



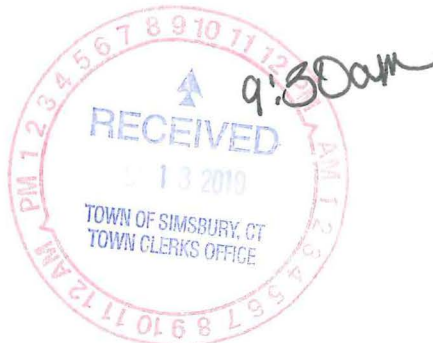
Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

July 17, 2018

Ericka Butler
Town Clerk
Simsbury, CT 06070



Dear Ms. Butler:

A **Regular Meeting** of the Board of Finance will be held at **5:45 PM** on **Tuesday, July 17, 2018**, in the Main Meeting Room of Simsbury Town Hall, 933 Hopmeadow Street, Simsbury, Connecticut.

The Agenda is as follows:

1. Call to Order
2. Pledge of Allegiance
3. Approval of Minutes:
 - June 20, 2018
4. Proposed Approval of Change in Scope for Generator Infrastructure Project
5. Audit Communication Letter (SAS114)
6. Adjourn

Yours Truly,

Robert Pomeroy
Chairman

**Simsbury Board of Finance
TOWN OF SIMSBURY
SPECIAL MEETING MINUTES
Wednesday, June 20, 2018 at 8:00 A.M.
Simsbury Town Hall - Main Meeting Room
933 Hopmeadow Street, Simsbury, Connecticut**

PRESENT: Chairman Robert Pomeroy, Lisa Heavner, Derek Peterson, Moira Wertheimer (by phone)

ABSENT: Kevin Prell, Linda Schofield

ALSO PRESENT: Deputy Town Manager Melissa Appleby; Interim Finance Director/Treasurer Chris Hutton; Incoming Finance Director/Treasurer Amy Meriwether; PFM Financial Advisor Director Bill Fazioli; and other interested parties

1. Call to Order - Establish Quorum

Chairman Pomeroy called the meeting to order at 8:02 A.M.

2. Pledge of Allegiance

All present stood for the Pledge of Allegiance.

MOTION: Mr. Pomeroy asked for a motion to amend the Agenda to move Item #4 to the end of the meeting. Mr. Peterson so moved; Ms. Heavner seconded the motion. All were in favor and the motion passed unanimously.

3. Approval of Minutes

- March 28, 2018
- April 5, 2018
- April 9, 2018

MOTION: Ms. Heavner made a motion to approve the Minutes as written. Mr. Peterson seconded the motion. All were in favor and the motion passed unanimously.

4. Approval of Tax Collector Suspense List

Ms. Appleby presented the recommendation of the Tax Collector to approve the Tax Collector Suspense List as submitted.

MOTION: Mr. Peterson made a motion, effective June 20, 2018, to approve the Suspense List in the amount of \$68,831.12 and authorize Tax Collector Colleen O'Connor to transfer these accounts to the Suspense Tax Book. Ms. Heavner seconded the motion. All were in favor and the motion passed unanimously.

Mr. Pomeroy welcomed Amy Meriwether as the incoming Director of Finance/Treasurer and thanked Chris Hutton, Interim Director of Finance/Treasurer.

5. Transfer of Eversource Rebate Funds to Street Light Capital Fund and Request for Supplemental Appropriation

Ms. Appleby referred to the recommendation to transfer the Eversource rebate funds to the street light capital fund and to authorize the appropriation as submitted. Discussion ensued.

MOTION: Ms. Heavner made a motion, effective June 20, 2018, to approve the transfer of \$72,322 of Eversource rebate funds from the General Fund to the existing street light capital fund (Fund 527) for capital improvements and approve the supplemental appropriation of \$72,322. Mr. Peterson seconded the motion. All were in favor and the motion passed unanimously.

6. Discussion and Approval of Capital Asset Policy

Mr. Pomeroy referred to the Capital Asset Policy draft submitted and thanked Ms. Hutton for helping to draft the policy. Brief discussion followed.

MOTION: Mr. Peterson made a motion to adopt the Capital Asset Policy as presented in Draft form. Ms. Heavner seconded the motion. All were in favor and the motion passed unanimously.

7. Communications

- **Memo from M. Capriola and M. Appleby - FY19 Unanticipated Revenue**
- **Memo from M. Appleby to Retirement Plan Subcommittee - Interest Rate Assumptions**

Ms. Appleby presented two memoranda to the Board meant to be informational. Discussion ensued. It was decided these concepts will be reexamined at subsequent meetings.

8. Market Update and Standard & Poor's Credit Scoreboard - PFM

Mr. Fazioli of PFM Financial Management, LLC presented a Powerpoint presentation entitled S&P Rating Agency Scorecard Analysis Based on FY17 Financials. He gave an overview of Standard & Poor's local government methodology. He explained the S&P new credit framework, including institutional, economy, management, liquidity, budgetary performance, budgetary flexibility and debt and contingent liabilities. He noted the Town's very strong financial policies and practices. Lastly, he gave a summary of the Town's credit profile noting strengths and challenges. Discussion followed.

9. Adjourn

MOTION: Mr. Peterson, Ms. Heavner second, to adjourn at 8:37 A.M.; unanimously approved

Respectfully submitted,

Karen Haberin
Commission Clerk



Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

BOARD OF FINANCE AGENDA SUBMISSION FORM

1. **Title of Submission:** Proposed Approval of Change in Scope for Generator Infrastructure Project
2. **Date of Board Meeting:** July 17, 2018
3. **Individual or Entity Making the Submission:**
Amy Meriwether, Finance Director
4. **Action Requested of the Board of Selectmen:**
If the Board of Finance supports the amended scope of work to allow for the installation of permanent generators, the following resolution is in order:

RESOLVED,

It is hereby determined that the scope of the project to provide generator infrastructure at Eno Memorial Hall, Simsbury Public Library and Town Hall approved by the Town of Simsbury as part of the 2015/2016 and 2016/2017 Capital Improvement Plans be modified to include the purchase and installation of permanent generators at both Eno Memorial Hall and the Simsbury Public Library and other expenses related to the project as modified.

5. **Summary of Submission:**
In our continuing efforts to harden our infrastructure and be better prepared for natural disasters, the Town approved a capital project that would allow for the purchase of a large portable generator to support the Town's Emergency Operations Center (located at Town Hall) and to supply temporary power to the Library and Eno Memorial Hall. This project was broken into two separate capital budget appropriations in FY 15/16 and FY 16/17.

The initial project was developed to include the purchase of a trailer mounted portable standby generator to provide a means of standby power for all town buildings and for use by the Water Pollution Control Authority. The project also includes funding for electrical work to complete the retrofitting of the electrical systems at Eno Memorial Hall, Simsbury Public Library and the Town Hall to accommodate connections to the portable generator.

As Town staff began to evaluate costs for installation of the electrical infrastructure at the Library and Eno, it became apparent that we have the ability to install permanent generators at these facilities within the allocated project budget. Permanent generators will allow for both facilities to potentially serve as day shelters

during periods of prolonged power outages, a service we are currently unable to provide unless a full scale shelter is open.

As both capital appropriations were funded with bond monies, bond counsel has advised that the Board of Selectmen and the Board of Finance need to amend the scope of work for this project (from portable to permanent generators). Bond counsel prepared the presented resolution.

At their July 9, 2018 meeting, the Board of Selectmen unanimously supported this resolution and change in project scope.

6. Financial Impact:

This project was funded in FY15/16 and FY 16/17 with a total value of \$255,000 (\$80,000 in FY15/16 and \$175,000 in FY16/17). Currently the project has \$186,205 remaining for the installation at the Library and Eno Memorial Hall. This project will be completed using the available funds allocated in FY 15/16 and FY 16/17.

7. Description of Documents Included with Submission:

- a) Memo from T. Roy, re: Generator Infrastructure Project – Library and Eno Memorial Hall, dated July 3, 2018



Town of Simsbury

66 TOWN FOREST ROAD, SIMSBURY, CONNECTICUT 06070

~ Department of Public Works ~

Memorandum: Generator Infrastructure Project – Library and Eno Memorial Hall

To: Maria Capriola, Town Manager
CC: Amy Meriwether, Jeff Shea, Lisa Karim, Kristen Formanek
From: Thomas J. Roy, PE - Director of Public Works
Date: July 3, 2018

In our continuing efforts to harden our infrastructure and to be better prepared for natural disasters the Town put forward a capital project that would allow for the purchase of a large portable generator to support the Town Hall's Emergency Operations Center and to supply temporary power to the Library and Eno Memorial Hall. This project was broken into two separate appropriations; one for FY 2016 and a second for FY 2017.

In FY 2016 a project for the acquisition of a large portable generator was approved. The cost for the portable generator was budgeted at \$160,000 and was split evenly between the WPCA and the Town. The Town's \$80,000 CIP project was approved fund 510. We received favorable pricing on the portable generator using U.S. General Services Administration (GSA) contracts thereby providing a surplus in fund 510 of \$31,682.

Following the acquisition of the portable generator, in FY 2017 a \$175,000 project was approved as fund 533 for the installation of the necessary electrical infrastructure at the Town Hall, Library and Eno to allow for proper connections with the portable generator. At the time the primary goal for the connection of the Library and Eno was to prevent pipes from freezing during a prolonged winter power outage. There was also recognition of possibly of using these two facilities for a day shelter (place to keep warm, charge electronics, etc.) during prolonged power outages.

After completing the electrical connection work at Town Hall, fund 533 has a balance of \$154,523. As Town staff began to look at the costs for installation of the electrical infrastructure at the Library and Eno, it became apparent that with a remaining budget of \$186,205 between these two funds we had the ability to install permanent generators at these facilities.

Having permanent generation at these facilities provides a significant enhancement to these facilities, for both routine short duration outages as well as reducing the burden of relocating a portable generator during a prolonged power outage. Both the Library and Eno have the ability to serve as day shelters during periods of prolonged power outages or even to support the use of these facilities as cooling centers.

As these are bonded capital projects, our Bond Council has recommended that the Board of Selectmen and the Board of Finance make a new appropriation for this project. We are requesting the Board of Selectmen and the Board of Finance amend the scope of work for the capital projects with the following language provided by bond counsel:

RESOLVED,

It is hereby determined that the scope of the project to provide generator infrastructure at Eno Memorial Hall, Simsbury Public Library and Town Hall approved by the Town of Simsbury as part of the 2015/2016 and 2016/2017 Capital Improvement Plans be modified to include the purchase and installation of permanent generators at both Eno Memorial Hall and the Simsbury Public Library and other expenses related to the project as modified.

If you should have any questions on this request, please let me know.

MEMO - COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To: The Board of Finance, Town of Simsbury, Connecticut
From: Vanessa Rossitto, CPA, Audit Partner
Blum Shapiro & Company, P.C.
Date: June 25, 2018
Re: Auditing Standard No. 114, "The Auditor's Communication with Those Charged with Governance" regarding audit of Town of Simsbury, Connecticut

We are engaged to audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Simsbury, Connecticut for the year ended June 30, 2018. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our responsibilities under Auditing Standards Generally Accepted in the United States of America, Government Auditing Standards, the Uniform Guidance and the Connecticut State Single Audit Act.

As stated in our engagement letter dated April 3, 2018, our responsibility, as described by professional standards, is to express opinions as to whether the financial statements, prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve those charged with governance or management of their responsibilities.

In planning and performing our audit, we will consider the Town of Simsbury, Connecticut's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Connecticut State Single Audit Act.

As part of obtaining reasonable assurance about whether the Town of Simsbury, Connecticut's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Uniform Guidance and the Connecticut State Single Audit Act, we will examine, on a test basis, evidence about the Town of Simsbury, Connecticut's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the State of Connecticut Compliance Supplement applicable to each of its major federal and state programs for the purpose of expressing an opinion on the Town of Simsbury, Connecticut's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the Town of Simsbury, Connecticut's compliance with those requirements.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform an examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

Planned Scope, Timing of the Audit and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of our audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

Other Attest Services

- Connecticut State Department of Education Agreed Upon Procedures

Nonattest Services

In addition to above services, we will also assist in performing certain nonattest services. These services do not constitute an audit under *Government Auditing Standards*. The services are as follows:

- preparing a draft of the financial statements,
- preparing a draft of the schedule of expenditures of federal awards (SEFA),
- preparing a draft of the schedule of expenditures of state financial assistance (SESFA),
- preparing and submitting the federal data collection form,

Management agrees to oversee the nonattest services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Independence

There are no relationships between any of our representatives and the Town of Simsbury, Connecticut that in our professional judgment impairs our independence.

Responsibilities under Auditing Standards Generally Accepted in the United States of America

Management's responsibilities include:

- The selection and application of accounting principles, the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance, and all accompanying information
- Establishing and maintaining effective internal controls, including internal controls over compliance
- Making all financial records and related information available to us and for the accuracy and completeness of that information
- The design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting the government
- Identifying government award programs and understanding and complying with the compliance requirements

Auditor's responsibilities include:

- Express opinions on the financial statements based on our audit
- Plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement
- Performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements
- 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
- 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

Audit Areas of Focus

- Cash
- Investments
- Receivables and revenues
- Capital Assets
- Payables, accruals, expenditures
- Payroll expenditures
- Debt
- Insurance and Self Insurance
- Grants – Federal and State Single Audit

Engagement Timing

- Our initial planning for the year-end audit will be performed during June 2018. Our focus will be on documentation of the internal controls as required by auditing standards, fraud inquiry interviews with management and key personnel, preparation of certain confirmations some overall analytical procedures and audit fieldwork as applicable to the federal and state single audits and procedures performed relevant to the tax collector's and tax assessor's offices.

- Audit Timing:

Commencement of Fieldwork	10/8/18
End of Fieldwork	10/19/18
Issuance of Draft Financial Statements	11/30/18
Client Approval of Draft Statements	12/7/18
Issuance of Financial Statements	12/14/18
Issuance of Management Letter, if applicable	12/14/18
Post Audit Meeting with Management	TBD

Engagement Team

The engagement team that will be responsible for audit, and other services, is as follows including contact information to reach us:

- Vanessa Rossitto, Audit Partner
Direct Line: 860-561-6824
Email: vrossitto@blumshapiro.com
- Gerry Paradis, Concurring Reviewer
Direct Line: 860-570-6371
Email: gparadis@blumshapiro.com
- Jessica Aniskoff, Audit Manager
Direct Line: 860-570-6451
Email: janiskoff@blumshapiro.com

Other Communications

At the completion of our audit we will communicate in writing the following information related to our audit:

- Management judgments and significant sensitive accounting estimates
- Significant accounting policies
- The adoption of new accounting principles or changes in accounting principles
- Significant audit adjustments (recorded and unrecorded)
- Disagreements with management about auditing, accounting or disclosure matters
- Difficulties encountered in performing the audit
- Irregularities and illegal acts
- Consultation by management with other auditors
- Matters affecting independence of auditors
- Material weaknesses, significant deficiencies and control deficiencies

Knowledge of Fraud

- If management or those charged with governance has any knowledge of fraud or potential fraud, this information needs to be communicated to us. As part of the audit process, we will be meeting with management to discuss fraud risks and any further issues.

Fraud Risk Assessment

- It is estimated that a typical organization, including municipalities and quasi-government organizations, lose up to 5% of annual revenue to fraud. Municipalities are especially vulnerable due to the large amounts of cash collected in the tax collector's office, in addition to decentralized cash collection points such as transfer stations, recreation programs, etc.
- The objectives of a Fraud Risk Assessment are to gather perceptions of fraud risk and to promote fraud awareness and prevention across the entity. The Fraud Risk Assessment process starts with the gathering of information on the population of fraud risks that may apply to the entity. This includes consideration of various types of possible fraud schemes, scenarios and opportunities to commit fraud. This information is then used to assess the relative likelihood and potential significance of identified fraud risk based on historical information, known fraud schemes and interviews with staff and management. A report is prepared documenting fraud risk within the entity and setting forth suggested policies and procedures to help prevent and detect fraud.

Cybersecurity Threats

The frequency, scale and cost of cybersecurity incidents has increased exponentially. Here are some recent trends, facts and stats that illustrate the current cybersecurity climate:

- Cybersecurity incidents have surged 38% since 2014
- 77% of organizations reported an increase in cybersecurity attacks in 2015
- 50% of organizations feel they lack the talent to combat today's cybersecurity threats
- Nearly every state has a data protection law, most include fines for data breaches
- Global cybersecurity spending came in at \$77 billion for 2015
- Ransomware and targeted attacks are on the rise
- Attackers have found ways to monetize many types of personal data, and aren't just targeting SSNs and credit cards
- 80% of board members say that cyber security is discussed at most or all board meetings
- Commonly affected industries include: government, financial services, healthcare, retail and manufacturing

BlumShapiro offers a range of services to assess your company's cybersecurity strategy and develop a plan to mitigate risk. It can start with a short educational session for employees. We also offer a portfolio of Implementation services to help mitigate overall risks.

Industry Developments - Current Year (June 30, 2018) Accounting Standards

- **GASB Statement 75 - OPEB Accounting for Employers and Non-Employer Contributing Entities** The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.
- **GASB Statement 81 – Irrevocable Split-Interest Agreements** The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. This Statement

requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement.

- **GASB Statement 85 – Omnibus** The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements.
 - Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
 - Reporting amounts previously reported as goodwill and “negative” goodwill
 - Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
 - Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
 - Recognizing on-behalf payments for pensions or OPEB in employer financial statements
 - Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
 - Classifying employer-paid member contributions for OPEB
 - Simplifying certain aspects of the alternative measurement method for OPEB
 - Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.
- **GASB Statement 86 – Certain Debt Extinguishment Issues** This Statement provides guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Industry Developments - Future Accounting Standards - June 30, 2019

- **GASB Statement 83 – Certain Asset Retirement Obligations** This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.
- **GASB Statement 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements** The objective of this statement is to improve disclosure regarding direct borrowings and direct placements.

Industry Developments - Future Accounting Standards - June 30, 2020

- **GASB Statement 84 – Fiduciary Activities** The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

Industry Developments - Future Accounting Standards - June 30, 2021

- **GASB Statement 87 – Leases** This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Areas of Concerns

- If you have any concerns that you would like to discuss with Blum Shapiro, we will make ourselves available either by phone or in person to discuss such concerns.