

**TOWN OF SOUTHBURY, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2014**

# TOWN OF SOUTHBURY, CONNECTICUT

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## Independent Auditors' Report

To the Board of Finance  
Town of Southbury, Connecticut

### Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information on pages 40 through 42, the schedule of changes in net pension liability and related ratios on page 43, the schedule of employer contributions on page 44, and schedule of investment returns on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Southbury, Connecticut, as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated December 5, 2013, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2013 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2013 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2014 on our consideration of the Town of Southbury, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Southbury, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
November 18, 2014

**TOWN OF SOUTHBURY, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2014**

This discussion and analysis of the Town of Southbury, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

**Financial Highlights**

- Net position of our governmental activities increased by \$0.6 million.
- During the year, the Town had \$62.3 million in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$61.7 million with no new programs added this year.
- The General Fund reported a GAAP fund balance this year of \$7.1 million. \$5.7 million of this is assigned and \$0.6 million is committed, leaving an unassigned balance of \$0.7 million.

**Overview of the Financial Statements**

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

**Government-Wide Financial Statements**

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes to it. The Town's net position, the difference between assets and liabilities, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town reports its activities as follows:

- *Governmental Activities* - The Town's basic services are reported here, including education, general government, public safety, public works, conservation of health and community activities. Property taxes, charges for services, and state and federal grants finance most of these activities.

### **Fund Financial Statements**

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by Charter. However, the Town establishes many other funds to help control and manage financial activities for particular purposes (like the Revaluation Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State of Connecticut). The Town's funds are divided into two categories: governmental and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V through VII)* - The Town's short and long-term financial information about the activities the government operates like business, such as the Town's Medical internal service fund, are reported in the proprietary funds. These funds provide the same type of information as the government-wide financial statements, only in more detail.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Government-Wide Financial Analysis**

The Town’s combined net position increased from a year ago. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town’s governmental activities.

**TABLE 1  
NET POSITION**

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
Current and other assets	\$ 19,048,387	\$ 19,938,827
Capital assets, net of accumulated depreciation	86,273,634	85,872,386
Total assets	<u>105,322,021</u>	<u>105,811,213</u>
Deferred outflows of resources	449,236	493,790
Long-term liabilities outstanding	9,329,891	9,473,531
Other liabilities	1,870,554	1,487,426
Total liabilities	<u>11,200,445</u>	<u>10,960,957</u>
Net Position:		
Net investment in capital assets	77,678,781	76,196,565
Unrestricted	<u>19,488,940</u>	<u>20,340,367</u>
Total Net Position	<u>\$ 97,167,721</u>	<u>\$ 96,536,932</u>

Net position of the Town’s governmental activities increased by 0.1% (\$97.2 million compared to \$96.5 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$20.3 million at June 30, 2013 to \$19.5 million at the end of this year.

Net position invested in capital assets increased by \$1.48 million. When developers complete developments and turn over roads to the Town, a contribution is recognized along with the contributed asset.

**TABLE 2**  
**CHANGE IN NET POSITION**

	<b>Governmental</b>	
	<b>Activities</b>	
	<u><b>2014</b></u>	<u><b>2013</b></u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,775,621	\$ 1,631,408
Operating grants and contributions	3,634,638	3,095,834
Capital grants and contributions	306,400	18,351
General revenues:		
Property taxes	55,175,669	55,419,469
Grants and contributions not restricted to specific purposes	847,363	1,284,440
Unrestricted investment earnings	280,068	82,084
Miscellaneous	322,658	423,916
Total revenues	<u>62,342,417</u>	<u>61,955,502</u>
 Program expenses:		
General government	7,233,275	6,740,112
Public safety	4,117,823	3,989,352
Public works	5,913,533	5,121,815
Conservation of health	464,593	472,489
Community activities	1,559,257	1,444,589
Education	42,098,268	40,999,183
Debt service	324,879	363,539
Total program expenses	<u>61,711,628</u>	<u>59,131,079</u>
 Increase in Net Position	 <u>\$ 630,789</u>	 <u>\$ 2,824,423</u>

The Town's total revenues were \$62.3 million. The total cost of all programs and services was \$61.7 million. Property taxes accounted for 88.5% of all revenues. Revenues from operating grants and contributions, the second largest component, were 5.8%. Education expenses were 68.2% of total expenses.

Table 3 presents the cost of each of the Town’s programs - general government, public safety, public works, conservation of health, community activities, education and debt service - as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

**TABLE 3  
GOVERNMENTAL ACTIVITIES**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General government	\$ 7,233,275	\$ 6,740,112	\$ 6,398,796	\$ 6,083,061
Public safety	4,117,823	3,989,352	3,733,057	3,524,177
Public works	5,913,533	5,121,815	4,795,125	4,496,044
Conservation of health	464,593	472,489	458,242	467,899
Community activities	1,559,257	1,444,589	758,681	970,485
Education	42,098,268	40,999,183	39,526,189	38,480,281
Debt service	324,879	363,539	324,879	363,539
Totals	<u>\$ 61,711,628</u>	<u>\$ 59,131,079</u>	<u>\$ 55,994,969</u>	<u>\$ 54,385,486</u>

**Town Funds Financial Analysis**

**Governmental Funds**

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$18.3 million, which is a decrease from last year’s total of \$19.2 million. The original budget for 2014 also utilized \$1,454,250 of the prior year fund balance to balance it.

The Capital Projects Fund balance increased by \$0.1 million due primarily to road construction. Some significant expenditures were:

Equipment	\$ 1,324,571
Infrastructure	2,183,252

The Town’s General Fund balance of \$7.1 million reported on Exhibit III differs from the General Fund’s budgetary fund balance of \$6.9 million. This is because budgetary fund balance does not include \$237,886 of outstanding encumbrances at year end, which are reported as expenditures for budgetary purposes.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2014, the Town had \$86.3 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads and bridges - Table 4. This amount represents a net increase (including additions and deductions) of \$0.4 million over last year.

**TABLE 4**  
**CAPITAL ASSETS (Net of Depreciation)**  
**(In Thousands)**

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
Land	\$ 19,676	\$ 19,484
Buildings and improvements	14,754	14,886
Equipment	6,162	5,867
Infrastructure	43,208	43,518
Construction in progress	2,474	2,118
Totals	<u>\$ 86,274</u>	<u>\$ 85,873</u>

This year's major additions included:

Infrastructure	\$ 2,183,252
Equipment	1,324,571

The Town's fiscal year 2014-15 capital plan calls for it to spend \$725,000 on vehicles. The Town also appropriated an additional \$2.07 million for road improvements.

More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

### Long-Term Debt

At June 30, 2014, the Town had \$8,500,000 in bonds and notes outstanding versus \$9,565,000 last year - a decrease of \$1,065,000. Bonds of \$1,065,000 were retired this year. The Town refinanced a portion of its long-term debt in July 2012, which will result in a savings of \$241,585 of interest over the life of the bonds.

The Town's general obligation bond rating continues to carry the Aa2 rating, a rating that has been assigned by national rating agencies to the Town's debt since June 2012. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$388.7 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town's elected and appointed officials considered many factors when setting the fiscal year 2014 budget tax rates. One of those factors is the economy. The Town's employment growth has been affected by the economic turndown. It did, however, show some improvement from the previous year. Unemployment in the Town now stands at 5.1% versus 6.5% a year ago. This compares favorably with the State's unemployment rate of 6.7% and the national rate of 6.1%.

These indicators were taken into account when adopting the General Fund budget for 2014-15. Amounts available for appropriation in the General Fund budget are \$63,276,594, an increase of 3.6% over the original 2014 budget of \$61,078,323. The education budget increased 3.9% while the Town budget increased by 1.1%. Budgeted property tax revenue increased 4.8% from the previous year.

The Town has added no new programs or initiatives in the 2015 budget. The Town has also appropriated \$793,793 of fund balance to balance the 2015 budget.

If these estimates are realized, the Town's budgetary General Fund balance is expected to decrease by June 30, 2015.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Southbury, 501 Main Street, Southbury, Connecticut 06488.

## TOWN OF SOUTHBURY, CONNECTICUT

## STATEMENT OF NET POSITION

JUNE 30, 2014

	<b>Governmental Activities</b>
Assets:	
Cash and cash equivalents	\$ 17,709,848
Investments	2,263,341
Receivables, net	1,314,723
Net pension asset	267,273
Advance to plan administrator	66,295
Prepaid items	23,816
Capital assets not being depreciated	22,149,577
Capital assets, net of accumulated depreciation	64,124,057
Total assets	<u>107,918,930</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	<u>449,236</u>
Liabilities:	
Accounts and other payables	1,783,704
Unearned revenue	86,850
Noncurrent liabilities:	
Due within one year	1,301,269
Due in more than one year	8,028,622
Total liabilities	<u>11,200,445</u>
Net Position:	
Net investment in capital assets	77,678,781
Unrestricted	<u>19,488,940</u>
Total Net Position	<u>\$ 97,167,721</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHBURY, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 7,233,275	\$ 828,459	\$ 6,020	\$	\$ (6,398,796)
Public safety	4,117,823	373,179	11,587		(3,733,057)
Public works	5,913,533	108,072	703,936	306,400	(4,795,125)
Conservation of health	464,593	6,351			(458,242)
Community activities	1,559,257	459,560	341,016		(758,681)
Education	42,098,268		2,572,079		(39,526,189)
Debt service	324,879				(324,879)
Total	<u>\$ 61,711,628</u>	<u>\$ 1,775,621</u>	<u>\$ 3,634,638</u>	<u>\$ 306,400</u>	<u>(55,994,969)</u>
General revenues:					
Property taxes					55,175,669
Grants and contributions not restricted to specific programs					847,363
Unrestricted investment earnings					280,068
Miscellaneous					322,658
Total general revenues					<u>56,625,758</u>
Change in net position					630,789
Net Position at Beginning of Year					<u>96,536,932</u>
Net Position at End of Year					<u>\$ 97,167,721</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHBURY, CONNECTICUT

## GOVERNMENTAL FUNDS

## BALANCE SHEET

JUNE 30, 2014

	<u>General</u>	<u>Small Cities</u>	<u>Town Aid Road</u>	<u>Library Gift</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 9,312,621	\$ 90,467	\$ 235,081	\$ 481,366	\$ 6,619,080	\$ 971,233	\$ 17,709,848
Investments	260,729			2,002,612			2,263,341
Receivables, net	747,497	405,142			123,207	38,877	1,314,723
Due from other funds	574,330	1,327	1,198,147		1,453,402	101,367	3,328,573
Other assets	23,816						23,816
Total Assets	<u>\$ 10,918,993</u>	<u>\$ 496,936</u>	<u>\$ 1,433,228</u>	<u>\$ 2,483,978</u>	<u>\$ 8,195,689</u>	<u>\$ 1,111,477</u>	<u>\$ 24,640,301</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
Liabilities:							
Accounts and other payables	\$ 1,472,814	\$	\$	\$ 9,740	\$ 106,203	\$	\$ 1,588,757
Due to other funds	1,438,792		1,243,502	184,682	75,949	385,648	3,328,573
Unearned revenue	11,403				75,447		86,850
Total liabilities	<u>2,923,009</u>	<u>-</u>	<u>1,243,502</u>	<u>194,422</u>	<u>257,599</u>	<u>385,648</u>	<u>5,004,180</u>
Deferred inflows of resources:							
Unavailable revenue - property taxes	587,150						587,150
Unavailable revenue - interest on property taxes	307,673						307,673
Unavailable revenue - loans receivable		405,142					405,142
Total deferred inflows of resources	<u>894,823</u>	<u>405,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,299,965</u>
Fund balances:							
Nonspendable	23,816						23,816
Restricted		91,794	189,726				281,520
Committed	618,080			2,289,556	7,938,090	725,829	11,571,555
Assigned	5,731,679						5,731,679
Unassigned	727,586						727,586
Total fund balances	<u>7,101,161</u>	<u>91,794</u>	<u>189,726</u>	<u>2,289,556</u>	<u>7,938,090</u>	<u>725,829</u>	<u>18,336,156</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 10,918,993</u>	<u>\$ 496,936</u>	<u>\$ 1,433,228</u>	<u>\$ 2,483,978</u>	<u>\$ 8,195,689</u>	<u>\$ 1,111,477</u>	<u>\$ 24,640,301</u>

(Continued on next page)

## TOWN OF SOUTHBURY, CONNECTICUT

## GOVERNMENTAL FUNDS

## BALANCE SHEET (CONTINUED)

JUNE 30, 2014

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:

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

Fund balances - total governmental funds (Exhibit III)	\$ 18,336,156
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 165,625,949
Less accumulated depreciation	<u>(79,352,315)</u>
Net capital assets	86,273,634
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Net pension asset	267,273
Property tax receivables greater than 60 days	587,150
Interest receivable on property taxes	307,673
Housing and mortgage loans	405,142
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.	5,887
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Deferred charge on refunding	449,236
Unamortized bond premium	(542,947)
Bonds and notes payable	(8,500,000)
Interest payable on bonds and notes	(134,539)
Compensated absences	(285,802)
Capital lease	<u>(1,142)</u>
Net Position of Governmental Activities (Exhibit I)	<u>\$ 97,167,721</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHBURY, CONNECTICUT

## GOVERNMENTAL FUNDS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

## FOR THE YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Small Cities</u>	<u>Town Aid Road</u>	<u>Library Gift</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Property taxes	\$ 55,282,468	\$	\$	\$	\$	\$	\$ 55,282,468
Intergovernmental	3,431,029	155,607	379,453	23,767	630,883	6,020	4,626,759
Charges for services	1,378,678					396,943	1,775,621
Income on investments	38,109			241,256	536	167	280,068
Miscellaneous	123,294			23,373	-	182,742	329,409
Total revenues	<u>60,253,578</u>	<u>155,607</u>	<u>379,453</u>	<u>288,396</u>	<u>631,419</u>	<u>585,872</u>	<u>62,294,325</u>
Expenditures:							
Current:							
General government	6,661,344				93,334	112,511	6,867,189
Public safety	3,514,727					203,202	3,717,929
Public works	2,944,732					13,875	2,958,607
Conservation of health	468,769						468,769
Community activities	1,162,240	86,771		153,890		72,138	1,475,039
Education	42,098,268						42,098,268
Capital outlay					4,211,042		4,211,042
Debt service	1,382,295						1,382,295
Total expenditures	<u>58,232,375</u>	<u>86,771</u>	<u>-</u>	<u>153,890</u>	<u>4,304,376</u>	<u>401,726</u>	<u>63,179,138</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,021,203</u>	<u>68,836</u>	<u>379,453</u>	<u>134,506</u>	<u>(3,672,957)</u>	<u>184,146</u>	<u>(884,813)</u>
Other Financing Sources (Uses):							
Transfers in	100,000				3,804,316	11,403	3,915,719
Transfers out	(3,436,240)		(379,479)			(100,000)	(3,915,719)
Total other financing sources (uses)	<u>(3,336,240)</u>	<u>-</u>	<u>(379,479)</u>	<u>-</u>	<u>3,804,316</u>	<u>(88,597)</u>	<u>-</u>
Net Change in Fund Balances	(1,315,037)	68,836	(26)	134,506	131,359	95,549	(884,813)
Fund Balances at Beginning of Year	<u>8,416,198</u>	<u>22,958</u>	<u>189,752</u>	<u>2,155,050</u>	<u>7,806,731</u>	<u>630,280</u>	<u>19,220,969</u>
Fund Balances at End of Year	<u>\$ 7,101,161</u>	<u>\$ 91,794</u>	<u>\$ 189,726</u>	<u>\$ 2,289,556</u>	<u>\$ 7,938,090</u>	<u>\$ 725,829</u>	<u>\$ 18,336,156</u>

(Continued on next page)

## TOWN OF SOUTHURY, CONNECTICUT

## GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (884,813)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	3,783,763
Depreciation expense	(3,382,515)

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

Property tax receivable - accrual basis change	(129,923)
Property tax interest and lien revenue - accrual basis change	23,124
Amortization of bond premium	53,846
Net pension asset	(9,415)
Mortgage loan receivables	154,891

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	1,065,000
Capital lease payments	6,676

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

Compensated absences	5,698
Amortization of deferred charge on refunding	(44,554)
Accrued interest	(16,876)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

5,887
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Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>630,789</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHBURY, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF NET POSITION

JUNE 30, 2014

	<b>Governmental Activities</b>
	<b><u>Internal Service Funds</u></b>
Assets:	
Advance to plan administrators	\$ 66,295
Liabilities:	
Claims incurred but not reported	<u>60,408</u>
Net Position:	
Unrestricted	\$ <u><u>5,887</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHBURY, CONNECTICUT

## PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION

JUNE 30, 2014

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Operating Revenues:	
Contributions	\$ <u>1,123,199</u>
Operating Expenses:	
Employee benefits	1,015,725
Other expenses	<u>101,587</u>
Total operating expenses	<u>1,117,312</u>
Operating Gain	5,887
Net Position at Beginning of Year	<u>-</u>
Net Position at End of Year	\$ <u><u>5,887</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHBURY, CONNECTICUT

## PROPRIETARY FUND

## STATEMENT OF CASH FLOWS

JUNE 30, 2014

	<u>Governmental Activities Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 1,123,199
Payment to suppliers	(101,587)
Payments for employee	(1,021,612)
Net cash provided by operating activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ -</u></u>
Reconciliation of Operating Gain to Net Cash Provided by Operating Activities:	
Operating gain	\$ 5,887
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Increase in advance to plan administrators	(66,295)
Increase in incurred but not reported	60,408
Net Cash Provided by Operating Activities	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHBURY, CONNECTICUT**

**FIDUCIARY FUNDS**

**STATEMENT OF FIDUCIARY NET POSITION**

**JUNE 30, 2014**

	<b>Pension Trust Fund</b>
Assets:	
Cash and cash equivalents	\$ 69,303
Investments:	
Mutual funds and equities	15,740,238
Total assets	15,809,541
Liabilities	-
Net Position:	
Held in trust for pension benefits	\$ 15,809,541
	15,809,541

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHBURY, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF CHANGES IN FUND NET POSITION

## PENSION TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2014

	<b>Pension Trust Fund</b>
	<u>                    </u>
Additions:	
Contributions:	
Plan members	\$ 23,628
Employer	836,516
Total contributions	<u>860,144</u>
Investment earnings:	
Net appreciation in fair value of investments	1,440,035
Interest and dividends	246,438
Total investment gain	<u>1,686,473</u>
Less investment expenses:	
Investment management fees	28,746
Net investment gain	<u>1,657,727</u>
Total additions	<u>2,517,871</u>
Deductions:	
Benefits	493,215
Fees	10,981
Total deductions	<u>504,196</u>
Change in Net Position	2,013,675
Net Position at Beginning of Year	<u>13,795,866</u>
Net Position at End of Year	<u>\$ 15,809,541</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF SOUTHBURY, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Southbury, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

#### A. Reporting Entity

The Town was incorporated in 1787. Its legal authority is derived from its Charter, which was adopted in 1975 and most recently amended in 1997. The Town operates under a Board of Selectmen/Board of Finance/Town Meeting form of government. Services provided include street maintenance, recreation, police and fire protection, planning and zoning, community services and health services. The Town is a member of Regional School District #15, which provides education services for all children.

The legislative power of the Town is vested with the Board of Selectmen and the Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The administration of the Town offices and agencies is the responsibility of the First Selectman.

The Board of Finance is responsible for financial and taxation matters as prescribed by the Charter and Connecticut General Statutes and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

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

The Small Cities Fund is used to account for federal Small Cities grant and loan program. The major source of revenue for the fund is from federal grant receipts.

The Town Aid Road Fund is used to account for financial resources for the maintenance of the Town's roads. The main source of the fund's revenue is from state grants.

The Library Gift Fund is used to account for gifts to the library. The major source of revenue for the fund is from donations.

The Capital Projects Fund is used to account for the financial resources for the acquisition and construction of major capital facilities. The major source of revenue is from bond proceeds and General Fund transfers.

Additionally, the Town reports the following fund types:

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

The Pension Trust Fund accounts for the activities of the Town of Southbury Pension System, which accumulates resources for pension benefit payments to qualified Town employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

#### **D. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

#### **E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens on real property are filed on May 1 following the due date. Interest on delinquent taxes accrues at the rate of 1.5% per month. An amount of \$245,274 has been established as an allowance for uncollectible taxes. At June 30, 2014, this represents 6.73% of all property taxes receivable.

#### **F. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### **G. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Building improvements	25-50
Public domain infrastructure	20-50
System infrastructure	20-50
Vehicles	5-15
Office equipment	5-15
Land improvements	10-20

#### **H. Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during in which the amounts become available.

#### **I. Compensated Absences**

Substantially all Town employees, other than those employed less than 20 hours per week or on a seasonal or temporary basis, are allowed to accumulate a limited amount of unused vacation and sick leave until termination of their employment. Upon termination of service, an employee with over six months of service is entitled to payment for unused vacation.

#### **J. Long-Term Obligations**

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

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

## **K. Fund Equity**

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

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

Restricted Net Position - Restrictions on net position are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

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

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

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

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

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Board of Finance) through a resolution.

Assigned Fund Balance - This balance represents amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.

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

## **2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary Information**

The Town adheres to the following procedures in establishing the budget for the General Fund. On the third Monday in May, the Board of Finance submits to a Town Meeting, at which taxpayer comments are obtained, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

- Prior to July 1, the budget is legally adopted by vote of the Annual Town Meeting.
- The Board of Finance in concurrence with the Board of Selectmen is authorized to make additional appropriations up to \$20,000 to any single agency or department per year. Any appropriation causing the total to exceed or exceeding \$20,000 must be approved by Town Meeting.

- Budgets are adopted on the modified accrual basis of accounting.
- The legal budget is a departmental level budget.
- There were supplemental appropriations of \$969,159 during the year ended June 30, 2014. All additional appropriations were made in accordance with the Charter.
- Budgets for Special Revenue Funds are prepared in accordance with the requirements of the various grant agreements and/or provisions which control the expenditure of such funds. Since such budgets are adopted on a program basis, it is not practicable to present the results of budgetary operations at the combined level.
- Capital Projects appropriations for capital and reserve funds are approved in the annual budget. Projects in excess of \$20,000 not in the annual budget are approved at Town Meeting.

All General Fund appropriations lapse at year end. Appropriations for Capital Projects Funds and several Special Revenue Funds are continued until completion of the project, even when projects extend for more than one fiscal year. If three years lapse without any expenditure or any encumbrance of said funds, the appropriation will lapse.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as either assigned or committed fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

### **B. Overexpended Appropriations**

The labor related expense under general government, in the legally-adopted budget, was overspent by \$19,039.

## **3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

## A. Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$1,598,501 of the Town's bank balance of \$3,067,029 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,363,651
Uninsured and collateralized held by the pledging bank's trust department, not in the Town's name	<u>234,850</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 1,598,501</u>

Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

## Cash Equivalents

At June 30, 2014, the Town's cash equivalents amounted to \$14,483,679. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Balance, June 30, 2014</u>	<u>Standard &amp; Poor's Rating</u>
Money Market Funds*	\$ 5,865,149	
Cutwater Asset Management - Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus	8,618,530	AAA/m

\* Not rated

## B. Investments

As of June 30, 2014, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)	
			Less than 1	1-10
Interest-bearing investments:				
Certificates of deposit	N/A	\$ 260,729	\$	\$ 260,729
Endowment pool	N/A	241,508	241,508	
Total		502,237	\$ 241,508	\$ 260,729
Other investments:				
Mutual funds		17,501,341		
Total Investments		\$ 18,003,578		

*Interest Rate Risk* - The Town does not limit its maximum final stated maturities to fifteen years. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

*Credit Risk - Investments* - As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes.

*Concentration of Credit Risk* - The Town has a policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town has a policy for custodial credit risk. At June 30, 2014, the Town did not have any uninsured and unregistered securities held by the counter party or by its trust department or agent that were not in the Town's name.

## 4. RECEIVABLES

Receivables as of year-end for the Town's individual major, nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Small Cities	Capital Projects	Nonmajor and Other Funds	Total
Receivables:					
Interest	\$ 307,673	\$	\$	\$	\$ 307,673
Taxes	672,192				672,192
Accounts	12,906			38,877	51,783
Housing loans		405,142			405,142
Intergovernmental			123,207		123,207
Gross receivables	992,771	405,142	123,207	38,877	1,559,997
Less allowance for uncollectibles:					
Taxes	(245,274)				(245,274)
Net Total Receivables	\$ 747,497	\$ 405,142	\$ 123,207	\$ 38,877	\$ 1,314,723

## 5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 19,483,637	\$	\$	\$ 192,300	\$ 19,675,937
Construction in progress	2,117,539	3,783,763		(3,427,662)	2,473,640
Total capital assets not being depreciated	<u>21,601,176</u>	<u>3,783,763</u>	<u>-</u>	<u>(3,235,362)</u>	<u>22,149,577</u>
Capital assets being depreciated:					
Buildings	19,365,697			203,368	19,569,065
Furniture and equipment	14,134,514		(478,599)	1,201,364	14,857,279
Infrastructure	107,219,398			1,830,630	109,050,028
Total capital assets being depreciated	<u>140,719,609</u>	<u>-</u>	<u>(478,599)</u>	<u>3,235,362</u>	<u>143,476,372</u>
Less accumulated depreciation for:					
Buildings	4,479,553	335,849			4,815,402
Furniture and equipment	8,267,216	906,467	(478,599)		8,695,084
Infrastructure	63,701,630	2,140,199			65,841,829
Total accumulated depreciation	<u>76,448,399</u>	<u>3,382,515</u>	<u>(478,599)</u>	<u>-</u>	<u>79,352,315</u>
Total capital assets being depreciated, net	<u>64,271,210</u>	<u>(3,382,515)</u>	<u>-</u>	<u>3,235,362</u>	<u>64,124,057</u>
Governmental Activities Capital Assets, Net	<u>\$ 85,872,386</u>	<u>\$ 401,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,273,634</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 361,944
Public safety	471,656
Public works	2,464,697
Community activities	<u>84,218</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,382,515</u>

### Capital Project Commitments

The Town has active long-term projects as of June 30, 2014. The projects include:

	<u>Appropriation</u>	<u>Expended</u>	<u>Encumbrances</u>	<u>Remaining Balance</u>
Capital	\$ 14,011,532	\$ 11,919,071	\$ 409,066	\$ 1,683,395
Reserve Accounts	20,260,088	16,249,118	288,325	3,722,645
Limited Reserve Accounts	19,060,756	18,388,461	3,450	668,845

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2014, the interfund receivables and payables are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 385,648
	Library Gift	184,682
	Capital Projects	4,000
		<u>574,330</u>
Capital Projects	Town Aid Road Fund	1,243,502
	General Fund	209,900
		<u>1,453,402</u>
Small Cities Fund	General Fund	<u>1,327</u>
Town Aid Road Fund	General Fund	<u>1,198,147</u>
Nonmajor Governmental Funds	Capital Projects	71,949
	General Fund	29,418
		<u>101,367</u>
Total		<u>\$ 3,328,573</u>

All balances reflect recurring reimbursement type transactions expected to be repaid in the current period.

Interfund transfers:

	<u>Transfers In</u>			
	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Transfers Out</u>
Transfers out:				
General Fund	\$	\$ 3,436,240	\$	\$ 3,436,240
Town Aid Road		368,076	11,403	379,479
Nonmajor Governmental	<u>100,000</u>			<u>100,000</u>
Total Transfers In	<u>\$ 100,000</u>	<u>\$ 3,804,316</u>	<u>\$ 11,403</u>	<u>\$ 3,915,719</u>

All transfers are for regularly recurring operational transfers.

## 7. LONG-TERM DEBT

### Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable and other:					
General obligation bonds	\$ 9,565,000	\$	\$ 1,065,000	\$ 8,500,000	\$ 1,060,000
For issuance premiums	596,793		53,846	542,947	
Total bonds payable and other	<u>10,161,793</u>	<u>-</u>	<u>1,118,846</u>	<u>9,042,947</u>	<u>1,060,000</u>
Capital leases	7,818		6,676	1,142	1,142
Compensated absences	<u>291,500</u>		<u>5,698</u>	<u>285,802</u>	<u>240,127</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 10,461,111</u>	<u>\$ -</u>	<u>\$ 1,131,220</u>	<u>\$ 9,329,891</u>	<u>\$ 1,301,269</u>

A schedule of bonds and notes outstanding at June 30, 2014 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2014</u>
Bonds payable:					
General purpose	2009	2019	3.52-4.0	\$ 2,400,000	\$ 1,150,000
General purpose	2010	2023	3.0-4.0	6,080,000	4,655,000
General purpose	2012	2025	2.0-5.0	3,020,000	<u>2,695,000</u>
Total					<u>\$ 8,500,000</u>

Annual maturities of bonds and notes are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,060,000	\$ 286,075	\$ 1,346,075
2016	1,030,000	253,506	1,283,506
2017	1,020,000	221,475	1,241,475
2018	1,015,000	182,825	1,197,825
2019	1,015,000	144,325	1,159,325
2020-2024	<u>3,360,000</u>	<u>277,238</u>	<u>3,637,238</u>
Total	<u>\$ 8,500,000</u>	<u>\$ 1,365,444</u>	<u>\$ 9,865,444</u>

## Capital Lease

The Town entered into a capital lease to acquire a fingerprint scanner. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 1,200
Less amount representing interest	<u>58</u>
Total	<u><u>\$ 1,142</u></u>

## Overlapping Debt

The Town is a member of Regional School District #15, which provides education facilities for grades kindergarten through twelve for the Towns of Southbury and Middlebury. As of June 30, 2014, the outstanding bonded indebtedness of the District was \$18,055,000. These issues are eligible for partial reimbursement by the State of Connecticut. Total grants anticipated are \$892,746. The Town's share will be approximately 68% of the remaining balance. These are general obligations of Regional School District #15 and its member towns.

The Town's indebtedness does not exceed the legal debt limitations as established by Connecticut General Statutes as reflected in the following schedule (in thousands):

<u>Category</u>	<u>Debt Limitation</u>	<u>Indebtedness*</u>	<u>Balance</u>
General purpose	\$ 124,931	\$ 8,500	\$ 116,431
Schools	249,863	11,670	238,193
Sewers	208,219		208,219
Urban renewal	180,456		180,456
Pension deficit	166,575		166,575

\*Portion of Regional School District #15 indebtedness as described above. Also includes bonds authorized unissued when debt has been issued.

In no case shall total indebtedness exceed seven times annual receipts from taxation (\$388,675).

## 8. FUND BALANCE

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

	<u>General Fund</u>	<u>Small Cities</u>	<u>Town Aid Road</u>	<u>Library Gift</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:							
Nonspendable:							
Inventory	\$ 23,816	\$	\$	\$	\$	\$	\$ 23,816
Restricted for:							
Grants		91,794	189,726				281,520
Committed to:							
General government						270,579	270,579
Public safety						328,493	328,493
Public works						7,446	7,446
Community activities				2,289,556		119,311	2,408,867
Debt service	18,307						18,307
Historical buildings	45,582						45,582
Insurance reserve	186,667						186,667
Additional pension funding	367,524						367,524
Special assessment projects					7,938,090		7,938,090
Assigned to:							
Purchases on order:							
General government	110,466						110,466
Public safety	72,027						72,027
Public works	51,258						51,258
Conservation of health	4,084						4,084
Community activities	51						51
Subsequent year's budget	793,793						793,793
Future purposes	4,700,000						4,700,000
Unassigned	727,586						727,586
Total Fund Balances	<u>\$ 7,101,161</u>	<u>\$ 91,794</u>	<u>\$ 189,726</u>	<u>\$ 2,289,556</u>	<u>\$ 7,938,090</u>	<u>\$ 725,829</u>	<u>\$ 18,336,156</u>

Significant encumbrances of \$700,841 are included in the Capital Projects Fund committed fund balance as of June 30, 2014.

## 9. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties, except as disclosed below.

### Medical Self-Insurance

The Town entered into a Cooperative Agreement with the Town of Middlebury and the Regional School District #15 Board of Education, effective July 1, 2013, to facilitate the group purchase of health benefits for active employees and non-Medicare eligible retirees. During 2014, total claims expense of \$1,015,725 was incurred by the Town of Southbury. This expense represents claims processed and an estimate for claims incurred but not reported as of June 30, 2014.

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded an additional liability at June 30, 2014 of \$60,408.

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

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

	<b>Accrued Liability Beginning of Fiscal Year</b>		<b>Current Year Claims Paid and Changes in Estimates</b>		<b>Accrued Liability Claim Payments</b>		<b>Accrued Liability End of Fiscal Year</b>
2013-2014	\$ -		\$ 1,076,133		\$ 1,015,725		\$ 60,408

## 10. EMPLOYEE RETIREMENT PLAN

### A. Pension Trust Fund

The Town of Southbury is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide retirement, disability and death benefits for its employees. The PERS is considered to be part of the Town of Southbury's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The system was established by vote of the Board of Selectmen July 1, 1970.

Management of the plans rests with the Investment Portfolio Oversight Committee (IPOC), which consists of two representatives from the Board of Selectmen, two representatives from the Board of Finance, the Controller/Treasurer of the Town, two members of the Southbury Public Library Board of Directors and two members and one alternate member, appointed by the Board of Selectmen based on qualifications, who are residents of the Town.

#### Plan Description

The Town of Southbury Retirement System covers substantially all employees working more than 20 hours a week.

Participants who retire at normal retirement date are entitled to a monthly retirement benefit in an amount equal to 1.5 and 2.5% (police) of their average monthly earnings multiplied by years of service up to a maximum of 35 years. Average monthly compensation is the average salary over the 60 consecutive month period that provides the highest average (36 months for police). The plan also produces a preretirement death benefit. Participants become 100% vested on completing 5 years of vesting service. Normal retirement eligibility is later of age 50 and completing 20 years of service but not later than age 55 for police and the later of age 65 or 5 years for all others.

The membership of the plan consisted of the following at July 1, 2013, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	59
Terminated plan members entitled to benefits but not yet receiving them	30
Current plan members	<u>98</u>
Total	<u><u>187</u></u>

## **B. Summary of Significant Accounting Policies and Plan Asset Matters**

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

**Method Used to Value Investments:** All assets are valued at fair value. All investments are invested in government bonds, corporate bonds and equity mutual funds. Investment income is recognized as earned.

## **C. Funding Policy**

The Town is required to contribute the amounts necessary to fund the PERS and cover all administrative charges. Police are required to contribute 1.9% of annual earnings. All amounts are determined by annual actuarial valuations and are included as part of the annual budget expenditures. The current contribution rate for the Town is 16.74% of covered payroll. Covered payroll is \$4,667,415 or 82.1% of total Town payroll of \$5,683,554. The contribution requirements of the Town and plan members may be amended by the Board of Selectmen and subject to bargaining unit approval.

## **D. Investments**

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

<u>Asset Class</u>	<u>Target Allocation</u>
Core Fixed Income	26.00 %
Short-Term Bonds	1.00
Non-US Fixed Income	7.00
Large Cap US Equities	22.00
Small Cap US Equities	12.00
Developed Foreign Equities	23.00
Emerging Market Equities	3.00
Real Estate (REITs)	5.00
Commodities	3.00

**Rate of Return:** For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.88%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## E. Net Pension Liability of the Town

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

Total pension liability	\$ 18,995,933
Plan fiduciary net position	<u>15,809,541</u>
Net Pension Liability	<u>\$ 3,186,392</u>
Plan fiduciary net position as a percentage of the total pension liability	83%

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

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

Inflation	2.5%
Salary increases	3.5%
Investment rate of return	7.25%

Mortality rates were based on the RP-2000 Combined Healthy Mortality for Males or Females with generational projection per Scale AA.

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Fixed Income	1.95 %
Short-Term Bonds	0.98
Non-US Fixed Income	0.73
Large Cap US Equities	4.39
Small Cap US Equities	4.63
Developed Foreign Equities	4.39
Emerging Market Equities	4.88
Real Estate (REITs)	3.90
Commodities	2.93

Discount Rate: The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Town, calculated using the discount rate of 7.25%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	<u>1% Decrease</u> <u>6.25%</u>	<u>Current</u> <u>Discount Rate</u> <u>7.25%</u>	<u>1% Increase</u> <u>8.25%</u>
Net Pension Liability	\$ 5,785,724	\$ 3,186,392	\$ 1,639,544

#### F. Annual Pension Cost and Net Pension Obligations

In accordance with GASB No. 27, the Town's annual pension cost and net pension obligation to the PERS for the current year were as follows:

Annual required contribution	\$ 836,141
Interest on net pension obligation	(20,060)
Adjustment to annual required contribution	<u>29,850</u>
Annual pension cost	845,931
Contributions made	<u>836,516</u>
Decrease in net pension asset	9,415
Net pension asset at beginning of year	<u>276,688</u>
Net Pension Asset at End of Year	<u><u>\$ 267,273</u></u>

The following is a summary of certain significant actuarial assumptions and other PERS information:

Actuarial valuation date	July 1, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent
Remaining amortization period	11 years
Asset valuation method	Fair Value - 5 Year Smoothing
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	3.5%
Inflation	2.5%

## G. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/2014	\$ 845,931	\$ 836,516	98.89 %	\$ (267,273)
6/30/2013	623,435	621,135	99.63	(276,688)
6/30/2012	636,348	635,095	99.80	(278,988)

## 11. CONTINGENT LIABILITIES

The Town is currently a defendant in a number of lawsuits including tax appeals. It is the opinion of Town officials and legal counsel that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position.

## TOWN OF SOUTHBURY, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Property taxes:				
Property taxes	\$ 54,026,068	\$ 54,026,068	\$ 54,322,239	\$ 296,171
Prior year's taxes	235,355	235,355	318,291	82,936
Motor vehicle supplement	300,000	300,000	413,274	113,274
Interest and liens	180,089	180,089	228,664	48,575
Overpayments	100,000	100,000	-	(100,000)
Total property taxes	<u>54,841,512</u>	<u>54,841,512</u>	<u>55,282,468</u>	<u>440,956</u>
Intergovernmental revenues:				
State of Connecticut:				
Education Cost Sharing	2,585,798	2,585,798	2,572,079	(13,719)
Other	561,113	561,113	733,177	172,064
Telecommunication property tax	168,561	168,561	125,773	(42,788)
Total intergovernmental revenues	<u>3,315,472</u>	<u>3,315,472</u>	<u>3,431,029</u>	<u>115,557</u>
Licenses, permits and fees:				
Building and regulatory	195,100	195,100	206,449	11,349
Recreation	344,000	344,000	384,200	40,200
Town Clerk	391,226	391,226	435,333	44,107
Dog licenses and fees	9,090	9,090	8,541	(549)
Total licenses, permits and fees	<u>939,416</u>	<u>939,416</u>	<u>1,034,523</u>	<u>95,107</u>
Investment income	<u>44,000</u>	<u>44,000</u>	<u>38,049</u>	<u>(5,951)</u>
Other	<u>433,538</u>	<u>433,538</u>	<u>491,150</u>	<u>57,612</u>
Transferred in from other funds	<u>50,000</u>	<u>50,000</u>	<u>100,000</u>	<u>50,000</u>
Total	<u>\$ 59,623,938</u>	<u>\$ 59,623,938</u>	<u>60,377,219</u>	<u>\$ 753,281</u>
Budgetary revenues are different than GAAP revenues because:				
Cancellation of prior year encumbrances are recognized as budgetary revenue			(23,701)	
Nonbudgetary items and eliminations related to Debt Management and Historical Buildings funds			<u>60</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV			<u>\$ 60,353,578</u>	

## TOWN OF SOUTHBURY, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
General government:				
Board of Selectmen	\$ 320,001	\$ 340,680	\$ 330,142	\$ 10,538
Town Hall Service expense	70,500	70,500	60,224	10,276
Other expense	94,481	185,783	182,039	3,744
Social Services	36,327	37,175	36,174	1,001
Labor related expense	2,981,384	2,920,955	2,939,994	(19,039)
Computers	150,188	150,188	148,642	1,546
Probate Court	12,526	12,526	12,526	-
Elections	110,685	111,180	91,160	20,020
Board of Finance	55,950	55,950	54,259	1,691
Board of Assessment Appeals	2,250	2,250	833	1,417
Controller	232,781	239,101	238,213	888
Tax Collector	139,160	143,469	142,447	1,022
Assessor	137,271	139,190	128,919	10,271
Town Clerk	235,078	240,991	234,488	6,503
Building Inspector	130,955	132,808	126,992	5,816
Insurance and Bonds	488,038	491,974	491,828	146
Legal expense	95,000	141,000	139,946	1,054
Planning Commission	134,192	138,859	129,443	9,416
Inland Wetlands Commission	93,499	95,750	87,053	8,697
Zoning Commission	11,040	11,040	2,006	9,034
Zoning Board of Appeals	36,172	37,294	36,102	1,192
Economic Development Commission	8,050	8,050	7,589	461
Town properties - inside	274,823	275,091	263,496	11,595
Energy	290,000	335,000	334,990	10
Town properties - outside	433,541	434,328	422,237	12,091
Contingency	250,000	2,848		2,848
Refunds	100,000	100,000	78,764	21,236
Total	<u>6,923,892</u>	<u>6,853,980</u>	<u>6,720,506</u>	<u>133,474</u>
Public safety:				
Fire Department/hydrants	508,759	508,759	493,080	15,679
Communications	341,694	373,204	349,951	23,253
Police Protection	1,957,089	2,110,599	2,097,374	13,225
Civil Preparedness	16,710	16,710	16,485	225
Fire Marshal	113,927	116,266	108,805	7,461
Tree Warden	10,000	10,000	9,895	105
Canine Control	68,437	161,905	134,813	27,092
Ambulance Association	333,145	333,145	333,145	-
Total	<u>3,349,761</u>	<u>3,630,588</u>	<u>3,543,548</u>	<u>87,040</u>
Highway-public works:				
General maintenance	1,971,763	2,173,619	2,134,275	39,344
Solid waste disposal	765,600	782,952	752,225	30,727
Total	<u>2,737,363</u>	<u>2,956,571</u>	<u>2,886,500</u>	<u>70,071</u>

(Continued on next page)

## TOWN OF SOUTHBURY, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Conservation of health:				
Conservation Commission	\$ 200	\$ 200	\$ 197	\$ 3
Department of Health	155,009	155,009	155,009	-
P. River Watershed Coalition	37,600	37,600	37,600	-
Lake Zoar Authority	26,544	26,544	26,544	-
Lake Lillinonah Authority	23,839	23,839	23,839	-
Pomperaug Valley Water Authority	200	200		200
Water Pollution Authority	100	100		100
Commission of Services for Elderly	260,285	262,310	241,067	21,243
Total	<u>503,777</u>	<u>505,802</u>	<u>484,256</u>	<u>21,546</u>
Community activities:				
Committee expenses	20,500	27,455	24,258	3,197
Library	615,707	627,181	613,596	13,585
Recreation Commission	501,947	528,529	519,095	9,434
Other community activities	20,000			-
Total	<u>1,158,154</u>	<u>1,183,165</u>	<u>1,156,949</u>	<u>26,216</u>
Education - Region #15	<u>42,098,268</u>	<u>42,098,268</u>	<u>42,098,268</u>	<u>-</u>
Total expenditures	<u>56,771,215</u>	<u>57,228,374</u>	<u>56,890,027</u>	<u>338,347</u>
Transfers out:				
Other transfers		280,000	280,000	-
Historic Building Fund	47,570	47,570	47,570	-
Capital Reserve Fund	855,000	855,000	855,000	-
Capital Transfers Other	2,000,000	2,232,000	2,232,000	-
Debt Service	1,404,538	1,404,538	1,404,538	-
Total transfers out	<u>4,307,108</u>	<u>4,819,108</u>	<u>4,819,108</u>	<u>-</u>
Total Expenditures and Transfers	\$ <u>61,078,323</u>	\$ <u>62,047,482</u>	61,709,135	\$ <u>338,347</u>
Budgetary expenditures are different than GAAP expenditures because:				
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes			(4,248)	
Nonbudgetary items and eliminations related to Debt Management and Historical Buildings funds			<u>(36,272)</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>61,668,615</u>	

## TOWN OF SOUTHBURY, CONNECTICUT

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST FISCAL YEAR**

	<b>2014</b>
Total pension liability:	
Service cost	\$ 482,164
Interest	1,324,663
Differences between expected and actual experience	(349,016)
Benefit payments, including refunds of member contributions	(493,215)
Net change in total pension liability	964,596
Total pension liability - beginning	18,031,337
Total pension liability - ending	18,995,933
 Plan fiduciary net position:	
Contributions - employer	836,516
Contributions - member	23,628
Net investment income	1,657,727
Benefit payments, including refunds of member contributions	(493,215)
Administrative expense	(10,981)
Net change in plan fiduciary net position	2,013,675
Plan fiduciary net position - beginning	13,795,866
Plan fiduciary net position - ending	15,809,541
 Net Pension Liability - Ending	 \$ 3,186,392
 Plan fiduciary net position as a percentage of the total pension liability	 83.23%
 Covered employee payroll	 \$ 4,667,415
 Net pension liability as a percentage of covered employee payroll	 68.27%

## TOWN OF SOUTHBURY, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actuarially determined contribution	\$ 592,343	\$ 628,812	\$ 628,812	\$ 685,586	\$ 430,307	\$ 474,442	\$ 648,132	\$ 635,095	\$ 621,135	\$ 836,141
Contributions in relation to the actuarially determined contribution	<u>700,000</u>	<u>600,000</u>	<u>630,000</u>	<u>704,566</u>	<u>435,000</u>	<u>600,000</u>	<u>648,132</u>	<u>635,095</u>	<u>621,135</u>	<u>836,516</u>
Contribution Deficiency (Excess)	<u>\$ (107,657)</u>	<u>\$ 28,812</u>	<u>\$ (1,188)</u>	<u>\$ (18,980)</u>	<u>\$ (4,693)</u>	<u>\$ (125,558)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (375)</u>
Covered employee payroll	\$ 3,547,331	\$ 3,335,296	\$ 3,651,946	\$ 4,035,522	\$ 3,944,816	\$ 4,324,805	\$ 5,158,084	\$ 5,236,678	\$ 5,026,644	\$ 4,667,415
Contributions as a percentage of covered employee payroll	19.73%	17.99%	17.25%	17.46%	11.03%	13.87%	12.57%	12.13%	12.36%	17.92%

**Notes to Schedule**

Valuation date: November 13, 2013  
Measurement date: July 1, 2013  
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

‡ Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Remaining amortization period	11 years
Asset valuation method	5 years smoothed market
Inflation	2.50%
Salary increases	3.50%
Investment rate of return	7.25%
Retirement age	100% at Normal Retirement Age
Mortality	RP-2000 Combined Healthy Mortality for males and females with generational projection per Scale AA

**TOWN OF SOUTHBURY, CONNECTICUT**

**GENERAL FUND**

**SCHEDULE OF INVESTMENT RETURNS  
LAST FISCAL YEAR**

**2014**

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

11.88%

## TOWN OF SOUTHBURY, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,312,621	\$ 8,996,861
Investments	260,729	749,898
Property taxes receivable, net of allowance for uncollectible accounts of \$245,274 in 2014 and \$45,274 in 2013	426,918	845,292
Other accounts receivable	320,579	476,225
Due from other funds	574,330	462,029
Other assets	<u>23,816</u>	<u>20,420</u>
Total Assets	<u>\$ 10,918,993</u>	<u>\$ 11,550,725</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,472,814	\$ 1,274,604
Due to other funds	1,438,792	837,780
Deferred revenues	11,403	8,959
Total liabilities	<u>2,923,009</u>	<u>2,121,343</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	587,150	717,073
Unavailable revenue - interest on property taxes	307,673	296,111
Total deferred inflows of resources	<u>894,823</u>	<u>1,013,184</u>
Fund balances:		
Nonspendable	23,816	20,420
Committed	618,080	307,557
Assigned	5,731,679	6,117,464
Unassigned	727,586	1,970,757
Total fund balances	<u>7,101,161</u>	<u>8,416,198</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,918,993</u>	<u>\$ 11,550,725</u>

TOWN OF SOUTHBURY, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2014

Grand List	Due Date	Uncollected Taxes July 1, 2013	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2014	
			Additions	Deductions			Taxes	Interest	Fees	Total		
2012	2013	\$ 55,227,678	\$ 301,779	\$ 230,160	\$ 10,547	\$ 55,288,750	\$ 54,873,599	\$ 115,271	\$ 1,360	\$ 54,990,230	\$ 415,151	
2011	2012	466,690	58,356	111,491	8,067	405,488	282,781	60,349	1,922	345,052	122,707	
2010	2011	213,575	129,314	190,397	18,138	134,354	92,403	38,387	474	131,264	41,951	
2009	2010	107,857	44,987	95,536	62	57,246	38,005	835	24	38,864	19,241	
2008	2009	27,361		2,232	9,189	15,940	996	761		1,757	14,944	
2007	2008	14,587		2,253		12,334				-	12,334	
2006	2007	10,065		1,436		8,629				-	8,629	
2005	2006	8,075		1,419		6,656				-	6,656	
2004	2005	7,122		1,352		5,770				-	5,770	
2003	2004	5,961		1,272		4,689				-	4,689	
2002	2003	4,649		1,188		3,461				-	3,461	
2001	2002	4,015		879		3,136				-	3,136	
2000	2001	3,979		875		3,104				-	3,104	
1999	2000	3,758		829		2,929				-	2,929	
1998	1999	4,656		807		3,849				-	3,849	
1997	1998	4,409		768		3,641				-	3,641	
		<u>\$ 56,114,437</u>	<u>\$ 534,436</u>	<u>\$ 642,894</u>	<u>\$ 46,003</u>	<u>\$ 55,959,976</u>	55,287,784	215,603	3,780	55,507,167	<u>\$ 672,192</u>	
							Suspense collections	8,893	6,851	2,309	18,053	
							Total	<u>\$ 55,296,677</u>	<u>\$ 222,454</u>	<u>\$ 6,089</u>	<u>\$ 55,525,220</u>	

## TOWN OF SOUTHBURY, CONNECTICUT

## GENERAL FUND

## COMBINING BALANCE SHEET SCHEDULE

JUNE 30, 2014

	General Fund	Debt Service Fund	Historical Building Fund	Eliminating Entries	Total Combined Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,960,289	\$ 306,750	\$ 45,582	\$	\$ 9,312,621
Investments	260,729				260,729
Receivables, net	747,497				747,497
Due from other funds	862,773			(288,443)	574,330
Other assets	23,816				23,816
Total Assets	<u>\$ 10,855,104</u>	<u>\$ 306,750</u>	<u>\$ 45,582</u>	<u>\$ (288,443)</u>	<u>\$ 10,918,993</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 1,472,814	\$	\$	\$	\$ 1,472,814
Due to other funds	1,438,792	288,443		(288,443)	1,438,792
Unearned revenue	11,403				11,403
Total liabilities	<u>2,923,009</u>	<u>288,443</u>	<u>-</u>	<u>(288,443)</u>	<u>2,923,009</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	587,150				587,150
Unavailable revenue - interest on property taxes	307,673				307,673
Total deferred inflows of resources	<u>894,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>894,823</u>
Fund balances:					
Nonspendable	23,816				23,816
Committed	554,191	18,307	45,582		618,080
Assigned	5,731,679				5,731,679
Unassigned	727,586				727,586
Total fund balances	<u>7,037,272</u>	<u>18,307</u>	<u>45,582</u>	<u>-</u>	<u>7,101,161</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 10,855,104</u>	<u>\$ 306,750</u>	<u>\$ 45,582</u>	<u>\$ (288,443)</u>	<u>\$ 10,918,993</u>

## TOWN OF SOUTHBURY, CONNECTICUT

## GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

JUNE 30, 2014

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Historical Building Fund</u>	<u>Eliminating Entries</u>	<u>Total Combined Funds</u>
Revenues:					
Property taxes	\$ 55,282,468	\$	\$	\$	\$ 55,282,468
Intergovernmental revenues	3,431,029				3,431,029
Charges for services	1,378,678				1,378,678
Income on investments	38,049	42	18		38,109
Miscellaneous	123,294				123,294
Total revenues	<u>60,253,518</u>	<u>42</u>	<u>18</u>	<u>-</u>	<u>60,253,578</u>
Expenditures:					
Current:					
General government	6,661,344				6,661,344
Public safety	3,514,727				3,514,727
Public works	2,944,732				2,944,732
Conservation of health	468,769				468,769
Community activities	1,152,699		9,541		1,162,240
Education	42,098,268				42,098,268
Debt service		1,382,295			1,382,295
Total expenditures	<u>56,840,539</u>	<u>1,382,295</u>	<u>9,541</u>	<u>-</u>	<u>58,232,375</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,412,979</u>	<u>(1,382,253)</u>	<u>(9,523)</u>	<u>-</u>	<u>2,021,203</u>
Other Financing Sources (Uses):					
Transfers in	100,000	1,404,538	23,570	(1,428,108)	100,000
Transfers out	(4,864,348)			1,428,108	(3,436,240)
Total other financing sources (uses)	<u>(4,764,348)</u>	<u>1,404,538</u>	<u>23,570</u>	<u>-</u>	<u>(3,336,240)</u>
Net Change in Fund Balances	(1,351,369)	22,285	14,047		(1,315,037)
Fund Balances at Beginning of Year	<u>8,388,641</u>	<u>(3,978)</u>	<u>31,535</u>		<u>8,416,198</u>
Fund Balances at End of Year	<u>\$ 7,037,272</u>	<u>\$ 18,307</u>	<u>\$ 45,582</u>	<u>\$ -</u>	<u>\$ 7,101,161</u>

TOWN OF SOUTHBURY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2014

	<u>Special Revenue Funds</u>						
	<u>Private Duty</u>	<u>Police D.A.R.E.</u>	<u>Parks and Recreation Programs and Trips</u>	<u>Probate Court</u>	<u>Three R Investments</u>	<u>Police Forfeitures</u>	<u>Elderly Services and Program Fund</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 29,127	\$ 7,826	\$ 271,331	\$ 5,585	\$ 3,458	\$ 1,144	\$ 78,223
Accounts receivable	38,877						
Due from other funds	<u>71,949</u>		<u>14,239</u>		<u>3,776</u>		<u>11,403</u>
Total Assets	<u>\$ 139,953</u>	<u>\$ 7,826</u>	<u>\$ 285,570</u>	<u>\$ 5,585</u>	<u>\$ 7,234</u>	<u>\$ 1,144</u>	<u>\$ 89,626</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Due to other funds	\$ 100,000	\$ 7,826	\$ 254,886	\$	\$ 7,234	\$ 838	\$ 999
Fund balances:							
Committed	<u>39,953</u>		<u>30,684</u>	<u>5,585</u>		<u>306</u>	<u>88,627</u>
Total Liabilities and Fund Balances	<u>\$ 139,953</u>	<u>\$ 7,826</u>	<u>\$ 285,570</u>	<u>\$ 5,585</u>	<u>\$ 7,234</u>	<u>\$ 1,144</u>	<u>\$ 89,626</u>

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

**JUNE 30, 2014**

	<u>Special Revenue Funds</u>						<b>Total Nonmajor Governmental Funds</b>
	<b>Town Clerk Record Preservation</b>	<b>Streetscape Reserve</b>	<b>Loss Reserve</b>	<b>Planning</b>	<b>Farm Document</b>	<b>Eliminating Entries</b>	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 59,774	\$ 9,362	\$ 288,234	\$ 139,272	\$ 77,897	\$	\$ 971,233
Accounts receivable							38,877
Due from other funds		7,234				(7,234)	101,367
	<u>59,774</u>	<u>16,596</u>	<u>288,234</u>	<u>139,272</u>	<u>77,897</u>	<u>(7,234)</u>	<u>1,111,477</u>
Total Assets	<u>\$ 59,774</u>	<u>\$ 16,596</u>	<u>\$ 288,234</u>	<u>\$ 139,272</u>	<u>\$ 77,897</u>	<u>\$ (7,234)</u>	<u>\$ 1,111,477</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Due to other funds	\$ 11,949	\$ 9,150	\$	\$	\$	\$ (7,234)	\$ 385,648
<b>Fund balances:</b>							
Committed	<u>47,825</u>	<u>7,446</u>	<u>288,234</u>	<u>139,272</u>	<u>77,897</u>		<u>725,829</u>
Total Liabilities and Fund Balances	<u>\$ 59,774</u>	<u>\$ 16,596</u>	<u>\$ 288,234</u>	<u>\$ 139,272</u>	<u>\$ 77,897</u>	<u>\$ (7,234)</u>	<u>\$ 1,111,477</u>

## TOWN OF SOUTHURY, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds						Elderly Services and Program Fund
	Private Duty	Police D.A.R.E.	Parks and Recreation Programs and Trips	Probate Court	Three R Investments	Police Forfeitures	
Revenues:							
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$
Charges for services	245,427		75,360	48,312			6,351
Income on investments							3
Miscellaneous			14,202			306	4,618
Total revenues	<u>245,427</u>	<u>-</u>	<u>89,562</u>	<u>48,312</u>	<u>-</u>	<u>306</u>	<u>10,972</u>
Expenditures:							
Current:							
General government				48,057			28,012
Public safety	194,640	4				1,144	
Public works							
Community activities			66,139				3,584
Total expenditures	<u>194,640</u>	<u>4</u>	<u>66,139</u>	<u>48,057</u>	<u>-</u>	<u>1,144</u>	<u>31,596</u>
Excess (Deficiency) of Revenues over Expenditures	<u>50,787</u>	<u>(4)</u>	<u>23,423</u>	<u>255</u>	<u>-</u>	<u>(838)</u>	<u>(20,624)</u>
Other Financing Sources (Uses):							
Transfers in							11,403
Transfers out	(100,000)				(7,234)		
Total other financing sources (uses)	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,234)</u>	<u>-</u>	<u>11,403</u>
Net Change in Fund Balances	(49,213)	(4)	23,423	255	(7,234)	(838)	(9,221)
Fund Balances at Beginning of Year	<u>89,166</u>	<u>4</u>	<u>7,261</u>	<u>5,330</u>	<u>7,234</u>	<u>1,144</u>	<u>97,848</u>
Fund Balances at End of Year	<u>\$ 39,953</u>	<u>\$ -</u>	<u>\$ 30,684</u>	<u>\$ 5,585</u>	<u>\$ -</u>	<u>\$ 306</u>	<u>\$ 88,627</u>

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## TOWN OF SOUTHBURY, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Town Clerk Record Preservation	Streetscape Reserve	Loss Reserve	Planning	Farm Document	Eliminating Entries	
Revenues:							
Intergovernmental revenues	\$ 6,020	\$	\$	\$	\$	\$	\$ 6,020
Charges for services	7,040			3,875	10,578		396,943
Income on investments	140		12	12			167
Miscellaneous			163,616				182,742
Total revenues	<u>13,200</u>	<u>-</u>	<u>163,628</u>	<u>3,887</u>	<u>10,578</u>	<u>-</u>	<u>585,872</u>
Expenditures:							
Current:							
General government	11,943				24,499		112,511
Public safety			7,414				203,202
Public works			13,875				13,875
Community activities			2,415				72,138
Total expenditures	<u>11,943</u>	<u>-</u>	<u>23,704</u>	<u>-</u>	<u>24,499</u>	<u>-</u>	<u>401,726</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,257</u>	<u>-</u>	<u>139,924</u>	<u>3,887</u>	<u>(13,921)</u>	<u>-</u>	<u>184,146</u>
Other Financing Sources (Uses):							
Transfers in		7,234				(7,234)	11,403
Transfers out						7,234	(100,000)
Total other financing sources (uses)	<u>-</u>	<u>7,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(88,597)</u>
Net Change in Fund Balances	1,257	7,234	139,924	3,887	(13,921)	-	95,549
Fund Balances at Beginning of Year	<u>46,568</u>	<u>212</u>	<u>148,310</u>	<u>135,385</u>	<u>91,818</u>	<u>-</u>	<u>630,280</u>
Fund Balances at End of Year	<u>\$ 47,825</u>	<u>\$ 7,446</u>	<u>\$ 288,234</u>	<u>\$ 139,272</u>	<u>\$ 77,897</u>	<u>\$ -</u>	<u>\$ 725,829</u>

## TOWN OF SOUTHBURY, CONNECTICUT

## STATEMENT OF DEBT LIMITATION

JUNE 30, 2014

(In Thousands)

Total tax collections, including interest and lien fees					\$ <u>55,525</u>
	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
Debt limitation:					
2-1/4 times base	\$ 124,931	\$	\$	\$	\$
4-1/2 times base		249,863			
3-3/4 times base			208,219		
3-1/4 times base				180,456	
3 times base					166,575
Total debt limitation	<u>124,931</u>	<u>249,863</u>	<u>208,219</u>	<u>180,456</u>	<u>166,575</u>
Indebtedness:					
Bonds and notes payable	8,500				
Overlapping debt:					
Bonds payable and authorized - Regional District #15*, net of school building grants		11,670			
Net indebtedness	<u>8,500</u>	<u>11,670</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ <u>116,431</u>	\$ <u>238,193</u>	\$ <u>208,219</u>	\$ <u>180,456</u>	\$ <u>166,575</u>

Note (1): In no case shall total indebtedness exceed seven times annual receipts from taxation (\$388,675).

\* The Town of Southbury is a member of Regional School District #15, which provides education facilities for grades kindergarten through twelve for the Towns of Southbury and Middlebury. As of June 30, 2014, the outstanding bonded indebtedness of the District was \$18,055. The State of Connecticut will be providing grants to offset the debt of approximately \$893. The Town of Southbury's share will be approximately 68% of the remainder. These are general obligations of Regional School District #15 and its member towns.