



Town of Simsbury

933 Hopmeadow Street Simsbury, Connecticut 06070

Board of Finance Agenda Submission

February 14, 2019

Ericka Butler
Town Clerk
Simsbury, CT 06070

Dear Ms. Butler:

A **Regular Meeting** of the Board of Finance will be held at **5:45 PM** on **Tuesday, February 19, 2019**, in the Main Meeting Room of Simsbury Town Hall, 933 Hopmeadow Street, Simsbury, Connecticut.

The Agenda is as follows:

1. Call to Order
2. Pledge of Allegiance
3. Approval of Minutes:
 - January 15, 2019
4. Finance Director's Report
5. School Business Manager's Report
6. Proposed CNR Structure Discussion
7. Proposed Revised Capital and CNR Policy
8. Retirement Plan Sub-Committee
 - Quarterly Oral Report (Kevin)
 - Membership Composition and Duties/Responsibilities
9. Communications
 - Proposed Revised Debt Policy
 - Tax Abatement for Volunteer Firefighters and Ambulance Personnel Communication from Kevin Kowalski, Chief Administrator
10. Adjourn

Yours Truly,

Robert Pomeroy
Chairman

**Simsbury Board of Finance
TOWN OF SIMSBURY
REGULAR MEETING MINUTES
Tuesday, January 15, 2019 at 5:45 P.M.
Simsbury Town Hall - Main Meeting Room
933 Hopmeadow Street, Simsbury, Connecticut**

PRESENT: Lisa Heavner, Derek Peterson, Robert Pomeroy, Kevin Prell, Linda Schofield

ALSO PRESENT: Jessica Aniskoff, Manager, Blum Shapiro; Nick Boulter, Chief, Simsbury Police Department; Maria Capriola, Town Manager; Burke LaClair, Simsbury Schools Business Manager; Amy Meriwether, Director of Finance/Treasurer; Vanessa Rossitto, Partner, Blum Shapiro; and other interested parties.

1. Call to Order - Establish Quorum

Chairman Pomeroy called the meeting to order at 5:45 P.M.

2. Pledge of Allegiance

All present stood for the Pledge of Allegiance.

3. Presentation by Blum Shapiro: Fiscal Year 2017/18 Audit Results

Ms. Rossitto provided an Audit Presentation beginning with Engagement Scope and Standards, under which she noted the following areas: the CAFR, Federal Single Audit and State Single Audit. Next, she outlined Required Auditor's Communication, including Significant Accounting policies in Note 1 in the CAFR; New Standards Adopted; Accounting Estimates; No difficulties encountered in performing the audit; No disagreements with management; No uncorrected misstatements; Management did not consult with other accountants; and Representation Letter signed by management of both the Town and the Board of Education. Further, Ms. Rossitto noted Engagement Results - CAFR, including Management Responsibilities; Auditor Responsibilities; CAFR Unmodified "clean" opinions; Specific areas of the CAFR; Governmental Activities; General Fund; Other Governmental Funds; Internal Service Fund; Fiduciary Funds; Prior Period Adjustments and Restatements due to new Standards; Net Pension Liability; Net OPEB Liability; and Teachers Pension and OPEB. Questions and discussion followed.

Ms. Aniskoff presented Engagement Results - Federal and State Single Audit, noting unmodified "clean" opinion on compliance, no material weaknesses or significant deficiencies identified for both. She outlined the Management Letter, noting current and prior year recommendations for improvement. Lastly, she reported upcoming GASB Standards for 2019, 2020 and 2021. There was discussion about new accounting software.

4. Proposed Police New Uniform Transfer Request

Ms. Meriwether referenced the provided memo from Chief Boulter regarding new uniform information. Chief Boulter gave background on the request, noting style, availability and practicality of the current uniform, advancements, appearance and cost. Two officers modeled

the new uniforms for the Board. He discussed the cost and noted funds from the asset forfeiture account can be used to purchase one new uniform for each sworn member, totaling \$13,500. Questions and discussion followed.

MOTION: Ms. Schofield made a motion, effective January 15, 2019, to transfer \$13,500 from the Asset Forfeiture Fund to the General Fund for the purchase of new police uniforms. Mr. Peterson seconded the motion. All were in favor and the motion passed unanimously.

5. Approval of Minutes - December 3, 2018

MOTION: Ms. Schofield made a motion to approve the December 2, 2018 Regular Meeting Minutes. Mr. Peterson seconded the motion. All were in favor and the motion passed unanimously.

6. Finance Director's Report

Ms. Meriwether reported on Grants and Donations, Uniform Chart of Accounts, Investment Request for Proposal and Tax Abatement.

7. Budget Status Report

Ms. Meriwether gave a Budget Status Report, including a General Fund Overview, a Simsbury Farms Overview and Capital Projects. Discussion ensued.

MOTION: Ms. Schofield made a motion, effective January 15, 2019, to approve the re-appropriation of the Hopmeadow/Center Area Sewer Repairs project in the amount of \$135,000 and Weatogue Planning Route 10 and Code Prep project in the amount of \$57,000. Ms. Heavner seconded the motion. All were in favor and the motion passed unanimously.

8. Capital and CNR Policy

Mr. Pomeroy thanked Ms. Heavner for her editing of this policy. Discussion about contingencies followed. New language was provided for the Capital Reserve Fund Policy. Questions and discussion followed. Mr. Pomeroy asked that the Policy be redrafted for the next meeting based on this discussion.

9. Proposed Defined Benefit Plan Investment Policy

Mr. Pomeroy thanked Ms. Heavner for her work on this. Discussion and questions followed. Mr. Pomeroy asked that the Policy be edited based on the discussion and tabled to the next meeting.

10. Communications

• Fiscal Year 2017/18 Annual Report

Mr. Pomeroy thanked Ms. Capriola for her work on this. A suggestion was made to continue the past practice of incorporating letters from board chairpersons, as well as, a listing of board members included.

- **Board of Selectmen Goals and Economic Development Priorities**

Ms. Capriola outlined the process of the adopted Board of Selectmen Goals and Economic Workplace Ideas submitted. Discussion followed.

- **Memo from M. Capriola: re: Anticipated Budget Increases for the Farmington Valley Health District, dated January 7, 2019**

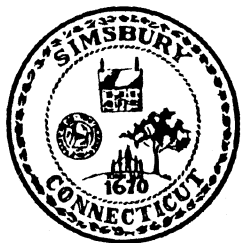
Ms. Capriola referenced her submitted memo and provided background on the projected increase in the Town's contribution to FVHD.

11. Adjourn

MOTION: Ms. Schofield, Mr. Peterson second, to adjourn at 7:33 P.M.; unanimously approved

Respectfully submitted,

Karen Haberlin
Commission Clerk



Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

To: Board of Finance
From: Amy Meriwether, Finance Director/Treasurer
CC: Maria Capriola, Town Manager
Date: February 19, 2019
Re: Finance Director's Report

Grants and Donations

Below is a listing of grants/donations approved by the Board of Selectmen in January 2019:

- Garrity Asphalt Reclaiming Donation - \$5,000 for the purpose of supporting Community and Social Services Department programs that assist residents in need.

Education Cost Sharing Grant

The last Budget Status Report submitted to the Board of Finance on January 15, 2019 noted an expected Education Cost Sharing Grant (ECS) entitlement of \$6,039,516. The State of Connecticut has updated its estimates and the Town of Simsbury is now expected to receive \$5,999,774. This updated estimate exceeds budgetary estimates of \$5,402,105 by \$597,669.

Tax Sale

At its regular meeting on January 28, 2019 the Board of Selectmen voted to move forward with a tax sale to be held on May 18, 2019. There is currently \$599,205 in outstanding property tax collections for the properties that are eligible for tax sale under the proposed tax sale standards. Additional items and information presented to the Board of Selectmen related to this item can be found at the following link: https://www.simsbury-ct.gov/sites/simsburyct/files/agendas/1-28-19_packet.pdf.

Tax Abatement for Volunteer Firefighters and Ambulance Personnel

The Fire District has requested an update to the current Tax Abatement for Volunteer Firefighters and Ambulance Personnel Ordinance (Chapter 141, Article 5). Requested updates are itemized in a letter from Kevin Kowalski, Chief Administrative Officer to Maria Capriola, Town Manager, dated January 9, 2019. A copy of the letter has been included in this packet under the "Communications" section. At its regular meeting on January 28, 2019 the Board of Selectmen approved the establishment of a work group to review this matter. This group is being tasked with reviewing the Fire District's proposed changes as well as exploring other possible updates to the current ordinance. The established work group consisting of Board members Askham and Peterson, key stakeholders, and staff to the work group are scheduled to meet this spring.

The 2017 tax abatement list of volunteer firefighters and ambulance members consisted of 12 ambulance volunteers and 61 volunteer firefighters, for a 2017 total abatement value of \$62,326.38.

TO: Members of the Board of Finance
 FROM: Burke LaClair, Business Manager
 RE: Financial Report/Quarterly Budget Analysis
 DATE: February 19, 2019

Below is the Second Quarter Budget Analysis of the Simsbury Public Schools for the fiscal year 2018-19.

Revenues

We have two more tuition paying students from other communities than estimated for 2018-19, which is additional revenue to the Town. We will likely not be able to determine the impact of statewide caps for Simsbury's excess costs grant until the end of February. Our Choice Attendance grant will be meeting the 4% enrollment target on 10/1/18 as projected. Our primary known federal grant award is IDEA; the new award amount is \$1,006,993, which is up \$8,310 from the 2017-18 awards. Other final restricted state and federal grant award notices on several of our education grants have not yet been received as of the end of the second quarter which could further impact our Board of Education operating budget. However, in early January, final Title I and Title II grant awards were received; the 2018-19 awards did increase by \$915. We will be waiting until February 20th to see what level of municipal aid is recommended in Governor Lamont's first budget.

Expenditures

<u>General Fund</u>	<u>Revised Budget</u>	<u>2018-19 YTD Expenditures</u>	<u>Balance</u>	<u>% Spent</u>	<u>2017-18 % Spent</u>
General Control	2,122,333.00	1,077,712.27	1,044,620.73	50.78%	49.46%
Instruction	43,006,549.00	17,250,543.96	25,756,005.04	40.11%	40.13%
Health Services	696,378.00	285,435.18	410,942.82	40.99%	40.46%
Pupil Transportation	2,711,009.00	1,215,310.20	1,495,698.80	44.83%	43.00%
Operation of Plant	4,512,023.00	2,165,519.37	2,346,503.63	47.99%	47.50%
Maint of Plant/Equipment	1,245,522.00	888,617.95	356,904.05	71.35%	68.64%
Insurance/Pension	12,541,633.00	7,149,517.80	5,392,115.20	57.01%	57.47%
Food Services	8,260.00	4,210.02	4,049.98	50.97%	50.69%
Student Body Activities	658,580.00	201,909.37	456,670.63	30.66%	31.12%
Community Services	34,563.00	5,474.33	29,088.67	15.84%	13.89%
Equipment-New/Replace	220,702.00	220,702.00	0.00	100.00%	100.00%
Out of District Tuition	1,392,000.00	778,022.53	613,977.47	55.89%	72.93%
Total Public Budget	69,149,552.00	31,242,974.98	37,906,577.02	45.18%	45.35%

Enrollment Comparison 2018-19 to 2017-18

<u>Grade</u>	<u>Actual 10/1/2018</u>	<u>Actual 10/1/2017</u>	<u>Difference</u>
K-6	1989	1976	13
7-8	610	658	-48
9-12	1419	1405	14
Total	4018	4039	-21

Staffing Comparison (FTE)

	<u>2018-19</u>	<u>2017-18</u>
Certified Teaching Staff	370.35	370.75
Certified Administrators	17.00	17.00
Custodial/Maintenance	38.00	39.00
Nurses	10.67	10.67
Clerical/Paraprofessionals	147.33	143.97
Unaffiliated	44.99	44.99
Tutors	13.60	14.95
Total	641.94	641.33

Review of Experience and Trends

Overall spending pace as compared to the second quarter of the prior fiscal year is almost equal (0.17% slower than last year). Below are some areas we are highlighting in our major categories:

General Control – The primary reason for the somewhat higher pace of spending is the up-front payment of our new Frontline absence/time entry management system.

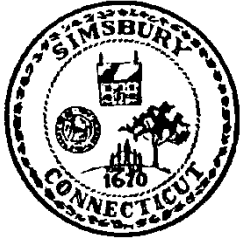
Instruction – As outlined in the October 1 Enrollment report, there was an overall decline of 21 students; however, this is 22 more students than projected. Overall elementary enrollment increased for the first time since the 2002-03 school year. The largest increase by grade was in Kindergarten, where 31 more students enrolled than had been projected. As a result, 3 additional classroom teachers were hired to meet our class size guidelines. Additional paraprofessional FTE were also needed to support special education students. The instructional group budget has been adjusted upward by \$200,000 to address these unanticipated staffing needs and is offset by savings in the Insurance/Pension area. (Several new students with IEP's have moved in at the start of the new calendar year and their potential costs are not yet known).

Insurance and Pension – Since the fourth quarter of fiscal year 2017-18, overall participation in the health insurance program has decreased by 7 active participants. Over the same period, enrollment in the High Deductible Health Plan has increased by 23 participants to a total of 285, while the PPO and HMO Plans have decreased by 30 participants to 219. Overall favorability in this category has been reflected by a decrease of \$200,000 in the budget of the Insurance/Pension Group.

Operation of Plant – The use of electricity is up this year with a very warm start to the school year and more school spaces with air conditioning. Likewise our heating season has started earlier and natural gas usage is up this year (see comparative utility data on page 3). In regard to our fixed utility and fuel pricing, there have been several unanticipated increases of concern this fiscal year. Our regional cooperative for gas, diesel, and #2 fuel oil contracts did not lock-in pricing until October for this school year and all prices were higher than the original targets. Our new electricity supplier agreement was canceled in November and we have found a new vendor in cooperation with the Town of Simsbury for a fixed rate for 34 months beginning in February. Unfortunately, our new fixed price is \$0.0819/kwh as compared with \$0.079/kwh and our current budget assumed savings from the prior vendor.

Out of District Tuition – The pace of spending is down primarily due to the timing of payments for in-district pupil services and outplacement tuition. When compared with this time last year, however, there are more contracted costs encumbered.

	07/17-12/17	07/18-12/18	07/17-12/17	07/18-12/18
Eversource/Supplier				
	<u>K/W HOURS</u>	<u>K/W HOURS</u>	TOTAL \$	TOTAL \$
Central	126,017	135,136	\$ 27,666.02	\$ 32,340.53
Latimer	103,200	103,200	\$ 21,353.40	\$ 28,960.46
Squadron	244,224	234,720	\$ 47,662.30	\$ 42,296.67
Tariffville	111,520	128,320	\$ 21,412.87	\$ 22,356.16
Tootin	155,198	163,683	\$ 31,372.94	\$ 30,123.91
HJM	271,008	297,324	\$ 51,566.99	\$ 50,910.73
SHS	1,092,476	1,252,882	\$ 191,382.72	\$ 185,097.37
Maint.	0	0	\$ -	\$ -
EVERSOURCE TOTAL- =	2,103,643	2,315,265	\$ 392,417.24	\$ 392,085.83
CNG				
	<u>CU.FT(100)</u>	<u>CU.FT(100)</u>	TOTAL \$	TOTAL \$
Central	9,790	11,386	\$ 12,748.43	\$ 14,192.66
Latimer	11,030	14,850	\$ 10,105.07	\$ 13,267.95
Squadron	11,730	12,620	\$ 13,412.68	\$ 12,387.47
Tariffville	0	0	\$ -	\$ -
Tootin	12,560	16,690	\$ 14,484.38	\$ 17,187.17
HJM	16,520	20,760	\$ 14,777.89	\$ 19,322.51
SHS	47,220	52,010	\$ 43,264.35	\$ 51,943.73
Maint.	872	1,041	\$ 1,717.62	\$ 1,994.91
CNG TOTAL- =	109,722	129,357	\$ 110,510.42	\$ 130,296.40
HOCON GAS				
	<u>GALLONS</u>	<u>GALLONS</u>	TOTAL \$	TOTAL \$
Central	0.0	0.0	\$ -	\$ -
Latimer	0.0	0.0	\$ -	\$ -
Squadron	0.0	0.0	\$ -	\$ -
Tariffville	201.4	200.0	\$ 349.73	\$ 333.68
Tootin	0.0	0.0	\$ -	\$ -
HJM	21.5	115.3	\$ 39.23	\$ 176.53
SHS	0.0	0.0	\$ -	\$ -
Maint.	0.0	0.0	\$ -	\$ -
HOCON TOTAL- =	222.9	315.3	\$ 388.96	\$ 510.21
EAST RIVER OIL				
	<u>GALLONS</u>	<u>GALLONS</u>	TOTAL \$	TOTAL \$
Central	0.0	0.0	\$ -	\$ -
Latimer	0.0	0.0	\$ -	\$ -
Squadron	0.0	0.0	\$ -	\$ -
Tariffville	4,400.0	2,350.0	\$ 8,778.62	\$ 6,075.08
Tootin	0.0	0.0	\$ -	\$ -
HJM	0.0	0.0	\$ -	\$ -
SHS	0.0	1,650.0	\$ -	\$ 3,291.98
Maint.	0.0	0.0	\$ -	\$ -
E.R. OIL TOTAL- =	4,400.0	4,000.0	\$ 8,778.62	\$ 9,367.06
EAST RIVER VEHICLE FUEL				
	<u>GALLONS</u>	<u>GALLONS</u>	TOTAL \$	TOTAL \$
VEHICLE FUEL-DIESEL	17,432.5	16,837.6	\$ 37,165.41	\$ 43,370.54
VEHICLE FUEL-GASOLINE	11,619.0	9,877.8	\$ 24,994.81	\$ 23,753.75
VEHICLE FUEL-PROPANE	7,910.0	11,212.9	\$ 12,576.90	\$ 19,622.58
E.R. FUEL TOTAL- =	36,961.5	37,928.3	\$ 74,737.12	\$ 86,746.87



Town of Simsbury

933 Hopmeadow Street Simsbury, Connecticut 06070

Board of Finance Agenda Item Submission Form

1. **Title of Submission:** Proposed CNR Structure Discussion

2. **Date of Board Meeting:** February 19, 2019

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

4. **Action Requested of the Board of Finance:**
If the Board of Finance supports the proposed revisions to the CNR structure as presented, the following motions are in order:

Move, effective February 19, 2019 to approve the creation of the "CNR" fund, transfer \$1.9M from the CNR – Assessor Fund into the CNR fund and utilize the newly created CNR fund for all future CNR project appropriations.

5. **Summary of Submission:**
While preparing various schedules for the most recent audit, a fund by the name of "CNR – Assessor" came to my attention with a balance of \$1.9M. The purpose of the CNR – Assessor fund is to reserve funds for the periodic property revaluations performed every 5 years. The typical cost of a revaluation is about \$300,000. Given the dollar value in the fund, I began to research the fund further. Upon investigation it was found these funds were to keep a cash balance (reserve) available for CNR projects and the CNR fund solvent.

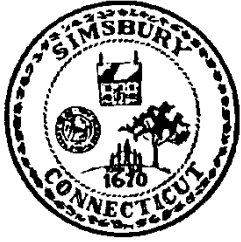
All CNR funds are spent down within 2 years of the appropriation while revenue is transferred into the funds equally over the course of 5 years. This practice generates a negative cash balance as the expenditures are incurred prior to all the revenue being recognized. The above reserve would allow CNR to be in an overall surplus status.

Over the course of the years, these funds were combined with the revaluation CNR fund and co-mingled with the revaluation activity. To date, all funds related to revaluations have been spent with the exception of \$61,500 that was appropriated in the current year as one fifth of the total cost to be spent on the next property revaluation. Based on this, management is recommending that the CNR reserve funds be moved out of the CNR – Assessor fund and into a new fund entitled "CNR."

This new CNR fund would include the CNR reserve as well as any additional CNR appropriations approved in future budget years. Current practice is to create a new CNR fund for each budget year. This would eliminate that practice and compile all CNR projects into one fund tracked by project.

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:** Proposed Revised Capital and CNR Policy
2. **Date of Board Meeting:** February 19, 2019
3. **Individual or Entity Making the Submission:**
Amy Meriwether, Finance Director/Treasurer
4. **Action Requested of the Board of Finance:**
If the Board of Finance supports the revisions to proposed revisions to the Capital and CNR Policy, the following motions are in order:

Move, effective February 19, 2019 to adopt the revisions to the proposed Capital and CNR policy as presented.

Move, effective February 19, 2019 to adopt the revision to the proposed to Capital Asset policy as presented.
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 requested review of the Town's current financial policies for possible update and implementation. At its special meeting on October 22, 2018, it was the consensus of the Board to review the Capital and CNR policy.

The Board of Finance established a work group consisting of Board of Finance members, Rob Pomeroy and Lisa Heavner, to review this matter at a meeting held on November 8, 2018. The group was tasked with reviewing a revised draft Capital and CNR policy as presented by management. After review and discussion, several edits were made to the policy and a final draft was prepared for review by the full Board of Finance.

The full Board of Finance has further reviewed and discussed the proposed policy at its meetings on November 13, 2018, December 3, 2018, and January 15, 2019. Edits of the policy were requested and subsequently made by management in the presented revised draft.

Under the “Definitions and Guidelines” section of the proposed Capital and CNR Policy, it states that that a “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.” This language is inconsistent with the current Capital Asset Policy which states equipment shall be capitalized when it has a value of \$5,000 or more.

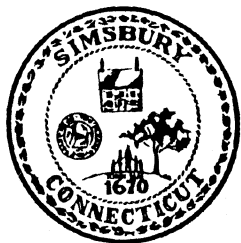
If the Board of Finance approves proposed Capital and CNR Policy, management is recommending the Capital Asset Policy be updated to replace the \$5,000 capital asset threshold for equipment to \$10,000 to be in line with the Capital and CNR Policy.

6. Financial Impact:

None

7. Description of Documents Included with Submission:

- Proposed Capital and CNR Policy
- Proposed Capital Asset Policy



Town of Simsbury

933 HOPMEADOW STREET ~ SIMSBURY, CONNECTICUT 06070

TOWN OF SIMSBURY CAPITAL PLANNING AND FINANCING POLICY STATEMENT *Adopted by the Simsbury Board of Finance on November XX, 2018*

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.
- ~~2.3.~~ Per CGS 8-24, the Planning Commission must review and approve the capital plan annually for consistency with the Plan of Conservation and Development.
- ~~3.4.~~ 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.
- ~~4.5.~~ Future operating costs associated with new capital projects and assets will be projected and included in operating budget forecasts.
- ~~5.6.~~ Each capital project submitted for consideration shall identify operating budget impacts and potential financing methods available.
- ~~6.7.~~ The Town shall take the appropriate actions to maintain its “Aaa” credit rating and strategically utilize debt service expenditures.
- ~~7.8.~~ 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.
- ~~8.9.~~ Whenever possible, capital costs should be financed by means other than borrowing. Borrowing ~~shall~~should 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.
- ~~9.10.~~ 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.
- ~~10.11.~~ 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 will also include fleet purchases that are less than ~~\$250,000~~~~\$100,000~~ 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. ~~Funding shall be transferred into the Capital and Non-Recurring Fund in the fiscal year for which the projects are budgeted/adopted.~~

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~~ ~~\$200,000~~. This is to ensure a sufficient balance remains in the Capital Reserve Fund for ~~unanticipated needs or~~ 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 and 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).



Town of Simsbury

933 HOPMEADOW STREET

SIMSBURY, CONNECTICUT 06070

Capital Asset Policy

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

June 20, 2018 Revised by the Simsbury Board of Finance on February XX, 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>
<u>Capitalization</u>		
Equipment	≥\$5,000	\$10,000 \$5,000
Improvements <i>(e.g. building additions, parking lot expansion)</i>	\$20,000	\$20,000
Infrastructure <i>(e.g. new roads, sewer lines, bridges, dams)</i>	\$100,000	\$100,000
<u>Accountability</u>		
Equipment other than computers	<i>These will not be capitalized unless they meet the thresholds as defined above. They will be inventoried for insurance purposes.</i>	
Computer Equipment		

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: ~~37~~-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~~~~\$5,000~~ or greater:

For all assets of ~~\$10,000~~~~\$5,000~~ 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)

CAPITALIZATION 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)

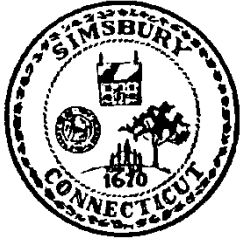
REASON FOR DISPOSAL: _____

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

ENTERED BY: _____

REQUESTED BY: _____

APPROVED BY: _____



Town of Simsbury

933 Hopmeadow Street Simsbury, Connecticut 06070

Board of Finance Agenda Item Submission Form

1. **Title of Submission:** Retirement Plan Sub-Committee
Membership Composition and Duties/Responsibilities

2. **Date of Board Meeting:** February 19, 2019

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

4. **Action Requested of the Board of Finance:**

If the Board of Finance supports the proposed draft memorandum of understanding regarding the Retirement Plan Sub-Committee the following motion is in order:

Move, effective February 19, 2019 to refer the proposed draft memorandum of understanding regarding the Retirement Plan Sub-Committee to the Board of Selectmen, Board of Education, and Retirement Plan Sub-Committee for review and comment.

5. **Summary of Submission:**

Per the Town Charter: "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-541l inclusive of the General Statutes."

Past practice to meet the above guidelines was delegation of authority to and utilization of the Retirement Plan Sub-Committee to fulfill those duties. Recent inquiries have been made as to whether utilization of the Retirement Plan Sub-Committee is sufficient to meet the supervision requirement of the Town Charter. The Sub-Committee consists of two members of the Board of Selectmen, two members of the Board of Education, two members of the Board of Finance, and two community members at-large. Chris Kelly was recently appointed Chair, and Kevin Prell Vice Chair. The Sub-Committee meets on a quarterly basis and is staffed by the Finance Director, School Business Manager, and Town Manager's Office.

The Town Manager and Town Attorney have suggested that the duties of the Sub-Committee and its membership composition be outlined in a memorandum of understanding (MOU) between the Board of Finance, Board of Selectmen, and Board of Education. A draft MOU is attached for discussion purposes. Pursuant to advice of the Town Attorney, the MOU provides the Board of Finance with final decision making responsibilities for pension and OPEB investment related matters.

6. Financial Impact:

None

7. Description of Documents Included with Submission:

- Draft Retirement Plan Sub-Committee Memorandum of Understanding

**MEMORANDUM OF UNDERSTANDING BETWEEN THE TOWN OF SIMSBURY
BOARD OF SELECTMEN, BOARD OF EDUCATION AND BOARD OF FINANCE**

Regarding the Retirement Plan Sub-Committee

Whereas, pursuant to Section 808 of the Town Charter, the Board of Finance has the responsibility for oversight regarding the Town's pension (all defined benefit, defined contribution, 457 and 403b plans) and OPEB Trust investments; and

Whereas, also pursuant to Section 808 of the Town Charter, the Board of Finance has the responsibility to consult with both the Board of Selectmen and the Board of Education regarding oversight of the Town's pension and OPEB Trust investments in accordance with Charter Section 808; and

Whereas, the parties are in agreement that the Retirement Plan Sub-Committee is a mutually beneficial, collaborative way for the three parties to collectively provide oversight and feedback regarding the Town's pension and OPEB Trust investments;

Now, therefore be it resolved that:

1. **Retirement Plan Subcommittee Established.** The Board of Finance hereby establishes the Retirement Plan Subcommittee to carry out its duties and responsibilities as outlined in Charter Section 808.
2. **Membership.** The Retirement Plan Sub-Committee shall consist of eight members:
 - a. **Board of Finance.** Two members of the Board of Finance appointed by the Board of Finance. Members shall continue to serve until replaced or until the person is no longer a member of the Board, whichever shall occur first.
 - b. **Board of Selectmen.** Two members of the Board of Selectmen appointed by the Board of Selectmen. Members shall continue to serve until replaced or until the person is no longer a member of the Board, whichever shall occur first.
 - c. **Board of Education.** Two members of the Board of Education appointed by the Board of Education. Members shall continue to serve until replaced or until the person is no longer a member of the Board, whichever shall occur first.
 - d. **Community Members At-Large.** Two community members at-large, whom are electors of the town, appointed by the Board of Selectmen. Following execution of this memorandum of understanding, one member shall be appointed to a two (2) year term and one member shall be appointed to a three (3) year term. Thereafter, all terms for community members at-large shall be for three (3) years.
 - e. **Ex-Officio Members.** The Town Manager or his/her designee, Finance Director, and School Business Manager shall be ex-officio members of the Sub-Committee with full participation rights, but will not have the ability to vote on Sub-Committee matters.

3. **Organization.** The Retirement Plan Sub-Committee shall be organized as follows:
 - a. **Chair and Vice Chair.** On or before the thirtieth day of November each year, the members of the Sub-Committee shall meet and elect from among the appointed members a Chair and Vice Chair.
 - b. **Administrative Support.** The Finance Director and School Business Manager will provide administrative and technical support to the Sub-Committee, with additional support from the Town Manager's Office as needed. The Town Manager in his or her discretion may assign other staff persons as needed to provide administrative and technical support as needed.
 - c. **Meeting Schedule.** Regular meeting schedules shall be established annually and filed in accordance with Connecticut General Statutes. The Sub-Committee shall schedule regular meetings no less than on a quarterly basis.
 - d. **Quorum.** The presence of four (4) members of the Sub-Committee shall constitute a quorum to take action. No action shall become valid unless authorized by a vote of the majority of the total membership present and voting.
 - e. **Reports to Board of Finance.** On a quarterly basis, the Board of Finance members appointed to the Retirement Plan Sub-Committee shall report out to the Board of Finance the work of the Sub-Committee. On an annual basis, normally in the fall, the Town's pension investment advisors will provide an overview of the status of the Town's pension and OPEB trust investments to the Board of Finance.

4. **Duties.** The Retirement Plan Sub-Committee duties shall be as follows subject to the approval of the Board of Finance as required by Charter Section 808:
 - a. Oversee the Town and Board of Education's pension and OPEB Trust investments. Provide recommendations to the Board of Finance regarding investment decisions and allocations related to pension and OPEB Trust funds.
 - b. Provide recommendations to the Board of Finance regarding updates to policies related to the management and oversight of the Town and Board of Education's pension and OPEB Trust investments.
 - c. Review annual or bi-annual actuarial analyses, as required by Generally Accepted Accounting Principles, of the Town and Board of Education's pension and OPEB Trust funds.
 - d. For budgetary purposes, provide recommendations to the Board of Finance regarding interest rate assumptions the Town and Board of Education's pension and OPEB Trust funds.
 - e. For budgetary purposes, provide recommendations to the Board of Finance regarding annual employer (Town and Board of Education) contributions into the Town and Board of Education's pension and OPEB Trust funds.
 - f. Assist staff with the procurement and selection of the Town and Board of Education's pension investment advisors, pension actuaries, the Town's pension custodian, and the Town's 457 and 403b plan vendor(s).

By signing below I am affirming that my respective Board has adopted this memorandum of understanding and has authorized me to sign this agreement. An excerpt of the minutes of the Board meeting in which this action occurred has been attached to this MOU for reference.

FOR THE BOARD OF SELECTMEN

Eric Wellman, First Selectman

Date

FOR THE BOARD OF FINANCE

Rob Pomeroy, Chair

Date

FOR THE BOARD OF EDUCATION

Tara Donohue Willerup, Chair

Date

DRAFT

TOWN OF SIMSBURY
DEBT MANAGEMENT POLICY
DRAFT February 6, 2019

Pursuant to the Simsbury Town Charter, The Board of Finance, as the budget making authority for the Town of Simsbury, hereby adopts the following Debt Management Policy.

Adopted:

POLICY PURPOSE

The purpose of a debt management 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. 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.

AUTHORITY AND RESPONSIBILITY

Borrowing Authority: The Town shall have the power to incur indebtedness in accordance with Connecticut General Statutes the Simsbury Town Charter. [*cite provisions?*]

Responsibility: It shall be the responsibility of Board of Finance, 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. It is the responsibility the Finance Director to establish written procedures for the operation of the debt program consistent with the Debt Policy. In furtherance of this policy, roles and responsibilities are defined below:

Board of Education

- Work with Town Manager to recommend capital projects to the Board of Selectmen and the Board of Finance
- Seek and **approve** grant funding [*who approves BOE grant funding?*]

Town Manager

- Draft and recommend a budget and capital plan to the Board of Selectmen
- Assist and advise the Finance Director and the Board of Finance on recommendations regarding indebtedness
- Seek and recommend grant funding

Board of Selectmen

- To adopt a budget and capital plan to forward to the Board of Finance
- Incur indebtedness, upon recommendation of the Board of Finance
- Approve grant funding

Board of Finance

- Recommend and approve indebtedness
- Approve appointments of independent financial advisor, bond counsel, underwriters and fiscal agents
- Approve Debt Policy
- Approve budgets sufficient to provide for the timely payment of principal and interest in on all debt
- Determine the most appropriate instrument for a proposed debt

Finance Director responsibility

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 capital expenditures;
- Recommend to the Board of Finance 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 for and participate in the preparation of disclosure required by the legal documents governing the debt issued;
- Submit to the Board of Finance recommendations to issue debt;
- 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 with all outstanding debt; and
- Apply and promote prudent fiscal practices.
- Support the Town Manager and Board of Selectmen in the budget preparation.
- Support the Board of Finance in budget analysis.
- 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.
- Maintain complete information on the Town's outstanding debt portfolio, in a database format

[checklist from Debt policy certification model debt policy of the Washington Municipal Treasurer's Association (WMTA)]

POLICY

Capital Projects Defined -- New, replacement or expansion of existing capital assets constitutes a capital project. Capital projects should fall into one of the following three (4??) program categories:

- Any new or expanded physical facility, including preliminary design and related professional services
- Land or property acquisition
- Items of a non-recurring nature where the benefits are realized over a long period of time
- ?Vehicles/equipment/technology? [debt policy goes to more that GO bonding -- does third bullet appropriately cover?]

Note: The Town will not fund current operating expenditures through the issuance of debt except under extreme circumstances that have been approved by the Board of

Selectmen and the Board of Finance (such as issuance of debt in connection with tax anticipation notes or pension obligation bonds).

Compliance with Five-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 five-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 five-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.

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, development fees, and capital and non-recurring expenditures, general fund revenues or reserves to fund projects. If these are not appropriate or sufficient, the Town will use bond funding or long-term leases. The Board of Finance will evaluate debt-funding scenarios as part of the budget process using models developed by the Director of Finance in order to prioritize future financing needs and to evaluate compliance with this policy.

General Obligation (G.O.) bonds -- will be issued for long-term debt to finance traditional public improvements for which other funding is unavailable or impractical. Long-term bonds may be used to finance capital projects of at least \$500,000 and with a useful life of seven (7) years or longer. [Policy call on amount]

The Town may go to market for G.O. bonds for a minimum threshold of \$ _____ [or _____% of the operating budget}. A smaller number of projects may be combined to meet the threshold, provided that each such included project meets the 7-years useful life condition. [Policy call on amount]

General Obligation (G.O.) Bond Anticipation Notes (BAN's) – for short-term debt, the Town may choose to issue bond anticipation notes (BANS's) as a source of interim financing when deemed prudent. Bond anticipation notes may also be used as a form of short-term 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 (Capital Lease Financing) --Generally, 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 10 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 or a cost less than \$20,000.

When Capital Lease Financing is used, principal and interest on the lease are to be paid from the operating budget approved appropriation or other dedicated resources of the department purchasing equipment or constructing capital improvement.

Capital Non-Recurring Fund – (listed elsewhere so didn't include in this)

Low Interest Loan – The use of federal and state aided low interest loans will be a valid financing mechanism and 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, upon recommendation by the Director of Finance and approval by the Board of Finance. [Nick Mason recommendation on banks. State and federal loans language from City of Forest Park] [BOS approval?]

Note: Short-term debt may be used to provide interim cash flow to facilitate the timing of bond sales, to avoid locking in high-term interest rates during periods of market turmoil and to partially finance projects whose final cost is uncertain.

The Town will endeavor to fund capital projects/assets based on the following guidelines:

Project/Asset Total Cost	Operating Budget	Cash/Excess Reserves	Loans	Capital Lease	BAN (Short-term)	Bond (Long-term)
Under \$20,000	X	X				
\$20,000- \$100,000	X	X	X	X		
\$100,000-\$500,000	X	X	X	X	X	
More than \$500,000		X	X	X	X	X
Recommended temporary funding prior to a bond sale					X	

[Comba from Berlin/City of Forest Park – policy call on cut-off parameters.]

Note: Excess General Fund Reserves

Reserves in excess of the Board of Finance's General Fund Balance Policy target of 10-12% of the total operating general fund expenditures may be used for capital projects upon the recommendation of the Director of Finance and the Board of Selectmen, and subject to approval by the Board of Finance. [Charter section 809]

Limitations on Debt --

Limitations on Issuance of G.O. Debt -- This policy prohibits issuing general obligation debt for current operations (other than in connection with the issuance of tax anticipation notes, pension obligation bonds or other exceptions as approved by the Board of Selectmen and Board of Finance), enterprise activities, enterprise funds, vehicles/rolling stock, leased or lease purchase items.

Derivatives Prohibited -- This policy prohibits the issuance of any securities which would commonly be understood to be “derivative.”

[Alternative language from WMTA: No derivative products will be utilized unless permitted by law, and not without prior Board of Selectmen and Board of Finance approval. No derivative products shall be utilized without an analysis by an independent financial advisor. No derivative products shall be used for the purpose of interest rate speculation.] – Amy, please advise]

Limitations on Aggregate Debt: The Connecticut General Statutes (C.G.S. Section 7-374) limit the aggregate amount of indebtedness. The Town shall not incur indebtedness through the issuance of debt which shall cause outstanding aggregate indebtedness of the Town to exceed the following (taking into account the statutory exclusion of certain outstanding debt and inclusion of certain authorized but unissued debt): *[Confirm thresholds]*

Aggregate Debt	7.00 times annual receipts from taxation
General Purposes	2.25 times annual receipts from taxation
School Purposes	4.50 times annual receipts from taxation
Water Pollution Control Purposes	3.75 times annual receipts from taxation
Urban Renewal Purposes	3.25 times annual receipts from taxation
Past Pension Benefit Obligation	3.00 times annual receipts from taxation

Town Charter and State and Federal Law – all debt issued must be in compliance with the Simsbury Town Charter and State and Federal laws.

Planning and Structuring Each Bond Sale or Lease – balanced emphasis should be given 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
- Scheduling new debt to coincide with the retirement of past debt to lessen the impact upon the mil rate and to keep debt service costs at or below 6.7% of the operating budgets.

Bond Structure –

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 for major projects exceeding \$20 million that benefit the community. G.O. bonds will be considered only for assets with a useful life of seven (7) years or more. [*Chose \$20m from past practices – looking for policy call from BOF and recommendation from Amy on this*]

[Alternate language: all capital improvements financed through the issuance of debt will be financed for a period not to exceed ten (10) years. For projects with a useful life of a long duration and valued over \$20 million, longer periods of financing may be considered. G.O. bonds will be considered for assets with a useful life of seven (7) years or more.]

Bank qualified – the Town shall make every effort to meet the criteria for “bank qualified” status to increase the pool of potential bidders in a competitive bond sale.

Call provision – the Town 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.

Credit or liquidity enhancement – the Town may seek to use credit or liquidity enhancements when such enhancement proves to be cost effective or to improve or establish a cred rating on BANS or bond issues. Selection of enhancement providers is subject to a competitive process or at the option of the underwriter.

Method of sale – debt obligations are generally issued through competitive sale. Upon recommendation of the Finance Director, the Board of Finance may authorize the method of sale most appropriate in light of financial, market, transaction-specific and issuer-related conditions.

When certain 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 Town may elect to sell its debt

obligations through a private or negotiated sale, upon approval of the Board of Finance and Board of Selectmen. The underwriting team for bonds and notes is selected through a competitive process, but the ultimate decision will be based upon the strength of the team's proposal, including qualifications and pricing. For long-term capital leases or lease purchase obligations the Town will also seek to solicit competitive pricing where practicable.

Refunding Debt -- The Town 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%. [*have seen some towns that use 3% - Amy, please recommend*]

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 and Board of Finance approval are needed to issue a variable rate debt.

Transfers to _____ -- the balance of the annual debt service appropriation not expended for actual bonded debt service, debt issuance, or debt administration costs, shall be transferred automatically to the _____ fund at the end of each fiscal year. Bond proceeds unexpended from completed projects will be transferred to _____ within _____ (add timeframe) of the completion of the project.

Emergencies -- During emergency situations, the Town may issue debt to provide for emergency infrastructure repair or replacement if such repair or replacement is necessary for the immediate preservation of the public peace, health and safety. Emergency situations shall be governed by the Town Charter and, unless approved in accordance with Section 810 of the Town Charter, such debt shall be authorized in accordance with Section 7-379 of the Connecticut General Statutes- "Issuance of Bonds and Notes for Dire Emergencies." [*- taken from Bloomfield*]

DEBT AFFORDABILITY MEASURES

The Board of Finance, with the assistance of the Town Manager and the Director of Finance, will analyze the Town's debt position and the various indicators of municipal credit relative to credit industry standards the Town's own financial ability. The following statistical measures to determine debt capacity will be used and evaluated in comparison to other towns, 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 currently capped at 6.7%

PROFESSIONAL SERVICES

The Town's Finance Director, **in consultation with the Board of Finance**, shall be responsible for the solicitation and selection of professional services that are required to administer the debt program. [*consultation necessary or no? Wasn't sure of past practice*] Professional services may include Consultants (Financial Advisor, Legal, Bond Counsel and Tax Counsel) and Service Providers (Trustee, Verification Agent, Printer, Fiscal Agent, Underwriter and Letter of Credit Provider).

Selection Process: Selection will be made in accordance with the Town's Procurement policy. The selection of financial and legal professionals to assist in carrying out financing programs should be made through a competitive bid process involving Requests for Proposals (RFP), or similar document. [*See WMTA sample debt management policy for more detailed descriptions of responsibilities to consider adding*]

Bond Counsel: All debt issued by the Town will include a written opinion by 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.

Financial Advisor: A Financial Advisor(s) will be used to assist in the issuance of the Town's debt. The Financial Advisor will provide the Town with objective advice and analysis on debt issuance. This includes, but is not limited to, monitoring market opportunities, structuring and pricing debt, and preparing official statements of disclosure.

Underwriters: An Underwriter(s) will 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.

Fiscal Agent: A Fiscal Agent will be used to provide accurate and timely securities processing and timely payment to bondholders.

[*taken from City of Bellevue Debt policy*]

ONGOING DISCLOSURE

The Finance Director shall be responsible for providing annual disclosure information to established national information repositories and for maintaining compliance with disclosure statements as required by state and national regulatory bodies. Securities & Exchange Commission disclosure shall occur by the date designated in the bond

ordinance. Disclosure shall take the form of the Comprehensive Annual Financial Report (CAFR) unless information is required by a particular bond issue that is not reasonably contained within the CAFR.

Other sections to consider adding:

Debt Management Fund
Investment of Bond Proceeds
Swaps
CNR policy reference
Revenue or limited obligation bonds

Sources used: Much of the language is taken from the Town of Tolland's "Financial Policies and Procedures." I also utilized language from the following town's debt policy statements: City of Bellevue (GFOA), Simsbury, Bloomfield, Berlin, City of Forest Park, OH (GFOA), Model Debt Policy by the Washington Municipal Treasurer's Association (WMTA). Note: I did not add specific charter or state statute sections or definitions.

Simsbury Fire District

871 Hopmeadow Street • Simsbury, Connecticut • 06070

Kevin J. Kowalski
Chief Administrative Officer

Phone 860- 658-1971
Fax 860- 658-5611

January 9, 2019

Ms. Maria Capriola
Simsbury Town Manager
933 Hopmeadow st.
Simsbury CT 06070

Re : Simsbury Town Ordinance Article V

Dear Ms. Capriola:

Over the last week the Assessors and Tax office has uncovered an anomaly with the Tax Abatement for Volunteer Firefighters and Ambulance personnel. Apparently, during the last revision of the Ordinance to streamline the abatement values and clarify the procedural requirements to receive said benefit, the last paragraph was deleted as an unintended consequence.

Only the first paragraph in 141-18 was to be modified out of the three. The last (forth) paragraph was deleted. This paragraph was as follows:

141-18

D. Any volunteer who a) has served for a minimum of 25 years of service as an active volunteer in good standing as defined in this § 141-18 of this Article V; b) terminates his or her volunteer service; and c) is otherwise eligible for the tax abatement program defined in this Article V, shall continue to receive a tax abatement in the amount of \$1,000 as set forth in § 141-17 of this Article V per annum as long as they continue to reside and own property in the Town of Simsbury. [Added 6-25-2007]

During the minutes of the meetings in 2016 and during discussions with all principles of the town there were no problems with this section. In fact this section had it's own public hearing in 2007.

I believe it was a clerical oversight to drop this section. It may even have been as simple as not including the second page of the adoptive change. I would respectfully request that we add this section back at our earliest convenience, by the means necessary. I would also request that the effective date be as stated in the last revision.

As stated :

Revised §§ 141-17 and 141-18 of this article shall take effect and shall be applicable to Revised §§ 141-17 and 141-18 of this article shall take effect and shall be applicable to taxes owing beginning with taxes on the Grand List of October 1, 2015. For the October 1, 2014, Grand List, the tax abatement schedule that was in effect prior to this amendment shall remain in full force and effect. taxes owing beginning with taxes on the Grand List of October 1, 2015. For the October 1, 2014, Grand List, the tax abatement schedule that was in effect prior to this amendment shall remain in full force and effect.

I would also like to request that while we would need to go to public hearing, we would look at two additional minor changes that would better clarify some questions that have recently come up.

- 1) Amend in section D above as it currently states :
as long as they continue to reside and own property in the Town of Simsbury. To : as long as they continue to own and occupy property in the Town of Simsbury.

The change is the “reside” to “occupy”. This question has come up as to the definition.

- 2) Clarify section 141-21

This section states that the Town may enter into an agreement with other towns. We may want to add language to the effect that the town who is receiving the benefit of the volunteer firefighter who resides in Simsbury and receives a tax abatement from Simsbury will make Simsbury whole financially.

I want to thank you for your assistance in this matter as this Tax Abatement program is a very large part of our retention program. Our Firefighters do not receive any “pay per call” and we want to have them continue as firefighters for the long term. This is a tremendous incentive to have them stay at least 25 years. 25 years as a volunteer firefighter protecting the citizens and visitors is a very large cost savings to the community.

I look forward to your instruction on how to press forward.

Kevin J Kowalski