,850
Receivables:							
Accounts	773	550					58,963
Due from other governments	8,513		265,030	37,243	3,249		314,035
Due from other funds			21,933				21,933
Inventories				37,169			37,169
Total Assets	\$ 301,623	\$ 116,533	\$ 1,052,997	\$ 231,445	\$ 67,784	\$ 977,510	\$ 4,649,352
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 4,415	\$ 2,972	\$ 1,753	\$ 49,807	\$ 42,772	\$ 59,000	\$ 287,136
Due to other governments					3,842		3,842
Unearned revenue					21,170		21,170
Total liabilities	4,415	2,972	1,753	49,807	67,784	59,000	312,148
Deferred inflows of resources:							
Unavailable revenue - loans receivable							40,280
Fund balances:							
Nonspendable				37,169			37,169
Restricted	41,443		924,481	37,243			1,724,023
Committed	255,765	113,561	126,763	107,226		918,510	2,535,732
Total fund balances	297,208	113,561	1,051,244	181,638	-	918,510	4,296,924
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 301,623	\$ 116,533	\$ 1,052,997	\$ 231,445	\$ 67,784	\$ 977,510	\$ 4,649,352

**TOWN OF SIMSBURY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

		Special Revenue Funds				
	Residential Rental Properties	Simsbury Farms Fund	General Government Program Fund	Public Safety Program Fund	Planning & Development Program Fund	Facilities Management Program Fund
Revenues:						
Intergovernmental	\$	\$	\$ 7,850	\$ 1,436	\$ 6,240	\$ 360,991
Charges for goods and services	62,788	1,699,851	29,129	253,005	114,291	
Investment income			2			4
Other			145,000	6,804	44,279	101,433
Total revenues	<u>62,788</u>	<u>1,699,851</u>	<u>181,981</u>	<u>261,245</u>	<u>164,810</u>	<u>462,428</u>
Expenditures						
Current operating:						
General government			210,100			
Planning and development					215,019	
Public safety				189,937		
Facility management	43,449					78,206
Culture and recreation		1,890,445				
Health and welfare						
Education						
Capital outlay				203,627		485,928
Debt service	8,522					
Total expenditures	<u>51,971</u>	<u>1,890,445</u>	<u>210,100</u>	<u>393,564</u>	<u>215,019</u>	<u>564,134</u>
Excess (Deficiency) of Revenues over Expenditures	<u>10,817</u>	<u>(190,594)</u>	<u>(28,119)</u>	<u>(132,319)</u>	<u>(50,209)</u>	<u>(101,706)</u>
Other Financing Sources (Uses):						
Transfers in		449,544		65,000		
Transfers out		(24,000)				
Total other financing sources	<u>-</u>	<u>425,544</u>	<u>-</u>	<u>65,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	10,817	234,950	(28,119)	(67,319)	(50,209)	(101,706)
Fund Balances at Beginning of Year	<u>126,437</u>	<u>(234,950)</u>	<u>175,610</u>	<u>387,286</u>	<u>332,732</u>	<u>949,234</u>
Fund Balances at End of Year	<u>\$ 137,254</u>	<u>\$ -</u>	<u>\$ 147,491</u>	<u>\$ 319,967</u>	<u>\$ 282,523</u>	<u>\$ 847,528</u>

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TOWN OF SIMSBURY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds					Capital Project Fund		
	Health & Welfare Program Fund	Culture & Recreation Program Fund	Board of Education Program Fund	Cafeteria	State and Federal Education Grants	Capital and Nonrecurring Expenditures Fund	Interfund Elimination	Total Nonmajor Governmental Funds
Revenues:								
Intergovernmental	\$ 54,222	\$	\$	\$ 329,149	\$ 3,673,404	\$ 180,360	\$	\$ 4,613,652
Charges for goods and services			282,882	792,176				3,234,122
Investment income			49,533	3,654				53,193
Other	192,779	133,861	618,529					1,242,685
Total revenues	247,001	133,861	950,944	1,124,979	3,673,404	180,360	-	9,143,652
Expenditures								
Current operating:								
General government								210,100
Planning and development								215,019
Public safety								189,937
Facility management								121,655
Culture and recreation		128,850						2,019,295
Health and welfare	228,528							228,528
Education			440,558	1,169,789	3,673,404			5,283,751
Capital outlay						944,408		1,633,963
Debt service								8,522
Total expenditures	228,528	128,850	440,558	1,169,789	3,673,404	944,408	-	9,910,770
Excess (Deficiency) of Revenues over Expenditures	18,473	5,011	510,386	(44,810)	-	(764,048)	-	(767,118)
Other Financing Sources (Uses):								
Transfers in						350,810	(24,000)	841,354
Transfers out							24,000	-
Total other financing sources	-	-	-	-	-	350,810	-	841,354
Net Change in Fund Balances	18,473	5,011	510,386	(44,810)	-	(413,238)	-	74,236
Fund Balances at Beginning of Year	278,735	108,550	540,858	226,448	-	1,331,748	-	4,222,688
Fund Balances at End of Year	\$ 297,208	\$ 113,561	\$ 1,051,244	\$ 181,638	\$ -	\$ 918,510	\$ -	\$ 4,296,924

TOWN OF SIMSBURY, CONNECTICUT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2014

	Residential Rental Properties				Simsbury Farms Fund			
	Budget		Actual	Variance with Final Budget Positive (Negative)	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Charges for goods and services	\$	\$	\$	\$ -	\$ 1,894,200	\$ 1,894,200	\$ 1,668,175	\$ (226,025)
Rental of town-owned property	55,655	55,655	62,788	7,133	20,000	20,000	31,676	11,676
Total revenues	55,655	55,655	62,788	7,133	1,914,200	1,914,200	1,699,851	(214,349)
Expenditures:								
Current:								
Facility management	47,130	47,130	43,449	3,681				-
Culture and recreation				-	1,914,200	1,915,259	1,869,793	45,466
Debt service	8,525	8,525	8,522	3				-
Total expenditures	55,655	55,655	51,971	3,684	1,914,200	1,915,259	1,869,793	45,466
Excess (Deficiency) of Revenues over Expenditures	-	-	10,817	10,817	-	(1,059)	(169,942)	(168,883)
Other Financing Sources (Uses):								
Transfers from other funds				-		261,620	449,544	(187,924)
Transfers to other funds				-		(24,000)	(24,000)	-
Net other financing sources	-	-	-	-	-	237,620	425,544	(187,924)
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ -	\$ -	10,817	\$ 10,817	\$ -	\$ 236,561	255,602	\$ (356,807)
Fund Balances at Beginning of Year			126,437				(255,602)	
Fund Balances at End of Year			\$ 137,254				\$ -	

TOWN OF SIMSBURY, CONNECTICUT

SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS -
CAPITAL AND NONRECURRING EXPENDITURES FUND

FOR THE YEAR ENDED JUNE 30, 2014

	Appropriations			Expenditures					Current Year Encumbrances	Designated for Specific Projects June 30, 2014
	Balance July 1, 2013	Current Year	Balance June 30, 2014	Balance July 1, 2013	Current Year	Payments on Prior Year Encumbrances	Balance June 30, 2014			
Town Security Measures - 2013	\$ 77,600	\$ 8,291	\$ 85,891	\$ 44,203	\$ 2,375	\$ 39,313	\$ 85,891	\$	\$ -	
School Security Measures - 2013	177,000	(8,291)	168,709		78,346		78,346		90,363	
DPW Dump Truck w/Plow - 2013	130,000		130,000	123,411		6,588	129,999		1	
BOE Interior Building Renovations - 2013	195,000		195,000	2,203	48,500		50,703		144,297	
BOE Exterior Building Renovations - 2013	10,000		10,000			6,450	6,450	3,550	-	
BOE Plumbing Modifications - 2013	10,000		10,000	2,750	5,710		8,460	864	676	
BOE Ceiling/Flooring Replacement - 2013	126,000		126,000		117,490	8,509	125,999		1	
BOE School Buses - 2013	170,000		170,000	159,630	10,370		170,000		-	
BOE Equipment Instruction/Non-Instruction - 2013	9,000		9,000		9,000		9,000		-	
P&O 1-Ton Dump Truck - 2013	58,000	2,004	60,004	45,303		14,700	60,003		1	
P&O 3/4 Ton Pick-up Truck - 2013	38,000	(2,004)	35,996	30,872	1,133		32,005		3,991	
SF Rough Mower - 2013	53,500		53,500	53,436			53,436		64	
Eng Transportation Facility Improve. - 2013	387,000		387,000		16,269		16,269		370,731	
Eng-Web-based Info & Record Mgmt System - 2013	25,000		25,000	5,408	19,139		24,547		453	
Emerg Mgmt Insta-Alert LED Display Unit -2013	13,310		13,310	13,310			13,310		-	
Citrix Server Software	13,000		13,000		11,950		11,950		1,050	
Computer Software		19,000	19,000		15,730		15,730		3,270	
Computer Equipment		10,000	10,000		3,105		3,105		6,895	
Technical & Program Equipment		34,741	34,741		31,741		31,741		3,000	
Computer Software		45,000	45,000		1,485		1,485		43,515	
Pick Up Truck		25,000	25,000		25,000		25,000		-	
Boilers/HVAC		7,546	7,546				-		7,546	
Modifications - HVAC		60,000	60,000		25,646		25,646		34,354	
Boilers/HVAC		8,954	8,954		8,954		8,954		-	
Road Improvements		180,360	180,360		149,363		149,363		30,997	
Road Improvements		45,000	45,000		45,000		45,000		-	
Trailer		8,500	8,500		8,422		8,422		78	
Bldg Renovations - Exterior		10,000	10,000		7,319		7,319		2,681	
Pick Up Truck		32,500	32,500		32,340		32,340		160	
Parks Improvements		9,609	9,609				-		9,609	
Ceiling/Floor Replacement		23,000	23,000		23,000		23,000		-	
Machinery & Equipment		2,546	2,546		2,546		2,546		-	
Mowers		74,846	74,846		74,845		74,845		1	
Renovations - Interior		162,500	162,500		972		972		161,528	
Building Renovations - Exterior		51,000	51,000		34,391		34,391	13,062	3,547	
Modifications - Plumbing		10,000	10,000				-		10,000	
Ceiling/Floor Replacement		56,000	56,000		30,997		30,997		25,003	
Trucks		46,000	46,000		45,750		45,750		250	
School Buses		245,000	245,000		245,000		245,000		-	
Assessor Revaluation	541,500		541,500	524,075	12,886		536,961		4,539	
Highway -Connect to Sanitary Sewer	105,000		105,000	88,988			88,988		16,012	
Engineering -Design Services	35,000		35,000	26,000			26,000		9,000	
Eno Memorial Hall-Consultant	35,000		35,000	35,000			35,000		-	
LoCIP - 2013	157,471		157,471	157,471			157,471		-	
BOE Interior Building Renovations - 2011	68,000	(384)	67,616	66,110			66,110		1,506	
BOE Plumbing Modifications - 2011	80,000		80,000	79,793			79,793		207	
Buses	80,000		80,000	80,000			80,000		-	
BOE Equipment Instruction/Non-Instruction	40,000		40,000	40,000			40,000		-	
BOE Ceiling/Flooring Replacement	70,000		70,000	69,996			69,996		4	
Simsbury Farms Improvements	30,000	384	30,384	30,384			30,384		-	
Simsbury Farms Golf Complex Improvements	30,000		30,000	29,011			29,011		989	
Tourism Signs - 2012	10,000		10,000	10,000			10,000		-	
Engineering Sidewalk Improvements - 2012	100,000	124	100,124	93,735		6,389	100,124		-	
Highway Dept Roadside Mower - 2012	130,000		130,000	99,988	2,966		102,954		27,046	
Sims Farms-Greens Mower - 2012	29,000	(2)	28,998	28,729			28,729		269	
BOE Interior Building Renovations - 2012	121,000	(16,689)	104,311	8,174		89,852	98,026		6,285	
BOE Heating Modifications - 2012	50,000		50,000	30,890		19,110	50,000		-	
BOE Ceiling/Flooring Replacement - 2012	95,000	16,689	111,689	7,630		104,058	111,688		1	
BOE Equipment Instruction/Non-Instruction - 2012	32,000	2	32,002	32,002			32,002		-	
Totals	\$ 3,331,381	\$ 1,167,226	\$ 4,498,607	\$ 2,018,502	\$ 1,147,740	\$ 294,969	\$ 3,461,211	\$ 17,476	\$ 1,019,920	

Internal Service Funds

PPO - This fund is used to account for premiums and claims relating to the self-insurance health coverage for those Town and Board of Education current employees who elected to receive health coverage under the CIGNA PPO or Point of Access Plans. For Town employees, that can include medical/prescription and/or dental coverage. For Board of Education employees, that includes just medical/prescription coverage.

Dental - This fund is used to account for premiums and claims relating to the self-insurance dental coverage for current Board of Education employees only who have elected to receive dental coverage under the MetLife Plan.

HMO - This fund is used to account for premiums and claims relating to the self-insurance health coverage for those Town and Board of Education current employees who elected to receive health coverage under the ConnectiCare HMO or Point of Access Plans. For Town employees, that can include medical/prescription and/or dental coverage. For Board of Education employees, that includes just medical/prescription coverage.

TOWN OF SIMSBURY, CONNECTICUT
COMBINING STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2014

	Governmental Activities			
	Internal Service Funds			Total
	PPO	Dental	HMO	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 2,221,529	\$ 888,540	\$ 4,394,085	\$ 7,504,154
Prepaid items	320,700			320,700
Total current assets	<u>2,542,229</u>	<u>888,540</u>	<u>4,394,085</u>	<u>7,824,854</u>
Noncurrent liabilities:				
Claim incurred but not reported	<u>794,356</u>	<u>20,212</u>	<u>475,457</u>	<u>1,290,025</u>
Net Position:				
Unrestricted	<u>\$ 1,747,873</u>	<u>\$ 868,328</u>	<u>\$ 3,918,628</u>	<u>\$ 6,534,829</u>

TOWN OF SIMSBURY, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities			
	Internal Service Funds			
	PPO	Dental	HMO	Total
Operating Revenues:				
Charges for services	\$ 4,509,073	\$ 525,056	\$ 7,729,685	\$ 12,763,814
Other operating revenue	361,104	41,180	81,879	484,163
Total operating revenues	<u>4,870,177</u>	<u>566,236</u>	<u>7,811,564</u>	<u>13,247,977</u>
Operating Expenses:				
Claims incurred	4,741,925	390,770	6,244,268	11,376,963
Administration and stop loss insurance fees	225,595	41,180	862,437	1,129,212
Total operating expenses	<u>4,967,520</u>	<u>431,950</u>	<u>7,106,705</u>	<u>12,506,175</u>
Change in Net Position	(97,343)	134,286	704,859	741,802
Net Position at Beginning of Year	<u>1,845,216</u>	<u>734,042</u>	<u>3,213,769</u>	<u>5,793,027</u>
Net Position at End of Year	<u>\$ 1,747,873</u>	<u>\$ 868,328</u>	<u>\$ 3,918,628</u>	<u>\$ 6,534,829</u>

TOWN OF SIMSBURY, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities			
	Internal Service Funds			
	PPO	Dental	HMO	Total
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 4,870,177	\$ 566,236	\$ 7,811,564	\$ 13,247,977
Payments to employees	(5,260,191)	(467,453)	(7,116,881)	(12,844,525)
Net cash provided by (used in) operating activities	(390,014)	98,783	694,683	403,452
Cash Flows from Noncapital Financing Activities:				
Payments to other funds	(264,569)		(421,794)	(686,363)
Net Increase (Decrease) in Cash and Cash Equivalents	(654,583)	98,783	272,889	(282,911)
Cash and Cash Equivalents at at Beginning of Year	2,876,112	789,757	4,121,196	7,787,065
Cash and Cash Equivalents at End of Year	<u>\$ 2,221,529</u>	<u>\$ 888,540</u>	<u>\$ 4,394,085</u>	<u>\$ 7,504,154</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (97,343)	\$ 134,286	\$ 704,859	\$ 741,802
Adjustments to reconcile operating income to net cash provided by operating activities:				
Change in assets and liabilities:				
Increase in prepaid items	(320,700)			(320,700)
Increase (decrease) in claims payable	28,029	(35,503)	(10,176)	(17,650)
Total adjustments	(292,671)	(35,503)	(10,176)	(338,350)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (390,014)</u>	<u>\$ 98,783</u>	<u>\$ 694,683</u>	<u>\$ 403,452</u>

Fiduciary Funds

Fiduciary Fund types are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations or others. The Town's Fiduciary Funds are as follows:

Agency Fund:

- ❑ **School Activity** - to account for the various student activities and clubs.
- ❑ **Flex Spending** - allows employees to use payroll deductions to fund an individual flex spending account for dependent care or medical expenses. Reimbursements are paid from the account by a third party administrator in accordance with IRS regulations.

TOWN OF SIMSBURY, CONNECTICUT
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
School Activity Fund				
Assets:				
Cash and short-term investments	\$ <u>1,057,082</u>	\$ <u>2,956,560</u>	\$ <u>3,053,336</u>	\$ <u>960,306</u>
Liabilities:				
Due to student groups	1,057,082	2,934,627	3,053,336	938,373
Due to other funds	<u> </u>	<u>21,933</u>	<u> </u>	<u>21,933</u>
Total Liabilities	\$ <u>1,057,082</u>	\$ <u>2,956,560</u>	\$ <u>3,053,336</u>	\$ <u>960,306</u>
Flex Spending Fund				
Assets:				
Cash and short-term investments	\$ <u>47,545</u>	\$ <u>154,489</u>	\$ <u>151,929</u>	\$ <u>50,105</u>
Liabilities:				
Due to employees	\$ <u>47,545</u>	\$ <u>154,489</u>	\$ <u>151,929</u>	\$ <u>50,105</u>
Total				
Assets:				
Cash and short-term investments	\$ <u>1,104,627</u>	\$ <u>3,111,049</u>	\$ <u>3,205,265</u>	\$ <u>1,010,411</u>
Liabilities:				
Due to student groups and others	\$ 1,104,627	\$ 3,089,116	\$ 3,205,265	\$ 988,478
Due to other funds	<u>-</u>	<u>21,933</u>	<u> </u>	<u>21,933</u>
Total Liabilities	\$ <u>1,104,627</u>	\$ <u>3,111,049</u>	\$ <u>3,205,265</u>	\$ <u>1,010,411</u>

Other Schedules

TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2014

Grand List Year	Balance July 1, 2013	Current Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes	Collections	Interest	Liens	Other Fees	Balance June 30, 2014
			Additions	Deductions							
2012 \$	\$	82,860,886	\$ 1,034,370	\$ 601,003	\$	\$ 83,294,253	\$ 82,960,550	\$ 148,318	\$ 720	\$ 11,229	\$ 333,703
2011	476,646		5,596	15,768	44,597	421,877	202,132	46,268	816	3,004	219,745
2010	149,892		2,724	1,265	7,815	143,536	58,206	17,953	240	120	85,330
2009	50,932		3,747	234		54,445	22,803	12,490	96	55	31,642
2008	27,042		3,749		104	30,687	13,496	8,973	48	30	17,191
2007	16,555		1,769	199	175	17,950	1,571	1,437			16,379
2006	14,422		1,224		75	15,571	2,835	3,436	24	10	12,736
2005	9,512					9,512					9,512
2004	2,881		51			2,932	51	79		5	2,881
2003	2,783					2,783					2,783
2002	3,038		832	785		3,085	47	136			3,038
2001	1,910		1,006	921		1,995	85	181		5	1,910
2000	1,774		554			2,328	554	1,257		10	1,774
1999	8,418		344			8,762	343	775		5	8,419
1998	1,583					1,583					1,583
	\$ 767,388	\$ 82,860,886	\$ 1,055,966	\$ 620,175	\$ 52,766	\$ 84,011,299	\$ 83,262,673	\$ 241,303	\$ 1,944	\$ 14,473	\$ 748,626

TOWN OF SIMSBURY, CONNECTICUT

SCHEDULE OF CHANGES IN SEWER USER CHARGES RECEIVABLE

FOR THE YEAR ENDED JUNE 30, 2014

Grand List Year	Balance July 1, 2013	Current Year Charges	Adjustments	Collections	Balance June 30, 2014
2013	\$	\$ 2,269,205	\$ 381,597	\$ 2,627,481	\$ 23,321
2012	17,958			12,183	5,775
2011	4,481			2,816	1,665
2010	960			320	640
2009	960			320	640
2008	640				640
2007	620				620
2006	580				580
2005	400				400
2004	400				400
2003	400				400
2002	340				340
2001	280				280
2000	236				236
1999	216			216	-
Totals	\$ <u>28,471</u>	\$ <u>2,269,205</u>	\$ <u>381,597</u>	\$ <u>2,643,336</u>	\$ <u>35,937</u>

TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF CHANGES IN SEWER ASSESSMENT RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2014

Phases	Balance July 1, 2013	Additions	Principal	Interest	Lien Fees	Balance June 30, 2014
I	\$ 2,313	\$	\$ 771	\$ 121	\$	\$ 1,542
II	75,653		23,357	3,271	72	52,296
III	75,523		13,823	2,145		61,700
IV	-			313	216	-
V	10,928		7,341	391	72	3,587
VI	2,938					2,938
VII	-					-
VIII	5,613				96	5,613
O	81,606		29,815	5,067	120	51,791
X	59,228		6,346	1,428		52,882
XI	65,957		3,799	1,378		62,158
	<u>\$ 379,759</u>	<u>\$ -</u>	<u>\$ 85,252</u>	<u>\$ 14,114</u>	<u>\$ 576</u>	<u>\$ 294,507</u>

TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF CHANGES IN WATER ASSESSMENT RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2014

Balance July 1, 2013	Additions	Principal	Interest	Lien Fees	Balance June 30, 2014
\$ <u>17,475</u>	\$ <u></u>	\$ <u>10,412</u>	<u></u>	\$ <u></u>	\$ <u>7,063</u>

**TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2014**

Revenue from taxation for the year ended June 30, 2014:

Taxes	\$ 83,262,673
Interest and lien fees	243,247
Total	<u>83,505,920</u>

Reimbursed for:

Tax relief for elderly	<u>80,646</u>
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Base	<u><u>\$ 83,586,566</u></u>
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	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>
Debt limitation:				
2-1/4 times base	\$ 188,069,774	\$	\$	\$
4-1/2 times base		376,139,547		
3-3/4 times base			313,449,623	
3-1/4 times base				271,656,340
Total debt limitation	<u>188,069,774</u>	<u>376,139,547</u>	<u>313,449,623</u>	<u>271,656,340</u>
Indebtedness:				
Bonds and loans payable	12,093,227	11,800,280	14,715,929	
Bonds authorized and unissued	<u>4,285,358</u>	<u>4,612,565</u>	<u>14,715,929</u>	
Total indebtedness	<u>16,378,585</u>	<u>16,412,845</u>	<u>14,715,929</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u><u>\$ 171,691,189</u></u>	<u><u>\$ 359,726,702</u></u>	<u><u>\$ 298,733,694</u></u>	<u><u>\$ 271,656,340</u></u>
Total capacity of borrowing (7 times base)		\$ 585,105,962		
Total present indebtedness		<u>47,507,359</u>		
Margin for Additional Borrowing		<u><u>\$ 537,598,603</u></u>		

Statistical Section

This part of the Town of Simsbury, Connecticut's comprehensive annual report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents	Page
Financial Trends	96-99
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	
Revenue Capacity	100-102
These schedules contain information to help the reader assess the Town's most significant local revenue source, property taxes	
Debt Capacity	103-105
These schedules present information to help the reader assess the affordability of the Town's current level of outstanding debt and the Town's ability to issue additional debt in the future.	
Demographic and Economic Information	106-107
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	
Operating Information	108-110
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	

TOWN OF SIMSBURY, CONNECTICUT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Net investment in capital assets	\$ 48,885,116	\$ 61,353,651	\$ 57,160,740	\$ 71,428,484	\$ 79,465,301	\$ 83,683,437	\$ 85,759,693	\$ 93,769,918	\$ 93,069,141	\$ 97,320,295
Unrestricted	<u>19,559,268</u>	<u>17,816,187</u>	<u>27,075,037</u>	<u>18,748,699</u>	<u>20,119,401</u>	<u>22,700,437</u>	<u>24,577,560</u>	<u>28,322,298</u>	<u>36,628,027</u>	<u>36,871,686</u>
Total Governmental Activities Net Position	<u>\$ 68,444,384</u>	<u>\$ 79,169,838</u>	<u>\$ 84,235,777</u>	<u>\$ 90,177,183</u>	<u>\$ 99,584,702</u>	<u>\$ 106,383,874</u>	<u>\$ 110,337,253</u>	<u>\$ 122,092,216</u>	<u>\$ 129,697,168</u>	<u>\$ 134,191,981</u>

TOWN OF SIMSBURY, CONNECTICUT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government	\$ 2,864,389	\$ 2,607,616	\$ 3,227,615	\$ 3,292,873	\$ 3,062,056	\$ 2,842,450	\$ 2,497,684	\$ 6,305,823	\$ 2,343,479	\$ 2,205,896
Planning and development	1,345,269	1,144,974	1,185,140	1,384,238	1,843,702	1,552,148	1,793,475	1,079,098	960,662	596,042
Public safety	5,139,769	5,210,279	6,628,916	6,057,274	6,046,297	6,191,312	6,339,007	5,891,335	5,492,049	5,007,354
Facility management	5,613,885	6,353,281	6,998,785	7,755,390	8,081,543	8,254,369	8,687,612	8,719,270	8,934,586	8,266,613
Culture and recreation	4,379,125	4,410,376	4,600,392	4,911,460	5,018,286	5,163,162	8,306,430	5,309,507	5,203,432	5,137,622
Health and welfare	655,206	670,742	731,067	756,733	868,396	887,619	857,664	846,075	864,456	868,466
Board of Education	57,874,235	60,816,027	63,948,341	86,929,937	68,363,256	72,654,089	71,194,609	76,276,064	77,356,625	84,666,310
Debit service interest	1,205,222	1,218,918	1,240,906	1,944,234	1,722,911	1,525,754	1,514,343	1,212,643	1,199,014	1,019,312
Total Governmental Activities Expenses	<u>79,077,100</u>	<u>82,432,213</u>	<u>88,561,162</u>	<u>113,032,139</u>	<u>95,006,447</u>	<u>99,070,903</u>	<u>101,190,824</u>	<u>105,639,815</u>	<u>102,354,303</u>	<u>107,767,615</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	933,527	890,119	970,739	1,525,815	688,041	809,490	958,295	805,502	799,556	760,330
Planning and development	415,615	432,093	368,307	436,580	369,448	421,092	131,545	171,782	146,655	169,606
Public safety	229,646	296,751	416,669	300,355	264,779	366,510	321,284	279,202	278,247	311,044
Facility management	2,094,212	2,550,256	3,313,968	3,344,116	3,566,041	3,317,857	2,938,812	3,091,335	3,427,181	3,452,650
Culture and recreation	2,265,570	1,832,410	1,764,394	1,944,369	2,033,644	2,062,964	1,783,573	1,771,554	1,710,717	1,748,704
Health and welfare	113,115	115,407	129,673	101,749	182,981	172,778	16,366	19,691	14,335	8,675
Board of Education	3,156,380	5,166,869	5,186,062	23,489,202	5,835,826	1,536,343	1,558,283	1,477,515	1,263,693	1,139,274
Operating grants and contributions:										
General government	7,000		23,981	76,087	747,425	300,352	21,500	120,009	1,075,530	334,574
Planning and development	230,019	88,177	15,610	84,894	259,341	79,055		2,116,232	282,497	110,020
Public safety	28,432	2,083	45,456	25,604	1,621	128,765	98,309	29,856	31,083	12,173
Facility management	443,244	245,200	532,835	193,037	1,439,409	694,959	769,341	3,016,919	262,172	193,969
Culture and recreation		4,225		10,000			47,358	189,748	74,989	624,762
Health and welfare	14,000	14,000	47,054	53,304	53,504	50,367	229,442	189,658	248,981	237,750
Board of Education	4,345,513	5,004,949	5,989,693	8,147,441	8,413,878	14,331,851	14,171,150	15,801,559	16,125,579	17,681,269
Capital grants and contributions:										
General government						287,080				
Planning and development					1,120,342	1,027,750				
Facility management	1,470,939	3,046,142	1,736,988	251,285		414,127		341,709	499,380	541,351
Culture and recreation	355,537	144,463		250,000	289,664	280,797	330,514		691,666	
Health and welfare						40,000	1,024,843			
Board of Education	4,209,285	2,106,224	54,675	98,958	1,169,220	626,844		958,286	451,140	
Total Governmental Activities Revenues	<u>20,312,034</u>	<u>21,939,368</u>	<u>20,596,104</u>	<u>40,332,796</u>	<u>26,435,164</u>	<u>26,948,981</u>	<u>24,400,615</u>	<u>30,380,557</u>	<u>27,383,401</u>	<u>27,326,151</u>
Total Governmental Activities Net Expense	<u>(58,765,066)</u>	<u>(60,492,845)</u>	<u>(67,965,058)</u>	<u>(72,699,343)</u>	<u>(68,571,283)</u>	<u>(72,121,922)</u>	<u>(76,790,209)</u>	<u>(75,259,258)</u>	<u>(74,970,902)</u>	<u>(80,441,464)</u>
General Revenues and Other:										
Changes in Net Position:										
Governmental activities:										
Property taxes	66,077,888	69,586,237	72,439,691	75,343,007	77,301,151	78,380,041	79,637,302	80,468,335	81,741,250	83,574,205
Grants and contributions not restricted to specific programs	453,215	417,229	446,703	411,508	396,487	396,805	491,076	332,042	315,020	333,164
Unrestricted investment earnings	651,665	1,214,833	1,769,925	1,260,912	281,164	144,248	215,881	120,712	54,591	71,233
Other general revenues, net							399,329	409,960	464,993	957,675
Total Primary Government	<u>67,182,768</u>	<u>71,218,299</u>	<u>74,656,319</u>	<u>77,015,427</u>	<u>77,978,802</u>	<u>78,921,094</u>	<u>80,743,588</u>	<u>81,331,049</u>	<u>82,575,854</u>	<u>84,936,277</u>
Change in Net Position:										
Total Governmental Activities	<u>\$ 8,417,702</u>	<u>\$ 10,725,454</u>	<u>\$ 6,691,261</u>	<u>\$ 4,316,084</u>	<u>\$ 9,407,519</u>	<u>\$ 6,799,172</u>	<u>\$ 3,953,379</u>	<u>\$ 6,071,791</u>	<u>\$ 7,604,952</u>	<u>\$ 4,494,813</u>

TABLE 3

TOWN OF SIMSBURY, CONNECTICUT
FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

		FISCAL YEAR									
		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:											
Nonspendable	\$	\$		\$	\$	\$	\$	\$	\$	19,665	\$
Restricted			157,873		65,000	248,601	161,737	3,765	121,950	365,516	2,368
Committed			1,547				290,000	324,311	267,341	400,120	
Assigned		82,574	223,626	455,901	534,507	215,567	120,965	351,346	510,907	374,590	21,309
Unassigned		8,007,752	8,887,767	7,605,026	7,644,660	8,000,965	8,679,564	9,577,204	9,696,310	10,840,687	11,611,521
Total General Fund	\$	<u>8,090,326</u>	<u>9,270,813</u>	<u>8,060,927</u>	<u>8,244,167</u>	<u>8,465,133</u>	<u>9,252,266</u>	<u>10,256,626</u>	<u>10,596,508</u>	<u>12,000,578</u>	<u>11,635,198</u>
All other governmental funds:											
Nonspendable	\$	35,581	\$ 33,144	\$ 33,787	\$ 39,161	\$ 31,522	\$ 42,047	\$ 34,420	\$ 39,195	\$ 55,708	\$ 37,169
Restricted		493,877	479,451	583,280	622,116	841,806	998,223	1,009,517	1,256,034	1,387,975	1,724,023
Committed					65,000	248,601		2,234,192	8,012,674	11,181,861	10,317,052
Assigned		11,089,057	8,077,137	18,458,888	11,890,418	8,791,641	10,238,407	11,328,104	5,329,235		
Unassigned						(175,476)			(5,539,929)	(255,602)	
Total All Other Governmental Funds	\$	<u>11,618,515</u>	<u>8,589,732</u>	<u>19,075,955</u>	<u>12,616,695</u>	<u>9,738,094</u>	<u>11,278,677</u>	<u>14,606,233</u>	<u>9,097,209</u>	<u>12,369,942</u>	<u>12,078,244</u>

TABLE 4

TOWN OF SIMSBURY, CONNECTICUT
REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS

LAST TEN YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Property taxes	\$ 66,306,205	\$ 69,323,250	\$ 72,405,901	\$ 75,062,589	\$ 77,284,675	\$ 78,212,280	\$ 79,548,406	\$ 80,548,378	\$ 81,850,788	\$ 83,460,141
Intergovernmental	13,410,876	14,839,566	12,127,573	31,385,988	18,695,408	18,417,973	15,798,207	23,037,449	19,910,015	19,289,241
Investment income	651,665	1,214,832	1,769,928	1,260,912	281,164	119,737	215,881	120,712	54,591	71,233
Charges for goods and services	3,713,825	4,078,414	3,998,603	4,100,337	3,854,100	4,458,581	4,345,779	4,165,901	3,970,212	3,826,011
Licenses and permits	534,015	464,673	400,740	468,128	363,346	425,563	279,740	527,210	546,348	708,824
Rental of town owned property	10,335	10,023	11,242	7,832	3,816	4,161	2,748	595	163,356	171,087
Local revenues	101,324	201,967	374,484	946,858	365,735	355,767	447,574	409,679	103,093	577,789
Assessments	1,770,048	1,741,301	2,515,975	2,644,249	2,722,367	2,606,135	2,588,450	2,541,036	2,857,375	2,737,195
Other	1,504,615	1,462,690	1,041,555	1,311,395	787,707	803,687	759,832	739,684	918,044	1,577,753
Total revenues	88,002,908	93,336,716	94,646,001	117,188,288	104,358,318	105,403,884	103,986,617	112,090,644	110,373,822	112,419,274
Expenditures:										
Current:										
General government	2,222,381	1,861,949	2,426,435	2,448,471	2,239,167	2,003,567	1,913,540	5,674,412	1,964,048	2,199,199
Planning and development	1,092,928	920,001	899,308	1,015,444	1,517,056	1,213,872	807,450	3,177,802	844,237	704,150
Public safety	3,613,566	3,658,607	3,938,574	4,068,623	4,177,971	4,162,967	4,156,758	4,208,408	4,426,304	4,440,427
Facility management	3,790,198	4,521,499	4,970,704	5,122,093	5,408,842	5,543,118	5,893,233	5,975,632	5,671,060	5,862,713
Culture and recreation	3,497,648	3,618,128	3,666,929	3,852,304	4,005,692	3,959,615	4,177,239	4,165,021	4,047,226	4,263,907
Health and welfare	561,158	571,064	618,704	634,133	749,436	756,353	721,978	702,936	727,795	786,278
Fringe benefits and insurance	3,160,935	3,539,933	4,652,868	4,344,674	4,399,255	4,351,456	4,675,137	4,372,802	4,675,479	4,833,766
Education	55,187,980	59,869,388	63,353,338	84,812,623	68,976,132	71,467,509	71,649,955	73,986,774	75,661,224	78,987,017
Special projects	28,559	21,000	172,910	176,813	306,883	15,000				
Capital outlay	21,684,838	27,251,989	9,471,548	16,039,531	6,941,175	6,835,862	3,375,755	7,701,678	6,180,583	3,440,988
Debit service:										
Principal	3,906,982	4,307,053	4,122,123	4,472,195	6,527,597	5,709,008	5,753,087	5,871,345	5,879,971	6,453,974
Interest	1,259,750	1,223,826	1,257,069	1,805,498	1,950,348	1,678,746	1,573,248	1,508,161	1,257,711	1,103,933
Total expenditures	100,006,923	111,364,437	99,550,510	128,792,402	107,199,554	107,697,073	104,697,380	117,344,971	111,335,638	113,076,352
Deficiency of Revenues over Expenditures	(12,004,015)	(18,027,721)	(4,904,509)	(11,604,114)	(2,841,236)	(2,293,189)	(710,763)	(5,254,327)	(961,816)	(657,078)
Other Financing Sources:										
Proceeds from capital lease										
Proceeds from sales of bonds	5,025,331	4,955,122	10,046,304	4,090,780		4,869,506	5,000,000	5,191,969	5,638,019	
Payments to escrow agents								(5,106,184)		
Proceeds from loans	4,506,057	11,066,430	4,292,415	1,172,314			42,679			
Total other financing sources	9,531,388	16,021,552	14,338,719	5,263,094	-	4,869,506	5,042,679	85,785	5,638,019	-
Net Change in Fund Balances	(2,472,627)	(2,006,169)	9,434,210	(6,341,020)	(2,841,236)	2,576,317	4,331,916	(5,168,542)	4,676,203	(657,078)
Fund Balance at Beginning of Year	25,935,613	23,462,986	21,456,817	27,136,882	20,795,862	17,954,626	20,530,943	24,862,859	19,694,317	24,370,520
Fund Balance at End of Year	\$ 23,462,986	\$ 21,456,817	\$ 30,891,027	\$ 20,795,862	\$ 17,954,626	\$ 20,530,943	\$ 24,862,859	\$ 19,694,317	\$ 24,370,520	\$ 23,713,442
Debt Service as a Percentage to Noncapital Expenditures	6.60%	6.58%	5.97%	5.57%	8.46%	7.32%	7.26%	6.50%	6.63%	6.92%

TABLE 5

TOWN OF SIMSBURY, CONNECTICUT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year	Real Property		All Land	Motor Vehicles	Personal Property	Tax Exempt Real Property Excluded	Total Taxable Assessed Value	Mill Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property								
2005	\$ 1,451,226	\$ 211,294	\$ 11,382	\$ 155,606	\$ 94,500	\$ 202,483	\$ 1,924,008	34.00	\$ 3,346,110	57.5
2006	1,464,321	209,663	7,610	165,612	101,640	199,885	1,948,846	35.20	3,687,323	52.9
2007	1,482,901	214,439	12,675	173,801	113,840	203,574	1,997,656	35.90	3,991,723	50.0
2008	1,502,769	214,362	16,638	172,758	115,896	222,290	2,022,423	36.90	3,961,196	51.1
2009	1,991,069	295,774	16,918	176,222	117,587	276,266	2,597,570	29.60	3,971,248	65.4
2010	1,999,922	296,264	24,478	165,121	111,801	280,231	2,597,586	30.10	3,674,499	70.7
2011	2,006,469	298,680	23,539	166,125	104,650	286,585	2,599,462	30.55	3,717,024	69.9
2012	2,009,423	300,156	21,457	171,793	96,697	298,661	2,599,526	30.86	3,617,413	71.9
2013	2,012,384	301,240	21,030	182,668	82,147	289,240	2,599,468	31.37	3,505,330	74.2
2014	1,697,766	260,396	17,465	179,800	79,240	301,195	2,234,667	37.29	3,481,281	64.2

Source: Town of Simsbury Assessor and State of Connecticut, Office of Policy and Management

Note: Except for the fiscal year ending June 30, 2004, the estimated actual taxable is the Equalized Net Grand List as determined by the State of Connecticut, Office of Policy and Management. Properties in town are reassessed every five years per state statute. The last completed revaluation was for the fiscal year ending June 30, 2014. For the fiscal year ending 2014, the estimated actual taxable value is the sum of the real estate assessments divided 63.5%, plus the motor vehicle and personal property assessments divided by 70%.

Last revaluation was completed 10/1/2012

TOWN OF SIMSBURY, CONNECTICUT

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO*

	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
Hartford Life and Accident Ins. Company	\$ 43,519,840	1	1.93 %	\$ 21,703,440	2	1.12 %
E and A/I and I and G Commons LP	23,450,000	2	1.04			
Connecticut Light & Power	20,174,920	3	0.77	15,074,160	4	0.78
Executive Risk Indemnity Inc.	17,247,680	4	0.90	18,388,060	3	0.95
Woodgreen Simsbury LLC	8,464,400	5	0.38			
Simsbury Hopmeadow Street LLC	13,248,510	6	0.59	6,234,830	9	0.32
Hoffman, Phyllis W Trustee	9,191,870	7	0.41			
Simsbury Commons North E&A LLC	8,864,800	8	0.39	8,024,310	8	0.41
Hoffman Enterprises Limited Partnership	7,004,970	9	0.31			
Aquarion Water Company of Ct	6,962,460	10	0.31			
Simsbury Assoc. Limited Partnership				37,800,000	1	1.95
Simsbury Commons South E&A LLC				13,022,000	5	0.67
Ensign-Bickford Realty Corporation				10,115,270	6	0.52
Dyno Nobel Inc.				8,080,280	7	0.42
Canal Place LLC				5,445,469	10	0.28
	<u>\$ 158,129,450</u>		<u>7.03 %</u>	<u>\$ 143,887,819</u>		<u>7.43 %</u>

Source: Town Assessor's office

* Data prior to 2006 not available

TABLE 7

TOWN OF SIMSBURY, CONNECTICUT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$	65,824	\$ 65,439	\$ 99.42	\$ 382	\$ 65,821	100.00 %
2006		69,119	68,671	99.35	444	69,116	100.00
2007		72,151	71,633	99.28	508	72,141	99.99
2008		75,006	74,473	99.29	521	74,993	99.98
2009		76,960	76,505	99.41	439	76,944	99.98
2010		78,145	77,567	99.26	561	78,128	99.98
2011		79,341	78,850	99.38	460	79,310	99.96
2012		80,215	79,748	99.42	382	80,129	99.89
2013		81,566	81,090	99.42	257	81,347	99.73
2014		83,294	82,961	99.60			

Source: Town Tax Collector office and Finance office

TABLE 8

TOWN OF SIMSBURY, CONNECTICUT

**RATIO OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA**

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt						Percentage of Actual Taxable Value of Property (1)	Percentage of Personal Income (2)	Per Capita
	General Obligation Bonds			State of CT Project Loan	Clean Water Fund Loan	Total Primary Government			
	General Purpose	Schools	Sewers						
2005	\$ 5,367,791	\$ 27,110,756	\$ 81,800	\$ 149,588	\$ 4,506,057	\$ 37,215,992	1.11%	0.94%	1.60
2006	5,967,506	27,219,664		142,535	15,572,487	48,902,192	1.33%	1.23%	2.10
2007	13,983,366	25,098,000		135,412	19,864,902	59,081,680	1.48%	1.49%	2.54
2008	13,230,969	25,422,000		128,217	21,037,216	59,818,402	1.51%	1.51%	2.57
2009	11,435,616	22,341,000		120,950	19,331,886	53,229,452	1.34%	1.34%	2.29
2010	11,792,263	21,975,000		113,610	18,445,218	52,326,091	1.42%	1.32%	2.25
2011	14,349,499	19,550,000		106,197	17,540,653	51,546,349	1.40%	1.30%	2.22
2012	12,168,024	16,815,000		98,709	16,617,830	45,699,563	1.23%	1.15%	1.95
2013	14,833,377	14,795,000		91,146	15,676,381	45,395,904	1.25%	1.14%	1.93
2014	12,274,898	11,800,280		83,506	14,715,929	38,874,613	1.11%	0.90%	1.65

(1) See Table 5 for taxable property value data.

(2) See Table 11 for personal income and population data.

TABLE 9

TOWN OF SIMSBURY, CONNECTICUT

DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

Fiscal Year	Town of Simsbury General Fund			Simsbury Fire District	Total
	Operating Millage	Debt Service Millage *	Total Town Millage	Millage **	
2005	31.50	2.50	34.00	1.09	35.09
2006	32.60	2.60	35.20	1.15	36.35
2007	33.53	2.37	35.90	1.15	37.05
2008	34.34	2.56	36.90	1.30	38.20
2009	27.42	2.18	29.60	1.05	30.65
2010	27.96	2.14	30.10	1.05	31.15
2011	28.22	2.33	30.55	1.03	31.58
2012	28.54	2.32	30.86	1.02	31.88
2013	29.21	2.16	31.37	1.03	32.40
2014	34.69	2.60	37.29	1.22	38.51

* Debt service millage based on debt expenditures to total appropriations.

Town millage set as one number

** The Simsbury Fire District has no debt

TABLE 10

TOWN OF SIMSBURY, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 466,141,480	\$ 486,940,951	\$ 508,394,397	\$ 529,348,036	\$ 543,238,654	\$ 550,545,555	\$ 560,196,175	\$ 564,044,593	\$ 573,743,814	\$ 585,105,962
Total net debt applicable to limit	<u>36,790,908</u>	<u>48,540,022</u>	<u>58,575,314</u>	<u>72,902,911</u>	<u>62,661,314</u>	<u>65,228,306</u>	<u>51,560,382</u>	<u>56,811,356</u>	<u>48,887,461</u>	<u>47,507,359</u>
Legal Debt Margin	<u>\$ 429,350,572</u>	<u>\$ 438,400,929</u>	<u>\$ 449,819,083</u>	<u>\$ 456,445,125</u>	<u>\$ 480,577,340</u>	<u>\$ 485,317,249</u>	<u>\$ 508,635,793</u>	<u>\$ 507,233,237</u>	<u>\$ 524,856,353</u>	<u>\$ 537,598,603</u>
Total net debt applicable to the limit as a percentage of debt limit	7.89%	9.97%	11.52%	13.77%	11.53%	11.85%	9.20%	10.07%	8.52%	8.12%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the Town exceed seven (7) times the annual receipts from taxation. The calculation of the 2014 debt limit can be found on Schedule 5 of this report.

TOWN OF SIMSBURY, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (4)	Personal Income (Thousands of Dollars) (1)	Per Capita Personal Income (1)	Median Age (1)	Education Level in Years of Schooling (1)		School Enrollment (2)	Unemployment Rate (3)
					Percentage of High School Graduate or Higher	Bachelor's Degree or Higher		
2005	23,234	\$ 922,622	\$ 39,710	39.6	94.5	61.4	5,018	4.3
2006	23,234	922,622	39,710	39.6	94.5	61.4	5,014	3.5
2007	23,234	922,622	39,710	39.6	94.5	61.4	4,957	3.3
2008	23,234	922,622	39,710	39.6	94.5	61.4	4,917	4.1
2009	23,234	922,622	39,710	39.6	94.5	61.4	4,908	5.5
2010	23,234	922,622	39,710	39.6	94.5	61.4	4,838	6.2
2011	23,234	922,622	39,710	39.6	94.5	61.4	4,731	6.1
2012	23,438	930,723	39,710	41.0	96.9	60.0	4,657	6.6
2013	23,498	933,106	39,710	41.0	96.9	60.0	4,501	5.4
2014	23,535	1,018,570	43,279	43.3	95.7	62.7	4,330	4.8

Sources: Population, personal income, median age and education level provided by Town of Simsbury

(1) U.S. Department of Commerce, Bureau of the Census, 2010.

(2) Simsbury, Board of Education.

(3) State of Connecticut, Department of Labor.

(4) State of Connecticut Department of Economic Development

TABLE 12

TOWN OF SIMSBURY, CONNECTICUT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO*

	2014			2006		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
The Hartford Life Insurance Co.	1,374	1	14.54 %	2,589	1	22.99 %
Simsbury Board of Education	643	2	6.81	649	2	5.76
The New McLean	425	3	4.50	565	3	5.02
Chubb-Executive Risk, Inc.	417	4	4.41	553	4	4.91
Hoffman Auto Group	191	5	2.02			
Ensign-Bickford Companies	226	6	2.39	300	5	2.66
Town of Simsbury	178	7	1.88	142	7	1.26
Super Stop & Shop	160	8	1.69			
Mitchell of Simsbury	98	9	1.04	130	9	1.15
Hopmeadow Country Club	100	10	1.06			
Dyno Nobel				220	6	1.95
Blue Ridge Insurance						
Veeder-Root Company				135	8	1.20
Wagner, Ford, Nissan				92	10	0.82
	<u>3,812</u>		<u>40.34 %</u>	<u>5,375</u>		<u>47.72 %</u>

Source: First Selectman's Office, Town of Simsbury

* Data prior to 2006 not available

TOWN OF SIMSBURY, CONNECTICUT
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

		FISCAL YEAR									
		2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government:											
Central administration		5.5	4.0	4.0	5.0	5.0	5.0	5.0	4.0	4.0	5.0
Finance		3.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0
Tax collector		2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Assessor's		2.5	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Town clerk		3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Data Processing		2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Public safety:											
Officers		36.0	36.0	35.0	35.0	35.0	36.0	35.0	35.0	35.0	35.0
Civilians		11.0	10.0	10.0	11.0	11.0	11.0	10.0	10.0	10.0	10.0
Planning and development:											
Community development		2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Planning		2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0
Building		2.5	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Engineering		1.5	1.0	1.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0
Facilities management:											
Public works		2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	2.0	2.0
Buildings & maintenance		6.5	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Highway		19.0	19.0	18.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Sewer treatment plant		11.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Social services		3.5	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Public libraries		23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5	23.5
Parks and recreation		17.0	15.0	15.0	17.0	17.0	18.0	16.0	16.0	16.0	16.0
Board of Education:											
Certified		400.7	401.0	405.0	399.0	408.0	416.0	416.0	415.0	414.0	405.0
Non-certified		247.8	248.0	249.0	271.0	247.0	250.0	251.0	238.0	235.0	233.0
Total		804.0	798.5	801.5	825.5	810.5	824.5	820.5	805.5	802.5	792.5

Source: Town of Simsbury and Simsbury Board of Education

TOWN OF SIMSBURY, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<u>General Government</u>										
Birth certificates issued	171	162	172	159	180	191	174	165	194	170
Death certificates issued	196	195	196	230	207	169	188	181	182	193
Marriage licenses issued	281	305	274	265	259	222	184	165	178	207
Civil union licenses issued						3	5			
<u>Boards and Agencies</u>										
Registered voters	15,859	15,997	16,411	16,899	16,236	16,601	16,560	16,560	16,560	16,447
<u>Planning and Development</u>										
Building permits issued	676	681	766	573	575	483	495	520	677	572
Building department fees	651,959	497,889	485,902	247,760	394,080	334,404	435,721	366,733	422,155	414,031
Value of building permits (in thousand of dollars)	35,637	31,908	34,851	15,193	15,415	21,760	19,255	23,347	25,022	46,640
<u>Public Safety</u>										
Part I crimes	169	189	188	136	151	214	236	272	234	240
Motor vehicle accidents	651	510	625	723	661	724	756	714	744	853
Medical calls	1,544	1,430	1,444	1,370	1,300	1,216	1,129	1,025	1,088	1,044
Motor vehicle enforcement	2,980	3,167	3,940	4,394	4,740	5,242	4,949	4,235	3,635	4,168
Alarm responses	789	810	879	840	837	866	797	812	862	873
Total incidents	31,256	36,171	33,311	29,890	28,139	28,055	25,703	24,158	23,518	24,451
<u>Facility Management</u>										
Miles of roads maintained	164	164	164	163	163	163	163	163	163	163
<u>Public Libraries</u>										
Volumes in collection	147,540	153,179	152,592	154,307	145,078	156,000	145,759	147,234	163,104	158,655
Items circulated	426,575	461,477	477,650	479,791	462,232	461,113	330,825	378,185	436,048	450,685
Attendance	314,928	254,745	249,750	256,060	268,100	256,000	191,704	217,845	262,136	268,484
Events	1,100	1,010	1,117	1,061	954	708	420	601	760	756
<u>Human Services</u>										
Dial-a-ride passengers	9,405	9,768	10,525	9,352	7,848	8,625	8,322	8,164	8,000	8,000
Dial-a-ride traveled miles	48,799	50,342	52,537	47,827	43,014	45,101	43,932	45,799	42,041	37,082
<u>Education</u>										
Elementary schools	5	5	5	5	5	5	5	5	5	5
Middle schools	1	1	1	1	1	1	1	1	1	1
High schools	1	1	1	1	1	1	1	1	1	1

Source(s): Various Town Departments

TABLE 15

TOWN OF SIMSBURY, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<u>Facility Management</u>										
Miles of town roads	164	164	164	163	163	163	163	163	163	163
Miles of sidewalks	8	8	8	8	8	8	8	8	8	8
Sanitary sewers (miles)	81	81	81	81	81	81	81	79	79	79
Storm sewers (miles)	55	55	55	55	55	55	55	55	55	55
Treatment capacity (thousands of gallons)				3,800	3,800	3,800	3,800	2,850	2,850	2,850
<u>Parks and Recreation</u>										
Acreage	5,815	5,815	5,815	5,815	5,815	5,815	5,815	5,815	5,815	5,815
Neighborhood parks	11	11	11	11	11	11	11	11	11	11
Playgrounds (including schools)	12	12	12	12	12	12	12	12	12	12
Swimming pools	6	6	6	6	6	6	6	6	6	6
Ice skating facilities	1	1	1	1	1	1	1	1	1	1
Public golf course	1	1	1	1	1	1	1	1	1	1
Tennis courts	17	17	17	17	17	17	17	17	17	17
Baseball fields	14	14	14	14	14	14	14	14	14	14
Basketball courts	2	2	2	2	2	2	2	2	2	2
Soccer fields	21	21	21	21	21	21	20	20	20	20
Football fields	2	2	2	2	2	2	2	2	2	2
<u>Health and Welfare</u>										
Community center	1	1	1	1	1	1	1	1	1	1
Dial-a-ride buses	2	2	2	2	2	2	2	2	2	2

Source(s): Various Town Departments

TOWN OF SIMSBURY, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2014

TOWN OF SIMSBURY, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2014

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**Independent Auditors' Report on Compliance for Each Major State Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of State Financial Assistance Required by the State Single Audit Act**

To the Members of the Board of Finance
Town of Simsbury, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Simsbury, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Simsbury, Connecticut's major state programs for the year ended June 30, 2014. The Town of Simsbury, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Simsbury, Connecticut's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Simsbury, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Simsbury, Connecticut's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Simsbury, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Town of Simsbury, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Simsbury, Connecticut's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Simsbury, Connecticut's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Simsbury, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Simsbury, Connecticut's basic financial statements. We issued our report thereon dated December 22, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 22, 2014

**TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2014**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Economic and Community Development		
Historic Preservation Grants	12060-ECD46840-90455	\$ <u>1,184</u>
Department of Education		
Sheff Settlement	11000-SDE84000-12457	210,315
Youth Services Bureau - Enhancement	11000-SDE84000-16201	6,171
Child Nutrition State Matching Grant	11000-SDE64000-16211	11,342
Health Foods Initiative	11000-SDE64000-16212	23,213
Adult Education	11000-SDE64000-17030	9,635
Health Services	11000-SDE64000-17034	20,326
School Breakfast	11000-SDE64000-17046	3,041
Youth Services Bureau	11000-SDE64000-17052	14,000
Open Choice	11000-SDE64000-17053	879,728
Magnet School Transportation	11000-SDE64000-17057-82061	48,000
High Quality Schools Start Up	12052-SDE64370-43538	52,844
<i>Passed Through the Eastern Connecticut Regional Education Service Center:</i>		
Teaching Standard Implementation Progress	11000-SDE64210-12103	12,500
<i>Passed Through the Capitol Region Education Council:</i>		
Open Choice	11000-SDE64000-17053	<u>67,500</u>
Total Department of Education		<u>1,358,615</u>

(Continued on next page)

TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Energy and Environmental Protection		
Munis Impr Incinertrs/Landfill	12052-DEP43930-40518	\$ <u>142,457</u>
Connecticut State Library		
Grants to Public Libraries	11000-CSL66051-17003	1,225
ConnectiCard Payments	11000-CSL66051-17010	15,010
Historic Documents Preservation Grants	12060-CSL66094-35150	<u>4,000</u>
Total Connecticut State Library		<u>20,235</u>
Office of Policy and Management		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	106,093
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	1,676
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	80,646
Property Tax Relief for Veterans	11000-OPM20600-17024	5,942
Local Capital Improvement Program	12050-OPM20600-40254	156,108
Municipal Grants-In-Aid	12052-OPM20600-43587	<u>73,028</u>
Total Office of Policy and Management		<u>423,493</u>
Department of Emergency Services and Public Protection		
Telecommunications Fund	12060-DPS32740-35190	<u>1,140</u>

(Continued on next page)

TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Transportation		
Town Aid Road - STO	13033-DOT57000-43459	\$ 360,991
Bus Operations	12001-DOT57000-12175	<u>31,923</u>
Total Department of Transportation		<u>392,914</u>
Total State Financial Assistance Before Exempt Programs		<u>2,340,038</u>
Exempt Programs		
Office of Policy and Management		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	31,434
Municipal Revenue Sharing	12060-OPM20600-35458	135,425
Municipal Video Competition	12060-OPM20600-35362	<u>5,095</u>
Total Office of Policy and Management		<u>171,954</u>
Department of Education		
Public School Transportation	11000-SDE64000-17027	39,066
Educational Cost Sharing	11000-SDE64000-17041-82010	5,609,946
Excess Costs Student Based and Equity	11000-SDE64000-17047	1,081,782
Nonpublic School Transportation	11000-SDE64000-17049	<u>6,527</u>
Total Department of Education		<u>6,737,321</u>
Total Exempt Programs		<u>6,909,275</u>
Total State Financial Assistance		<u>\$ 9,249,313</u>

The accompanying notes are an integral part of this schedule

TOWN OF SIMSBURY, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the Town of Simsbury, Connecticut, under programs of the State of Connecticut for the year ended June 30, 2014. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of the Town of Simsbury, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the Town of Simsbury, Connecticut.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Simsbury, Connecticut, conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule.

NOTE 3 - LOAN PROGRAMS

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the Schedule include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2014:

Department of Economic and Community Development:

Eno Renovation Bond:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance Beginning</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Ending</u>
6/10/94	1%	\$ 220,638	\$ 91,146	\$ -	\$ 7,639	\$ 83,507

NOTE 3 - LOAN PROGRAMS (Continued)

Department of Environmental Protection:

Clean Water Funds:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance Beginning</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Ending</u>
3/28/08	2%	\$ 21,037,216	\$ 15,676,381	\$ -	\$ 960,452	\$ 14,715,929



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**Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Members of the Board of Finance
Town of Simsbury, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Simsbury, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Simsbury, Connecticut's basic financial statements, and have issued our report thereon dated December 22, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Simsbury, Connecticut's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Simsbury, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Simsbury, Connecticut's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Simsbury, Connecticut's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town of Simsbury, Connecticut's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Simsbury, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 22, 2014

**TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? _____ yes X no

The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Education:		
Sheff Settlement	11000-SDE84000-12457	\$ <u>210,315</u>
Open Choice	11000-SDE64000-17053	879,728
Open Choice (passed through CREC)	11000-SDE64000-17053	<u>67,500</u>
		<u>947,228</u>
Department of Transportation		
Town Aid Road - STO	13033-DOT57000-43459	360,991

Dollar threshold used to distinguish between type A and type B programs: \$200,000

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.

TOWN OF SIMSBURY, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT

JUNE 30, 2014

TOWN OF SIMSBURY, CONNECTICUT

FEDERAL SINGLE AUDIT REPORT

JUNE 30, 2014

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**Independent Auditors' Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by OMB Circular A-133**

To the Members of the Board of Finance
Town of Simsbury, Connecticut

Report on Compliance for its Major Federal Program

We have audited the Town of Simsbury, Connecticut's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Simsbury, Connecticut's major federal program for the year ended June 30, 2014. The Town of Simsbury, Connecticut's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Simsbury, Connecticut's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Simsbury, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Simsbury, Connecticut's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Simsbury, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Town of Simsbury, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Simsbury, Connecticut's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Simsbury, Connecticut's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Simsbury, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Simsbury, Connecticut's basic financial statements. We issued our report thereon dated December 22, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 22, 2014

TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number/ Project Number	Expenditures
United States Department of Agriculture			
<i>Passed Through the State of Connecticut Department of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-SDE64370-20508	\$ 25,818
National School Lunch Program	10.555	12060-SDE64370-20560	<u>269,913</u>
			\$ 295,731
<i>Passed Through the State of Connecticut Department of Energy and Environmental Protection:</i>			
Cooperative Forestry Assistance	10.664	12060-DEP44165-22052	<u>1,093</u>
Total United States Department of Agriculture			<u>296,824</u>
United States Department of Education			
<i>Passed Through the State of Connecticut Department of Education:</i>			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2013	33,166
Title I Grants to Local Educational Agencies	84.010	12060-SDE64370-20679-2014	<u>77,637</u>
			110,803
Special Education Cluster:			
Special Education - Grants to States	84.027	12060-SDE64370-20977-2013	327,943
Special Education - Grants to States	84.027	12060-SDE64370-20977-2014	726,612
Special Education - Preschool Grants	84.173	12060-SDE64370-20983-2013	9,699
Special Education - Preschool Grants	84.173	12060-SDE64370-20983-2014	<u>21,049</u>
			1,085,303
Career and Technical Education - Basic Grants to States	84.048	12060-SDE64370-20742-2013	20,927
Career and Technical Education - Basic Grants to States	84.048	12060-SDE64370-20742-2014	<u>26,085</u>
			47,012
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	12060-SDE63820-20926-2012	1,475
English Language Acquisition Grants	84.365	12060-SDE64370-20868-2013	2,412

(Continued on next page)

TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number/ Project Number	Expenditures
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2013	\$ 54,726
Improving Teacher Quality State Grants	84.367	12060-SDE64370-20858-2014	<u>12,109</u>
			\$ <u>66,835</u>
Total United States Department of Education			<u>1,313,840</u>
United States Department of Homeland Security			
<i>Passed Through the State of Connecticut Department of Emergency Services and Public Protection:</i>			
Emergency Management Performance Grants	97.042	12060-DPS32960-21881	<u>23,562</u>
United States Department of Justice			
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>			
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	12060-OPM20350-21676	5,500
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12060-OPM20350-21921	<u>10,481</u>
Total United States Department of Justice			<u>15,981</u>
United States Department of Transportation			
<i>Passed Through the State of Connecticut Department of Transportation:</i>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	12062-DOT57171-22108	6,240
Highway Planning and Construction	20.205	12062-DOT57124-22108	<u>14</u>
			<u>6,254</u>
United States Department of the Interior			
National Park Service			
<i>Passed Through State of Connecticut Department of Economic and Community Development:</i>			
Historic Preservation Fund Subgrants 2003	15.904	12060-ECD46840-21494	<u>28,816</u>
Total Federal Awards Expended			\$ <u><u>1,685,277</u></u>

The accompanying notes are an integral part of this schedule

**TOWN OF SIMSBURY, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Simsbury, Connecticut, under programs of the federal government for the year ended June 30, 2014. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Because the Schedule presents only a selected portion of the operations of the Town of Simsbury, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the Town of Simsbury, Connecticut.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - NONCASH AWARDS

Donated commodities in the amount of \$81,439 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.



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**Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Members of the Board of Finance
Town of Simsbury, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Simsbury, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Simsbury, Connecticut's basic financial statements, and have issued our report thereon dated December 22, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Simsbury, Connecticut's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Simsbury, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Simsbury, Connecticut's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Simsbury, Connecticut's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town of Simsbury, Connecticut's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Simsbury, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 22, 2014

**TOWN OF SIMSBURY, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- | | | | |
|---|-----------|----------------------------|--|
| • Material weakness(es) identified? | _____ yes | <u> X </u> no | |
| • Significant deficiency(ies) identified? | _____ yes | <u> X </u> none reported | |
| Noncompliance material to financial statements noted? | _____ yes | <u> X </u> no | |

Federal Awards

Internal control over major programs:

- | | | | |
|---|-----------|----------------------------|--|
| • Material weakness(es) identified? | _____ yes | <u> X </u> no | |
| • Significant deficiency(ies) identified? | _____ yes | <u> X </u> none reported | |

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

_____ yes X no

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ X _____ yes _____ no

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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To the Board of Finance
Town of Simsbury, Connecticut

In planning and performing our audit of the financial statements of the Town of Simsbury, Connecticut (the Town) as of and for the year ended June 30, 2014 in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Simsbury, Connecticut's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Simsbury, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Simsbury, Connecticut's internal control.

We noted the following matters involving the internal control over financial reporting and its operation that we offer as constructive suggestions for your consideration as part of the ongoing process of modifying and improving accounting controls and administrative practices.

CURRENT YEAR RECOMMENDATIONS

Internal Controls

As part of the annual audit, we are required to obtain an understanding of the Town's internal control environment in order to assess the overall risk of material misstatement in the financial statements. We are also required to obtain audit evidence that these controls are documented properly. In the current year we noted various functions that were performed by the same individual as follows:

- The Accounts Payable Clerk at the Town has the ability to set up new vendors, print checks and mail checks.
- The Payroll process at the Town has one employee running the payroll checks, and one employee reviewing the payroll registers. The employee running the checks has the ability to enter new employees, and the employee reviewing the registers also has the ability to enter employees and make changes to employees pay.
- The capital asset, insurance allocations and debt schedules are prepared at year end by the Finance Director, with no secondary review.

Recommendation - We recommend appropriate controls be put in place to segregate the above processes and enhance controls at the Town, to prevent erroneous postings to the general ledger and reduce the opportunity for fraudulent activities.

Capital Asset Reporting

The implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis-for State and Local Governments*, required significant changes to the reporting of capital assets. Although the Town compiled, the information for inclusion in the financial statements in accordance with the standard, the capital assets are being maintained on stand-alone Excel spreadsheets.

Recommendation - Due to the complexity and volume of these assets, we recommend that the Town and Board of Education implement a single coordinated capital asset management system to timely and accurately report the information required by GASB No. 34. This system should include the ability to categorize capital assets by type and function, identify capitalized additions, compute gains and losses on disposals, and compute the annual depreciation expense. Additionally, we recommend that policies and procedures be developed and formalized to control the operation of the capital asset management system. These policies should address capitalization thresholds, useful lives and salvage values for the various asset types, as well as the depreciation method to be used.

Fraud Tip Line - Town and Board of Education

During discussions with staff at the Town and the Board of Education in the current year, it was determined that there is no formal whistleblower policy or tip line to report fraud. According to the *2014 Report to the Nations on Occupational Fraud and Abuse by the Association of Certified Fraud Examiners*, 42% of corruption cases are detected by tip. In contrast, management review, the second most common detection method for corruption cases, uncovered 16% of these schemes. External audits and reports from law enforcement accounted for far fewer discoveries of corruptions, just 3% and 2%, respectively, of these schemes. Additionally, of the whistleblower tips that led to the investigation of the cases, 49% of those tips came from an employee and another 15% came from an anonymous source.

Recommendation - We recommend that both the Town and Board of Education consider instituting a formal whistleblower policy that includes a tip line for employees to report suspected fraud or inconsistencies.

STATUS ON PRIOR YEAR RECOMMENDATIONS

Accounting Procedures Manual

Prior Year Recommendation - During the June 30, 2011 audit, it was noted that the Town's finance office and the Board of Education's finance office do not have an accounting procedures manual. We recommend the Town and the Board of Education consider the development of a comprehensive accounting procedures manual for their finance offices. A comprehensive accounting procedures manual would include, but is not limited to, the documentation of formalized control policies and procedures relating to daily, weekly, monthly and year-end procedures. It would also address year-end closing processes and financial statement presentation. This manual may be used to provide guidance to employees regarding their delegated responsibilities and allow for smoother transitions if turnover occurs.

2014 Update: The Town and the Board of Education are in the process of creating an accounting procedures manual.

Positive Pay System

Prior Year Recommendation - During the June 30, 2011 audit, it was noted that the Town should consider implementing a Positive Pay system with the bank. Positive Pay is an automated fraud detection tool offered by most banks. It is a service that matches the account number, check number and dollar amount of each check presented for payment against a list of checks previously authorized and issued by the Town. All three components of the check must match exactly or it will not pay. There is generally a fee charged by the bank for Positive Pay, although some banks now offer the service for free. We believe that this service will further enhance the checks and balances necessary for strong controls over cash.

2014 Update: The Town is working with the bank to implement a Positive Pay system.

This letter should be read in conjunction with our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 22, 2014.

This communication is intended solely for the information and use of management, members of the Board of Finance, the Board of Selectmen, the Board of Education, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.