

# Town of Simsbury

933 Hopmeadow Street Simsbury, Connecticut 06070

## Board of Finance Agenda Submission

June 15, 2023

Trish Munroe  
Town Clerk  
Simsbury, CT 06070

Dear Ms. Munroe:

A **Regular Meeting** of the Board of Finance will be held at **5:45 PM**, on **Tuesday, June 20, 2023**, in the Main Meeting Room of Simsbury Town Hall, 933 Hopmeadow Street, Simsbury, Connecticut.

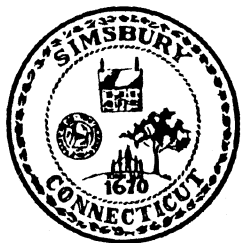
The Agenda is as follows:

1. Call to Order
2. Pledge of Allegiance
3. Finance Director's Report
4. Financial Planning Discussion
5. Policy Review
6. Approval of Minutes
  - March 23, 2023
7. Adjourn

Lisa Heavner  
Chair

***Board of Finance Meeting Schedule:***

*7/18/23, 8/22/23, 9/19/23, 10/17/23, 11/17/23, 12/19/23, 1/16/24*



# Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

**To:** Board of Finance  
**From:** Amy Meriwether, Finance Director/Treasurer  
**CC:** Lee Erdmann, Interim Town Manager  
**Date:** June 20, 2023  
**Re:** Finance Director's Report

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## **Fiscal Year 2022/2023 Approved Supplemental Appropriations**

Below is a listing of supplemental appropriations approved by the Board of Selectmen and the Board of Finance as of June 12, 2023:

- 56 Wolcott Road Purchase - \$175,000
- Planning & Architectural Services for Meadowood Barns - \$40,000
- Worker's Compensation Claim Settlement - \$185,000
- Local Transportation Capital Improvement Grant (LOTICIP) & Connecticut Community Connectivity Grant (CCCGP) Firetown Road Sidewalk Gap Closure - \$35,000
- Retroactive Wage Increases - \$798,665
- Fiscal Year 2021/2022 Encumbrances into fiscal year 2022/2023 - \$280,096
- Farmington Valley Health District - \$100,056
- Diversity, Equity & Inclusion Data Project - \$22,000
- Finance Department Temp Staffing - \$12,500
- Parks & Recreation Temp Staffing - \$10,000
- Social Services Temp Staffing - \$8,000

Total Supplemental Appropriations - \$1,666,317 or 1.45% of the FY22/23 Adopted Budget

**Grants and Donations**

Below is a chart of all grant applications and their current status:

<b>Grant Application</b>	<b>Amount</b>	<b>Status</b>
CRCOG LOTCIP Grant - Climax Road Bridge Replacement	3,735,000	Awarded
State Historic Preservation Office Historic Fund Grant - Meadowood Barns	200,000	Awarded
STEAP - Station Street One-Way to Two-Way Conversion	160,000	Awarded
CT DOT Enhanced Dial-A-Ride Grant	34,050	Awarded
Library PEGPETIA	26,864	Awarded
Secretary of State Absentee Ballot Prep	10,710	Awarded
Historic Document Preservation Grant (FY24)	8,000	Awarded
Greater Hartford Transit Dial A Ride	6,660	Awarded
AARP CT Livable Communities - Simsbury Stories Café	5,000	Awarded
Healthy Living Collective Grant - Tai Ji Quan Better Balance	2,800	Awarded
CT State Library for the Creative Aging Arts Education PILOT Program Grant	2,500	Awarded
Communities Challenge Grant - PAC	740,000	Denied
CT Indoor Air Quality Grant @Squadron Line	180,000	Denied
2023 COPS Hiring Program Application	125,000	Pending
Police Department Congressionally Directed Spending	112,000	Pending
Hartford Foundation for Public Giving Human Needs Grant	6,000	Pending
CT Humanities in Support of the Simsbury History of Culinary Storytelling Program Grant	1,385	Pending

**Fiscal Year 2023/2024 State Funding**

The State of CT has finalized its budget, and below is a breakdown of approved State funding compared to what was included in the Town’s FY23/24 budget:

<b>Funding Source</b>	<b>Simsbury Budget</b>	<b>State Budget</b>	<b>Variance</b>
ECS	7,222,895	7,222,594	(301)
MV Reimbursement	1,554,882	1,554,882	-
Town Aid Road	372,338	367,851	(4,487)
LOCIP	156,500	244,565	88,065
PILOT	99,702	107,179	7,477
Municipal Grants in Aid	77,648	77,648	-
Adult Education	5,849	6,107	258
<b>Totals</b>	<b>9,489,814</b>	<b>9,580,826</b>	<b>91,012</b>

**Approved Tax Abatement**

An application for abatement was requested for the new growth in property value related to the major renovations being performed on the 100 Grist Mill Road property. This application was approved by the Board of Selectmen at their meeting on June 12, 2023. The estimated amount of abatement over a 10-year period is \$548,163 in accordance with the below schedule:

<b>Fiscal Year</b>	<b>Abatement Per Cent of Addition to Current Value</b>	<b>New Growth Amount</b>	<b>H Abatement Amount</b>	<b>Net Real Estate Tax</b>	<b>New Growth on Personal Property</b>	<b>Net Real and Personal Property Tax</b>
24/25	100%	\$59,534	<b>\$59,534</b>	\$0	\$13,024	<b>\$13,024</b>
25/26	100%	\$60,248	<b>\$60,248</b>	\$0	\$11,972	<b>\$11,972</b>
26/27	95%	\$60,971	<b>\$57,922</b>	\$3,049	\$10,706	<b>\$13,755</b>
27/28	90%	\$61,703	<b>\$55,533</b>	\$6,170	\$9,502	<b>\$15,672</b>
28/29	85%	\$62,443	<b>\$53,077</b>	\$9,366	\$7,779	<b>\$17,145</b>
29/30	75%	\$68,170	<b>\$51,128</b>	\$17,042	\$7,172	<b>\$24,214</b>
30/31	75%	\$68,988	<b>\$51,741</b>	\$17,247	\$8,474	<b>\$25,721</b>
31/32	75%	\$69,816	<b>\$52,362</b>	\$17,454	\$7,552	<b>\$25,006</b>
32/33	75%	\$70,654	<b>\$52,991</b>	\$17,663	\$7,328	<b>\$24,991</b>
33/34	75%	\$71,502	<b>\$53,627</b>	\$17,875	\$7,881	<b>\$25,756</b>
<b>TOTALS</b>		<b>\$654,029</b>	<b>\$548,163</b>	<b>\$105,866</b>	<b>\$91,390</b>	<b>\$197,256</b>

In addition to the renovations, they are anticipating personal property purchases valued at an estimated \$500,000. This will generate additional tax revenue over the 10-year period of \$91,390.

**Financial Summary as of May 31, 2023**

Attached for review is the General Fund revenue and expenditure budget status report as of May 31, 2023.

**GENERAL FUND REVENUE FINANCIAL COMPARISON**

Description	FY2023	FY2023	\$ Variance	% Spent	Notes
	BUDGETED REVENUES	ACTUAL As of 5/31/2023			
<b>GENERAL GOVERNMENT</b>					
TAX DEPARTMENT	100,624,738	100,058,617	(566,121)	99.44%	Budgeted conservative tax collection rate resulting in tax collections coming in in excess of budget by the end of the fiscal year. Current year tax collection budgeted to come in at \$500K in excess of budget, however, supplemental auto bills are coming in lower than anticipated. Projected current year tax collections to come in at \$200K in excess of budget. State funding for motor vehicle reimbursement was budgeted at 29 mill reimbursement (\$2,006,464), however State approved mill rate of 31.49 reducing funding to \$1,180,975.
BUILDING DEPARTMENT	738,500	730,903	(7,597)	98.97%	
FINANCE DEPARTMENT	333,631	1,325,535	991,904	397.31%	Increased interest income resulting from rising interest rates
TOWN CLERK	888,590	653,770	(234,820)	73.57%	
TOWN MANAGER'S OFFICE	345,202	846,510	501,308	245.22%	PILOT payment was budgeted at \$99,702 but received \$651,183. Additional funding from Municipal Revenue Sharing grant program that was modified for 2022 and 2023
INFORMATION TECHNOLOGY	171,752	171,752	-	100.00%	
LAND USE COMMISSION	20,000	28,139	8,139	140.70%	
INSURANCE REFUNDS	47,500	66,852	19,352	140.74%	Conservative budget
ASSESSOR'S OFFICE	5,800	5,009	(791)	86.36%	
<b>TOTAL GENERAL GOVERNMENT</b>	<b>103,175,713</b>	<b>103,887,088</b>	<b>711,375</b>	<b>100.69%</b>	
<b>PUBLIC SAFETY</b>					
POLICE DEPARTMENT	210,600	168,979	(41,622)	80.24%	
ANIMAL CONTROL	500	135	(365)	27.00%	
<b>TOTAL PUBLIC SAFETY</b>	<b>211,100</b>	<b>169,114</b>	<b>(41,987)</b>	<b>80.11%</b>	
<b>PUBLIC WORKS</b>					
ENGINEERING	25,050	19,050	(6,000)	76.05%	
ENO MEMORAL HALL	1,000	4,830	3,830	483.00%	
HIGHWAY DEPARTMENT	3,250	5,290	2,040	162.75%	
LANDFILL	-	-	-	#DIV/0!	
<b>TOTAL PUBLIC WORKS</b>	<b>29,300</b>	<b>29,170</b>	<b>(130)</b>	<b>99.55%</b>	
<b>HEALTH &amp; WELFARE</b>					
ELDERLY/HANDICAPPED TRANSPORT	40,720	-	(40,720)	0.00%	Timing, payments will be received in June
<b>TOTAL HEALTH &amp; WELFARE</b>	<b>40,720</b>	<b>-</b>	<b>(40,720)</b>	<b>0.00%</b>	
<b>CULTURE, PARKS &amp; RECREATION</b>					
PARKS & RECREATION	232,651	232,651	-	100.00%	
LIBRARY	9,700	14,486	4,786	149.34%	
COMMUNITY GARDENS	4,400	5,319	919	120.89%	

Description	FY2023	FY2023	\$ Variance	% Spent	Notes
	BUDGETED REVENUES	ACTUAL As of 5/31/2023			
MEMORAL POOLS & FIELDS	2,800	24,017	21,217	857.75%	Increased pool revenue from prior year
<b>TOTAL CULTURE, PARKS &amp; RECREATION</b>	<b>249,551</b>	<b>276,473</b>	<b>26,922</b>	<b>110.79%</b>	
<b>EDUCATION</b>					
BOARD OF EDUCATION	7,139,378	7,385,761	246,383	103.45%	Unanticipated tuition revenue
<b>TOTAL EDUCATION</b>	<b>7,139,378</b>	<b>7,385,761</b>	<b>246,383</b>	<b>103.45%</b>	
<b>INTERGOVERNMENTAL</b>					
TRANSFER IN - BELDEN TRUST	26,960	26,960	-	100.00%	
TRANSFER IN - CAPITAL PROJECT FUNDS	430,717	430,717	-	100.00%	
TRANSFER IN - ARPA FUND	3,757,833	3,757,833	-	100.00%	
<b>TOTAL INTERGOVERNMENTAL</b>	<b>4,215,510</b>	<b>4,215,510</b>	<b>-</b>	<b>100.00%</b>	
<b>TOTAL GENERAL FUND REVENUES</b>	<b>115,061,272</b>	<b>115,963,115</b>	<b>901,842</b>	<b>100.78%</b>	

**GENERAL FUND EXPENDITURE FINANCIAL COMPARISON**

Description	FY2023	FY2023	\$ Variance	% Spent	Notes
	BUDGETED EXPENDITURES	ACTUAL As of 5/31/2023			
<b>GENERAL GOVERNMENT</b>					
TOWN MANAGER'S OFFICE	495,579	485,402	10,177	97.95%	
PLANNING DEPARTMENT	376,670	321,764	54,906	85.42%	
FINANCE DEPARTMENT	475,689	471,046	4,643	99.02%	
INFORMATION TECHNOLOGY	494,378	408,394	85,984	82.61%	
BUILDING DEPARTMENT	306,404	280,219	26,185	91.45%	
ASSESSOR'S OFFICE	381,919	379,647	2,272	99.41%	
TOWN CLERK	250,045	273,087	(23,042)	109.22%	This line item is currently showing over budget due to the settlement of the CSEA contract. A budget line item of the contingency payouts had been added within the Intergovernmental department to offset the overage. Transfer requests will be prepared as part of the year end close to put the budget in line with actuals. No supplemental appropriations are needed.
TAX DEPARTMENT	199,496	205,443	(5,947)	102.98%	This line item is currently showing over budget due to the settlement of the CSEA contract. A budget line item of the contingency payouts had been added within the Intergovernmental department to offset the overage. Transfer requests will be prepared as part of the year end close to put the budget in line with actuals. No supplemental appropriations are needed.
LEGAL SERVICES	151,000	174,050	(23,050)	115.26%	Increased legal services during the year are due to tax appeal settlements. It was noted during the quarterly reporting that this budget was going to go over by the end of the year. There is enough savings in other departmental budgets where no supplement appropriation is needed. Department transfer requests will be prepared as part of the year end close to put the budget in line with actuals.
ELECTION ADMINISTRATION	157,035	132,870	24,165	84.61%	
COMMUNITY SERVICES	403,427	321,865	81,562	79.78%	
GENERAL GOVERNMENT	126,716	107,003	19,713	84.44%	
BOARD OF FINANCE	48,295	51,606	(3,311)	106.86%	Increased cost of audit fee associated with additional standards implementation in the FY22 audit. There is enough savings in other departmental budgets where no supplemental appropriation is needed. Department transfer requests will be prepared as part of the year end close to put the budget in line with actuals.



Description	FY2023	FY2023	\$ Variance	% Spent	Notes
	BUDGETED EXPENDITURES	ACTUAL As of 5/31/2023			
ECONOMIC DEVELOPMENT COMMISSION	50,650	63,500	(12,850)	125.37%	As noted during the quarterly reporting, there was a purchase order in FY21 that was not rolled forward into FY22 or FY23 during the Munis conversion. Project was completed in FY23 and final payment made. Anticipated savings as the year goes will offset overage. Transfer requests will be prepared to put the budget in line with actuals. No supplemental appropriation needed.
LAND USE COMMISSION	19,200	12,127	7,073	63.16%	
REGIONAL PROBATE COURT	9,548	9,548	-	100.00%	
PUBLIC BUILDING COMMISSION	2,000	1,319	681	65.95%	
<b>TOTAL GENERAL GOVERNMENT</b>	<b>3,948,051</b>	<b>3,698,890</b>	<b>249,161</b>	<b>93.69%</b>	
<b>PUBLIC SAFETY</b>					
POLICE DEPARTMENT	5,542,887	4,571,585	971,302	82.48%	
DISPATCH	592,210	481,964	110,246	81.38%	
ANIMAL CONTROL	75,217	42,263	32,954	56.19%	
POLICE COMMISSION	750	285	465	38.00%	
EMERGENCY MANAGEMENT	26,800	15,330	11,470	57.20%	
<b>TOTAL PUBLIC SAFETY</b>	<b>6,237,864</b>	<b>5,111,427</b>	<b>1,126,437</b>	<b>81.94%</b>	
<b>PUBLIC WORKS</b>					
HIGHWAY DEPARTMENT	3,173,377	2,878,622	294,755	90.71%	
BUILDINGS & MAINTENANCE	537,636	531,038	6,598	98.77%	
ENGINEERING	307,479	272,968	34,511	88.78%	
PUBLIC WORKS ADMINISTRATION	334,726	334,098	628	99.81%	
TOWN OFFICE BUILDINGS	151,172	150,608	564	99.63%	
LIBRARY	154,527	124,688	29,839	80.69%	
ENO MEMORIAL HALL	74,609	74,573	36	99.95%	
OTHER BUILDINGS	33,810	27,906	5,904	82.54%	
LANDFILL	78,000	43,828	34,172	56.19%	
<b>TOTAL PUBLIC WORKS</b>	<b>4,845,336</b>	<b>4,438,329</b>	<b>407,007</b>	<b>91.60%</b>	
<b>HEALTH &amp; WELFARE</b>					
SOCIAL SERVICES ADMINISTRATION	408,666	394,037	14,629	96.42%	
SENIOR CENTER SERVICES	160,687	154,214	6,473	95.97%	
TRANSPORTATION SERVICES	167,870	113,826	54,044	67.81%	
HEALTH DEPARTMENT	283,926	283,926	-	100.00%	
AGING & DISABILITY COMMISSION	1,500	866	634	57.73%	
<b>TOTAL HEALTH &amp; WELFARE</b>	<b>1,022,649</b>	<b>946,869</b>	<b>75,780</b>	<b>92.59%</b>	
<b>CULTURE, PARKS &amp; RECREATION</b>					
LIBRARY	1,646,557	1,556,200	90,357	94.51%	
PARKS & OPEN SPACE	1,016,874	925,968	90,906	91.06%	

Description	FY2023	FY2023	\$ Variance	% Spent	Notes
	BUDGETED EXPENDITURES	ACTUAL As of 5/31/2023			
MEMORIAL POOL	81,097	55,046	26,051	67.88%	
RECREATION ADMINISTRATION	74,560	74,362	198	99.73%	
MEMORIAL FIELD	37,714	14,976	22,738	39.71%	
BEAUTIFICATION COMMITTEE	6,000	993	5,007	16.56%	
<b>TOTAL CULTURE, PARKS &amp; RECREATION</b>	<b>2,862,802</b>	<b>2,627,545</b>	<b>235,257</b>	<b>91.78%</b>	
<b>EDUCATION</b>					
BOARD OF EDUCATION	77,030,819	64,027,248	13,003,571	83.12%	
<b>TOTAL EDUCATION</b>	<b>77,030,819</b>	<b>64,027,248</b>	<b>13,003,571</b>	<b>83.12%</b>	
<b>INTERGOVERNMENTAL</b>					
EMPLOYEE BENEFITS	6,741,777	5,614,421	1,127,356	83.28%	
LIABILITY INSURANCE	672,949	672,949	-	100.00%	
TRANSFER OUT - SIMSBURY FARMS	151,715	151,715	-	100.00%	
TRANSFER OUT - MSP SENIOR FUND	10,480	10,480	-	100.00%	
TRANSFER OUT - YOUTH SERVICE BUREAU	8,000	8,000	-	100.00%	
TRANSFER OUT - ATHLETICS FIELDS	2,250	2,250	-	100.00%	
CONTINGENCY RESERVE	184,953	-	184,953	0.00%	
CONTINGENCY VACANCY	(200,000)	-	(200,000)	0.00%	
NEGOTIATED CONTRACT PAYOUTS	798,665	-	798,665	0.00%	
TRANSFER OUT - CNR 2018	-	-	-	#DIV/0!	
TRANSFER OUT - CNR 2019	83,250	83,250	-	100.00%	
TRANSFER OUT - CNR 2020	83,250	83,250	-	100.00%	
TRANSFER OUT - CNR 2021	83,250	83,250	-	100.00%	
TRANSFER OUT - CNR 2022	83,250	83,250	-	100.00%	
TRANSFER OUT - CNR 2023	393,250	393,250	-	100.00%	
TRANSFER OUT - CAPITAL PROJECTS	1,298,574	1,298,574	-	100.00%	
TRANSFER OUT - CAPITAL RESERVE	3,632,833	3,632,833	-	100.00%	
<b>TOTAL INTERGOVERNMENTAL</b>	<b>14,028,446</b>	<b>12,117,472</b>	<b>1,910,975</b>	<b>86.38%</b>	
<b>DEBT SERVICE</b>					
PRINCIPAL	5,090,000	3,025,000	2,065,000	59.43%	
INTEREST	1,281,525	1,042,200	239,325	81.32%	
<b>TOTAL DEBT SERVICE</b>	<b>6,371,525</b>	<b>4,067,200</b>	<b>2,304,325</b>	<b>63.83%</b>	
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>116,347,492</b>	<b>97,034,980</b>	<b>19,312,512</b>	<b>83.40%</b>	



# Town of Simsbury

933 Hopmeadow Street Simsbury, Connecticut 06070

## Board of Finance Agenda Item Submission Form

1. **Title of Submission:** Financial Planning Discussion

2. **Date of Board Meeting:** June 15, 2023

3. **Individual or Entity Making the Submission:**  
Amy Meriwether, Director of Finance

4. **Action Requested of the Board of Finance:**  
No action is requested

5. **Summary of Submission:**

At the direction of the Board of Finance, staff would like to start looking at long term financial planning for the Town of Simsbury. On June 13, 2023 a meeting was held with the Interim Town Manager, Lee Erdmann; Finance Director, Amy Meriwether; and Board of Finance Chair, Lisa Heavner to discuss what this planning might look like.

The Board of Finance Chair expressed an interest in evaluating the operating budget and modeling out 5-year projections before reviewing the capital planning. We also discussed Board goals and priorities and how they play into the budget process on an annual basis, reserve levels, upcoming budgetary pressures such as increasing enrollment, fine tuning of budgetary estimates to be more in line with actuals (ie staffing vacancies) and benchmarking statistics.

If the Board of Finance is amenable to the above starting approach and working through modeling the operating budget prior to starting the capital conversation, it would be helpful to have some starting goals and priorities of the Board to build into the model. Some thoughts might include:

- Is the Board amenable to potential tax increases regardless of cause? If so, is there consensus on what percent or dollar increase that might be? Or do we keep with the philosophy of “taxing when it’s time to tax?”
- What are some priorities of the Board in order of importance? Although not an all-inclusive list, some items might include:
  - o Maintaining General Fund reserve levels in accordance with policy or perhaps updating the policy
  - o Should operating increases take precedence over capital projects?
  - o Does the Board have a priority as to which departments receive additional funding first? (ie public safety). Would the Board like to review this with the other Boards prior to any decision making?
  - o Is the Board committed to funding fixed costs? Or would you like to look at initiatives to reduce fixed costs? (ie programming cuts)
  - o What is the Boards commitment to funding new positions?
  - o Is a major focus of the Board to fine tune budgetary estimates in line with actuals? Or knowing we have so many Capital and CNR needs, is there a willingness to keep steady and use any savings generated for unfunded needs that we know are coming?

- What results or outcomes is the Board looking to achieve?
- How would the Board like to prepare for mitigation of any forecasted financial stressors?
- What are the top five benchmarking statistics the Board feels are most important and do not want to stray from the median?

Based on the feedback of the Board, the Finance Director will build a forecasted model for the FY24/25 budget with built in assumptions. This can then be reviewed at a future Board of Finance meeting and those assumptions along with alternative approaches commented on by the Board. Once a preferred modeling has been finalized for FY24/25, we can build out the remaining four years of the model for review and analysis.

Staff is seeking feedback from the Board on working through the long-term financial planning model in phases (ie operating, then debt & capital etc) as opposed to a workshop type event with multiple stakeholders involved at once.

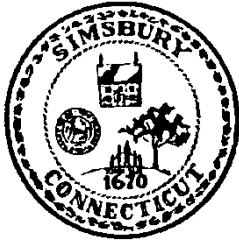
Lastly, it may be a good time to complete the annual policy review in conjunction with the financial planning process to see if any updates may be appropriate based on the sets goals and priorities of the Board that may change.

**6. Financial Impact:**

None

**7. Description of Documents Included with Submission:**

None



# Town of Simsbury

933 Hopmeadow Street Simsbury, Connecticut 06070

## Board of Finance Agenda Item Submission Form

1. **Title of Submission:** Policy Review
2. **Date of Board Meeting:** June 15, 2023
3. **Individual or Entity Making the Submission:**  
Amy Meriwether, Director of Finance
4. **Action Requested of the Board of Finance:**  
No action is requested
5. **Summary of Submission:**  
Policy review on a regular basis ensures the Town's policies remain effective and in compliance with best practice. The Board of Finance has gone through several policies over the last few years and made various updates. Attached is a complete indexing of all Finance policies for annual review by and potential update at the Board's discretion.
6. **Financial Impact:**  
None
7. **Description of Documents Included with Submission:**
  - Finance Policy Index
  - Board of Finance Rules of Procedure
  - Purchasing Policy and Ordinance
  - Capital Asset Policy
  - CNR and Capital Policy
  - Debt Management Policy
  - Fund Balance Policy
  - Town Funds Investment Policy
  - Defined Benefit Plan Pension Investment Policy
  - Defined Contribution Plan Investment Policy
  - OPEB – Retiree Health Care Trust Investment Policy
  - Board of Education Non-Lapsing Policy
  - Budgetary Transfers & Supplemental Appropriations Policy
  - Structurally Balanced Budget Policy

**Town of Simsbury  
Finance Policy Index**

<b>Policy</b>	<b>Last Date of Revision</b>	<b>Last Date of Review</b>
Board of Finance Rules of Procedure	January 2020	June 2022
Purchasing Policy & Ordinance	January 2021	June 2022
Capital Asset Policy	February 2019	June 2022
CNR and Capital Policy	August 2022	August 2022
Debt Management Policy	March 2021	June 2022
Fund Balance Policy	September 2020	June 2022
Town Funds Investment Policy	August 2022	August 2022
Defined Benefit Plan Pension Investment Policy	October 2022	October 2022
Defined Contribution Plan Investment Policy	May 2021	June 2022
OPEB - Retiree Health Care Trust Investment Policy	September 2007	September 2022
BOE Non-Lapsing Policy	March 2015	June 2022
Budgetary Transfers & Supplemental Appropriations	September 2021	June 2022
Structurally Balanced Budget Policy	August 2022	August 2022

## **Simsbury Board of Finance Rules of Procedure**

*Adopted January 21, 2020*

**BE IT RESOLVED**, that the Board of Finance adopts the following rules of procedure:

1. The Board of Finance (Board) adopts Robert's Rules of Order as a general guide for the conduct of all regular and special meetings. Additionally, the Board will conduct its business in accordance with all other applicable rules and regulations including the Connecticut General Statutes and the Town Charter.
2. A biennial organizational meeting of the Board will be held on the first regularly scheduled meeting following the date on which newly elected Board members take the oath of office. The organizational meeting will be called to order by the Chairperson or the Vice-Chairperson, in that order of priority, provided one of these officers is still a member of the Board. If none of the Board officers from the preceding year is presently a member of the Board, any Board member present may call the meeting to order. A temporary Chairperson will be chosen by a majority of those members present. The temporary Chairperson will preside until a successor is elected. The newly elected Chairperson will take office upon election and preside over the elections of the Vice-Chairperson.
3. If such officers are not chosen within one month after the appointment or election of The Board because of a tie vote of the members, the two leading contenders may agree to be co-chairs, sharing responsibilities equally. If they do not agree to such co-chairmanship, the Board of Selectmen shall choose such officers from the membership of the Board, pursuant to C.G.S. Chapter 106, Sec. 7-342. If the Board of Selectmen also fails to elect such officers due to a tie vote of its members, the two leading contenders shall flip a coin to determine which shall be chair. The other shall be vice chair.
4. In the event of a mid-term vacancy in the position of either chair or vice-chair, an election shall be held at the next regularly scheduled meeting to fill such vacancy. The duly published notice for such meeting shall include the election as the first agenda item. Following the protocol in items 2 & 3 above, a successor shall be elected.
5. At all meetings of the Board, four members shall constitute a quorum and the concurrence of three votes shall be necessary for the transaction of business.
6. When possible, the agenda along with relevant resource material will be distributed to the Board members three (3) to seven (7) days prior to the meeting. Items not specifically included on the agenda may be included by a 2/3 vote of those present and voting.

From time to time, the Board may schedule special meetings or regular meetings devoted to a particular topic or topics. In accordance with Connecticut General Statutes, no items will be added to a special meeting agenda.

7. A member of the Board may have an item placed on the agenda by contacting the

Chairperson at least (7) days prior to the meeting.

8. The Board will hold public audience during at least one meeting each year. During such public audience, each speaker will be limited to (5) minutes. Any citizen so speaking shall identify him/herself by name and address and if he/she is representing a group or organization, he/she may so state. The Chair may, at his or her discretion, recognize specific members of the public for participation on an agenda item under discussion, if he or she feels that member of the public has knowledge or input of value to the board.

9. Members of the Board may participate by telephone or similar electronic means when physically unable to attend.

10. The Board may, from time to time, vote to establish temporary subcommittees consisting of both Board members and non-board members, to investigate items, provide analysis and make recommendations to the board.

11. The Board shall review and re-adopt or revise all Board of Finance policies every 5 years.

12. In accordance with Chapter 14, Section 1-225 of the CGS, entitled Freedom of Information Act, the votes of each member of the Board of Finance shall be recorded in the minutes and made available to the public. A draft of the minutes shall be available to the public within 7 days. The minutes shall be posted on the town's website when available.





# Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

## **TOWN OF SIMSBURY PURCHASING PROCEDURES AND GUIDELINES** *Revised by the Board of Finance on January 19, 2021*

### **I. Purpose**

The purpose of this policy is to ensure that the Town of Simsbury obtains the highest quality of desired goods and services at the most competitive price. Further, this policy aims to streamline the procurement process while maintaining adequate internal controls.

### **II. Applicability**

This policy applies to all staff, elected officials, and appointed officials involved in the procurement process.

### **III. Effective Date**

This policy shall remain in effect until revised or rescinded. The Town reserves the right to amend this policy as necessary.

### **IV. Policy**

#### **A. Purchasing Agent**

The Finance Director or his/her designee shall serve as the purchasing agent for the Town of Simsbury. He/she shall be responsible for the procurement of all goods and services as outlined in Chapter A161 of the Code of the Town of Simsbury. The Town Manager or his/her designee shall also be responsible for signing all contracts awarded to a vendor.

#### **B. Competitive Quotes/Bid Thresholds**

All purchases between \$10,000 - \$25,000 shall have quotes solicited from at least two (2) vendors. Vendor quotes can be written or verbal.

Bids shall be issued for purchases in excess of \$25,000 and require a formal written contract unless the Town can take advantage of a regional, state, local government or cooperative agency contract. This applies to annual orders (items purchased on volume basis) as well.

Bid bonds will be evaluated as part of the bid process. The department head, in conjunction with the Finance Director, will determine if the inclusion of a bid bond is in the best interest of the town.

A request for qualifications along with a request for proposal shall be issued for professional services (i.e. legal, engineering, architectural, etc.) contracts in excess of \$50,000 unless the Town can take advantage of a regional, State or cooperative agency contract.

Bid procedures outlined herein can be waived at any time if it is deemed to be in the best interest of the Town of Simsbury by the Finance Director and the Town Manager. All waivers shall be reported to the Board of Selectmen at the next regularly scheduled meeting for review.

*Federal Grant Requirement:* Bids shall be issued for purchases in excess of \$10,000 (or most recent update to the 2 CFR 200.318 – General Procurement Standards included in the Code of Federal Regulations)

*Federal Grant Requirement:* Statement of Responsibility – The Town is responsible, in accordance with good administrative practice and sound business judgement, for the settlement of all contractual and administrative issues arising out of procurements.

*Federal Grant Requirement:* If any prequalified list of persons, firms, or products are used in acquiring goods and services, they must be current and include enough qualified sources to ensure maximum open and free competition.

*Federal Grant Requirement:* All necessary affirmative steps must be taken to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

*Federal Grant Requirement:* An independent cost or price analysis must be performed in connection with every procurement action in excess of the Simplified Acquisition Threshold (currently set at \$3,000)

### **C. Contracts and Credit Applications**

All credit applications shall be completed and signed by only the Finance Director or his/her designee. All vendor contracts shall be completed and signed by the Town Manager or his/her designee.

It is the responsibility of the department head and Finance Director to ensure that contractors perform in accordance with the terms, conditions and specifications in their contracts or purchase orders.

### **D. Conflicts of Interest**

A conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

Any conflict of interest must be disclosed in writing to the Finance Director. The conflict statement will be reviewed by the Finance Director as well as the Town Manager and a

determination will be made as to whether to proceed with the respective vendor and formalized in writing.

If the conflict of interest resides with the Finance Director or Town Manager, the Deputy Town Manager will assist in the review and final determination as to whether to proceed with respective vendor.

*Federal Grant Requirement:* No employee, officer, or agent must participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest (as defined above).

## **E. Vendor Selection**

The following considerations shall be evaluated during the process of vendor selection:

- The Town is encouraged to take advantage of the lowest possible price while obtaining the highest quality products and services.
- The Town shall ensure the selected vendor is able to provide the products/services in a timely manner.
- The acquisition of unnecessary or duplicative items must be avoided. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
- The Town is encouraged to use refurbished, excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
- The Town is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions.
- Contracts shall only be awarded to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
- Local Vendor Benefit – If any Simsbury *based* vendor responds to a bid notice and comes within 5% of the lowest bidder, all qualifications considered equal, the local based vendor will be allowed the opportunity to adjust their bid to match that of the lowest bidder.
- *Federal Grant Requirement:* The Town may use time and material type contracts only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk.

## **F. Grant Funded Purchases**

All purchases utilizing grant funds shall follow the Town purchasing policies and procedures as established in this policy.

## **G. Emergency Purchases**

An emergency exists when the operation of a department would be seriously hampered; or in which life, limb or property may be endangered; or in which the health or welfare of the general public is seriously threatened; or a natural or man-made disaster has occurred.

If an emergency determination is made by the Town Manager or Finance Director it may be necessary to deviate from the formal purchasing process. Once the emergency situation has been rectified, all purchases made related to this emergency shall be formalized by the purchasing process as soon as possible.

If a contract is required as part of rectifying the emergency situation, consideration should be made to a short term contract with limited authority whenever possible.

## **Chapter A161. Purchasing**

### **§ A161-1. Purpose; objectives.**

A. Be it resolved by the Board of Selectmen of the Town of Simsbury that in order to amplify Section 812 of the Town Charter and to provide a systematic and uniform standard of purchasing policies, the Board hereby adopts the following procedures which are incorporated into this chapter.

B. Purchasing objectives:

(1) To procure materials, supplies, equipment, public improvements, and services at the lowest cost while obtaining the highest quality products and services possible.

(2) To conduct purchasing without regard to political affiliation, race, color, creed, sex, age, religion, national origin, marital status, sexual orientation, genetic makeup, gender identity, military service and veteran's status, disability, or any other protected class, family relationship or business associations of vendors, contractors or consultants.

### **§ A161-2. Purchase orders required.**

All proposed purchases shall be supported by a purchase order, signed by the issuing Department Head and the Finance Director or his/her agent. Oral approval may be given in emergencies but shall be followed immediately by a written purchase order.

Notwithstanding the provisions of this section, the Finance Director may allow budgeted agencies to use purchasing cards for purchases not exceeding \$1,000, unless such agency receives written approval from the Finance Director to exceed such amount. No budgeted agency, or any official, employee or agent of a budgeted agency, shall incur any obligation using such a card, except in accordance with procedures established by the Finance Director.

### **§ A161-3. Annual orders.**

Annual orders of items used on a volume basis, which exceed, in the aggregate, \$10,000, shall follow the procedures outlined below.

### **§ A161-4. Verbal and written quotes.**

Purchases in excess of \$10,000 but less than \$25,000 shall have documented via verbal or written quotes, whenever possible, from at least two vendors.

### **§ A161-5. Bids; contracts required.**

A. Purchases or contracts expected to exceed \$25,000 shall require formal sealed bids and the execution of a written contract between the, qualified bidder and the Town. Such sealed bids shall be opened in public at the time and place designated in the specifications. The Town may accept substitutes that meet the same criteria as outlined in the specifications. Requests for formal sealed bids shall be issued by the issuing department head, received by the date due and turned in to the Finance Director.

B. Purchases or contracts expected to exceed \$25,000 shall be advertised at least 10 days prior to the bid opening on a website such as but not limited to the CT Department of Administrative Services website or the Town's official website as a means of a formal "invitation to bid."

C. An appropriate fee may be charged for a copy of plans and specifications, said fee, or portion thereof, to be refunded upon return of the plans and specifications within the designated period.

D. Bid bonds will be evaluated as part of the bid process. The Department Head, in conjunction with the Finance Director, will determine if the inclusion of a bid bond is in the best interest of the Town.

#### **§ A161-6. Awarding of contract.**

The Finance Director or his/her designee or Town Manager or his/her designee is authorized to award contracts.

#### **§ A161-7. Signing of purchase orders or contract.**

A. The Finance Director or his/her designee and/or Town Manager or his/her designee is authorized to sign all purchase orders. The Town Manager or his/her designee is authorized to sign all formal contracts approved under the appropriate procedure as stipulated herein.

B. Under an existing contract, any change order which increases the contract amount shall be subject to prior budgetary approval by the Finance Director and approved by the Town Manager or his/her designee, for any change in the scope of the project.

#### **§ A161-8. Rejection of bids.**

The board, person or agent having the authority to award may reject any or all bids, part of all bids or all bids for any one or more supplies or contractual services included in the proposed contract, or waive defects in same when the public interest will be served best thereby.

#### **§ A161-9.1. Local vendor preference; Town-based business.**

If any Simsbury based vendor responds to a bid notice and comes within 5% of the lowest bidder, all qualifications considered equal, the local based vendor will be allowed the opportunity to adjust their bid to match that of the lowest bidder.

#### **§ A161-10. Exemption from bids.**

A. Purchases made through or on the basis of regional, state, local government or cooperative agency bids shall be exempted from any bidding procedures.

B. A purchase may be made or contract awarded for a supply, service or construction item without a competitive bid when it is determined that there is only one source for the required supply, service or construction item.

C. The bid procedures outlined herein can be waived at any time if it is deemed to be in the best interest of the Town of Simsbury by the Finance Director and the Town Manager. All waivers shall be reported to the Board of Selectmen at the next regularly scheduled meeting for review.

**§ A161-11. Professional services contracts.**

Contracts for professional services (legal, engineering, architectural, etc.) in excess of \$50,000 are required to go out for a request for qualifications (RFQ). Services under \$50,000 shall not be governed by these regulations, but every effort shall be made to secure well-qualified professionals at the best terms possible for the Town.

**§ A161-12. Emergencies.**

A. In case of emergency the Finance Director may, or in the best interest of the Town, the Town Manager may, waive the procedures outlined herein.

B. Emergency situations shall be those in which the operation of a department would be seriously hampered; or in which life, limb or property may be endangered; or in which the health or welfare of the general public is seriously threatened; or a natural or man-made disaster has occurred

**§ A161-13. When effective; revisions.**

These bidding and purchasing regulations shall become effective as of November 14, 2018, and may be revised or amended from time to time by formal action of the Board of Selectmen.

**§ A161-14. Board of Education transactions.**

Separate procedures shall be established for Board of Education transactions.

**§ A161-15. Conflict with Charter or state law.**

In the event of any conflict between these procedures and the Charter of the Town of Simsbury or the Connecticut General Statutes, these procedures shall be construed to conform to the Charter or statutes, as the case may be.

**§ A161-16. Review and adoption.**

The procedures outlined herein shall be reviewed, amended, and adopted by the Board of Selectmen as needed. These procedures shall remain in effect until amended.



# Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

## Capital Asset Policy

*Adopted by the Simsbury Board of Finance on June 20, 2018*

*Revised by the Simsbury Board of Finance on February 19, 2019*

### I. PURPOSE

The policy establishes guidelines, capitalization thresholds and useful life, and procedures for the inventory, depreciation and disposal of the Town's capital assets. It will assist the Finance Department in gathering and maintaining information needed for the preparation of the Comprehensive Annual Financial Report.

### II. THRESHOLDS

	<u>GFOA Recommended</u>	<u>Board of Finance Approved</u>
<b><u>Capitalization</u></b>		
<b>Equipment</b>	>\$5,000	\$10,000
<b>Improvements</b> <i>(e.g. building additions, parking lot expansion)</i>	\$20,000	\$20,000
<b>Infrastructure</b> <i>(e.g. new roads, sewer lines, bridges, dams)</i>	\$100,000	\$100,000
<b><u>Accountability</u></b>		
<b>Equipment other than computers</b>	<i>These will not be capitalized unless they meet the thresholds as defined above. They will be inventoried for insurance purposes.</i>	
<b>Computer Equipment</b>		

### III. GROUP PURCHASES

A total purchase for an amount greater than the thresholds defined above, which consists of more than one item purchased, with individual items which are below the threshold, will not be capitalized.

Example: More than one computer  
Multiple desks and chairs



#### **IV. ROAD IMPROVEMENTS**

Resurfacing is considered to be road maintenance. Improvements that expand capacity are to be capitalized.

Example: Changing a one lane road to two, or adding a turning lane or paving unimproved road.

#### **V. OTHER IMPROVEMENTS**

Replacing a roof, carpeting, windows (unless the replacement has other benefits) are considered maintenance and should not be capitalized.

If the improvement increases capacity, use or significantly increases the useful life, then it should be capitalized if it is over the threshold.

#### **VI. RECORDING OF ASSETS**

Assets will be recorded individually to the extent possible to ensure proper accountability, accurate depreciation, and to allow for specific identification for recording of disposition.

#### **VII. DONATED ASSETS**

Donated assets are to be recorded at the fair market value at the date of gift. Department heads are responsible for completing the fixed asset addition form for all assets donated above the capitalization and accountability thresholds.

#### **VIII. DEPRECIABLE LIVES**

Depreciable lives should be based upon actual expected use by the Town, not by tax lives or other general estimates. An attempt should be made to set the depreciable lives to coincide with the Town's capital replacement program.

Department Heads should be consulted on the specialty equipment used by their departments for depreciable lives.

Standard useful lives include:

- Roads: 30-50 years
- Sewer Lines and Water Lines: 50 years
- Bridges/Large Culverts: 30-50 years

- Dams: 50 years
- Buildings: 50-75 years
- Fire Equipment: 20-25 years
- Ambulances: 5 years
- Vehicles: 3-15 years
  - Autos, Light Trucks, Heavy Trucks
- Machinery and Equipment: 3-10 years
- Construction Equipment: 5 years

For Construction in Progress update the asset record from the previous year until the asset is complete and transferred to the appropriate category.

## **IX. DISPOSAL**

Assets with cost of \$10,000 or greater:

For all assets of \$10,000 or greater, disposal will require completion of the fixed asset disposal form and approval by the Finance Department. In no circumstance may an asset be disposed of without prior approval.

To the extent possible, the Department head will complete all data on the Fixed Asset Disposal Form, and submit for approval. Upon approval the asset may be disposed of by the approved manner appropriate in the circumstance (trash, sale, trade-in).

Asset impairments:

If an asset has suffered a significant impairment in function or useful life due to level of use, accident or other damage, the event with the estimated effect of the impairment and any intent to repair the asset to original operating condition should be reported to the Finance Department.

**FIXED ASSET ADDITION  
DATA ENTRY FORM**

ASSET DESCRIPTION: \_\_\_\_\_

ASSET NUMBER (IF APPLICABLE): \_\_\_\_\_

DATE OF ACQUISITION: \_\_\_\_\_

COST: \_\_\_\_\_

USEFUL LIFE: \_\_\_\_\_

SALVAGE VALUE: \_\_\_\_\_

SERIAL NUMBER: \_\_\_\_\_

TYPE OF ASSET: \_\_\_\_\_

TOWN DEPARTMENT: \_\_\_\_\_

LOCATION OF ASSET: \_\_\_\_\_

SOURCE OF FUND: \_\_\_\_\_  
(TAXES, GRANTS, BONDS, DONATIONS)

CAPITALZATION OR ACCOUNTABILITY POLICY: \_\_\_\_\_

ENTERED BY: \_\_\_\_\_

**FIXED ASSET DELETION  
DATA ENTRY FORM**

ASSET DESCRIPTION: \_\_\_\_\_

ASSET NUMBER (IF APPLICABLE): \_\_\_\_\_

DATE OF ACQUISITION: \_\_\_\_\_

COST: \_\_\_\_\_

SERIAL NUMBER: \_\_\_\_\_

TYPE OF ASSET: \_\_\_\_\_

TOWN DEPARTMENT: \_\_\_\_\_

LOCATION OF ASSET: \_\_\_\_\_

SOURCE OF FUND: \_\_\_\_\_  
(TAXES, GRANTS, BONDS, DONATIONS)

REASON FOR DISPOSAL: \_\_\_\_\_

TYPE OF DISPOSTION:	SALE	_____
	DISCARDED	_____
	DONATED	_____
	OTHER	_____

ENTERED BY: \_\_\_\_\_

REQUESTED BY: \_\_\_\_\_

APPROVED BY: \_\_\_\_\_



# Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

## **TOWN OF SIMSBURY CAPITAL AND CAPITAL NON-RECURRING FUND POLICY**

*Adopted by the Simsbury Board of Finance on February 19, 2019*

*Amended by the Board of Finance on August 16, 2022*

### **I. Introduction & Purpose**

The use and purpose of this policy is to promote consistency and continuity in decision making related to capital improvement planning and to set the general parameters within which capital spending decisions are made. This policy establishes the general financing goals and the specific elements that comprise a long-range planning and financing strategy, including capital financing guidelines and the transfer of funds to and from the Capital Projects Funds, Capital and Non-Recurring Fund and Capital Reserve Fund.

The goals of this policy statement are to:

1. Make a strong commitment to the strategic management of the Town's capital financing process.
2. Promote financial stability and focus attention on the Town's long term financial capacity to meet capital needs.
3. Designate acceptable parameters of debt issuance and management.
4. Provide a framework for monitoring capital financing practices and results.
5. Effectively communicate the Town's priorities and plans for undertaking capital projects to internal and external stakeholders.
6. Provide a framework for monitoring capital financing practices and results.

### **II. Effective Date**

This policy shall remain in effect until revised or rescinded. The Town reserves the right to amend this policy.

### **III. Definitions and Guidelines**

1. Capital Project is defined as any project, resulting in or contributing to the acquisition of, or addition to, a capital asset with an anticipated cost equal to or exceeding \$10,000 for equipment purchases, \$20,000 for building improvements and \$100,000 for infrastructure improvements and with an anticipated life equal to or exceeding (5) five years for equipment purchases, and (10) ten years for buildings, improvements and infrastructure.
2. The capital plan shall be prepared and updated annually by the Town Manager and Finance Director and present programmatic needs and priorities for a (6) six year period.

3. Per CGS 8-24, the Planning Commission must review and approve the capital plan annually for consistency with the Plan of Conservation and Development.
4. The first year of the (6) six year capital plan will be adopted annually by the Board of Selectmen and the Board of Finance as part of the budgeting process.
5. Future operating costs associated with new capital projects and assets will be projected and included in operating budget forecasts.
6. Each capital project submitted for consideration shall identify operating budget impacts and potential financing methods available.
7. The Town shall take the appropriate actions to maintain its “Aaa” credit rating and strategically utilize debt service expenditures.
8. The Town Manager and Finance Director will recommend the optimum mix and financing sources for all capital projects, in conjunction with the adopted Debt Management Policy.
9. Whenever possible, capital costs should be financed by means other than borrowing. Borrowing shall be limited to infrastructure or facility improvement projects with an estimated life expectancy of at least 15 years and cost of at least \$250,000.
10. Capital projects financed through the issuance of general obligation bonds shall be financed for a period no longer than 10 years unless specifically authorized by the Board of Finance and , when practical, for a period which does not exceed the useful life of the asset.
11. Maintenance Scheduling – The Town intends to set aside sufficient revenues to finance ongoing maintenance needs and to provide periodic replacement and renewal to keep its capital facilities and infrastructure systems in good repair to maximize a capital asset’s useful life and to avoid unnecessary borrowing.

#### **IV. Capital Projects Fund(s) Policy**

The Capital Project Fund(s) is used to account for the financial resources used for the acquisition of major pieces of equipment, vehicles in the fleet, studies (if related to a larger capital project), professional services, building improvements, land acquisitions, building acquisitions or construction of major capital facilities and capital infrastructure improvements.

This fund may receive contributions from the sale of town owned buildings and property, transfers from the General Fund, transfers from the Capital Reserve Fund, unexpended balances of completed capital projects in the Capital Projects Fund(s), grants and donations.

If applicable, funds shall be invested in accordance with the Town’s investment policy.

#### **V. Capital and Non-Recurring Fund Policy**

The Capital and Non-Recurring Fund is established to provide for small capital and non-recurring expenditures which would distort year to year budget comparison. Non-recurring is to mean an expenditure that occurs no more frequently than once in a five year period.

Capital items and studies of single or aggregate cost that exceed \$10,000 but are less than \$250,000 shall be accounted for as expenditures in the capital and non-recurring fund. The Capital and Non-Recurring Fund may also include fleet purchases that are less than \$250,000 per vehicle.

The Town shall not fund on-going operating expenditures from the Capital and Non-Recurring Fund.

On an annual basis, the General Fund will fund the CNR Fund utilizing a charge-back method. The charge-back method will spread out the CNR expenditures evenly over a five (5) year period. In the event items purchased from the CNR fund hold a life cycle of less than five (5) years, those purchases will be financed over a period not to exceed their life cycle.

The CNR Fund will hold a reserve sufficient enough to maintain an overall positive balance in the CNR fund.

This fund may receive contributions from transfers from the General Fund, transfers from the Capital Reserve Fund, transfers from Special Revenue Funds, unexpended balances of completed capital projects in the Capital Projects Fund(s), grants and donations.

If applicable, funds shall be invested in accordance with the Town's investment policy.

## **VI. Capital Reserve Fund Policy**

The Capital Reserve Fund is established to allow more flexibility, to serve as a future source of cash to capital financing of capital projects, and to provide a revenue source for emergency capital needs such as an emergency repair to a building not covered by insurance. It is a part of the Town's capital financing strategy and seeks to fund to a level deemed sufficient to fully fund recurring expenditures for replacement capital equipment and maintaining public facilities that do not meet the Town's general obligation bond issuance guidelines.

The target funding level shall be an amount sufficient to fund the capital fund budget cash to capital plus \$50,000. This is to ensure a sufficient balance remains in the Capital Reserve Fund for emergencies. Purchases utilizing the Capital Reserve Fund shall be authorized by the Town Manager or her/his designee and the Director of Finance and shall be approved by the Board of Selectmen and Board of Finance prior to expenditure. In the event of an emergency where an expenditure is made without prior approval by the Board of Selectmen and the Board of Finance, the expenditures shall be brought to the Board of Selectmen and Board of Finance for ratification as soon as possible. The Town Manager or her/his designee shall attempt to reach the First Selectman and Chairperson of the Board of Finance prior to the emergency expenditure. The First Selectman shall advise members of the Board of Selectman and the Chair of the Board of Finance shall advise members of the Board of Finance as soon as possible of the emergency. An emergency is defined as an urgent event or circumstance requiring an expenditure to preserve life or property or to address unique and serious circumstances that could not have been reasonably foreseen and which require immediate attention.

This fund may receive contributions from the sale of town owned buildings and property, transfers from the General Fund, transfers from Special Revenue Funds, unexpended balances of completed capital projects in the Capital and Non-Recurring Fund and Capital Projects Fund(s), grants, donations and interest from investments.

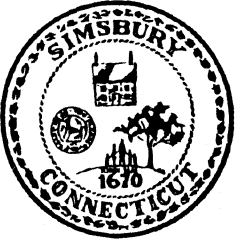
If applicable, funds shall be invested in accordance with the Town's investment policy.

## **VII. Accounting Guidelines**

The following are a list of specific accounting practices related to capital transactions:

1. On the first day of the fiscal year, the General Fund appropriations to the Capital Projects Fund(s), Capital and Non-Recurring fund and Capital Reserve Fund will be transferred.
2. On the first day of the fiscal year, the Capital Reserve Fund appropriations to the Capital Projects Fund(s) and the Capital and Non-Recurring Fund will be transferred.
3. All bond proceeds will be deposited directly into the Capital Projects Fund(s).
4. Proceeds from the sale of town property will be deposited directly into the Capital Projects Fund or Capital Reserve Fund upon recommendation by the Board of Finance
5. Interest earned by the Capital Projects Fund(s) for the entire fiscal year will be transferred into the Capital Reserve Fund on the last day of the fiscal year, if applicable.
6. Grant funds, including school construction progress payments will be deposited into the Capital Projects Fund(s).
7. All debt service payments and debt issuance costs will be paid from the General Fund and/or Debt Service Fund.
8. All capital projects expenditures will be paid directly from the Capital Projects Fund(s).
9. For Capital and Non-Recurring projects only, anticipated budget transfers between projects can be overspent within \$5,000 or 20% of the total project budget, whichever is less, as long as the total anticipated overages do not exceed anticipated savings from other projects. The transfer and close out requests will go before the Board of Selectmen and Board of Finance at year end for formal close out.





# Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

## TOWN OF SIMSBURY DEBT MANAGEMENT POLICY

*Adopted by the Board of Finance on February 15, 1989*

*Revised by the Simsbury Board of Selectmen on February 11, 2020, March 22, 2021 and  
The Board of Finance on February 18, 2020 and March 16, 2021*

### **I. Purpose**

The purpose of a debt policy is to establish written and objective guidelines to improve the quality of decision-making on long-term capital planning and on the appropriateness of utilizing debt to fund capital expenditures at the most economically advantageous rates of interest. It is the Board of Finance policy that the Town will confine long-term borrowing to capital improvements or projects that cannot be financed with current revenues. This policy recognizes the infrastructure needs of the Town as well as the taxpayer's ability to pay while taking into account existing legal, economic, financial and debt market considerations.

The primary objectives of this policy are to:

- Establish conditions for the issuance of debt for the purpose of funding capital projects.
- Plan for long and short-term issuance to finance the Town's capital program based on cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions.
- Minimize the Town's debt service and issuance costs.
- Retain the highest credit rating and ensure financial integrity while providing a funding mechanism to meet the Town's capital needs.
- Maintain full and complete financial disclosure and reporting.

This policy is based on the practices recommended by the Government Financial Officers Association (GFOA) to facilitate compliance with local, state and federal laws and regulations.

### **III. Effective Date**

This policy shall remain in effect until revised or rescinded. The Town reserves the right to amend this policy as necessary.

#### IV. Authority and Responsibility

1. *Borrowing Authority*: The Town shall have the power to incur indebtedness in accordance with Connecticut General Statutes subject to the provisions of the Simsbury Town Charter. As stated in Chapter VIII, Section 813, the issuance of bonds and notes, except tax anticipation notes, shall be authorized by resolution of the Board of Selectmen. The issuance of notes, the term of which does not exceed one (1) year, may be authorized by the Board of Selectmen upon recommendation of the Board of Finance.
  
2. *Responsibility*: It shall be the responsibility of the Board of Selectmen, the Town Manager and the Finance Director to issue debt in compliance with the terms outlined in this policy and in compliance with the Town Charter and State and Federal law. The primary responsibility of debt management rests with the Finance Director. The Finance Director shall:
  - Provide for the issuance of debt at the lowest possible cost and risk;
  - Determine the available debt capacity;
  - Provide for the issuance debt at appropriate intervals and in reasonable amounts as required to fund approved expenditures;
  - Recommend to the Board of Selectmen the manner of sale of debt;
  - Monitor opportunities to refund debt and recommend such refunding as appropriate;
  - Comply with all Internal Revenue Service (IRS), Securities and Exchange Commission (SEC), and State and local rules and regulations governing the issuance of debt;
  - Provide for the timely payment of principal and interest on all debt; ensure that the fiscal agent receives funds for payment of debt service on or before the payment date;
  - Provide for and participate in the preparation and review of offering documents;
  - Provide annual disclosure information to established national information repositories and maintain compliance with disclosure statements as required by the state and national regulatory bodies;
  - Distribute to appropriate repositories information regarding financial condition and affairs at such time and in the form required by law, regulation and general practice;
  - Provide for the distribution of pertinent information to rating agencies;
  - Maintain a current database of all outstanding debt; and
  - Apply and promote prudent fiscal practices.
  - Develop and maintain a capital finance model to evaluate the impact of capital program spending, operations and maintenance costs, and debt service on its financial condition.

## V. Policy

1. Debt Retirement Objective – As determined by the Board of Finance, debt retirement expenses (interest and principal) shall be at a rate of not more than 8% of the total annual general fund operating budget. Debt that is being funded outside of tax revenues (i.e. WPCA Sewer Use Fees) shall not be included within the 8% unless the fund responsible for the debt payments is financially unstable and it is anticipated that the Town will be called upon to make debt payments from the general fund.
2. Compliance with Six-year Capital Improvement Plan (CIP) - Capital Planning for Simsbury is required by the Town Charter, Section 803 and predicated on adoption by the Board of Selectmen of a six-year CIP. In general, with the exception of emergencies and mandates, this plan is the governing document for capital expenditures. The Town further recognizes that certain projects for which debt financing should be considered may arise in such a manner that they cannot be incorporated into the six-year CIP prior to financing, e.g., the coming to the market of a specific property the Town desires to acquire for open space purposes.
3. Types of Permissible Debts – whenever possible, the Town will first attempt to fund capital projects with state and federal grants or other revenues. When such funds are insufficient, the Town may use dedicated revenues from Special Revenue Funds, Capital Projects Funds, or General Fund revenues or reserves. If these are not appropriate or sufficient, the Town will use bond funding or long-term leases. The Board of Selectmen and the Board of Finance will evaluate debt-funding scenarios as part of the capital budget process using models developed by the Finance Director in order to prioritize future financing needs and to evaluate compliance with this policy. The Board of Finance will forward its recommendations to the Board of Selectmen.

General Obligation (G.O.) bonds may be issued to finance traditional public improvements for which other funding is unavailable or impractical. Long-term bonds may be used to finance infrastructure or facility improvement projects with an estimated life expectancy of at least 15 years or cost at least \$250,000.

The Town may go to market for G.O. bonds for a minimum threshold of \$1,000,000. A smaller number of projects may be combined to meet the threshold, provided that each such included project meets the 15-years useful life condition.

General Obligation (G.O.) Bond Anticipation Notes (BAN's) may be issued for short-term debt. The Town may choose to issue bond anticipation notes (BAN's) as a source of interim financing when deemed prudent. Bond anticipation notes may also be used as a form of permanent financing (generally up to 10 years under current statutes) by renewing the notes over a number of years and reducing the principal amount of the notes on renewal.

Capital Lease Purchase Financing, in contrast to a true lease, provides for the acquisition of the leased item. Lease purchase financing may be used for procuring assets that are too expensive to fund with current receipts in any one year, but with useful lives too short (less than 15 years) to finance with long-term debt. Generally, lease purchase financing will not be considered for the purchase or construction of

assets with a life expectancy of less than five years. The Town will seek competitive pricing when practical.

Low Interest Loan – The use of federal and state aided low interest loans should be considered before consideration of issuing any other forms of debt. Low interest loans may also be considered from private banks as permitted by law.

4. Statutory Debt Limitations – Under Connecticut Law, municipalities may not incur indebtedness through the issue of bonds which will cause aggregate indebtedness by class to exceed the following:

General Purposes 2.25 times base  
School Purposes 4.50 times base  
Sewer Purposes 3.75 times base  
Urban Renewal Purposes 3.25 times base

The “base” is defined as annual receipts from taxation (total tax collections including interest and penalties) and State payment for revenue losses under CGS sections 12-24a, 12-24c and 12-129d. In no case shall total indebtedness exceed seven times the base.

The statutes also provide for certain exclusions of debt issued in anticipation of taxes, for the supply of water, supply of gas, supply of electricity, construction of subways, for the construction of underground conduits for cables, wires, and pipes and for two or more of such purposes; for indebtedness issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or contract.

5. Bond Structure

Consideration should be given by the Board of Selectmen to each of the following:

- Providing cash in advance to meet project expenses
- Maximizing the credit rating potential and market acceptance of the bonds
- Minimizing net borrowing cost
- Minimizing the impact of debt service payments on annual cash flow

Bond term – All capital improvements financed through the issuance of debt will be financed for a period not to exceed the useful life of the improvements, but in no event to exceed 20 years. For capital expenditures valued below \$20 million, bonding will not exceed ten (10) years. Fifteen (15) to twenty (20) year bond terms may be considered and approved in the budget process by the Board of Finance for major projects exceeding \$20 million that benefit the community.

Interest Rates - The Town will attempt to issue debt that carries a fixed interest rate. However, it is recognized that certain circumstances may warrant the issuance of variable rate debt. In those instances, the Town should attempt to stabilize debt service payments through the use of an appropriate stabilization arrangement. Board of Selectmen approval is needed to issue variable rate debt.

Debt Service Pattern – The preferred debt service method is level principal, however, new debt should be structured to coincide with the retirement of past debt to lessen the

impact upon the mill rate and to keep debt service costs at or below 6-8% 7% of the operating budget. Debt that is being funded outside of tax revenues (i.e. WPCA Sewer Use Fees) shall not be included within the 6-8% 7% unless the fund responsible for the debt payments is financially unstable and it is anticipated that the Town will be called upon to make debt payments from the general fund. The Board of Finance will review the debt service percent of operating on an annual basis and formally set the target debt as percent of operating during the budget process.

Call provision – The Board of Selectmen seeks to minimize the cost from optional redemption call provisions, consistent with its desire to obtain the lowest possible interest rates on its bonds. The Town Manager and Finance Director will evaluate the optional redemption provisions for each issue to ensure that the Town does not pay unacceptable higher interest rates to obtain such advantageous calls.

Method of sale – Debt obligations are generally issued through competitive sale. When conditions favorable for a competitive sale do not exist and when a negotiated sale will provide significant benefits to the Town that would not be achieved through a competitive sale, the Board of Selectmen may elect to sell its debt obligations through a private or negotiated sale.

6. Refunding Debt - The Board of Selectmen will continually monitor its outstanding debt in relation to existing conditions in the debt market and will refund any outstanding debt when sufficient savings can be realized. The target threshold for net present value savings should be a minimum of 2%.
7. Emergencies - During emergency situations, the Town may issue debt to provide for emergency infrastructure repair or replacement if such repair or replacement as necessary for the immediate preservation of the public peace, health and safety as governed by the Town Charter.

## **VI. Debt Affordability Measures**

The Board of Finance, in connection with the budget approval process, will evaluate the Town's debt position. The following statistical measures to determine debt capacity will be used and evaluated in relation to rating agency standards and the Town's historical ratios to determine debt affordability:

### Debt Burden and Service Indicators

- Debt as a percentage of Net Taxable Grand List
- Debt per capita
- Debt to personal income
- Debt to taxable property value
- Debt as a percentage of General Fund expenditures
- Simsbury debt in comparison to other comparable towns

## **VII. Professional Services**

1. Bond Counsel: All debt issued by the Town will include a written opinion of bond counsel affirming that the Town is authorized to issue the proposed debt. The opinion

shall include confirmation that the Town has met all Town and state requirements necessary for its issuance, a determination of the proposed debt's federal income tax status and other components necessary for the proposed debt.

2. Municipal Advisor: A Municipal Financial Advisor(s) will be used to assist in the issuance of the Town's debt. The Municipal Financial Advisor will provide the Town with objective advice and analysis on debt issuance. This includes, but is not limited to, analyzing debt capacity, projecting future debt impact and modeling of future debt issuance, monitoring market opportunities, structuring and pricing debt, and preparing official statements of disclosure.
3. Underwriters: An Underwriter(s) may be used for all debt issued in a negotiated or private placement sale method. The Underwriter is responsible for purchasing the negotiated or private placement debt and reselling the debt to investors.
4. Fiscal Agent: A Fiscal Agent will be used to provide accurate and timely securities processing and timely payment to bondholders.

All vendors retained by the Town of Simsbury will be selected in accordance with the Town of Simsbury's purchasing policy.



# Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

## TOWN OF SIMSBURY FUND BALANCE POLICY

*Revised by the Board of Finance on September 15, 2020*

### **I. Policy Statement**

Fund balance is an approximate measure of liquidity. Reserves are a cornerstone of financial flexibility and provide the Town of Simsbury with options to respond to unexpected issues and provide a buffer against fiscal challenges. This policy (the “Policy”) is intended to provide for a fund balance which satisfies the cash flow and contingency needs of the Town while at the same time avoiding over taxation with an excessively large fund balance.

A positive fund balance serves three important functions:

1. Eliminates the need for short term borrowing to handle cash flow between the start of the fiscal year and receipt of revenue from taxes;
2. Serves as a contingency fund that enables the Town to respond to unanticipated emergencies or opportunities: and
3. Provides funds that can be used periodically to lower taxes to smooth out major fluctuations in the property tax rates.

Credit rating agencies determine the adequacy of the unreserved fund balance using a complex series of financial evaluations. The size of the fund balance is important, but not the only consideration in the Town’s rating. Fund balance reserve levels of AAA rated communities will be reviewed and taken into consideration for determining the appropriate fund balance reserve level for the Town of Simsbury. Other important factors include the reliability of a government’s revenue sources, economic conditions, community wealth factors, cash position, debt ratios, management performance, and fiscal decisions made by the legislative body.

### **II. Effective Date**

This policy shall remain in effect until revised or rescinded. The Board of Finance reserves the right to amend this policy as necessary.

### **III. Governmental Fund Type Definitions**

- General Fund (Operating budget, taxes, police, etc.)– All funds not reported in another fund.

- Special Revenue Funds (Parks and Recreation, etc.)– Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt and capital projects. Restricted or committed revenues are the foundation for a special revenue fund.
- Capital Project Funds (High School Renovations, etc.)– Used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Permanent Funds (Pension Funds , etc.)– Used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town’s programs – that is for the benefit of the government or its citizenry. Permanent funds do NOT include private purpose trust funds.

#### IV. **Fund Balance Definition**

Fund Balance is the difference between the Town’s current assets (cash, short-term investments, receivables) expected to be available to finance operations in the immediate future and its current liabilities.

Fund balance is initially characterized as being restricted and unrestricted. Unrestricted Fund Balance is calculated as follows:

Total Fund Balance  
 Less: Nonspendable fund balance  
 Less: Restricted fund balance  
 Unrestricted Fund Balance

##### 1. Restricted Fund Balance Categories:

Nonspendable fund balance– Amounts that cannot be spent because they are (a) not in spendable form (such as inventory, prepaid items, long term portions of notes receivables) or (b) legally or contractually required to be maintained intact (such as the corpus of an endowment fund).

Restricted fund balance- Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

##### 2. Unrestricted Fund Balance Categories:

- Committed fund balance– Amounts constrained to specific purposes by the Town itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purposes unless the government takes the same highest-level action to remove or change the constraint.



- Assigned fund balance– Amounts the Town intends to use for a specific purpose; intent can be expressed by the Town or by an official or body to which the Town delegates the authority. Appropriations of existing fund balances to future budgets are considered assigned fund balance. The Town shall not report an assignment that will result in deficit in Unassigned fund balance. Negative fund balances cannot be considered assigned. The body authorized to assign amounts to a specific purpose for purposes of this policy is the Board of Finance.
- Unassigned fund balance – Amounts that are available for any purpose; these amounts are reported only in the general fund. In other governmental funds, if expenditures incurred exceeded the amounts restricted, committed or assigned it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers the restricted fund balance amount to have been spent first until exhausted and then any available unrestricted fund balance.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts are available, the Town considers the fund balance to be spent in the following order: committed, assigned, and then unassigned.

## **V. General Fund Guidelines**

The Town Boards shall propose budgets that provide for an unrestricted general fund balance of a minimum of (15) percent of the total operating general fund expenditures.

In the event the fund balance is greater than seventeen (17) percent at the end of any fiscal year, the excess may be used in one or a combination of the following ways:

- Transfer such excess to the Debt Service Fund for future debt payments.
- Transfer such excess to the Capital or the Capital Nonrecurring Fund for future capital projects.
- Transfer such excess to the Pension and/or OPEB trust funds
- Transfer such excess to Special Revenue funds to offset deficits or future costs

The following circumstances may justify maintaining a fund balance exceeding 17%:

- Significant volatility in operating revenues or operating expenditures;
- Potential drain on resources from other funds facing financial difficulties;
- Exposure to natural disasters (e.g. hurricanes, public health crisis etc);
- Reliance on a single corporate taxpayer or upon a group of corporate taxpayers in the same industry;
- Rapidly growing budgets; or
- Disparities in timing between revenue collections and expenditures.

Exigent circumstances may justify a “spend down” of the fund balance to under 15%. Examples of such circumstances include:

- Operating emergencies
- Unanticipated budgetary shortfalls

The Board of Finance shall monitor and modify the minimum fund balance requirements based on these criteria. If at the end of a fiscal year, the unrestricted general fund balance is below fifteen percent of the total operating general fund expenditures for reasons other than the timing of receipt of disaster recovery funds that have been approved by the federal or state government (provided the town's receipt of such funds is reasonably expected to occur within three to six months), the Finance Director shall prepare and submit a plan for expenditure reductions and or revenue increases. The Board of Finance shall take action necessary to restore the unreserved, undesignated fund balance to acceptable levels within three years or the next budget cycle or a reasonable time period.

#### **VI. Capital Fund Guidelines**

It is the intent of the Town of Simsbury to set aside funds, when operations allow, for large capital projects to help minimize the debt service needs for these projects. The Capital Fund Reserve shall be in accordance with the CNR and Capital Policy as adopted on February 19, 2019, and may be amended from time to time.

#### **VII. Internal Service Fund Guidelines**

Reserve targets established for internal service funds shall ensure that the fund continues to provide service without interruption including self-insurance. The Town of Simsbury currently maintains internal service funds for medical and dental activity. In accordance with best practice, the fund balance for these funds should always be at 20 – 25% of expected claims.

# TOWN OF SIMSBURY, CT

## Investment Policy

**Updated to reflect current requirements and updated terms**  
***Adopted by the Board of Finance on 10/21/2014***  
***Revised by the Board of Finance on 7/19/2022***

### **1.0 POLICY STATEMENT**

It is the policy of the Town of Simsbury that the administration and investment of Town funds shall be handled with the highest public trust. Investments shall be made in a manner which will optimize both the safety of the principal invested and the return on investment. Policy limits and diversification of the portfolio are established to protect liquidity for daily cash flow needs. While achieving a higher rate of return is secondary to the requirements for safety and liquidity, there must be a balancing of the risk and return. All investments will be made in full compliance with Town Charter and Code, State of Connecticut statutes, and any applicable IRS requirements.

### **2.0 SCOPE**

This Investment Policy (the "Policy") applies to the investment and management of all the funds under direct authority of the Town.

All Town cash will be pooled together for banking purposes regardless of which fund the cash belongs to, with the exception of certain funds where the Town is required to hold a separate bank account (ie certain grants require a separate bank account to receive funding). Investment income will be proportionately allocated to each fund on a monthly basis based on their actual balances, and in accordance with generally accepted accounting principles.

### **3.0 PRUDENCE**

Investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived.

#### **3.1 PRUDENT PERSON STANDARD**

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The Director of Finance and all those delegated investment authority under the Policy, when acting in accordance with the written procedures and the Policy and in accordance with the Prudent Person Rule, shall be relieved of personal responsibility and liability in the management of the portfolio.

#### **4.0 OBJECTIVES**

The objective of the Town's investment and cash management program is to ensure the safety, liquidity and yield on the funds available for investment. These objectives will ensure that all available funds are immediately and continuously invested at the most reasonable market rates obtainable at the time of investment. The Town will seek to attain market rates of return on its investments, consistent with constraints imposed by its primary objectives (as listed below), cash flow considerations and any laws that restrict the investment of public funds.

The primary objectives, in priority order, of the Town's investment action shall be:

#### **4.1 SAFETY**

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital and protection of principal in the overall portfolio. This will be achieved by mitigating credit risk and interest rate risk.

a. Credit Risk: The Town will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the safest types of securities (highest quality, creditworthiness).
- Diversifying the investment portfolio by maturity and issuer so that potential losses on individual securities will be minimized.

b. Interest Rate Risk: The Town will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

#### **4.2 LIQUIDITY**

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is assured through sufficient distribution of funds in highly liquid investments. The portfolio will be structured so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).

#### **4.3 YIELD**

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above, however, reasonable yield must be balanced with minimizing risks. The investments authorized by this Policy are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

## **5.0 INVESTMENT AUTHORITY**

The investment authority for the Town is established by Connecticut General Statutes. The Town Director of Finance will be responsible for the daily investment management decisions and activities. The Director of Finance, on a quarterly basis, will prepare a report of investment decisions in the Town investment fund. The Board of Finance or delegate will review these decisions for reasonableness and adherence to this Policy.

## **6.0 ETHICS AND CONFLICT OF INTEREST**

Employees who have investment authority for the Town (specifically, the Director of Finance) shall refrain from personal business activity that could impair, or create the appearance of an impairment of, their ability to make impartial investment decisions. They shall disclose, as part of the annual audit disclosure process, any material financial interests in financial institutions that conduct business with the Town, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the Town's portfolio. Employees shall comply with all applicable laws, regulations, professional codes of responsibilities and Town policies. Employees and investment officials shall also refrain from undertaking personal investment transactions with the same individual with whom the business is conducted on behalf of the Town.

## **7.0 AUTHORIZED AND SUITABLE INVESTMENTS**

All investments shall be made in accordance with Connecticut General Statutes Sections 7-400-402. Only the following types of securities and transactions shall be eligible for use by the Town:

1. U.S. Treasury bills, notes and bonds.
2. Federal Agency debentures, discount notes, callable and step-up securities, with issued by the Government National Mortgage Association (GNMA), Federal Home Loan Banks (FHLB), Federal National Mortgage Association (FNMA), Federal Farm Credit Banks (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC) and any other agency of the United States Government.
3. Time Certificates of Deposit issued by a qualified public depository as defined in Connecticut General Statutes Section 36a-330 that are fully insured or collateralized.
4. Money Market Mutual Funds registered under the Investment Company Act of 1940 that (1) are "no-load" (meaning no commission or fee shall be charged on purchases or sales of shares); (2) maintain a constant daily net asset value per share of \$1.00; (3) limit assets of the fund to the securities described in 1, 2 and 3 above and repurchase agreements collateralized by such securities; and (4) have a maximum stated maturity and weighted average maturity in accordance with Federal Securities Regulation 2a-7.
5. Investment Pools that (1) are "no-load" (meaning no commission or fee shall be charged on purchases or sales of shares); (2) maintain a constant daily net asset value per share of \$1.00; (3) limit assets of the fund to the securities described in 1, 2 and 3 above and repurchase agreements collateralized by such securities; and (4) have a custodian that is a bank as defined by Connecticut General Statutes Section 36a-2, or an out-of-state bank, as defined in said section, having one or more branches in Connecticut.

6. State Treasurer's Investment Fund (STIF).

**8.0 DIVERSIFICATION**

Invested funds shall be diversified to minimize risk or loss resulting from over-concentration of assets in a specific maturity or specific issuer. The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy, the securities market, and the Town's anticipated cash flow needs.

**9.0 MAXIMUM MATURITIES**

To the extent possible, the Town will try to match its investments with anticipated cash flow requirements. The average weighted maturity of all investments exceeding 2 years shall not be more than 5 years and no more than 25% of the dollar value of those investments may exceed 5 years in duration.

**10.0 INTERNAL CONTROLS**

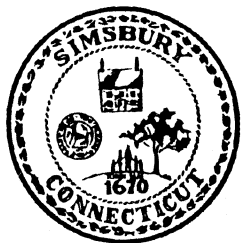
The Director of Finance shall insure that there are adequate internal controls for the Town's cash management processes and that they are fully document and adhered to. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, third-party misrepresentation, or imprudent actions by employees and officers of the Town. The internal control procedures shall be reviewed annually and approved by the Town's independent auditors.

**11.0 PERFORMANCE STANDARDS**

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the Town's investment risk constraints and cash flow needs. The standard benchmark for determining whether market yields are being achieved for short to intermediate-term investment portfolios will be the yields of the State Treasurer's Investment Fund (STIF).

**12.0 INVESTMENT POLICY ADOPTION**

The Policy shall be adopted by the Town Board of Finance. The Policy shall be reviewed biannually by the Director of Finance and any modifications made thereto must be approved by the Town Board of Finance.



# Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

## **TOWN OF SIMSBURY DEFINED BENEFIT PENSION PLANS INVESTMENT POLICY STATEMENT**

*Amended on October 18, 2022*

*Adopted by the Retirement Plan Subcommittee in November 2012*

*Amended on September 12, 2018*

*Adopted by the Board of Finance on July 30, 2019*

*Amended and Adopted by the Board of Finance on September 15, 2020*

### **I. Introduction & Purpose**

The TOWN OF SIMSBURY DEFINED BENEFIT PENSION PLANS (the “Plans”) have been established to provide retirement benefits to those individuals eligible to receive them. This policy statement outlines the goals and investment objectives for the Plans. This document is intended to provide guidelines for managing the Plans, and to outline specific investment policies that will govern how those goals are to be achieved. This statement:

- Describes the investment objectives of the Plans;
- Defines the responsibilities of the Board of Finance, Retirement Plan Sub-Committee (“Committee”) and other parties responsible for the management of the Plans;
- Establishes investment guidelines regarding the selection of investment managers and diversification of assets;
- Specifies the criteria for evaluating the performance of the investment managers and of the Plans as a whole.

### **II. Investment Objective**

The Plans’ assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of the Plans, the Board of Finance has taken into account the financial needs and circumstances of the Town of Simsbury, the time horizon available for investment, the nature of the Plans’ cash flows and liabilities, and other factors that affect their risk tolerance. Consistent with this, the Board of Finance has determined that the investment of these assets shall be guided by the following underlying goals:

- To achieve the stated actuarial target of the Plans;
- To maintain sufficient liquidity to meet the obligations of the Plans;
- To diversify the assets of the Plans in order to reduce risk;
- To achieve investment results over the long-term that compare favorably with those of other pension plans, professionally managed portfolios and of appropriate market indexes.

### **III. Assignment of Responsibilities**

**Board of Finance** - In accordance with Simsbury’s Town Charter, Section 808, “The Board of Finance shall supervise and maintain the Town pension and other post-employment benefit funds in accordance with rules and regulations contained in agreements between the Town employees and the Town of Simsbury and or the Board of Education regarding pension and other post-employment benefits. The Board of Finance shall, after consultation with the Board

of Education and the Board of Selectmen, ensure the pension funds are prudently invested and shall also supervise and maintain the Retiree Benefit Fund established pursuant to the Town code of ordinances and designate the annual contribution to be made to insure said pension and post-employment funds. The investment and management of the assets of any such fund shall be in compliance with the prudent investor rule as set forth in Conn. Gen. Stat. Sections 45a-541 to 45a-541 | inclusive of the General Statutes.”

The Board of Finance shall:

1. Oversee compliance by the investment manager(s) with the investment policy;
2. Evaluate the performance of the investment manager(s) against specific investment objectives;
3. Approve fee schedules of the investment manager(s) based on contractual agreements;
4. Select the investment custodian(s); and,
5. Approve the continuation of business relationships with investment manager(s), custodian(s), and other vendors, if any.

The Board of Finance may delegate its authority to act on its behalf to certain members or agents (such as the Town Manager, the Director of Finance, or designated Sub-Committees). The Board of Finance shall discharge its duties with the care, skill, prudence and diligence appropriate to the circumstances then prevailing. The Board of Finance recognizes that some risk must be assumed to achieve the Plans’ long-term investment objectives. The Board of Finance will receive and review reports from the Town’s investment advisor on a semi-annual basis. The Board of Finance will review recommendations provided by the Retirement Plan Sub-Committee at their next regularly scheduled meeting.

**Retirement Plan Sub-Committee** – The Retirement Plan Sub-Committee is formed to satisfy the Simsbury Town Charter requirement that the Board of Finance consult with the Board of Selectmen and Board of Education. The Committee is charged with the responsibility of evaluating the assets of the Plans and recommending any changes to the Board of Finance. To that end, the Committee’s responsibilities include: recommending to the Board of Finance the Plans’ investment policy, objectives and portfolio guidelines with respect to asset allocation, risk parameters, and return evaluation and for specific interpretation of said investment policy, as well as selecting the investment vehicles, and periodically monitoring the performance of investments. The Committee will meet periodically. The Committee shall discharge its duties with the care, skill, prudence and diligence appropriate to the circumstances then prevailing. The Committee recognizes that some risk must be assumed to achieve the Plans’ long-term investment objectives.

**Investment Consultant** – The Board of Finance will engage the services of an Investment Consultant. The Investment Consultant’s role is that of a non-discretionary advisor to the Board of Finance and the Committee. The Investment Consultant will assist in the development and periodic review of an Investment Policy Statement and the Plans’ asset allocation, conduct manager searches when necessary, monitor the performance of the managers/funds, and communicate on other matters of relevance to the oversight of the Plans.

**Custodian** – The Custodian is responsible for the safekeeping and custody of assets. The Custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Plans, collect dividends and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The Custodian may also



perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Plans accounts (for example, to accommodate distribution needs).

#### **IV. Asset Allocation**

The asset allocation target ranges set forth in Appendix A represent a long-term view. Short-term market volatility may cause the asset mix to fall outside the targeted range.

#### **V. Rebalancing**

The Board of Finance, at its discretion, may or may not institute rebalancing as necessary. Such adjustments should be executed with consideration to turnover, transaction costs, and realized losses over the long term. The necessity to rebalance will be reviewed periodically.

#### **VI. Selection Criteria for Investment Managers**

Investment managers/funds retained by the Plans shall be chosen using various criteria, including but not limited to the following:

- Past results, considered relative to appropriate indexes and other investments having similar investment objectives. Consideration shall be given to both consistency of performance and the level of risk taken to achieve results;
- The investment style and discipline of the investment manager;
- How well the manager's investment style or approach complements other assets in the Plans;
- Level of experience, personnel turnover, financial resources, and staffing levels of the investment management firm or fund.

The Plans will utilize a multi-manager structure of complementary investment styles and asset classes to invest the Plans' assets.

The Investment Consultant is additionally tasked with regular oversight of the roster of investment managers deployed on the Plans' behalf. The motivation for this effort is to ensure that the managers continue to administer their portfolios in a manner consistent with the overall approaches and qualifications that appealed to the Board of Finance initially and that anomalies and deviations from these approaches and qualifications are identified and addressed. When deemed necessary, the Investment Consultant will provide other manager candidates for the Board of Finance's consideration.

Should additional contributions and/or market value growth permit, the Board of Finance may retain additional investment managers to invest the assets of the Plans. Additional managers would be expected to diversify the Plans by investment style, asset class, and management structure and thereby enhance the probability of the Plans achieving its long-term investment objectives.

#### **VII. Securities Guidelines**

The Plans' investments may include separately managed accounts and/or mutual funds/co-mingled funds, including marketable and non-marketable alternatives and exchange traded funds. The Board of Finance understands that managers have full responsibility for security selection, diversification, turnover and allocation of holdings among selected securities and industry groups, as particularly detailed in the Investment Policy Statement of each of the Plans' separately managed accounts or in the prospectus/offering memorandum for each mutual fund/co-mingled fund/exchange traded fund in the portfolio. No securities will be purchased, or carried, on margin.

With respect to mutual/co-mingled funds, the Board of Finance will consider the following to insure proper diversification and function for each of the funds:

1. The mutual fund/co-mingled pool organizations selected should demonstrate: (a) a clearly defined investment philosophy; (b) a consistent investment process; (c) an experienced and stable organization; and (d) cost-effectiveness.
2. The mutual fund/co-mingled pool used will generally have at least a full three-year track record, or its equivalent, and the individual fund/pool must have at least \$25 million under management (or, as an organization, \$100 million in the same strategy) at the time of selection.
3. Each mutual fund/co-mingled pool will be regularly evaluated for proper diversity and each will provide material information on a timely basis.
4. With respect to hedge fund-of-funds, in addition to meeting each of the three above-specified criteria, each fund-of-funds will include an appropriate number of hedge fund managers to be considered well diversified. Investment strategies in hedge fund-of-funds may generally include: long/short U.S. equity, global equity, derivatives, distressed debt and other fixed income strategies, currency exposure, arbitrage and event driven strategies, and additional strategies with low correlation to traditional asset classes.

### **VIII. Proxy Voting**

Each investment manager is responsible for and empowered to exercise all rights, including voting rights, as are acquired through the purchase of securities, where practical. Each investment manager shall vote proxies in the best interest of the Town of Simsbury. A copy of each firm's guidelines, and/or summary of proxy votes shall be provided to the Board of Finance or Committee upon request.

### **IX. Investment Monitoring and Reporting**

The Board of Finance and Committee will periodically review performance of the investments in the Plans. Performance monitoring is the mechanism for revisiting the investment selection process and confirming that the criteria originally satisfied remain intact and that an investment continues to be appropriate for the Plans. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is an on-going process.

Monitoring should occur on a periodic basis. The monitoring process will utilize the same criteria that formed the basis of the investment selection decision. In addition, a set of "watch list criteria" may be employed to track important quantitative and qualitative elements, assist in the evaluation process, and focus the Board of Finance and Committee on potential areas of concern.

Watch list criteria may include the following:

- Performance relative to benchmark performance over various time frames;
- Deterioration of risk-adjusted performance;
- Notable style drift / change in investment objective;
- High manager fees relative to peers;
- Significant organizational or manager change.

**X. Termination of an Investment Manager or Fund**

A manager/fund may be terminated when the Board of Finance has lost confidence in the manager's ability to:

- Achieve performance and risk objectives;
- Comply with investment guidelines;
- Comply with reporting requirements;
- Maintain a stable organization and retain key investment professionals.

There are no hard and fast rules for manager termination. However, if the investment manager has consistently failed to adhere to one or more of the above conditions, termination may be considered. Failure to remedy the circumstances of unsatisfactory performance by the manager/fund, within a reasonable time, may be grounds for termination.

Any recommendation to terminate a manager/fund will be treated on an individual basis and will not be made solely based on quantitative data. In addition to those above, other factors may include, but shall not be limited to, professional or Town of Simsbury turnover, or material change to investment processes.

The process for selecting a replacement for a terminated manager would follow the criteria outlined in the section of this Investment Policy Statement titled Selection Criteria for Investment Managers.

**XI. Approval**

*It is understood that this investment policy is to be reviewed periodically by the Board of Finance and Committee to determine if any revisions are warranted by changing circumstances including, but not limited to, changes in financial status, risk tolerance, or changes involving the investment managers.*

**The Town of Simsbury:**

By: \_\_\_\_\_

Signature: \_\_\_\_\_

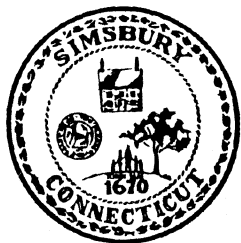
Date: \_\_\_\_\_

Title: \_\_\_\_\_

Appendix A  
Updated September 2022

**Target Asset Allocation Table**

Asset Class	Min Weight	Target Weight	Max Weight	Benchmark Index
Domestic Equities	21.5%	31.5%	41.5%	Russell 3000 Index
International Equities	17.5%	27.5%	37.5%	MSCI ACWI ex-U.S. Index; MSCI EAFE Small Cap Index; MSCI Emerging Markets Index.
Fixed Income	22.5%	32.5%	42.5%	Barclays Capital Aggregate Index
Real Estate	0.0%	5.0%	10.0%	NCREIF Index
Real Assets	0.0%	3.5%	7.0%	Diversified Real Asset Index



# Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

**TOWN OF SIMSBURY**  
**DEFINED CONTRIBUTION PENSION PLANS INVESTMENT POLICY STATEMENT**  
*Adopted by the Board of Finance on May 18, 2021*  
*Previously Adopted by the Retirement Plan Sub-Committee in 2014*

## **I. Plan Description**

The Town of Simsbury sponsors the Simsbury 457/401 Plans (the "Plan") for the benefit of its employees. It is intended to provide eligible employees with the long-term accumulation of retirement savings through a combination of employee and employer contributions to individual participant accounts and the earnings thereon.

The Plan's participants and beneficiaries are expected to have different investment objectives, time horizons and risk tolerances. To meet these varying investment needs, participants and beneficiaries will be able to direct their account balances among a range of investment options to construct diversified portfolios that reasonably span the risk/return spectrum. Participants and beneficiaries alone bear the risk of the results from the investment options and asset mixes that they select.

## **II. Purpose of the Investment Policy Statement**

This investment policy statement is intended to assist the Plan's fiduciaries, who are charged with making investment-related decisions for the plan in a prudent manner. It outlines the underlying philosophies and processes for the selection, monitoring and evaluation of the investment categories and investment options utilized by the Plan. Specifically, this Investment Policy Statement:

- Defines the Plan's investment objectives
- Defines the roles of those responsible for the Plan's investments
- Describes the criteria and procedures for selecting investment categories and investment options
- Establishes investment performance measurement standards and monitoring procedures
- Describes methods for addressing investments that fail to satisfy established objectives

This Investment Policy Statement will be reviewed periodically, and, if appropriate, can be amended as needed.

## **III. Investment Objective**

The following criteria may be considered when choosing a menu of investment options:

- The menu of investment options should represent a broad range that allows for participant choice among various asset classes and investment styles.
- Investment options should have varying degrees of risk and potential for return.
- Investment options should have returns that are competitive in the marketplace when compared to appropriate benchmarks.

- Investment options should have total expense ratios that are competitive in the marketplace.

These are not necessarily the only criteria that may be considered.

#### **IV. Assignment of Responsibilities**

The parties responsible for the management and administration of the Plan include:

1. The Town of Simsbury Retirement Plan Sub-Committee, (the "Committee") which is responsible for:
  - Recommending the Investment Policy Statement
  - Recommending investment options
  - Periodically evaluating the Plan's investment performance and recommending investment option changes
2. The Town of Simsbury Board of Finance, (the "Board") which is responsible for:
  - Approving and maintaining the Investment Policy Statement
  - Selecting investment options
  - Periodically evaluating the Plan's investment performance and selecting investment option changes
  - Approving the continuation of business relationships with investment managers, custodians, and other vendors, if any
3. The Plan's Administrator is responsible for day to day administration of the plan in accordance with paragraph 2 above. The Town Manager or his/her designee is responsible for serving as the Plan's Administrator.
4. The Plan's Trustee, who is responsible for holding and investing plan assets in accordance with the terms of the Trust Agreement. The Finance Director or his/her designee is responsible for serving as the Plan's Trustee.
5. The Investment Managers of the Plan options, who are responsible for making reasonable investment decisions consistent with the stated approach as described by prospectus and reporting investment results on a regular basis.
6. The Plan Record keeper, who is responsible for maintaining and updating individual account balances as well as information regarding plan contributions, withdrawals and distributions.

At the Board of Finance's discretion, the services of an investment consultant may be utilized to assist the Committee, Board, Town Manager and Finance Director with any of the following, including, without limitation: Investment policy development, fund menu construction, fund analysis and recommendations, performance monitoring, and employee education.

#### **V. Selection of Investments**

Set forth below are the considerations and guidelines employed in selection of investment options:

The Plan intends to provide a broad range of investment options that will span a risk/return spectrum. Further, the Plan's investment options will allow Plan participants

to construct portfolios consistent with their unique individual circumstances, goals, time horizons and tolerance for risk.

After determining the asset classes to be used, the Board must evaluate and select investment options. Each investment option should be managed by a prudent expert that meets certain minimum criteria:

- Be a bank, insurance company, mutual fund company, or investment adviser registered under the Registered Investment Advisers Act of 1940.
- Be operating in good standing with regulators and clients.
- Provide qualitative and quantitative information on the history of the firm, its investment philosophy and approach, and other relevant information.

Assuming the minimum criteria are met, additional factors that may be considered include:

- Results compared to an appropriate, style-specific benchmark and peer group.
- Adherence to stated investment objective.
- Fees compared to similar investments in the marketplace.
- Availability of relevant information in a timely fashion.

#### **VI. Investment Monitoring and Reporting**

The Committee will periodically review the investment options in the Plan. Investment options that no longer accept participant and/or employer contributions and cannot be removed from the Plan due to contractual limitations and where participants have been notified of this will not be monitored by the Committee. Performance monitoring is the mechanism for revisiting the investment option selection process and confirming that the criteria originally satisfied remain intact and that an investment option continues to be an appropriate offering. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is an on-going process.

Monitoring should occur on a periodic basis. The monitoring process may utilize the same criteria that formed the basis of the investment selection decision; however, these are not the only criteria that may be considered. In addition, a set of “watch list criteria” may be employed to track important quantitative and qualitative elements, assist in the evaluation process, and focus the Committee on potential areas of concern.

Watch list criteria may include the following:

- Results versus benchmark over a specified period of time
- Deterioration of risk-adjusted performance
- Notable style drift / change in investment objective
- Expense ratio versus category average
- Significant organizational or manager change

#### **VII. Termination of an Investment Option**

An investment option may be terminated when the Board, in consultation with the Committee, has lost confidence in the manager's ability to:

- Achieve investment objectives,

- Comply with investment guidelines,
- Comply with reporting requirements, or
- Maintain a stable organization and retain key relevant investment professionals.

There are no hard and fast rules for termination. However, if the investment option has consistently failed to adhere to one or more of the above conditions, failure to remedy the circumstances of unsatisfactory performance, within a reasonable time, may be grounds for termination.

Any recommendation to terminate an investment option will be treated on an individual basis, and will not be made solely based on quantitative data. In addition to those above, other factors may include professional or client turnover, or material change to investment processes. Considerable judgment must be exercised in the termination decision process.

An investment option to be terminated shall be removed using one of the following approaches:

- Remove and replace (map assets) to an alternative comparable option,
- Freeze assets in the terminated option and direct new assets to a replacement option,
- Phase out the option over a specific time period,
- Remove the option and do not provide a replacement option, or
- A reasonable solution that may be determined at the time of termination.

The process for selecting a replacement for a terminated investment option may follow the criteria outlined in Part V, Selection of Investments.

### **VIII. Participant Education and Communication**

The Plan will communicate to employees that:

- They control their own investments,
- Investment changes are permitted on a daily basis and may be subject to individual investment option requirements,
- Educational materials allowing employees to make informed decisions are readily available.

### **IX. Coordination with the Plan Document**

If any term or condition of this investment policy conflicts with any term or condition in the Plan Document, the terms and conditions of the Plan Document shall control.

### **X. Approval**

It is understood that this investment policy is to be reviewed periodically by the Retirement Plan Sub-Committee and the Board of Finance to determine if any revisions are warranted by changing circumstances including, but not limited to, changes in financial status, risk tolerance, or changes involving the investment managers. The Retirement Plan Sub-Committee will make recommendations to the Board of Finance. The Board of Finance has the authority to officially adopt, revise, or rescind this Policy in consultation with the Board of Education and Selectmen.



**Town of Simsbury  
OPEB Trust**

**INVESTMENT POLICY STATEMENT**

September 2022

## Introduction & Purpose

The Town of Simsbury OPEB Trust (the “Trust”) has been established to provide post-employment retirement benefits to those individuals eligible to receive them. This policy statement outlines the goals and investment objectives for the Trust. This document is also intended to provide guidelines for managing the Trust, and to outline specific investment policies that will govern how those goals are to be achieved. This statement:

- Describes the investment objectives of the Trust;
- Describes an appropriate risk posture for the investment of the Trust’s assets;
- Defines the responsibilities of the Board of Finance (the “Board”) and other parties responsible for the management of the Trust;
- Establishes investment guidelines regarding the selection of investment managers and diversification of assets;
- Specifies the criteria for evaluating the performance of the investment managers and of the Trust as a whole.

## Investment Objectives

The Trust’s assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of the Trust, the Board has taken into account the financial needs and circumstances of the Trust, the time horizon available for investment, the nature of the Trust’s cash flows and liabilities, and other factors that affect their risk tolerance. Consistent with these attributes, the Board has determined that the investment of these assets shall be guided by the following underlying goals:

- To achieve the stated actuarial target of the Trust;
- To maintain sufficient liquidity to meet the obligations of the Trust;
- To diversify the assets of the Trust in order to reduce risk;
- To achieve investment results over the long-term that compare favorably with those of other municipal investment pools, professionally managed portfolios and appropriate market indexes.

## Assignment of Responsibilities

**Board of Finance** - The Board of Finance is charged with the responsibility of overseeing the assets of the Trust. To that end, the Board’s responsibilities include: establishing and maintaining the Trust’s investment policy, objectives and portfolio guidelines with respect to asset allocation, risk parameters, and return evaluation and for specific interpretation of said investment policy, as well as selecting the investment vehicles, and periodically monitoring the performance of investments. The Board, however, may establish rules or other resolutions governing its investment policy and may delegate to the board members or agents the authority to act. The Board will meet periodically. The Board shall discharge its duties with the care, skill, prudence and diligence

appropriate to the circumstances then prevailing. The Board recognizes that some risk must be assumed to achieve the Trust's long-term investment objectives.

**Investment Consultant** - The Board of Finance may engage the services of an investment consultant. The investment consultant's role is that of a non-discretionary advisor to the Board. The investment consultant will assist in the development and periodic review of an Investment Policy Statement and the Trust's asset allocation, conduct manager searches when necessary, monitor the performance of the managers/funds, and communicate on other matters of relevance to the oversight of the Trust.

**Custodian** - The Custodian is responsible for the safekeeping and custody of assets. The Custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Trust, collect dividends and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The Custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Trust (for example, to accommodate payments to eligible Trust participants).

### **Asset Allocation**

The asset allocation target ranges set forth in Appendix A represent a long-term view. Short-term market volatility may cause the asset mix to fall outside the targeted range.

### **Rebalancing**

The Board of Finance, at its discretion, may or may not institute rebalancing as necessary. Such adjustments should be executed with consideration to turnover, transaction costs, and realized losses over the long term. The necessity to rebalance will be reviewed periodically.

### **Selection Criteria for Investment Managers**

Investment managers/funds retained by the Trust shall be chosen using the following criteria:

- Past performance, considered relative to other investments having similar investment objectives with consideration granted to both consistency of performance and the level of risk taken to achieve results;
- The investment style and discipline of the investment manager;
- How well the manager's investment style or approach complements other assets in the Trust;
- Level of experience, personnel turnover, financial resources, and staffing levels of the investment management firm or fund;

The Trust will generally utilize a multi-manager structure of complementary investment styles and asset classes to invest the Trust's assets.

Should additional contributions and/or market value growth permit, the Board of Finance may retain additional investment managers to invest the assets of the Trust. Additional managers would be expected to diversify the Trust by investment style, asset class, and management structure and thereby enhance the probability of the Trust achieving its long-term investment objectives.

### **Securities Guidelines**

The Trust's investments may include separately managed accounts and/or mutual funds/co-mingled funds, including marketable and non-marketable alternatives and exchange traded funds. The Board understands that managers have full responsibility for security selection, diversification, turnover and allocation of holdings among selected securities and industry groups, as particularly detailed in the Investment Policy Statement of each of the Trust's separately managed accounts or in the prospectus/offering memorandum for each mutual fund/co-mingled fund/exchange traded fund in the portfolio. No securities will be purchased, or carried, on margin.

With respect to mutual/co-mingled funds, the Board will consider the following to insure proper diversification and function for each of the funds:

1. The mutual fund/co-mingled pool organizations selected should demonstrate: (a) a clearly defined investment philosophy; (b) a consistent investment process; (c) an experienced and stable organization; and (d) cost-effectiveness.
2. The mutual fund/co-mingled pool used will generally have at least a full three-year track record, or its equivalent, and the individual fund/pool must have at least \$25 million under management (or, as an organization, \$100 million in the same strategy) at the time of selection.
3. Each mutual fund/co-mingled pool will be regularly evaluated for proper diversity and each will provide material information on a timely basis.

### **Proxy Voting**

Each investment manager is responsible for and empowered to exercise all rights, including voting rights, as are acquired through the purchase of securities, where practical. Each investment manager shall vote proxies in the best interest of the Town of Simsbury OPEB Trust. A copy of each firm's guidelines, and/or summary of proxy votes shall be provided to the Board of Finance upon request.

## **Investment Monitoring and Reporting**

The Board will periodically review performance of the investments in the Trust. Performance monitoring is the mechanism for revisiting the investment selection process and confirming that the criteria originally satisfied remain intact and that an investment continues to be appropriate for the Trust. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is an on-going process.

Monitoring should occur on a periodic basis. The monitoring process will utilize the same criteria that formed the basis of the investment selection decision. In addition, a set of “watch list criteria” may be employed to track important quantitative and qualitative elements, assist in the evaluation process, and focus the Board on potential areas of concern.

Watch list criteria may include the following:

- Performance relative to benchmark performance over various time frames;
- Deterioration of risk-adjusted performance;
- Notable style drift / change in investment objective;
- High manager fees relative to peers;
- Significant organizational or manager change.

### **Termination of an Investment Manager or Fund**

A manager/fund may be terminated when the Board has lost confidence in the manager's ability to:

- Achieve performance and risk objectives;
- Comply with investment guidelines;
- Comply with reporting requirements;
- Maintain a stable organization and retain key investment professionals.

There are no hard and fast rules for manager termination. However, if the investment manager has consistently failed to adhere to one or more of the above conditions, termination may be considered. Failure to remedy the circumstances of unsatisfactory performance by the manager/fund, within a reasonable time, may be grounds for termination.

Any recommendation to terminate a manager/fund will be treated on an individual basis, and will not be made solely based on quantitative data. In addition to those above, other factors may include professional or client turnover, or material change to investment processes. Considerable judgment must be exercised in the termination decision process.

The process for selecting a replacement for a terminated manager would follow the

criteria outlined in the section of this Investment Policy Statement titled Selection Criteria for Investment Managers.

**Approval**

*It is understood that this investment policy is to be reviewed periodically by the Board of Finance to determine if any revisions are warranted by changing circumstances including, but not limited to, changes in financial status, risk tolerance, or changes involving the investment managers.*

Town of Simsbury OPEB Trust

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

## Appendix A

**Target Asset Allocation Table**

Asset Class	Min Weight	Target Weight	Max Weight	Benchmark Indices
Fixed Income	25.0%	35.0%	45.0%	Bloomberg Barclays Aggregate Index, Bloomberg Barclays U.S. TIPS Index
Domestic Equities	25.0%	35.0%	45.0%	S&P 500 Index, Russell Midcap Index, Russell 2000 Index
International Equities	15.0%	25.0%	35.0%	MSCI EAFE Index, MSCI Emerging Markets Index
Real Estate	0.0%	5.0%	10.0%	FTSE EPRA/NAREIT Developed ex U.S. Index, Cohen Steers Realty Majors Index

**Non-Lapsing account for the BOE pursuant to Connecticut General Statutes 10-248A**

**(As approved by the Board of Finance on 3/17/2015)**

**THE TOWN OF Simsbury hereby resolves** to establish a non-lapsing account for the deposit of unexpended education funds.

**WHEREAS**, pursuant to Connecticut General Statutes §10-248a, for the fiscal year ended June 30, 2015, and each fiscal year thereafter, the authority making appropriations for the school district for a town may deposit into a non-lapsing account any unexpended funds from the prior fiscal year from the budgeted appropriation for education for the town, provided such amount does not exceed one per cent of the total budgeted appropriation for education for such prior fiscal year; and

**WHEREAS**, the Simsbury Board of Education may, from time to time, have such unexpended funds in a fiscal year and may request that the Simsbury Board of Finance, approve the deposit of all or a portion of such unexpended funds into such non-lapsing account, up to the amount authorized by state law; then

**BE IT RESOLVED**, that the Simsbury Board of Finance hereby establishes the Unexpended Education Funds Account (the "Account") which shall be a non-lapsing account established pursuant to Connecticut General Statutes §10-248a, and by this resolution the Simsbury Board of Finance hereby directs the Town of Simsbury Department of Finance to open and maintain said Account in accordance with the directives of the Simsbury's Town Counsel. Authorization of expenditures from such account shall be approved jointly by both the Board of Education and the Board of Finance. Any amount deposited into such account must be expended within 1 year of deposit or else be returned to the town's general fund, unless a carryover to the next year is approved by the Board of Finance.



**TOWN OF SIMSBURY**  
**POLICY FOR BUDGETARY TRANSFERS AND SUPPLEMENTAL**  
**APPROPRIATIONS**

*Adopted by the Board of Finance on September 21, 2021*

Objective: It is the purpose of this policy to outline the process and circumstances for amending the budget via supplemental appropriation or transfers within and between departments.

A. Transfers *within* a Department – Use of Current Year Savings

The Board of Selectmen has the sole power to approve transfers within Town department budgets with the exception of the Board of Education.

For transfers within a department budget, control is maintained at the departmental level and can happen any time during the year. In no case may the total expenditures of a particular department exceed that which is appropriated for the department as a whole.

The Board of Education has the sole power to approve transfers within the Board of Education budget so long as it does not exceed the total appropriation allocated to the Board of Education.

The Board of Finance does not approve transfers within departments so long as the total expenditure of a particular department does not exceed that which is appropriated for the whole department. The Board of Finance annually reviews transfers made within departments at the close of the fiscal year pursuant to CGS Chapter 106, Sec. 7-345.

B. Transfers *Between* Departments - Use of Current Year Savings

Pursuant to Simsbury Town Charter, Section 812 (f), upon the request of the Board of Selectmen during the last six (6) months of the fiscal year, the Board of Finance may, by vote, transfer any unencumbered appropriation, balance or portion thereof from one (1) department, commission, board or office to another. This provision shall not apply to the Board of Education.

Such transfers may be granted provided that:

- the purpose for which the transferred funds are to be expended remains unchanged; or
- the purpose for which the funds were initially appropriated no longer exists; or

- the proposed transfer is from a fund in which the amount appropriated exceeds the amount needed to accomplish the purpose specified in the appropriation approved at referendum.

C. Transfers *Between* Funds

All transfers between funds require the approval of the Board of Finance upon the request of the Board of Selectmen.

D. Supplemental Appropriations

No expenditure and no commitment to make an expenditure shall be made, caused to be made, or authorized by any officer, agency or agency of the Town, or by any board of commission of the Town unless an appropriation shall have been made covering such expenditure or commitment in accordance with the provisions of the Town Charter and state law (Charter Section 812(d)).

The Board of Finance shall have the power, by resolution and only upon the recommendation of a majority of the Board of Selectmen, to make any appropriation supplemental to those provided in the annual budget for the then current fiscal year. Except as set forth in Section 810 (Emergency Appropriations), any individual appropriation for any purpose made equal to or greater than two percent (2%) of the annual budget for the then current fiscal year is subject to automatic referendum pursuant to Section 406 of the Charter. Any individual appropriation for any purpose less than two percent (2%) of that annual budget for the then current fiscal year may be made upon approval of the Board of Selectmen and the Board of Finance. Supplemental appropriations as described in this section not approved at referendum may not exceed in any fiscal year a cumulative total of three percent (3%) of the annual budget for the then fiscal year. (Charter Section 809)

All budget increases above the budget approved at referendum must be recommended by the Board of Selectmen and approved by the Board of Finance. Common supplemental appropriations include, but are not limited to:

- Fiscal Year End Transfers: usually adopted in September/October to re-appropriate funds from the previous year's ending balance for projects or obligations that were approved but not completed during the year or to fund a new project.
- Grants or unanticipated revenues: if revenue is received during the fiscal year from a source that was not anticipated at the time of budget adoption or appropriation for the fiscal year, such as grants or implementation of a new fee, the Board of Finance, upon recommendation of the Board of Selectmen, may appropriate that unanticipated revenue for expenditure when received anytime during the

year. It is the practice of the Board of Finance that known or anticipated recurring grants be budgeted during the regular budget cycle.

- Emergency appropriations: For the purpose of meeting a public emergency threatening the lives, health or property of citizens, emergency appropriations, the total amount of which shall not exceed fifty percent (50%) of the undesignated fund balance for the then current fiscal year, may be made upon the recommendation of at least four (4) members of the Board of Selectmen and by an affirmative vote of no fewer than four (4) members of the Board of Finance. In the absence of sufficient general fund resources to meet such appropriations, additional means of financing shall be provided in such manner, consistent with the provisions of the General Statutes and of this Charter, as may be determined by the Board of Finance. (Charter, Section 810)

Supplemental appropriations for special projects/activities shall be kept to a minimum when feasible via utilization of the annual budgeting process, year-end close out process or during the mid-year financial review.

Supplemental appropriations for necessary repairs and maintenance will be approved during the mid-year financial review or year-end close out. However, the Board of Finance will be notified of the intended purchases in their monthly meeting in advance of the purchase.

#### E. Appropriation Lapses

All appropriations unexpended or unencumbered at the end of the fiscal year shall lapse to the applicable general fund, except for:

- Capital expenditure appropriations from whatever source derived, shall not lapse until the purpose for which the appropriation was made shall have been accomplished or abandoned, provided any such project shall be deemed to have been abandoned if three (3) fiscal years shall lapse without any expenditure from or encumbrances of the appropriation therefore; and
- Federal or state grants do not lapse until the expiration of the federal or state grant or as required by law or
- Special Revenue Funds, unless explicitly stated as part of the creation of the fund.

## TOWN OF SIMSBURY

### POLICY FOR A STRUCTURALLY BALANCED BUDGET

*Adopted by the Board of Finance on August 16, 2022*

**Objective:** The Town of Simsbury is required by law to have a balanced budget. However, the law does not distinguish between a budget that is balanced using short-term fixes and a budget that is structurally balanced for the long term. A true, structurally balanced budget is one that is designed to achieve balance for multiple years into the future. By adopting a budget policy based on the principles of structural balance, the Town of Simsbury seeks to establish a strong financial foundation for our community for years to come.

**Policy Statement for adoption:** The Town of Simsbury will adopt structurally balanced budgets in which predicted or estimated recurring revenues equal or exceed predicted or estimated recurring expenditures. The budgets will use realistic revenue estimates. No debt will be issued to fund operating expenditures.

**Rationale:** A structurally balanced budget has three important qualities.

First, ongoing expenses should be covered by ongoing revenues. Ongoing revenues are revenues that can reasonably be expected to continue year to year, with some degree of predictability. Property taxes are an example of recurring revenue. Other examples include recurring State or Federal Grants, such as the Educational Cost Sharing grant, Town Aid Road grant, Municipal Revenue Sharing grant, etc.

Ongoing expenses that can be expected to continue year to year, in amounts necessary to maintain current levels of service. Staff salaries, benefits, materials and services, and asset maintenance costs are common examples of recurring expenditures.

The second important quality of a structurally balanced budget is that one-time or short-term revenues are used to fund only one-time or short-term expenses. Examples of this might be either a grant with a term limit that does not recur year-to-year or a settlement from a lawsuit.

The third quality of a structurally balanced budget is that the Town have adequate reserves as a hedge against risk. This serves as a “bottom line measure” to help determine the extent to which structural balance goals are being achieved. Simsbury will maintain General Fund Balance reserves between 15-17% of the operating budget in accordance with the Fund Balance Policy adopted by the Board of Finance.

The Town of Simsbury policies adopted by the Board of Finance to support a structurally balanced budget are posted on the Town of Simsbury Finance Department website. These include:

- Investment Policies
- Investment Policy Statement OPEB
- Non-Lapsing Account for the Board of Education
- Capital and CNR Policy
- Defined Benefit Pension Plan Investment Policy
- Fund Balance Policy
- Debt Management Policy
- Defined Contribution Plan Investment Policy
- Policy on Budgetary Transfers and Supplemental Appropriations

**Board of Finance  
TOWN OF SIMSBURY, CONNECTICUT  
REGULAR MEETING MINUTES  
Thursday, March 23, 2023, at 5:45 P.M.  
In Person Meeting /Simsbury Community Media Live Stream**

**PRESENT:**

Lisa Heavner; Chair, Arthur House; Vice Chair, Linda Schofield, Derek Peterson, Robert Helfand, and Mike Doyle.

**ALSO PRESENT:**

Amy Meriwether, Director of Finance/Treasurer, Nikoleta McTigue, CliftonLarsonAllen LLP, and Jessica Aniskoff, CliftonLarsonAllen LLP

**1. Call to Order - Establish Quorum**

Ms. Heavner called the meeting to order at 5:45 P.M.

**2. Pledge of Allegiance**

All present stood for the Pledge of Allegiance.

**3. Presentation: Fiscal Year 2021/2022 Audit Presentation**

CliftonLarsonAllen LLP, who were engaged to perform the annual financial audit, and express an opinion on whether the financial statements were fairly presented in accordance with GAAP (Generally Accepted Accounting Principles) presented their findings.

The auditors reviewed the executive summary of the audit results, financial highlights, Federal and State single audit results, governance communication and management letter.

The Board asked questions which were addressed.

The auditors outlined improvements but noted they were not considered material weaknesses or deficiencies. They are items of note that they think the Town can improve on. The list did not include any new items and consisted of items which have been outstanding from prior years including the capital asset reporting, the fraud risk assessment, and the accounting procedures manual.

Lastly, they reported on the upcoming GASB standards they may be applicable in future years.

The Board thanked Ms. Meriwether for having another clean audit and for all her work. The auditors stated they are confident that the Town will receive their Comprehensive Annual Financial Report award this year.

#### 4. Budget Discussion

Ms. Meriwether opened by stating that the Board of Education cut approx. \$200K from their budget and a formal communication had been distributed. She inquired if it should be updated for the Public Hearing and Ms. Heavner and the board agreed it should, as they will still be making changes after the hearing.

Ms. Heavner thanked Ms. Meriwether for turning around and receiving a lot of information in a short period. Mr. Peterson asked for more information on the loan to SBAA as he is unsure where the money came from to give to them, as well as the timing on payback terms. Ms. Meriwether provided an explanation and said she would look into the payback terms.

Ms. Schofield inquired about SBAA's plan to close the funding gap on their operating costs, other than potentially Medicaid, and Ms. Meriwether said she would follow up.

Ms. Heavner said Ms. Meriwether will be getting a monthly report in April so they can look at year-end projections and asked how much they are looking to receive in revenue from the Open Choice grant next year in comparison to this year. Ms. Meriwether stated that due to a change in legislature they are anticipated to receive \$300K more but cautioned that a certain student population threshold goes along with the funding and said there is uncertainty around whether they will hit the target. She said she will follow up with this and Ms. Heavner asked her to also provide what the difference in revenues would be if they hit the target.

Ms. Heavner asked for a link in the budget section to enable the public to email the Board of Finance directly.

Ms. Heavner asked to make sure they are in compliance with the Attorney letter regarding the Municipal cap and mentioned they don't know at this stage what inflation rate they will apply. Ms. Meriwether said she would reach out to Martin at the State for more information on this and Ms. Heavner asked if they can have this number prior to April 4<sup>th</sup>.

Ms. Heavner asked about the Board of Selectman's choice to not reserve money for the health reserve and asked if that needs to be evaluated on April 4<sup>th</sup>. Ms. Meriwether stated it's a hard call depending on the claims experience this year and they wouldn't know until well into 2024. She said currently it's running in line with last year. Ms. Heavner asked her to put some thought into this and advise further on April 4<sup>th</sup>. She also asked Ms. Meriwether to evaluate in writing how best to utilize about \$1.2M as an offset in debt service over the three year spike that the BOS identified funding from Capital Reserve.

A conversation followed on the previous Quarterly Report and how the numbers and collection rate will look at year end. Ms. Meriwether explained that while their collection rate is still good, some of the larger taxpayers paid later and Ms. Heavner said they will monitor this a little closer than they did in the past.

The Board had some questions and suggestions on outreach to ensure the public are made aware of the budget process, the presentations and the adjusted numbers.

**MOTION:** Ms. Schofield made a motion, effective March 23, 2023, to approve the Board of Selectman's budget as proposed, and the Board of Education's budget as amended on March 21<sup>st</sup> 2023, and forward the two budgets to the scheduled Public Hearing in accordance with Section 808 of the Charter. Mr. House seconded the motion. All were in favor and the motion passed unanimously.

## **5. Adjourn**

**MOTION:** Mr. Doyle made a motion, effective March 23, 2023, to adjourn the meeting at 6:45P.M. Mr. Peterson seconded the motion. All were in favor and the motion passed unanimously.

Respectfully submitted,  
Marion Lynott  
Commission Clerk