



Town of Simsbury

933 HOPMEADOW STREET

P.O. BOX 495

SIMSBURY, CONNECTICUT 06070

Sean M. Kimball - Director of Finance/Treasurer

MEMORANDUM

To: Board of Finance
From: Sean Kimball – Director of Finance/Treasurer
Re: Finance Director's Report and Budget Update
Date: August 12, 2016

FY 16 Revenue Update

We are close to booking the last of the FY16 revenue entries and making required prior year revenue adjustments; this process also includes "60 day tax collection adjustments" that can't be entered until the end of August, at which point we will be closer to a clear picture of our final FY16 revenues (subject as always to any auditor adjustments later this fall). Total general fund revenue favorability for FY16 looks very positive, and I expect the final numbers to be approximately \$1.2-\$1.5 million favorable over budgeted revenue.

FY 16 Supplemental Budget Items

As previously discussed, I will be asking the Board of Selectmen to recommend FY16 Supplemental Appropriations [pursuant to Charter Section 809(c)] at their September 12th meeting for the following items:

BOE CNR Payment for FY17 Items	\$	(115,000)
NEASC Certification	\$	(25,000)
Sub-Total Expenditures	\$	(140,000)

I have removed the request for \$25,000 for the Planning Study missed FY15 encumbrance, as the Planning Director was able to encumber adequate funding out of FY16 budget favorability. Also, the previously requested \$35,000 needed for a final installment for the FY17 Revaluation will not be required as the Assessor selected a firm for a lower amount than the \$235,000 already appropriated. I expect to bring these to the Board of Finance for final approval at the Regular Meeting on September 20, 2016.

As a reminder, the following items have been previously approved by the Board of Finance as supplemental budget appropriations for FY 2016 pursuant to Charter Section 809(c).

Cushman/UTV	\$	(15,000)
Heart & Hypertension	\$	(70,000)
BOE Turf Field Project	\$	(660,000)
Sub-Total Expenditures	\$	(745,000)

Telephone (860) 658-3230
Facsimile (860) 658-9467

skimball@simsbury-ct.gov
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8:30 - 1:00 Friday

FY17 Budget Information

For some good news, we received unexpected revenue from the State in the form of a check for \$221,536 intended to offset the impact of the mill rate cap on cars. The check was actually made to the Simsbury Fire District which prompted calls to the Office of Policy and Management and the Office of Fiscal Analysis for clarification. Here is a (somewhat) brief explanation:

As you'll recall during the budget process, the State views the Town & Fire District as one entity for the purpose of our total mill rate. For FY16 this was 38.31 mills. The state calculated the revenue impact of capping our car taxes at 37 mills at \$250,351. In the final budget legislation, the state essentially assumed the Town would be cut from 37.12 mills to 37.00 mills (resulting in an impact of approx. \$28,815) and the fire district would reduce from 1.19 to 0.00 mills on cars (resulting in an impact of approx. \$221,536).

However, during the budget preparation process, the State and CCM continued to report to us that the reimbursement for the mill rate cap was "rolled into" the final \$567,400 the Town would be receiving in Municipal Revenue Sharing in the final budget bill. What they did not report to us or the Fire District, was that their list included the additional \$221,536 due to the Fire District for the mill rate cap. With the uncertainty during budget process, we agreed to allow the Fire District to cap their car taxes at 1.00 mills, and we would set ours at 36.00 mills, and share any revenue received at the same proportion as we were impacted. I've attached a spreadsheet that breaks out the math involved, but the bottom line is that the \$221,536 received will be distributed as \$36,310 for the Fire District and \$185,226 back to the Town.

	FY16	FY17	Mill Rate Loss on Cars	Percent of Total Loss	Share of OPM MRSA Grant
Town	37.12	36.00	1.12	85.5%	\$ 214,040.55
Fire	1.19	1.00	0.19	14.5%	\$ 36,310.45
Total	38.31	37.00	1.31	100.0%	\$ 250,351.00
Amount to be returned to Town from grant to SF Fire (\$221,536-\$36,310)					\$ 185,225.55
\$ 221,536	Piece of Grant addressed to SF Fire				
\$ 28,815	Piece of larger MRSA grant (\$567,400) designated to Town				
\$ 250,351	Total				

Revaluation

The Board of Selectmen approved David Gardner's selection of Municipal Valuation Services, LLC in the amount of \$141,000. The total appropriation previously made by the Board of Finance for this project was \$235,000, so this is well within budget.

Moody's

The Moody's Credit Rating Agency recently finalized its first ever annual "Local Government Issuer Comment Report" for the Town of Simsbury. This is a new annual "snapshot" of town finances and credit rating that Moody's will be publishing annually regardless of whether we are issuing debt or not. I have attached the report which was published on Thursday. I had some conversations with the analyst regarding some of the verbiage used and the methodology, and I am in receipt of a larger document that fully explains their methodology that I can forward on to anyone interested.

ISSUER COMMENT

11 August 2016

RATING

General Obligation (or GO Related)¹

Aaa *Stable* No Outlook

Contacts

Chandra Ghosal 212-553-1095
 AVP-Analyst
 chandra.ghosal@moodys.com

Geordie Thompson 212-553-0321
 VP-Sr Credit Officer
 geordie.thompson@moodys.com

Town of Simsbury, CT

Annual Comment on Simsbury

Issuer Profile

The Town of Simsbury is located in Hartford County in north central Connecticut, approximately 10 miles northwest of the City of Hartford. Hartford County has a population of 897,985 and a population density of 1,222 people per square mile. The county's per capita personal income is \$56,640 (1st quartile) and the May 2016 unemployment rate was 6.0% (4th quartile).² The largest industry sectors that drive the local economy are health services, finance/insurance, and retail trade.

Credit Overview

Simsbury's credit position is of the highest quality, and its Aaa rating is well above the median rating of Aa3 for cities nationwide. Key credit factors include small debt and pension liabilities, a sizable tax base with a superior socioeconomic profile, and a solid financial position.

Debt and Pensions: The town has affordable debt and pension burdens, however, they are slightly unfavorable relative to the assigned rating of Aaa. The net direct debt to full value (1.1%) is slightly below the US median. Also, Simsbury's Moody's-adjusted net pension liability to operating revenues (0.45x) is favorably much lower than the US median. But, this ratio did increase modestly between 2012 and 2015.

Economy and Tax Base: The town has a very strong economy and tax base. Due to its favorable location, the town serves as an affluent suburb of the Hartford metropolitan area. The town's economic statistics are, however, slightly weak when compared with its Aaa rating. The full value per capita (\$151,987) is materially above the US median. Furthermore, the median family income equates to a robust 222.0% of the US level. Lastly, Simsbury's total full value (\$3.6 billion) is stronger than other Moody's-rated cities nationwide. However, this metric declined modestly between 2012 and 2015.

Finances: The town has a sound financial position. But, it is very weak when compared to its Aaa rating. While the cash balance as a percent of revenues (14.6%) is materially below the US median, it did grow from 2012 to 2015. Additionally, the fund balance as a percent of operating revenues (12.9%) is materially lower than the US median. Connecticut local governments tend to have financial ratios lower than US medians. This is because they generally derive a majority of revenues from stable property taxes and their financials typically incorporate school operations which are very predictable.

Management and Governance: The ability to generate balanced financial operations exhibits good financial management. In this instance, Simsbury's operations were

approximately break-even between 2012 and 2015. The town also has a formal fund balance policy where it aims to maintain between 10-12% in unassigned reserves.

Connecticut cities have an institutional framework score ³ of "Aa," or strong. Revenues are highly predictable and stable, due to a large reliance on property taxes. Cities additionally benefit from high revenue-raising ability due to the absence of a state-wide property tax cap. Expenditures primarily consist of personnel costs as well as education costs for those cities that manage school operations, and are highly predictable due to state-mandated school spending guidelines and employee contracts that dictate costs. Expenditure reduction ability is moderate as it is somewhat constrained by union presence.

Sector Trends - Connecticut Cities

Connecticut cities will generally benefit from an improving state economy that is experiencing a continued, albeit lagging, recovery from the recession. Cities will also continue to benefit from high resident wealth levels and generally strong housing values. Property tax revenues will continue to rise due to stabilizing residential and commercial real estate markets. However, Connecticut cities will remain somewhat challenged by a high cost of living and doing business, which encourages out-migration and could curb new housing demand.

Exhibit 1

Key Indicators^{4 5}

Simsbury, CT

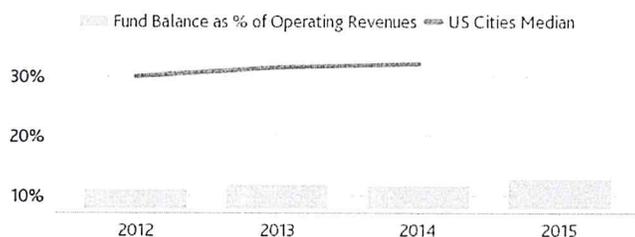
	2012	2013	2014	2015	US Median	Credit Trend
Economy / Tax Base						
Total Full Value	\$3,607M	\$3,505M	\$3,193M	\$3,577M	\$1,722M	Stable
Full Value Per Capita	\$153,913	\$149,176	\$135,657	\$151,987	\$85,195	Stable
Median Family Income (% of US Median)	222.0%	222.0%	222.0%	222.0%	115.2%	Stable
Finances						
Fund Balance as % of Operating Revenues	11.0%	12.0%	11.7%	12.9%	32.1%	Stable
Cash Balance as % of Operating Revenues	8.5%	13.9%	12.8%	14.6%	34.4%	Improved
Debt / Pensions						
Net Direct Debt / Full Value	1.3%	1.3%	1.2%	1.1%	1.2%	Stable
Net Direct Debt / Operating Revenues	0.48x	0.46x	0.39x	0.38x	0.94x	Stable
Moody's-adjusted Net Pension Liability (3-yr average) to Full Value	0.61%	1.0%	1.3%	1.2%	1.7%	Weakened
Moody's-adjusted Net Pension Liability (3-yr average) to Operating Revenues	0.23x	0.36x	0.41x	0.45x	1.35x	Stable

Source: Moody's

Exhibit 2

Fund balance as a percent of operating revenues remained stable between 2012 and 2015

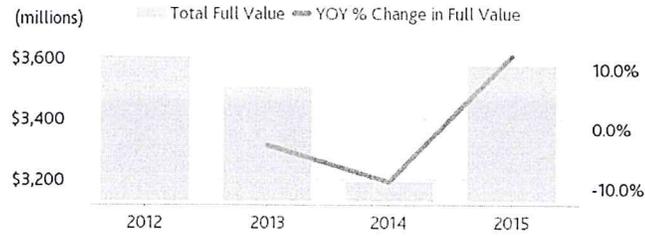
Fund Balance as a Percent of Operating Revenues



Source: Issuer financial statements; Moody's

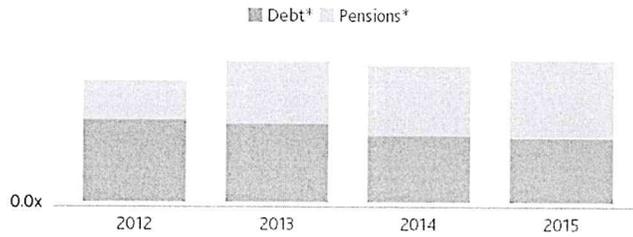
This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Exhibit 3
Total full value decreased modestly from 2012 to 2015
 Total Full Value



Source: Issuer financial statements; Government data sources; Offering statements; Moody's

Exhibit 4
Moody's-adjusted net pension liability to operating revenues grew slightly from 2012 to 2015
 Net Direct Debt and Adjusted Net Pension Liability / Operating Revenues



*Debt is represented as Net Direct Debt / Operating Revenues. Net Direct Debt is defined as gross debt minus self supporting debt. Pensions are represented as ANPL / Operating Revenues. ANPL is defined as the average of Moody's-adjusted Net Pension Liability in each of the past three years.
 Source: Issuer financial statements; Government data sources; Offering statements; Moody's

Endnotes

- 1 The rating referenced in this report is the government's General Obligation (GO) rating or its highest public rating that is GO-related. A GO bond is generally a security backed by the full faith and credit pledge and total taxing power of the local government. See [Local Government GO Pledges Vary Across States](#), for more details. GO-related ratings include issuer ratings, which are GO-equivalent ratings for governments that do not issue GO debt. GO-related ratings also include ratings on other securities that are notched or otherwise related to what the government's GO rating would be, such as annual appropriation, lease revenue, non-ad valorem, and moral obligation debt. The referenced ratings reflect the government's underlying credit quality without regard to state guarantee or enhancement programs or bond insurance.
- 2 The per capita personal income data and unemployment data for all counties in the US census are allocated to quartiles. The quartiles are ordered from strongest-to-weakest from a credit perspective: the highest per capita personal income quartile is first quartile, and the lowest unemployment rate is first quartile. The first quartile consists of the top 25% of observations in the dataset, the second quartile consists of the next 25%, and so on. The median per capita personal income for US counties is \$46,049 for 2014. The median unemployment rate for US counties is 4.7% for May 2016.
- 3 The institutional framework score measures a municipality's legal ability to match revenues with expenditures based on its constitutionally and legislatively conferred powers and responsibilities. See [US Local Government General Obligation Debt \(January 2014\)](#) for more details.
- 4 For definitions of the metrics in the Key Indicators Table, [US Local Government General Obligation Methodology and Scorecard User Guide \(July 2014\)](#). The population figure used in the Full Value Per Capita ratio is the most recently available, most often sourced from either the US Census or the American Community Survey. Similarly, the Median Family Income data reported as of 2012 and later is always the most recently available data and is sourced from the American Community Survey. The Median Family Income data prior to 2012 is sourced from the 2010 US Census. The Full Value figure used in the Net Direct Debt and Moody's-adjusted Net Pension Liability (3-year average ANPL) ratios is matched to the same year as audited financial data, or if not available, lags by one or two years. Certain state-specific rules also apply to Full Value. For example, in California and Washington, assessed value is the best available proxy for Full Value. Certain state specific rules also apply to individual data points and ratios. Moody's makes adjustments to New Jersey local governments' reported financial statements to make it more comparable to GAAP. Additionally, Moody's ANPLs reflect analyst adjustments, if any, for pension contribution support from non-operating funds and self-supporting enterprises. Many local government pension liabilities are associated with its participation in the statewide multiple-employer cost-sharing plans. Metrics represented as N/A indicate the data were not available at the time of publication.
- 5 The medians come from our most recently published local government medians report, [Medians – Growing Tax Bases and Stable Fund Balances Support Sector's Stability \(March 2016\)](#). The medians conform to our US Local Government General Obligation Debt rating methodology published in January 2014. As such, the medians presented here are based on the key metrics outlined in the methodology and the associated scorecard. The appendix of this report provides additional metrics broken out by sector, rating category, and population. We use data from a variety of sources to calculate the medians, many of which have differing reporting schedules. Whenever possible, we calculated these medians using available data for fiscal year 2014. However, there are some exceptions. Population data is based on the 2010 Census and Median Family Income is derived from the 2012 American Community Survey. Medians for some rating levels are based on relatively small sample sizes. These medians, therefore, may be subject to potentially substantial year-over-year variation. Our ratings reflect our forward looking opinion derived from forecasts of financial performance and qualitative factors, as opposed to strictly historical quantitative data used for the medians. Our expectation of future performance combined with the relative importance of certain metrics on individual local government ratings account for the range of values that can be found within each rating category. Median data for prior years published in this report may not match last year's publication due to data refinement and changes in the sample sets used, as well as rating changes, initial ratings, and rating withdrawals.

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REPORT NUMBER 1031343



Town of Simsbury

933 HOPMEADOW STREET

P.O. BOX 495

SIMSBURY, CONNECTICUT 06070

Thomas F. Cooke - Director of Administrative Services

June 28, 2016

Via E-Mail and Regular U.S. Mail

Alexandria L. Voccio
HOWD & LUDORF, LLC
65 Wethersfield Avenue
Hartford, CT 06114-1121

Re: Gladney vs. Simsbury

Dear Alex:

Thank you for taking the time to attend last night's Board of Selectmen meeting and for your efforts to resolve this case.

I write to confirm that the Board of Selectmen, at its Regular Meeting on June 27, 2016 voted to authorize settlement of this case (based on the terms and conditions discussed in Executive Session) for a total amount of \$55,000 with the Town of Simsbury contributing \$27,500 of the settlement amount (which will be deemed as wages for tax purposes) and CIRMA contributing the balance.

Once the settlement agreement has been concluded which we anticipate will be after July 1, 2016 and therefore would be effective in the Town of Simsbury's 2016-2017 Fiscal Year, the matter will be sent to the Board of Finance for a supplemental appropriation to fund the settlement amount.

Please copy me on the settlement agreement drafts as you move to conclude this matter.

Once again, thanks for your assistance and for your support of the Town of Simsbury Police Department.

Regards,

Thomas F. Cooke

cc: Lisa L. Heavner - First Selectman
Peter N. Ingvertsen - Chief of Police
Robert M. DeCrescenzo, Esq. - Town Counsel

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Facsimile (860) 658-9467

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Town of Simsbury

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Lisa L. Heavner - First Selectman

To: Members of the Board of Finance
From: First Selectman Lisa Heavner
Date: August 12, 2016
Re: Update on Saving Initiatives

The Board of Finance has requested an update on town savings initiatives. The last update on savings was provided to the Board of Finance in the Board of Selectmen budget presentation through a memorandum dated March 24, 2016. Below please find additional information.

Town Administration:

The Town of Simsbury is now participating in CT Prime Stop Loss Insurance with CREC. CT Prime is an intergovernmental pool for medical stop loss insurance designed to reduce health benefit costs for participating self-insured towns and school districts. Anticipated future rate stability is the primary objective. However, immediate savings of approximately \$23,000 will be realized in FY17 between the Town and Board of Education. From a budgetary standpoint on the Town side, there is a positive budget impact of approximately \$5,000.

The Town of Simsbury successfully advocated with CIRMA for the inclusion of Cyber Security protection in our insurance policy reducing the potential for future risk exposure. This will result in savings of approximately \$10,000 per year.

The Director of Finance received a scholarship of \$500 to attend the GFOA conference.

Town staff and Main Street Partnership applied for a Main Street Investment Grant valued at \$460,760.

First Selectman's office (FSO) has initiated a paper and plastic reduction project to use less paper and eliminate the purchase of bottled water. This effort to be more efficient has resulted savings of \$3,000 in office supplies.

FSO reduced summer intern hours to 20/week from 35/week.

The Board Selectmen received \$7,000 worth of donated furniture from Viking Demolition.

The Town and Board of Education are conducting a joint study to make sure that IT expenditures are coordinated and leveraged for cost efficiencies.

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The Town and the Board of Education are reviewing a proposal for cloud-based actuarial and technical software services in connection with the Defined Benefit Pension Plan benefits provided to eligible employees of the Town and Board of Education. The proposal could provide significant savings, significant administrative efficiencies and built-in tools for long-range forecasting.

Library:

At the Library, the new system of print/copy management installed in August 2015 brought in net savings of \$3,120 in FY16.

In FY 2016 the Library engaged volunteers for over 2,140 volunteer hours valued at \$57,330.60 using the 1 hour of volunteer service at \$26.79 as determined by the United Way of CT in 2014.

The Library brought in grants of \$1,500 from the Connecticut Humanities for their History of Land Conservation in Simsbury program series; \$2,930 from an Autism Welcome Here Grant for development of programs and services for families affected by autism, and \$4,750 from Social Services Teen Program and Material Grant.

As for gifts, the Library received \$13,200 as a bequest of Jewel Gutman for the Teen Wall construction and \$3,000 for teen technology from Investor Angels/Friends of the Simsbury Public Library.

Culture Parks and Recreation:

The Culture, Parks and Recreation Department (CPR), received a pro bono site evaluation from the USGA and ASGCA Golf Course experts. Simsbury was one of 6 golf courses chosen from across the nation for receipt of these free consultative services.

CPR recently received a gift of \$1,500 from the Farmington Valley Trails Council for fencing repairs along the greenway.

CPR worked with the FSO, volunteers and the Board of Selectmen to establish a Friends of Simsbury Farms nonprofit to accept donations and gifts to enhance the Farms Complex.

The CPR recently adopted, with Board of Selectmen approval, a new Golf course tee time proposal to generate additional income by offering a discounted golf fees on weekends after 11:00 a.m. when the reserved tee time capacity is at 30% or below.

The Director of CPR has been working with Eagle Scouts to reconstruct a retaining wall along the Simsbury Farms Fitness Trail and to make repairs to the pavilion at Tariffville Park.

Social Services:

Social Services received a matching grant of \$34,051 for a Dial-a-Ride Program.

Social Services also:

- served as an intake site for the State Energy Assistance Program, which facilitated the receipt of \$97,000 in federal heating assistance for Simsbury residents in need;

- collected over \$97,000 in donations; and
- applied for \$32,062 in Youth Service Grants.

The Senior Center is encouraging members to pick up their newsletters at the Center instead of having it mailed.

The Senior Center has also reduced our use of paper and ink cartridges by utilizing “electronic flyers” via a digital frame.

Town Clerk:

The Town Clerk is exploring eRecordings for a one time start-up fee of \$965 and at no increase of monthly contractual costs which will lead to time savings for staff – enabling them to be more efficient, eliminating the need to scan original documents and eliminating the need to prepare documents to be mailed back to the submitter. The change will also lead to less mail coming in to the office to be sorted and recorded. Cost savings include a reduction in postage and envelopes.

The Town Clerk is also looking to reduce the number of hard copy code books as we now post the town Charter and Code online. Saving from ordering supplements will result in approximately \$1000 in savings.

Public Works:

The Board of Finance authorized \$850,000 for the purchase of street lights. Due to the delayed referendum, the price negotiated was no longer applicable. Director of Public Works Tom Roy has completed the updated negotiations and has recommended to the Board of Selectmen the purchase of street lights along Iron Horse and at the Library for \$772,767. The purchase will result in annual electricity savings of \$106,526 with a return on investment of 7.25 years.

Bright Ideas Grant valued at \$8,183 for insulating six town owned residential homes that are used to provide affordable housing in our community.

The town accepted a \$10,000 grant from the State of Connecticut Department of Energy and Environmental Protection Public Fleet Electric Vehicle and Public Workplace EV Charging Station Incentive Program. This came upon the strong recommendation by the Clean Energy Task Force in support of “green” infrastructure.

Implemented programs to reduce work related injuries and worker compensation expenses with safety initiatives including weekly tool box talk on safety procedures. Employees have participated in OSHA training and are now participating in lead training.

Made buildings more efficient and will paying off on-bill financing early per referendum approvals.

Police:

Used proceeds from asset forfeiture to pay for bullet proof vests, resulting in a reduction in tax payer expenditure.

Simsbury Police cadets collected donations from local businesses in the amount of \$1,000 to defray cost of explorer's camp.

Police reduced overtime:

Month	2015	2016	Difference
March	22.5	11.5	-49%
April	25	4.5	-82%
May	14.5	14	-3%
June	35	10.5	-70%

Implemented programs to reduce work related injuries and worker compensation expenses including occupant protection and distracted driving, "All Hazards," taser baton, de-escalation techniques, peer support safety precautions in the holding facility, medical training and tactical Combat Casualty Care.

Received \$18,000 through the Edward Byrne Memorial Justice Assistance Grant to fund new technology to support existing in-car cameras.

Planning and Community Development:

During an internal review of the administrative process associated with processing land use applications we discovered that the Department had not been charging a \$25 fee for zoning compliance review per the Town's adopted fee schedule. The fee schedule was adopted by the Board of Selectmen on 6/25/1990 and revised on 2/25/2013. As of April 1, 2016, the department has started to charge a fee for zoning compliance review per the adopted fee schedule. To date the department has collected \$2,300. It is anticipated that the department will collect approximately \$10,000 annually.

Computer Department:

- Department continues to explore ways in lowering IT expenditures through researching new ways of using the Town's infrastructure and coordinating municipal services under a centralized management model. Examples include: Reduce Internet service fees by \$4,102 per year by using State of Connecticut sponsored ISP, lowered annual hardware maintenance charges by \$1,685 through the use of hyper-convergent technologies that reduces the number of physical hardware servers.
- Participates in the CROCOG Regional Incentive Program by purchasing Hosted VoIP services for the Simsbury Farms Complex and Board of Education Administrative offices that provides telephone services and support.
- Continued deployment of the Town's fiber optic infrastructure to remote locations on the Hopmeadow Street corridor to provide departments access to applications and services.
- Continues to utilize the National Joint Powers Alliance, Naspo ValuePoint, and State of Connecticut contracts for technology equipment and services.