

TOWN OF SOUTHBURY, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2015

TOWN OF SOUTHURY, 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, 2015, 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, 2015 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.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2015, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The net position of the Town has been restated to recognize the net pension liability required in implementing GASB No. 68. Our opinion is not modified with respect to this matter.

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 44 through 46, the schedule of changes in net pension liability and related ratios on page 47, the schedule of employer contributions on page 48, and the schedule of investment returns on page 49 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, 2014 (not presented herein), and have issued our report thereon dated November 18, 2014, 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, 2014 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 2014 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2014 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, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015, 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 23, 2015

**TOWN OF SOUTHBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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, 2015. 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 \$64.4 million in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$63.8 million with no new programs added this year.
- The General Fund reported a GAAP fund balance this year of \$6.6 million. \$5.3 million of this is assigned, \$0.3 million is nonspendable and \$0.4 million is committed, leaving an unassigned balance of \$0.6 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**

	Governmental Activities	
	2015	2014
Current and other assets	\$ 21,433,047	\$ 21,645,296
Capital assets, net of accumulated depreciation	85,986,751	86,273,634
Total assets	<u>107,419,798</u>	<u>107,918,930</u>
Deferred outflows of resources	<u>1,562,880</u>	<u>449,236</u>
Long-term liabilities outstanding	12,265,339	9,329,891
Other liabilities	2,169,718	1,870,554
Total liabilities	<u>14,435,057</u>	<u>11,200,445</u>
Deferred inflows of resources	<u>184,885</u>	
Net Position:		
Net investment in capital assets	78,462,332	77,678,781
Unrestricted	<u>15,900,404</u>	<u>16,035,275</u>
Total Net Position	<u>\$ 94,362,736</u>	<u>\$ 93,714,056</u>

Net position of the Town's governmental activities increased by 0.7% (\$94.4 million compared to \$93.7 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 \$16.0 million at June 30, 2014 to \$15.9 million at the end of this year.

Net position invested in capital assets increased by \$0.78 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**

	Governmental Activities	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 1,809,906	\$ 1,775,621
Operating grants and contributions	3,574,575	3,634,638
Capital grants and contributions	39,467	306,400
General revenues:		
Property taxes	57,920,612	55,175,669
Grants and contributions not restricted to specific purposes	868,717	847,363
Unrestricted investment earnings	51,289	280,068
Miscellaneous	174,868	322,658
Total revenues	64,439,434	62,342,417
 Program expenses:		
General government	7,436,303	7,233,275
Public safety	4,217,813	4,117,823
Public works	5,850,349	5,913,533
Conservation of health	489,060	464,593
Community activities	1,801,078	1,559,257
Education	43,729,317	42,098,268
Debt service	266,834	324,879
Total program expenses	63,790,754	61,711,628
 Increase in Net Position	\$ 648,680	\$ 630,789

The Town's total revenues were \$64.4 million. The total cost of all programs and services was \$63.8 million. Property taxes accounted for 89.9% of all revenues. Revenues from operating grants and contributions, the second largest component, were 5.5%. Education expenses were 68.6% 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General government	\$ 7,436,303	\$ 7,233,275	\$ 6,665,062	\$ 6,398,796
Public safety	4,217,813	4,117,823	3,785,721	3,733,057
Public works	5,850,349	5,913,533	5,247,649	4,795,125
Conservation of health	489,060	464,593	475,341	458,242
Community activities	1,801,078	1,559,257	828,266	758,681
Education	43,729,317	42,098,268	41,097,933	39,526,189
Debt service	<u>266,834</u>	<u>324,879</u>	<u>266,834</u>	<u>324,879</u>
Totals	<u>\$ 63,790,754</u>	<u>\$ 61,711,628</u>	<u>\$ 58,366,806</u>	<u>\$ 55,994,969</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 \$18.0 million, which is a decrease from last year's total of \$18.3 million. The original budget for 2015 also utilized \$793,793 of the prior year fund balance to balance it.

The Capital Projects Fund balance increased by \$0.4 million due primarily to road construction. Some significant expenditures were:

Equipment	\$ 365,070
Infrastructure	3,457,309

The Town's General Fund balance of \$6.6 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$6.5 million. This is because budgetary fund balance does not include \$95,385 of outstanding encumbrances at year end, which are reported as expenditures for budgetary purposes.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2015, the Town had \$86 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 decrease (including additions and deductions) of \$0.3 million over last year.

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

	Governmental	
	Activities	
	2015	2014
Land	\$ 19,676	\$ 19,676
Buildings and improvements	14,478	14,754
Equipment	5,609	6,162
Infrastructure	44,436	43,208
Construction in progress	1,788	2,474
Totals	<u>\$ 85,987</u>	<u>\$ 86,274</u>

This year's major additions included:

Infrastructure	\$ 3,457,309
Equipment	365,070

The Town's fiscal year 2015-16 capital plan calls for it to spend \$755,000 on vehicles. The Town also appropriated an additional \$2.28 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, 2015, the Town had \$7,440,000 in bonds and notes outstanding versus \$8,500,000 last year - a decrease of \$1,060,000. Bonds of \$1,060,000 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 \$406.5 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 2015 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 4.9% versus 5.1% a year ago. This compares favorably with the State's unemployment rate of 5.4% and the national rate of 5.3%.

These indicators were taken into account when adopting the General Fund budget for 2015-16. Amounts available for appropriation in the General Fund budget are \$65,355,982, an increase of 2.2% over the final 2015 budget of \$63,978,518. The education budget increased 2.1% while the Town budget increased by 2.3%. Budgeted property tax revenue increased 4.1% from the previous year.

The Town has added no new programs or initiatives in the 2015 budget. The Town has also appropriated \$230,000 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, 2016.

The Town closed its defined benefit pension plan to new employees, except police, effective 7/1/2014. New employees are eligible to participate in a defined contribution plan. The town will match employee contributions up to 5% of base pay. The employee can contribute up to 10% of their base pay.

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, 2015

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 10,712,602
Investments	8,769,086
Receivables, net	1,603,195
Advance to plan administrator	87,549
Prepaid items	260,615
Capital assets not being depreciated	21,463,526
Capital assets, net of accumulated depreciation	<u>64,523,225</u>
Total assets	<u>107,419,798</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	404,682
Changes in pension assumption changes or inputs	394,465
Changes in pension investment gains or losses	<u>763,733</u>
Total deferred outflows of resources	<u>1,562,880</u>
Liabilities:	
Accounts and other payables	2,114,005
Unearned revenue	55,713
Noncurrent liabilities:	
Due within one year	1,269,036
Due in more than one year	<u>10,996,303</u>
Total liabilities	<u>14,435,057</u>
Deferred Inflows of Resources:	
Changes in pension economic/demographic gains or losses	<u>184,885</u>
Net Position:	
Net investment in capital assets	78,462,332
Unrestricted	<u>15,900,404</u>
Total Net Position	<u>\$ 94,362,736</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, 2015**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
				Governmental Activities
Governmental activities:				
General government	\$ 7,436,303	\$ 763,611	\$ 7,630	\$ (6,665,062)
Public safety	4,217,813	423,201	8,891	(3,785,721)
Public works	5,850,349	117,800	445,433	(5,247,649)
Conservation of health	489,060	13,719		(475,341)
Community activities	1,801,078	491,575	481,237	(828,266)
Education	43,729,317		2,631,384	(41,097,933)
Debt service	266,834			(266,834)
Total	\$ 63,790,754	\$ 1,809,906	\$ 3,574,575	\$ (58,366,806)
General revenues:				
Property taxes				57,920,612
Grants and contributions not restricted to specific programs				868,717
Unrestricted investment earnings				51,289
Miscellaneous				174,868
Total general revenues				<u>59,015,486</u>
Change in net position				648,680
Net Position at Beginning of Year, as Restated				<u>93,714,056</u>
Net Position at End of Year				<u>\$ 94,362,736</u>

The accompany notes are an integral part of the financial statements

**TOWN OF SOUTHBURY, CONNECTICUT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

	<u>General</u>	<u>Library Gift</u>	<u>Capital Projects</u>	<u>Town Aid Road</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 8,421,343	\$ 606,972	\$ 849,810	\$	\$ 834,477	\$ 10,712,602
Investments	267,586	2,037,855	6,463,645			8,769,086
Receivables, net	1,046,993				556,202	1,603,195
Due from other funds	1,581,588		1,808,369	1,807,525	498,629	5,696,111
Other assets	260,615					260,615
Total Assets	<u>\$ 11,578,125</u>	<u>\$ 2,644,827</u>	<u>\$ 9,121,824</u>	<u>\$ 1,807,525</u>	<u>\$ 1,889,308</u>	<u>\$ 27,041,609</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 1,912,321	\$	\$ 16,529	\$	\$	\$ 1,928,850
Due to other funds	2,194,226	335,319	698,248	1,808,369	659,949	5,696,111
Unearned revenue			55,713			55,713
Total liabilities	<u>4,106,547</u>	<u>335,319</u>	<u>770,490</u>	<u>1,808,369</u>	<u>659,949</u>	<u>7,680,674</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	609,123					609,123
Unavailable revenue - interest on property taxes	255,645					255,645
Unavailable revenue - loans receivable					506,676	506,676
Total deferred inflows of resources	<u>864,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>506,676</u>	<u>1,371,444</u>
Fund balances:						
Nonspendable	260,615					260,615
Restricted			7,183,454			7,183,454
Committed	393,408	2,309,508	1,167,880		722,683	4,593,479
Assigned	5,255,385					5,255,385
Unassigned	697,402			(844)		696,558
Total fund balances	<u>6,606,810</u>	<u>2,309,508</u>	<u>8,351,334</u>	<u>(844)</u>	<u>722,683</u>	<u>17,989,491</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,578,125</u>	<u>\$ 2,644,827</u>	<u>\$ 9,121,824</u>	<u>\$ 1,807,525</u>	<u>\$ 1,889,308</u>	<u>\$ 27,041,609</u>

(Continued on next page)

TOWN OF SOUTHBURY, CONNECTICUT
GOVERNMENTAL FUNDS
BALANCE SHEET (CONTINUED)
JUNE 30, 2015

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)	\$ 17,989,491
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 168,723,701	
Less accumulated depreciation	<u>(82,736,950)</u>	
Net capital assets		85,986,751

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:

Property tax receivables greater than 60 days	609,123
Interest receivable on property taxes	255,645
Housing and mortgage loans	506,676
Deferred outflows of resources pension investment gains or losses	763,733
Deferred outflows of resources pension assumption changes or inputs	394,465

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.

26,983

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	404,682
Unamortized bond premium	(489,101)
Bonds and notes payable	(7,440,000)
Interest payable on bonds and notes	(124,589)
Compensated absences	(276,379)
Deferred inflows related to pension economic/demographic gains or losses	(184,885)
Net pension liability	<u>(4,059,859)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 94,362,736</u>
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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, 2015

	<u>General</u>	<u>Library Gift</u>	<u>Capital Projects</u>	<u>Town Aid Road</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 57,950,667	\$	\$	\$	\$	\$ 57,950,667
Intergovernmental	3,508,992	19,879	105,604	379,296	252,023	4,265,794
Charges for services	1,304,708				505,198	1,809,906
Income (loss) on investments	33,377	33,774	(16,039)		177	51,289
Miscellaneous	122,147	127,699	20,000		20,453	290,299
Total revenues	<u>62,919,891</u>	<u>181,352</u>	<u>109,565</u>	<u>379,296</u>	<u>777,851</u>	<u>64,367,955</u>
Expenditures:						
Current:						
General government	6,998,827		93,334		62,841	7,155,002
Public safety	3,503,624				255,701	3,759,325
Public works	3,145,380			4,999	118,581	3,268,960
Conservation of health	487,315					487,315
Community activities	1,140,651	161,400			405,938	1,707,989
Education	43,729,317					43,729,317
Capital outlay			3,260,636			3,260,636
Debt service	1,346,076					1,346,076
Total expenditures	<u>60,351,190</u>	<u>161,400</u>	<u>3,353,970</u>	<u>4,999</u>	<u>843,061</u>	<u>64,714,620</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,568,701</u>	<u>19,952</u>	<u>(3,244,405)</u>	<u>374,297</u>	<u>(65,210)</u>	<u>(346,665)</u>
Other Financing Sources (Uses):						
Transfers in	75,000		3,657,649		45,270	3,777,919
Transfers out	<u>(3,138,052)</u>			<u>(564,867)</u>	<u>(75,000)</u>	<u>(3,777,919)</u>
Total other financing sources (uses)	<u>(3,063,052)</u>	<u>-</u>	<u>3,657,649</u>	<u>(564,867)</u>	<u>(29,730)</u>	<u>-</u>
Net Change in Fund Balances	(494,351)	19,952	413,244	(190,570)	(94,940)	(346,665)
Fund Balances at Beginning of Year	<u>7,101,161</u>	<u>2,289,556</u>	<u>7,938,090</u>	<u>189,726</u>	<u>817,623</u>	<u>18,336,156</u>
Fund Balances at End of Year	<u>\$ 6,606,810</u>	<u>\$ 2,309,508</u>	<u>\$ 8,351,334</u>	<u>\$ (844)</u>	<u>\$ 722,683</u>	<u>\$ 17,989,491</u>

(Continued on next page)

**TOWN OF SOUTHBURY, CONNECTICUT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

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)	\$ (346,665)
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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	3,136,327
Depreciation expense	(3,423,210)

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	21,973
Property tax interest and lien revenue - accrual basis change	(52,028)
Amortization of bond premium	53,846
Mortgage loan receivables	101,534
Change in net pension liability	(873,467)
Change in deferred inflows amounts related to pension economic/demographic gains or losses	(184,885)
Change in deferred outflows amounts related to pension investment gains or losses	763,733
Change in deferred outflows amounts related to pension assumption changes or inputs	394,465

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	1,060,000
Capital lease payments	1,142

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	9,423
Amortization of deferred charge on refunding	(44,554)
Accrued interest	9,950

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.

<u>21,096</u>

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 648,680</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, 2015**

	Governmental Activities <u>Internal Service Funds</u>
Assets:	
Advance to plan administrators	\$ 87,549
Liabilities:	
Claims incurred but not reported	<u>60,566</u>
Net Position:	
Unrestricted	\$ <u><u>26,983</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 NET POSITION
 JUNE 30, 2015**

	Governmental Activities Internal Service Funds
Operating Revenues:	
Contributions	\$ <u>1,085,107</u>
Operating Expenses:	
Employee benefits	955,326
Other expenses	<u>108,685</u>
Total operating expenses	<u>1,064,011</u>
Operating Gain	21,096
Net Position at Beginning of Year	<u>(5,887)</u>
Net Position at End of Year	\$ <u><u>26,983</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, 2015**

	Governmental Activities <u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 1,085,107
Payment to suppliers	(108,685)
Payments for employee	(976,422)
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>
Reconciliation of Operating Gain to Net Cash Provided by Operating Activities:	
Operating gain	\$ 21,096
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Increase in advance to plan administrators	(21,254)
Increase in incurred but not reported	<u>158</u>
Net Cash Provided by Operating Activities	<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, 2015**

	<u>Pension Trust Fund</u>	<u>Defined Contribution Plan</u>
Assets:		
Cash and cash equivalents	\$ 535,190	\$ 6,017
Investments:		
Mutual funds and equities	<u>16,017,926</u>	<u> </u>
Total assets	16,553,116	\$ <u><u>6,017</u></u>
Liabilities		
Due to others	<u> </u>	\$ <u><u>6,017</u></u>
Net Position:		
Held in Trust for Pension Benefits	\$ <u><u>16,553,116</u></u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHBURY, CONNECTICUT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2015**

	Pension Trust Fund
	<u> </u>
Additions:	
Contributions:	
Plan members	\$ 34,709
Employer	<u>1,075,764</u>
Total contributions	<u>1,110,473</u>
Investment earnings:	
Net depreciation in fair value of investments	(126,078)
Interest and dividends	<u>334,582</u>
Total investment gain	208,504
Less investment expenses:	
Investment management fees	<u>36,824</u>
Net investment gain	<u>171,680</u>
Total additions	<u>1,282,153</u>
Deductions:	
Benefits	527,123
Fees	<u>11,455</u>
Total deductions	<u>538,578</u>
Change in Net Position	743,575
Net Position at Beginning of Year	<u>15,809,541</u>
Net Position at End of Year	<u>\$ 16,553,116</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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 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.

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.

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.

The Agency Fund accounts for monies held on behalf of employees in the defined contribution plan.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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 \$45,274 has been established as an allowance for uncollectible taxes. At June 30, 2015, this represents 4.6% 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.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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 and deferred outflows related to pension 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. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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. The Town reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). 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. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

K. 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.

L. 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 \$701,924 during the year ended June 30, 2015. 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. Deficit Fund Equity

For the year ended June 30, 2015, the following fund had a deficit fund balance:

Town Aid Road	\$	844
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This amount will be funded through future revenues.

**TOWN OF SOUTHBURY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

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*, \$1,009,201 of the Town’s bank balance of \$2,242,738 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 858,281
Uninsured and collateralized held by the pledging bank’s trust department, not in the Town’s name	<u>150,920</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 1,009,201</u>

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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, 2015, the Town's cash equivalents amounted to \$9,054,118. 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, 2015</u>	<u>Standard & Poor's Rating</u>
Money Market Funds*	\$ 8,334,309	
Wells Fargo*	719,809	

* Not rated

B. Investments

As of June 30, 2015, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
			<u>Less than 1</u>	<u>1-10</u>
Interest-bearing investments:				
Certificates of deposit	N/A	\$ 268,030	\$	\$ 268,030
Endowment pool	N/A	<u>238,434</u>	<u>238,434</u>	<u> </u>
Total		506,464	<u>\$ 238,434</u>	<u>\$ 268,030</u>
Other investments:				
Mutual funds		<u>24,280,548</u>		
Total Investments		<u>\$ 24,787,012</u>		

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.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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, 2015, 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.

Reserve Investment Plan

During the fiscal year ended June 30, 2015, the Town has established a Reserve Investment Plan (Plan) to invest the Town’s reserve funds in a fashion consistent with Connecticut General Statutes (Chapter 108, Section 7-359 to 7-368) as well as the Town’s specific risk tolerance constraints (asset allocation) as dictated by the Southbury Board of Finance.

Management of the Plan 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.

In addition to investing funds according to the applicable statutes and Town policies, and looking to achieve the maximum target return, the IPOC has established a stability fund where the gains and losses of the portfolio will be tracked.

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:

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:			
Taxes and interest	\$ 994,622	\$	\$ 994,622
Accounts	97,645	49,526	147,171
Housing loans		<u>506,676</u>	<u>506,676</u>
Gross receivables	<u>1,092,267</u>	<u>556,202</u>	<u>1,648,469</u>
Less allowance for uncollectibles:			
Taxes	<u>(45,274)</u>	<u></u>	<u>(45,274)</u>
Net Total Receivables	<u>\$ 1,046,993</u>	<u>\$ 556,202</u>	<u>\$ 1,603,195</u>

**TOWN OF SOUTHURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 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	\$ 19,675,937	\$	\$	\$	\$ 19,675,937
Construction in progress	<u>2,473,640</u>	<u>3,136,327</u>	<u></u>	<u>(3,822,378)</u>	<u>1,787,589</u>
Total capital assets not being depreciated	<u>22,149,577</u>	<u>3,136,327</u>	<u>-</u>	<u>(3,822,378)</u>	<u>21,463,526</u>
Capital assets being depreciated:					
Buildings	19,569,065	<u></u>	<u></u>	67,159	19,636,224
Furniture and equipment	14,857,279	<u></u>	(38,575)	365,069	15,183,773
Infrastructure	<u>109,050,028</u>	<u></u>	<u></u>	<u>3,390,150</u>	<u>112,440,178</u>
Total capital assets being depreciated	<u>143,476,372</u>	<u>-</u>	<u>(38,575)</u>	<u>3,822,378</u>	<u>147,260,175</u>
Less accumulated depreciation for:					
Buildings	4,815,402	342,804	<u></u>	<u></u>	5,158,206
Furniture and equipment	8,695,084	918,350	(38,575)	<u></u>	9,574,859
Infrastructure	<u>65,841,829</u>	<u>2,162,056</u>	<u></u>	<u></u>	<u>68,003,885</u>
Total accumulated depreciation	<u>79,352,315</u>	<u>3,423,210</u>	<u>(38,575)</u>	<u>-</u>	<u>82,736,950</u>
Total capital assets being depreciated, net	<u>64,124,057</u>	<u>(3,423,210)</u>	<u>-</u>	<u>3,822,378</u>	<u>64,523,225</u>
Governmental Activities Capital Assets, Net	<u>\$ 86,273,634</u>	<u>\$ (286,883)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,986,751</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 351,976
Public safety	496,579
Public works	2,481,566
Community activities	<u>93,089</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,423,210</u>

Capital Project Commitments

The Town has active long-term projects as of June 30, 2015. The projects include:

	<u>Appropriation</u>	<u>Expended</u>	<u>Encumbrances</u>	<u>Remaining Balance</u>
Capital	\$ 16,586,532	\$ 14,667,247	\$ 142,723	\$ 1,776,562
Reserve Accounts	21,120,088	16,878,357	260,665	3,981,066
Limited Reserve Accounts	19,110,756	18,388,461	3,460	718,835

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2015, the interfund receivables and payables are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 659,949
	Library Gift	334,919
	Capital Projects	586,720
		<u>1,581,588</u>
Capital Projects	Town Aid Road	<u>1,808,369</u>
Town Aid Road	General Fund	<u>1,807,525</u>
Nonmajor Governmental Funds	Capital Projects	111,528
	Library Gift	400
	General Fund	386,701
		<u>498,629</u>
Total		<u>\$ 5,696,111</u>

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

Interfund transfers:

	<u>Transfers In</u>			<u>Total Transfers Out</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	
Transfers out:				
General Fund	\$	\$ 3,092,782	\$ 45,270	\$ 3,138,052
Town Aid Road		564,867		564,867
Nonmajor Governmental	<u>75,000</u>			<u>75,000</u>
Total Transfers In	<u>\$ 75,000</u>	<u>\$ 3,657,649</u>	<u>\$ 45,270</u>	<u>\$ 3,777,919</u>

All transfers are for regularly recurring operational transfers.

**TOWN OF SOUTHURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015 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	\$ 8,500,000	\$	\$ 1,060,000	\$ 7,440,000	\$ 1,030,000
For issuance premiums	<u>542,947</u>		<u>53,846</u>	<u>489,101</u>	
Total bonds payable and other	9,042,947	-	1,113,846	7,929,101	1,030,000
Capital leases	1,142		1,142	-	
Compensated absences	285,802		9,423	276,379	239,036
Net pension liability	<u>3,186,392</u>	<u>873,467</u>		<u>4,059,859</u>	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 12,516,283</u>	<u>\$ 873,467</u>	<u>\$ 1,124,411</u>	<u>\$ 12,265,339</u>	<u>\$ 1,269,036</u>

A schedule of bonds and notes outstanding at June 30, 2015 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, 2015</u>
Bonds payable:					
General purpose	2009	2019	3.52-4.0	\$ 2,400,000	\$ 900,000
General purpose	2010	2023	3.0-4.0	6,080,000	4,125,000
General purpose	2012	2025	2.0-5.0	3,020,000	<u>2,415,000</u>
Total					<u>\$ 7,440,000</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>
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	780,000	111,025	891,025
2021-2024	<u>2,580,000</u>	<u>166,213</u>	<u>2,746,213</u>
Total	<u>\$ 7,440,000</u>	<u>\$ 1,079,369</u>	<u>\$ 8,519,369</u>

**TOWN OF SOUTHBURY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

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, 2015, the outstanding bonded indebtedness of the District was \$15,505,000. These issues are eligible for partial reimbursement by the State of Connecticut. Total grants anticipated are \$513,329. The Town's share will be approximately 69% 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	\$ 130,651	\$ 7,440	\$ 123,211
Schools	261,302	10,344	250,958
Sewers	217,751		217,751
Urban renewal	188,718		188,718
Pension deficit	174,201		174,201

* 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 (\$406,469).

**TOWN OF SOUTHURDY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2015 are as follows:

	<u>General Fund</u>	<u>Library Gift</u>	<u>Capital Projects Fund</u>	<u>Town Aid Road</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Inventory	\$ 17,897	\$	\$	\$	\$	\$ 17,897
Prepaid expenses	242,718					
Restricted for:						
Investments - Reserve Fund			7,056,000			7,056,000
Stability Fund - Reserve Fund			127,454			127,454
Committed to:						
General government					308,546	308,546
Public safety					210,433	210,433
Public works					27,746	27,746
Community activities		2,309,508			175,958	2,485,466
Historical buildings	47,075					47,075
Insurance reserve	93,333					93,333
Additional pension funding	253,000					253,000
Special assessment projects			1,167,880			1,167,880
Assigned to:						
Purchases on order:						
General government	45,477					45,477
Public safety	23,279					23,279
Public works	5,263					5,263
Conservation of health	3,451					3,451
Community activities	17,915					17,915
Subsequent year's budget	230,000					230,000
Future purposes	4,930,000					4,930,000
Unassigned	697,402			(844)		696,558
Total Fund Balances	<u>\$ 6,606,810</u>	<u>\$ 2,309,508</u>	<u>\$ 8,351,334</u>	<u>\$ (844)</u>	<u>\$ 722,683</u>	<u>\$ 17,989,491</u>

Significant encumbrances of \$406,848 are included in the Capital Projects Fund committed fund balance as of June 30, 2015.

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.

**TOWN OF SOUTHBURY, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

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 2015, total claims expense of \$955,326 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, 2015.

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, 2015 of \$60,566.

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, 2015 is presented below:

	Accrued Liability Beginning of Fiscal Year		Current Year Claims Paid and Changes in Estimates		Accrued Liability Claim Payments		Accrued Liability End of Fiscal Year
2014-2015	\$ 60,408	\$	955,326	\$	955,168	\$	60,566
2013-2014	-		1,015,725		955,317		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.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Plan Description and Benefits Provided

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, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	60
Terminated plan members entitled to benefits but not yet receiving them	31
Current plan members	<u>95</u>
Total	<u><u>186</u></u>

The pension plan was closed to new entrants (except police) as of July 1, 2014.

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.

B. 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 20.84% of covered payroll. Covered payroll is \$5,161,863 or 82% of total Town payroll of \$6,294,478. The contribution requirements of the Town and plan members may be amended by the Board of Selectmen and subject to bargaining unit approval.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

C. 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, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Core Fixed Income	26.00 %
Short-Term Bonds	1.00
Non-US Fixed Income	6.70
Large Cap US Equities	21.80
Small Cap US Equities	11.80
Developed Foreign Equities	22.60
Emerging Market Equities	2.45
Real Estate (REITs)	5.00
Commodities	2.65

Rate of Return

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.06%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2015 were as follows:

Total pension liability	\$ 20,612,975
Plan fiduciary net position	<u>16,553,116</u>
Net Pension Liability	<u>\$ 4,059,859</u>
Plan fiduciary net position as a percentage of the total pension liability	80.30%

**TOWN OF SOUTHURDY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurements:

Inflation	2.5%
Salary increases	3.5%
Investment rate of return	7.0%

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, 2015 (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	2.09 %
Short-Term Bonds	0.95
Non-US Fixed Income	1.36
Large Cap US Equities	5.61
Small Cap US Equities	7.36
Developed Foreign Equities	6.02
Emerging Market Equities	8.81
Real Estate (REITs)	5.56
Commodities	3.58

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for June 30, 2015, a decrease from 7.25% for the June 30, 2014 fiscal year end. 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.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

E. Net Pension Liability of the Town

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2014	\$ 18,995,933	\$ 15,809,541	\$ 3,186,392
Changes for the year:			
Service cost	465,632		465,632
Interest on total pension liability	1,396,685		1,396,685
Effect of economic/demographic gains or loses	(248,639)		(248,639)
Effect of assumptions changes or inputs	530,487		530,487
Employer contributions		1,075,764	(1,075,764)
Member contributions		34,709	(34,709)
Net investment income		171,680	(171,680)
Benefit payments	(527,123)	(527,123)	-
Administrative expenses		(11,455)	11,455
Net changes	<u>1,617,042</u>	<u>743,575</u>	<u>873,467</u>
Balances as of June 30, 2015	\$ <u>20,612,975</u>	\$ <u>16,553,116</u>	\$ <u>4,059,859</u>

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 7.00%, 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 6,960,329	\$ 4,059,859	\$ 2,481,170

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the Town recognized pension expense of \$975,918. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 184,885	\$
Changes of assumptions		394,465
Net difference between projected and actual earning on pension plan investments		<u>763,733</u>
Total	<u>\$ 184,885</u>	<u>\$ 1,158,198</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30,

2016	\$ 263,201
2017	263,201
2018	255,977
2019	190,934

11. DEFINED CONTRIBUTION PLAN

The Town established a defined contribution plan effective July 1, 2014. The Town will match employee contributions by one (1) percent for every percent of the employee's base salary contributed by the employee up to a total of five (5) percent of the employee's base salary for the relevant fiscal year. If an employee's employment is terminated for other than just cause during the fiscal year, the employee shall receive a pro rata Town contribution based on the number of full months of employment the employee completes during the fiscal year, subject to the vesting requirements set forth below.

After one (1) year of employment	20%
After two (2) years of employment	40%
After three (3) years of employment	60%
After four (4) years of employment	80%
After five (5) years of employment	100%

Employees will have the right to self-direct their contributions to the defined contribution plan from among the investment options offered by the plan selected by the Town.

Total contributions to the plan for the year ended June 30, 2015 were \$3,500 for employees and \$2,591 for the Town.

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

12. 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 that would materially adversely affect its financial position.

13. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning net position of the governmental activities as a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27:

Net position balance at June 30 2014, as previously reported	\$ 97,167,721
Adjustments:	
Eliminate net pension assets reported per GASB No. 27	(267,273)
Record starting net pension liability per GASB No. 68	<u>(3,186,392)</u>
Net Position Balance at July 1, 2014, as Restated	\$ <u>93,714,056</u>

TOWN OF SOUTHURY, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>			<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Property taxes:				
Property taxes	\$ 56,609,041	\$ 56,609,041	\$ 56,840,981	\$ 231,940
Prior year's taxes	242,480	242,480	365,337	122,857
Motor vehicle supplement	325,000	325,000	491,878	166,878
Interest and liens	180,711	180,711	252,473	71,762
Overpayments	100,000	100,000		(100,000)
Total property taxes	<u>57,457,232</u>	<u>57,457,232</u>	<u>57,950,669</u>	<u>493,437</u>
Intergovernmental revenues:				
State of Connecticut:				
Education Cost Sharing	2,631,384	2,631,384	2,631,384	-
Other	756,186	756,186	740,125	(16,061)
Telecommunication property tax	142,433	142,433	126,080	(16,353)
Total intergovernmental revenues	<u>3,530,003</u>	<u>3,530,003</u>	<u>3,497,589</u>	<u>(32,414)</u>
Licenses, permits and fees:				
Building and regulatory	198,950	198,950	181,851	(17,099)
Recreation	362,470	362,470	375,723	13,253
Town Clerk	391,226	391,226	418,378	27,152
Dog licenses and fees	9,090	9,090	8,250	(840)
Total licenses, permits and fees	<u>961,736</u>	<u>961,736</u>	<u>984,202</u>	<u>22,466</u>
Investment income	<u>37,000</u>	<u>37,000</u>	<u>33,300</u>	<u>(3,700)</u>
Other	<u>421,830</u>	<u>421,830</u>	<u>535,165</u>	<u>113,335</u>
Transferred in from other funds	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Total	<u>\$ 62,482,801</u>	<u>\$ 62,482,801</u>	63,075,925	<u>\$ 593,124</u>
Budgetary revenues are different than GAAP revenues because:				
Cancellation of prior year encumbrances are recognized as budgetary revenue			(81,111)	
Nonbudgetary items and eliminations related to Debt Management and Historical Buildings funds			<u>77</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>\$ 62,994,891</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, 2015**

	<u>Budgeted Amounts</u>			<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
General government:				
Board of Selectmen	\$ 376,161	\$ 373,005	\$ 368,402	\$ 4,603
Town Hall Service expense	68,300	68,300	64,696	3,604
Other expense	115,411	115,411	114,717	694
Social Services	37,175	37,926	37,471	455
Labor related expense	3,046,038	3,353,119	3,082,852	270,267
Computers	177,851	188,351	185,888	2,463
Probate Court	10,912	10,912	10,912	-
Elections	112,184	112,480	95,997	16,483
Board of Finance	56,724	56,724	50,875	5,849
Board of Assessment Appeals	2,250	2,250	642	1,608
Controller	239,101	242,787	241,401	1,386
Tax Collector	143,873	155,444	151,309	4,135
Assessor	138,545	141,944	128,713	13,231
Town Clerk	241,106	245,272	236,552	8,720
Building Inspector	124,898	127,846	125,124	2,722
Insurance and Bonds	568,078	650,074	650,073	1
Legal expense	95,000	95,000	73,349	21,651
Planning Commission	133,159	135,785	135,670	115
Inland Wetlands Commission	90,250	91,508	86,885	4,623
Zoning Commission	11,357	11,626	9,587	2,039
Zoning Board of Appeals	37,294	37,908	36,903	1,005
Economic Development Commission	8,000	8,000	7,894	106
Town properties - inside	278,416	280,855	279,505	1,350
Energy	325,000	336,000	335,883	117
Town properties - outside	450,138	457,638	455,402	2,236
Contingency	250,000	5,675		5,675
Refunds	100,000	100,000	78,763	21,237
Total	<u>7,237,221</u>	<u>7,441,840</u>	<u>7,045,465</u>	<u>396,375</u>
Public safety:				
Fire Department/hydrants	466,887	473,212	473,212	-
Communications	319,496	330,127	330,094	33
Police Protection	2,128,036	2,133,587	2,120,506	13,081
Emergency Management	15,710	23,785	23,285	500
Fire Marshal	114,995	117,088	116,895	193
Tree Warden	10,000	10,000	9,742	258
Canine Control	71,270	71,507	65,410	6,097
Ambulance Association	326,423	326,423	326,423	-
Total	<u>3,452,817</u>	<u>3,485,729</u>	<u>3,465,567</u>	<u>20,162</u>
Highway-public works:				
General maintenance	1,993,208	2,419,914	2,413,309	6,605
Solid waste disposal	768,566	775,969	741,750	34,219
Total	<u>2,761,774</u>	<u>3,195,883</u>	<u>3,155,059</u>	<u>40,824</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Conservation of health:				
Conservation Commission	\$ 16,400	\$ 16,400	\$ 14,943	\$ 1,457
Department of Health	155,041	155,041	155,041	-
P. River Watershed Coalition	43,400	43,400	43,400	-
Lake Zoar Authority	23,906	23,906	23,906	-
Lake Lillinonah Authority	24,600	24,600	24,600	-
Pomperaug Valley Water Authority	200	200		200
Water Pollution Authority	100	100		100
Commission of Services for Elderly	265,856	267,544	245,951	21,593
Total	<u>529,503</u>	<u>531,191</u>	<u>507,841</u>	<u>23,350</u>
Community activities:				
Committee expenses	27,950	27,950	20,748	7,202
Library	620,267	627,738	627,481	257
Recreation Commission	521,963	543,088	484,059	59,029
Other community activities	2,000	2,000		2,000
Total	<u>1,172,180</u>	<u>1,200,776</u>	<u>1,132,288</u>	<u>68,488</u>
Education - Region #15	<u>43,729,317</u>	<u>43,729,317</u>	<u>43,729,317</u>	<u>-</u>
Total expenditures	<u>58,882,812</u>	<u>59,584,736</u>	<u>59,035,537</u>	<u>549,199</u>
Transfers out:				
Other transfers				-
Historic Building Fund	39,707	39,707	39,707	-
Capital Reserve Fund	939,000	939,000	939,000	-
Capital Transfers Other	2,069,000	2,069,000	2,069,000	-
Debt Service	1,346,075	1,346,075	1,346,075	-
Total transfers out	<u>4,393,782</u>	<u>4,393,782</u>	<u>4,393,782</u>	<u>-</u>
Total Expenditures and Transfers	\$ <u>63,276,594</u>	\$ <u>63,978,518</u>	63,429,319	\$ <u>549,199</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			61,391	
Nonbudgetary items and eliminations related to Debt Management and Historical Buildings funds			<u>(1,468)</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>63,489,242</u>	

TOWN OF SOUTHBURY, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS

	<u>2015</u>	<u>2014</u>
Total pension liability:		
Service cost	\$ 465,632	\$ 482,164
Interest on total pension liability	1,396,685	1,324,663
Effect of economic/demographic gains or losses	(248,639)	(349,016)
Effect of assumption changes or inputs	530,487	
Benefit payments, including refunds of member contributions	<u>(527,123)</u>	<u>(493,215)</u>
Net change in total pension liability	1,617,042	964,596
Total pension liability - beginning	<u>18,995,933</u>	<u>18,031,337</u>
Total pension liability - ending	<u>20,612,975</u>	<u>18,995,933</u>
Plan fiduciary net position:		
Contributions - employer	1,075,764	836,516
Contributions - member	34,709	23,628
Net investment income	171,680	1,657,727
Benefit payments, including refunds of member contributions	(527,123)	(493,215)
Administrative expense	<u>(11,455)</u>	<u>(10,981)</u>
Net change in plan fiduciary net position	743,575	2,013,675
Plan fiduciary net position - beginning	<u>15,809,541</u>	<u>13,795,866</u>
Plan fiduciary net position - ending	<u>16,553,116</u>	<u>15,809,541</u>
Net Pension Liability - Ending	<u>\$ 4,059,859</u>	<u>\$ 3,186,392</u>
Plan fiduciary net position as a percentage of the total pension liability	80.30%	83.23%
Covered employee payroll	\$ 5,161,863	\$ 4,667,415
Net pension liability as a percentage of covered employee payroll	78.65%	68.27%

**TOWN OF SOUTHBURY, CONNECTICUT
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 628,812	\$ 628,812	\$ 685,586	\$ 430,307	\$ 474,442	\$ 648,132	\$ 635,095	\$ 621,135	\$ 836,141	\$ 950,764
Contributions in relation to the actuarially determined contribution	600,000	630,000	704,566	435,000	600,000	648,132	635,095	621,135	836,516	1,075,764
Contribution Deficiency (Excess)	\$ <u>28,812</u>	\$ <u>(1,188)</u>	\$ <u>(18,980)</u>	\$ <u>(4,693)</u>	\$ <u>(125,558)</u>	\$ -	\$ -	\$ -	\$ <u>(375)</u>	\$ <u>(125,000)</u>
Covered employee payroll	\$ 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	\$ 5,161,863
Contributions as a percentage of covered employee payroll	17.99%	17.25%	17.46%	11.03%	13.87%	12.57%	12.13%	12.36%	17.92%	20.84%

Notes to Schedule

Valuation date: July 1, 2014
Measurement date: June 30, 2015
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	10 years
Asset valuation method	5 years smoothed market
Inflation	2.50%
Salary increases	3.50%
Investment rate of return	7.00%
Retirement age	100% at Normal Retirement Age
Mortality	RP-2000 Combined Healthy Mortality for males and females

**TOWN OF SOUTHBURY, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS - PENSION PLAN
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	1.06%	11.88%

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 8,421,343	\$ 8,960,289
Investments	267,586	260,729
Property taxes and interest receivable, net of allowance for uncollectible accounts of \$45,274 in 2015 and 2014	949,348	934,591
Other accounts receivable	97,645	12,906
Due from other funds	1,581,588	862,773
Other assets	<u>260,615</u>	<u>23,816</u>
Total Assets	<u>\$ 11,578,125</u>	<u>\$ 11,055,104</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,912,321	\$ 1,672,814
Due to other funds	2,194,226	1,438,792
Deferred revenues		11,403
Total liabilities	<u>4,106,547</u>	<u>3,123,009</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	609,123	587,150
Unavailable revenue - interest on property taxes	255,645	307,673
Total deferred inflows of resources	<u>864,768</u>	<u>894,823</u>
Fund balances:		
Nonspendable	260,615	23,816
Committed	393,408	554,191
Assigned	5,255,385	5,731,679
Unassigned	697,402	727,586
Total fund balances	<u>6,606,810</u>	<u>7,037,272</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,578,125</u>	<u>\$ 11,055,104</u>

TOWN OF SOUTHURY, CONNECTICUT
 GENERAL FUND
 REPORT OF TAX COLLECTOR
 FOR THE YEAR ENDED JUNE 30, 2015

Grand List	Due Date	Uncollected Taxes		Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2015
		July 1, 2014	Lawful Corrections	Additions	Deductions			Taxes	Interest	Fees	Total	
2013	2014	\$ 57,345,305	\$	\$ 663,792	\$ 117,419	\$	\$ 57,891,678	\$ 57,430,685	141,882	1,518	\$ 57,574,085	\$ 460,993
2012	2013	415,151		25,609	17,518	39,501	383,741	272,392	62,066	2,678	337,136	111,349
2011	2012	122,707		24,810	2,221	17,774	127,522	79,608	28,928	640	109,176	47,914
2010	2011	41,951		4,399			46,350	16,372	8,724	152	25,248	29,978
2009	2010	19,241					19,241				-	19,241
2008	2009	14,945		154	154		14,945				-	14,945
2007	2008	12,332					12,332				-	12,332
2006	2007	8,629					8,629				-	8,629
2005	2006	6,656					6,656				-	6,656
2004	2005	5,771					5,771				-	5,771
2003	2004	4,689					4,689				-	4,689
2002	2003	3,462					3,462				-	3,462
2001	2002	3,136					3,136				-	3,136
2000	2001	3,104					3,104				-	3,104
1999	2000	2,930					2,930				-	2,930
1998	1999	3,848					3,848				-	3,848
		<u>\$ 58,013,857</u>	<u>\$ -</u>	<u>\$ 718,764</u>	<u>\$ 137,312</u>	<u>\$ 57,275</u>	<u>\$ 58,538,034</u>	<u>57,799,057</u>	<u>241,600</u>	<u>4,988</u>	<u>58,045,645</u>	<u>\$ 738,977</u>
Suspense collections								<u>8,784</u>	<u>5,792</u>	<u>6,377</u>	<u>20,952</u>	
Total								<u>\$ 57,807,841</u>	<u>\$ 247,392</u>	<u>\$ 11,365</u>	<u>\$ 58,066,597</u>	

**TOWN OF SOUTHBURY, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET SCHEDULE
JUNE 30, 2015**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Historical Building Fund</u>	<u>Eliminating Entries</u>	<u>Total Combined Funds</u>
ASSETS					
Cash and cash equivalents	\$ 8,373,948	\$	\$ 47,395	\$	\$ 8,421,343
Investments	267,586				267,586
Receivables, net	1,046,993				1,046,993
Due from other funds	1,806,267			(224,679)	1,581,588
Other assets	17,897	242,718			260,615
Total Assets	<u>\$ 11,512,691</u>	<u>\$ 242,718</u>	<u>\$ 47,395</u>	<u>\$ (224,679)</u>	<u>\$ 11,578,125</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 1,912,321	\$	\$	\$	\$ 1,912,321
Due to other funds	2,194,226	224,359	320	(224,679)	2,194,226
Total liabilities	<u>4,106,547</u>	<u>224,359</u>	<u>320</u>	<u>(224,679)</u>	<u>4,106,547</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	609,123				609,123
Unavailable revenue - interest on property taxes	255,645				255,645
Total deferred inflows of resources	<u>864,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>864,768</u>
Fund balances:					
Nonspendable	17,897	242,718			260,615
Committed	346,333		47,075		393,408
Assigned	5,255,385				5,255,385
Unassigned	921,761	(224,359)			697,402
Total fund balances	<u>6,541,376</u>	<u>18,359</u>	<u>47,075</u>	<u>-</u>	<u>6,606,810</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,512,691</u>	<u>\$ 242,718</u>	<u>\$ 47,395</u>	<u>\$ (224,679)</u>	<u>\$ 11,578,125</u>

TOWN OF SOUTHURY, CONNECTICUT
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
JUNE 30, 2015

	<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	\$ 57,950,667	\$	\$	\$	\$ 57,950,667
Intergovernmental revenues	3,508,992				3,508,992
Charges for services	1,304,708				1,304,708
Income on investments	33,300	53	24		33,377
Miscellaneous	122,147				122,147
Total revenues	<u>62,919,814</u>	<u>53</u>	<u>24</u>	<u>-</u>	<u>62,919,891</u>
Expenditures:					
Current:					
General government	6,998,827				6,998,827
Public safety	3,503,624				3,503,624
Public works	3,145,380				3,145,380
Conservation of health	487,315				487,315
Community activities	1,129,770		10,881		1,140,651
Education	43,729,317				43,729,317
Debt service		1,346,076			1,346,076
Total expenditures	<u>58,994,233</u>	<u>1,346,076</u>	<u>10,881</u>	<u>-</u>	<u>60,351,190</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,925,581</u>	<u>(1,346,023)</u>	<u>(10,857)</u>	<u>-</u>	<u>2,568,701</u>
Other Financing Sources (Uses):					
Transfers in	75,000	1,346,075	12,350	(1,358,425)	75,000
Transfers out	<u>(4,496,477)</u>			<u>1,358,425</u>	<u>(3,138,052)</u>
Total other financing sources (uses)	<u>(4,421,477)</u>	<u>1,346,075</u>	<u>12,350</u>	<u>-</u>	<u>(3,063,052)</u>
Net Change in Fund Balances	(495,896)	52	1,493	-	(494,351)
Fund Balances at Beginning of Year	<u>7,037,272</u>	<u>18,307</u>	<u>45,582</u>	<u>-</u>	<u>7,101,161</u>
Fund Balances at End of Year	<u>\$ 6,541,376</u>	<u>\$ 18,359</u>	<u>\$ 47,075</u>	<u>\$ -</u>	<u>\$ 6,606,810</u>

**TOWN OF SOUTHBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015**

	Special Revenue Funds							
	Private Duty	Police D.A.R.E.	Parks and Recreation Programs and Trips	Probate Court	Three R Investments	Police Forfeitures	Elderly Services and Program Fund	Town Clerk Record Preservation
ASSETS								
Cash and cash equivalents	\$ 47,425	\$ 7,826	\$ 503,196	\$ 14,794	\$ 3,458	\$ 1,144	\$ 62,043	\$ 61,067
Accounts receivable	49,526							
Due from other funds	111,528		18,595		3,776		33,262	
Total Assets	\$ 208,479	\$ 7,826	\$ 521,791	\$ 14,794	\$ 7,234	\$ 1,144	\$ 95,305	\$ 61,067
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Due to other funds	\$ 175,000	\$ 7,826	\$ 474,601	\$ 45	\$ 7,234	\$ 1,144	\$ 2,534	\$ 1,378
Deferred inflows of resources:								
Unavailable revenue - loans receivable								
Fund balances:								
Committed	33,479		47,190	14,749			92,771	59,689
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 208,479	\$ 7,826	\$ 521,791	\$ 14,794	\$ 7,234	\$ 1,144	\$ 95,305	\$ 61,067

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**TOWN OF SOUTHBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2015**

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Streetscape Reserve	Loss Reserve	Planning	Community Investment Fund	Small Cities	Eliminating Entries	
ASSETS							
Cash and cash equivalents	\$ 7,444	\$ 3,835	\$	\$ 87,575	\$ 34,670	\$	\$ 834,477
Accounts receivable					506,676		556,202
Due from other funds	20,302	173,119	146,533		1,327	(9,813)	498,629
Total Assets	<u>\$ 27,746</u>	<u>\$ 176,954</u>	<u>\$ 146,533</u>	<u>\$ 87,575</u>	<u>\$ 542,673</u>	<u>\$ (9,813)</u>	<u>\$ 1,889,308</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Due to other funds	\$	\$	\$	\$	\$	\$ (9,813)	\$ 659,949
Deferred inflows of resources:							
Unavailable revenue - loans receivable					506,676		506,676
Fund balances:							
Committed	27,746	176,954	146,533	87,575	35,997		722,683
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,746</u>	<u>\$ 176,954</u>	<u>\$ 146,533</u>	<u>\$ 87,575</u>	<u>\$ 542,673</u>	<u>\$ (9,813)</u>	<u>\$ 1,889,308</u>

**TOWN OF SOUTHBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds							Town Clerk Record Preservation
	Private Duty	Police D.A.R.E.	Parks and Recreation Programs and Trips	Probate Court	Three R Investments	Police Forfeitures	Elderly Services and Program Fund	
Revenues:								
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$	\$ 7,630
Charges for services	307,637		84,837	44,598			13,719	6,464
Income on investments							3	140
Miscellaneous			1,376				2,967	
Total revenues	<u>307,637</u>	<u>-</u>	<u>86,213</u>	<u>44,598</u>	<u>-</u>	<u>-</u>	<u>16,689</u>	<u>14,234</u>
Expenditures:								
Current:								
General government				35,434			23,789	2,370
Public safety	239,111					306		
Public works								
Community activities			69,707				5,026	
Total expenditures	<u>239,111</u>	<u>-</u>	<u>69,707</u>	<u>35,434</u>	<u>-</u>	<u>306</u>	<u>28,815</u>	<u>2,370</u>
Excess (Deficiency) of Revenues over Expenditures	<u>68,526</u>	<u>-</u>	<u>16,506</u>	<u>9,164</u>	<u>-</u>	<u>(306)</u>	<u>(12,126)</u>	<u>11,864</u>
Other Financing Sources (Uses):								
Transfers in							16,270	
Transfers out	(75,000)							
Total other financing sources (uses)	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,270</u>	<u>-</u>
Net Change in Fund Balances	(6,474)	-	16,506	9,164	-	(306)	4,144	11,864
Fund Balances at Beginning 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>	<u>47,825</u>
Fund Balances at End of Year	<u>\$ 33,479</u>	<u>\$ -</u>	<u>\$ 47,190</u>	<u>\$ 14,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,771</u>	<u>\$ 59,689</u>

(Continued on next page)

**TOWN OF SOUTHBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds					Eliminating Entries	Total Nonmajor Governmental Funds
	Streetscape Reserve	Loss Reserve	Planning	Community Investment Fund	Small Cities		
Revenues:							
Intergovernmental revenues	\$	\$	\$	\$	\$ 244,393	\$	\$ 252,023
Charges for services			7,250	9,678	31,015		505,198
Income on investments		23	11				177
Miscellaneous		16,110					20,453
Total revenues	<u>-</u>	<u>16,133</u>	<u>7,261</u>	<u>9,678</u>	<u>275,408</u>	<u>-</u>	<u>777,851</u>
Expenditures:							
Current:							
General government		1,248					62,841
Public safety		16,284					255,701
Public works	8,700	109,881					118,581
Community activities					331,205		405,938
Total expenditures	<u>8,700</u>	<u>127,413</u>	<u>-</u>	<u>-</u>	<u>331,205</u>	<u>-</u>	<u>843,061</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(8,700)</u>	<u>(111,280)</u>	<u>7,261</u>	<u>9,678</u>	<u>(55,797)</u>	<u>-</u>	<u>(65,210)</u>
Other Financing Sources (Uses):							
Transfers in	29,000						45,270
Transfers out							(75,000)
Total other financing sources (uses)	<u>29,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,730)</u>
Net Change in Fund Balances	20,300	(111,280)	7,261	9,678	(55,797)	-	(94,940)
Fund Balances at Beginning of Year	<u>7,446</u>	<u>288,234</u>	<u>139,272</u>	<u>77,897</u>	<u>91,794</u>	<u>-</u>	<u>817,623</u>
Fund Balances at End of Year	<u>\$ 27,746</u>	<u>\$ 176,954</u>	<u>\$ 146,533</u>	<u>\$ 87,575</u>	<u>\$ 35,997</u>	<u>\$ -</u>	<u>\$ 722,683</u>

**TOWN OF SOUTHBURY, CONNECTICUT
 AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
Defined Contribution Plan				
Assets:				
Cash and cash equivalents	\$ <u>-</u>	\$ <u>6,091</u>	\$ <u>74</u>	\$ <u>6,017</u>
Liabilities:				
Due to employees	\$ <u>-</u>	\$ <u>6,091</u>	\$ <u>74</u>	\$ <u>6,017</u>

TOWN OF SOUTHBURY, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2015
(In Thousands)

Total tax collections, including interest and lien fees					\$ <u>58,067</u>
BASE					\$ <u>58,067</u>
	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 130,651	\$	\$	\$	\$
4-1/2 times base		261,302			
3-3/4 times base			217,751		
3-1/4 times base				188,718	
3 times base					174,201
Total debt limitation	<u>130,651</u>	<u>261,302</u>	<u>217,751</u>	<u>188,718</u>	<u>174,201</u>
Indebtedness:					
Bonds and notes payable	7,440				
Overlapping debt:					
Bonds payable and authorized - Regional District #15*, net of school building grants		10,344			
Net indebtedness	<u>7,440</u>	<u>10,344</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ <u>123,211</u>	\$ <u>250,958</u>	\$ <u>217,751</u>	\$ <u>188,718</u>	\$ <u>174,201</u>

Note (1): In no case shall total indebtedness exceed seven times annual receipts from taxation (\$406,469).

* 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, 2015, the outstanding bonded indebtedness of the District was \$15,505. The State of Connecticut will be providing grants to offset the debt of approximately \$513. The Town of Southbury's share will be approximately 69% of the remainder. These are general obligations of Regional School District #15 and its member towns.