

TOWN OF BEACON FALLS, CONNECTICUT

**Basic Financial Statements,
Supplementary Information and
Independent Auditor's Report**

June 30, 2015

DRAFT - FOR DISCUSSION PURPOSES ONLY - SUBJECT TO CHANGE

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INDEPENDENT AUDITOR'S REPORT

DRAFT - FOR DISCUSSION PURPOSES ONLY - SUBJECT TO CHANGE

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Finance
Town of Beacon Falls, 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 Beacon Falls, Connecticut (the "Town") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town'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.

Auditor's 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 from 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 auditor's 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 auditor considers 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 Beacon Falls, Connecticut, as of June 30, 2015, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As disclosed in Note N to the financial statements, the Town implemented new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Our opinions are 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 3 through 12 and the schedules on the Town's pension and other post-employment benefit plans on pages 46 through 48 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, who 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's basic financial statements. The combining and individual fund statements and schedules on pages 49 through 58 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund 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 fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2016, on our consideration of the Town'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's internal control over financial reporting and compliance.

Glastonbury, Connecticut
January 29, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

DRAFT - FOR DISCUSSION PURPOSES ONLY - SUBJECT TO CHANGE

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis – (Unaudited)
June 30, 2015

The management of the Town of Beacon Falls, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

- The beginning net position of the Town was decreased by \$599,609 due to the current year implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. GASB Statement No. 68 required the Town to recognize its proportionate share of the net pension liability relating to its long-term obligations for pension benefits in the government-wide financial statements (*See Note N*).
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$14,429,906 (net position). Of this amount, \$3,874,326 represents the Town's unrestricted net position, which may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$128,557 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$3,645,549, an increase of \$110,967 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$2,353,095 or 11.3% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.4 months of General Fund operating expenditures.
- The Town's long-term bonded debt decreased by \$375,000 or 6.4% during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows/inflows of resources and liabilities, with net position as the residual of these elements. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

Government-wide Financial Statements (*Continued*)

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include activities such as: general government, public works, public safety, culture and recreation, and education. The Town has no business-type activities.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Bonded Projects Fund, both of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 15 through 19 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs. The basic fiduciary fund financial statements can be found on pages 20 and 21 of this report.

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited (*Continued*)
June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 45 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on pages 46 through 48 of this report. Combining and individual fund statements and schedules can be found on pages 49 through 58 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

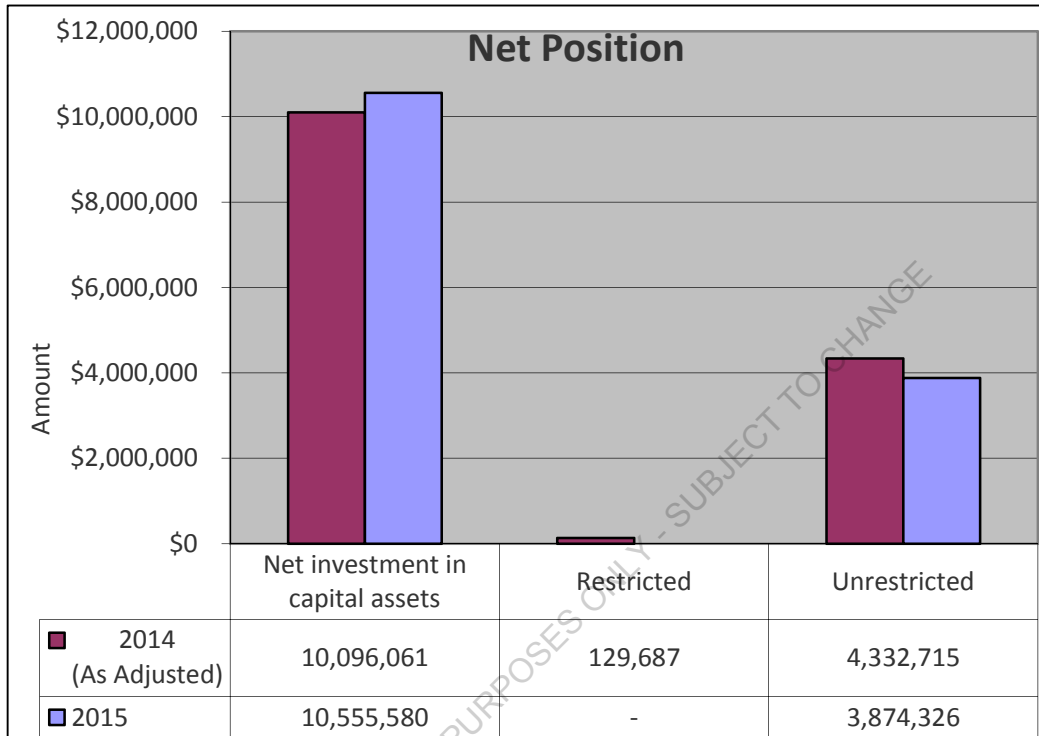
Over time, net position may serve as one measure of a government's financial position. The net position of the Town totaled \$14,429,906 and \$14,558,463 (as adjusted) as of June 30, 2015 and 2014, respectively, and are summarized as follows. The Town has adjusted balances reported as of June 30, 2014 for the implementation of GASB Statement No. 68.

	2015	2014 (As Adjusted)
Current and other assets	\$ 7,851,884	\$ 8,013,305
Capital assets	16,287,552	16,418,193
Total assets	<u>24,139,436</u>	<u>24,431,498</u>
Deferred outflows of resources	<u>37,771</u>	<u>38,369</u>
Other liabilities	1,730,977	1,512,913
Long-term liabilities	<u>7,879,050</u>	<u>8,398,491</u>
Total liabilities	<u>9,610,027</u>	<u>9,911,404</u>
Deferred inflows of resources	<u>137,274</u>	<u>-</u>
Net position:		
Net investment in capital assets	10,555,580	10,096,061
Restricted	-	129,687
Unrestricted	<u>3,874,326</u>	<u>4,332,715</u>
Total net position	<u><u>\$ 14,429,906</u></u>	<u><u>\$ 14,558,463</u></u>

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*



As of June 30, 2015, approximately 73.2% of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The remainder of the Town's net position is considered unrestricted.

Overall, net position decreased by \$128,557 in comparison with the prior year.

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position

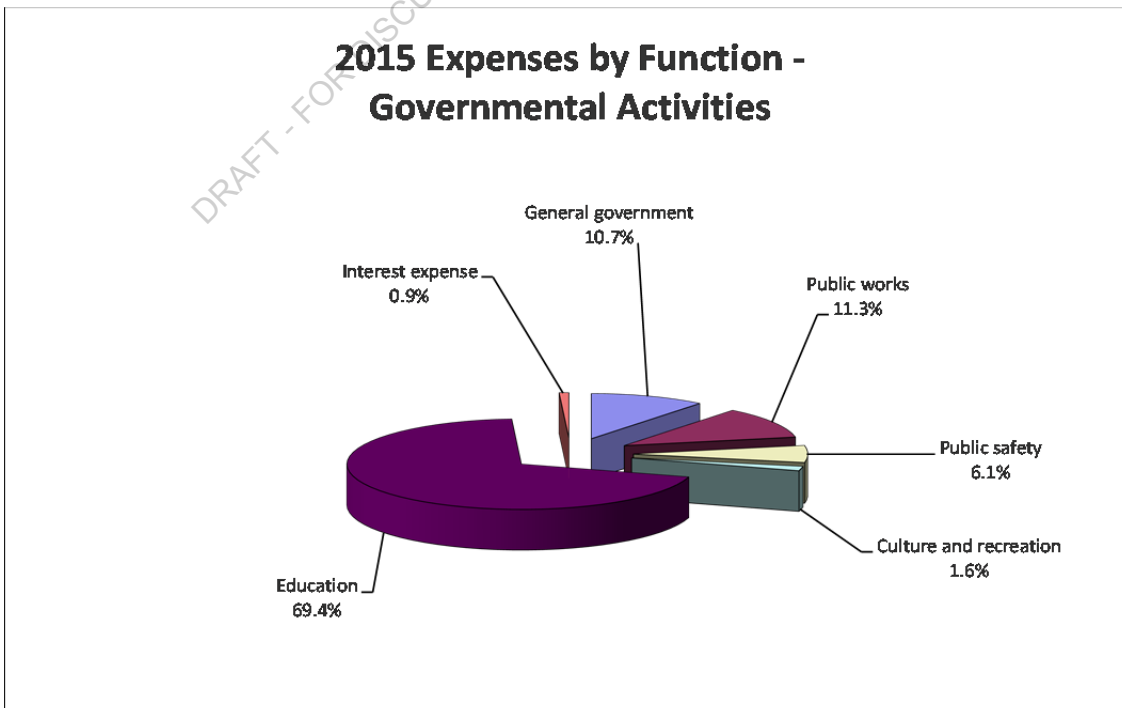
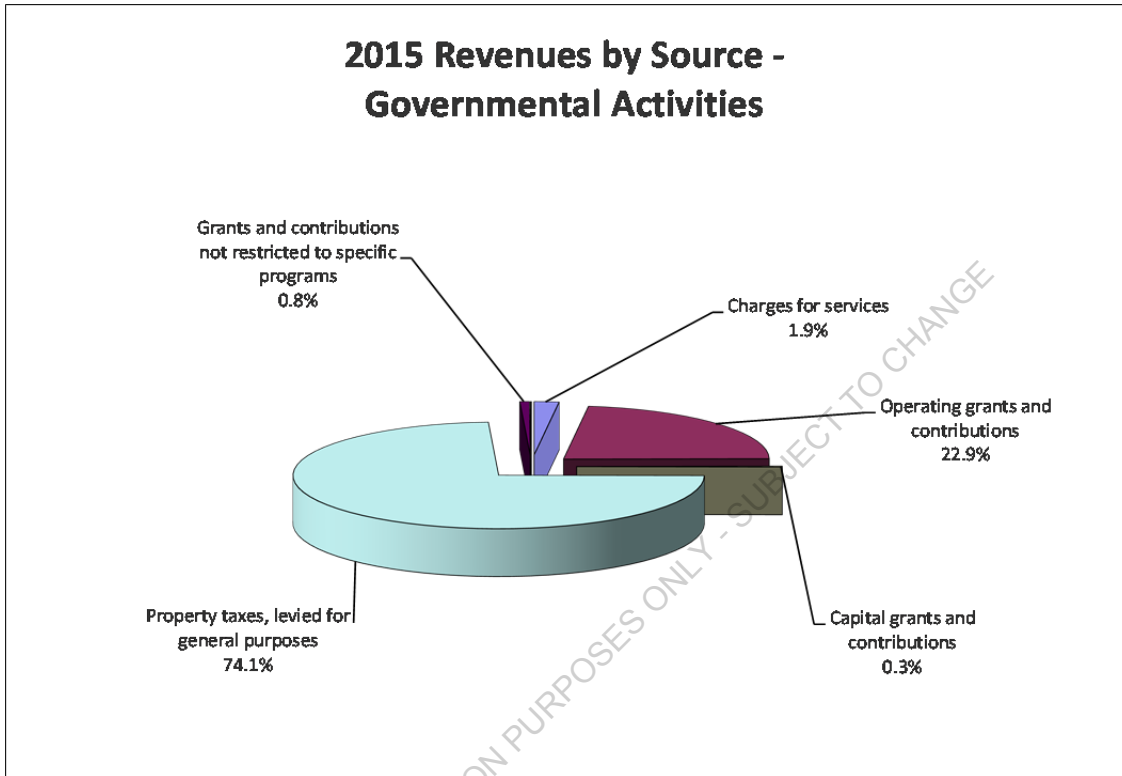
Changes in net position for the years ended June 30, 2015 and 2014 are as follows. The amounts presented for the year ended June 30, 2014 have not been restated for the implementation of GASB No. 68, since the effects of these adjustments were not readily determinable.

	<u>2015</u>	<u>2014</u>
Revenues		
Program revenues:		
Charges for services	\$ 404,996	\$ 476,215
Operating grants and contributions	4,793,968	4,721,172
Capital grants and contributions	50,024	114,522
General revenues:		
Property taxes, levied for general purposes	15,474,918	15,339,093
Grants and contributions not restricted to specific programs	157,165	146,656
Unrestricted investment earnings	11,090	1,202
Total revenues	<u>20,892,161</u>	<u>20,798,860</u>
Expenses		
General government	2,248,301	2,302,270
Public works	2,367,771	2,360,101
Public safety	1,274,948	1,290,730
Culture and recreation	327,757	329,806
Education	14,614,288	13,978,646
Interest expense	187,653	136,850
Total expenses	<u>21,020,718</u>	<u>20,398,403</u>
Change in net position	<u>\$ (128,557)</u>	<u>\$ 400,457</u>

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*



TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2015

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$3,645,549.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, fund balance of the General Fund was \$2,397,125, of which \$2,353,095 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 11.3% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.4 months of General Fund operating expenditures.

The fund balance of the Town's General Fund decreased by \$739,617 during the current fiscal year. The decrease was primarily due to transfers to other funds for future purposes.

Bonded Projects Fund

The fund deficit of the Bonded Projects Fund increased by \$267,885 during the current fiscal year, which resulted in a current fund deficit of \$281,517 as of June 30, 2015. This increase was primarily due to expenditures incurred for the Waste Water Treatment Project which is temporarily being funded through bond anticipation notes.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in fund balance of the General Fund on a budgetary basis was a decrease of \$749,118 in the current fiscal year. Expenditures were \$87,110 less than budgeted. Total budgetary revenues were \$435,912 more than expected, primarily driven by better than expected tax collections.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2015 and 2014 totaled \$16,287,552 and \$16,418,193, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was \$130,641. This decrease is attributed to depreciation expense of \$808,290 offset by current year capital asset additions of \$677,649.

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

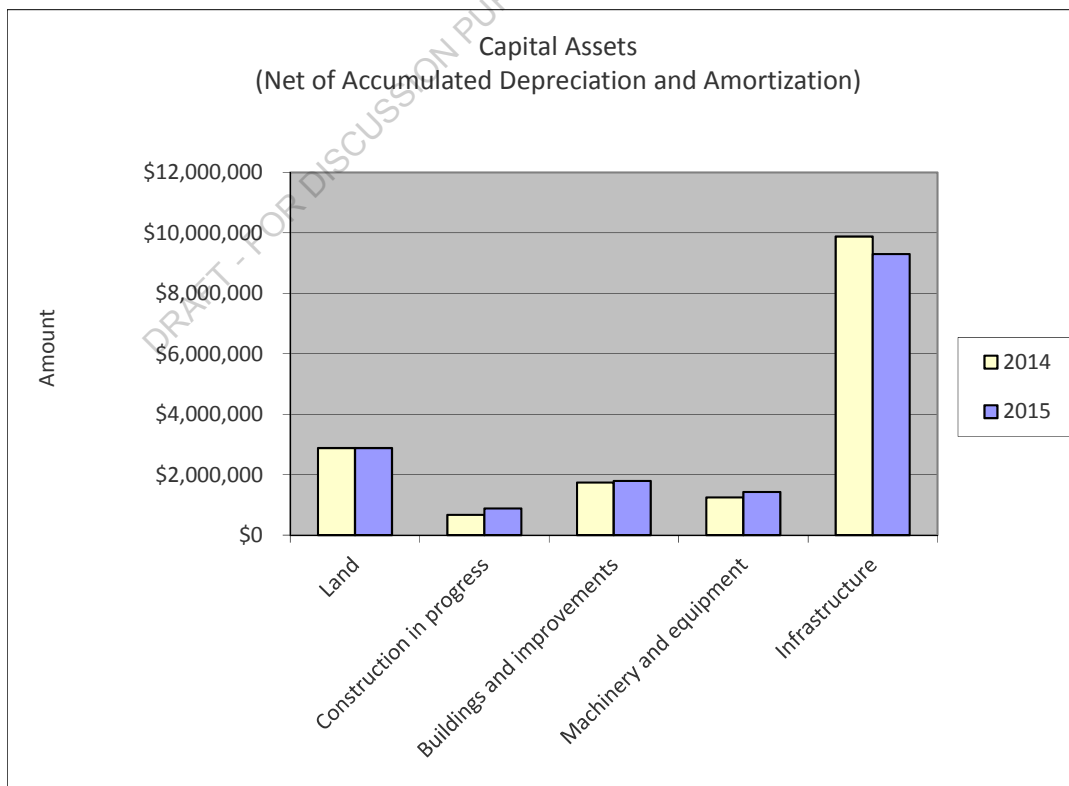
Capital Assets *(Continued)*

Major capital asset additions during the current year included the following:

- Outlays for various ongoing construction projects totaling \$358,039, including Sewer Plant upgrades, improvements to the fire department roof and Town roads;
- Outlays related to new equipment purchases in the amount of \$225,547 for a mini bus for the Senior Center, two truck bodies, a dump truck and a power load stretcher;
- Outlays for various other asset purchases totaling \$94,063, primarily for the purchase of police department radios, a waste oil furnace, a swing set, computer technology and a vehicle charging station.

The following table is a two year comparison of the investment in capital assets:

	2015	2014
Land	\$ 2,878,308	\$ 2,878,308
Construction in progress	881,764	672,996
Buildings and improvements	1,793,098	1,737,576
Machinery and equipment	1,431,145	1,252,967
Infrastructure	9,303,237	9,876,346
Totals	<u>\$ 16,287,552</u>	<u>\$ 16,418,193</u>



Additional information on the Town's capital assets can be found in Note D on of this report.

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited (Continued)
June 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

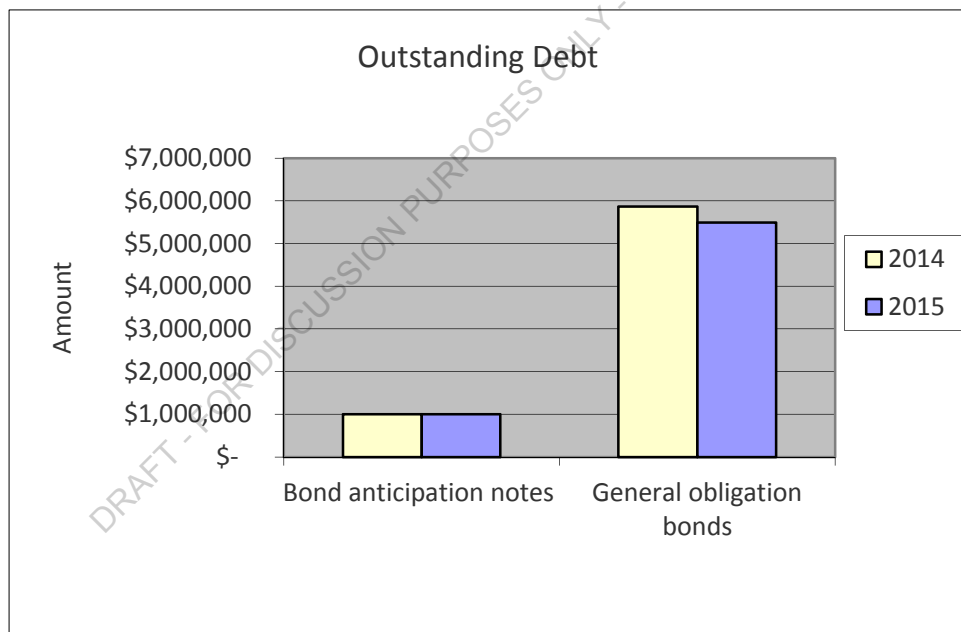
Short-term and Long-term Debt

At the end of the current fiscal year, the Town had total short-term and long-term bonded debt outstanding of \$6,490,000. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt decreased by \$375,000 or 6.4% during the current fiscal year.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is significantly in excess of the Town's outstanding general obligation debt.

The following table is a two year comparison of short-term and long-term principal debt outstanding:

	2015	2014
Bond anticipation notes	\$ 1,000,000	\$ 1,000,000
General obligation bonds	5,490,000	5,865,000
Totals	<u>\$ 6,490,000</u>	<u>\$ 6,865,000</u>



Additional information on the Town's short-term and long-term debt can be found in Note G and H of this report.

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The unemployment rate for the Town is currently 4.8% as of June 2015. This compares favorably to the state's average unemployment rate of 5.7% and the national unemployment rate of 5.3%.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
 - For purposes of calculating property tax revenues for fiscal year 2016, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.
 - It is unknown how the weakened economy will impact real estate activity and related revenues collected by the Land Use Department, the Town Clerk, the Building Department and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2016.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Office, Town of Beacon Falls, 10 Maple Avenue, Beacon Falls, Connecticut 06403.

BASIC FINANCIAL STATEMENTS

DRAFT - FOR DISCUSSION PURPOSES ONLY - SUBJECT TO CHANGE

TOWN OF BEACON FALLS, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,766,265
Receivables:	
Property taxes and interest, net	1,454,853
Assessments and interest, net	184,663
Intergovernmental	98,323
Other	10,165
Noncurrent assets:	
Receivables:	
Assessments	1,004,824
Loans	332,791
Capital assets:	
Non-depreciable	3,760,072
Depreciable, net	12,527,480
Total assets	<u>24,139,436</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred charge on refunding	<u>37,771</u>
LIABILITIES	
Accounts payable	595,430
Accrued liabilities:	
Salaries and benefits payable	59,001
Accrued interest	50,774
Unearned revenue	25,772
Bond anticipation note payable	1,000,000
Noncurrent liabilities:	
Due within one year	431,143
Due in more than one year	7,447,907
Total liabilities	<u>9,610,027</u>
DEFERRED INFLOW OF RESOURCES	
Deferred pension benefit	<u>137,274</u>
NET POSITION	
Net investment in capital assets	10,555,580
Unrestricted	3,874,326
Total net position	<u><u>\$ 14,429,906</u></u>

The accompanying notes are an integral part of these financial statements .

TOWN OF BEACON FALLS, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 2,248,301	\$ 281,208	\$ 462,512	\$ -	\$ (1,504,581)
Public works	2,367,771	93,315	179,766	50,024	(2,044,666)
Public safety	1,274,948	4,275	6,983	-	(1,263,690)
Culture and recreation	327,757	26,198	15,768	-	(285,791)
Education	14,614,288	-	4,128,939	-	(10,485,349)
Interest expense	187,653	-	-	-	(187,653)
Total governmental activities	<u>21,020,718</u>	<u>404,996</u>	<u>4,793,968</u>	<u>50,024</u>	<u>(15,771,730)</u>
General revenues:					
Property taxes and assessments, levied for general purposes					15,474,918
Grants and contributions not restricted to specific programs					157,165
Unrestricted investment earnings					11,090
Total general revenues					<u>15,643,173</u>
		Change in net position			(128,557)
		Net position - beginning, as originally reported			15,158,072
		Cumulative effect of implementing new accounting standard (See Note N)			(599,609)
		Net position - beginning, as adjusted			<u>14,558,463</u>
		Net position - ending			<u>\$ 14,429,906</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BEACON FALLS, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Bonded Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,248,505	\$ 714,664	\$ 803,096	\$ 4,766,265
Receivables:				
Property taxes and interest, net of allowance for uncollectibles of \$318,000	1,454,853	-	-	1,454,853
Assessments and interest, net of allowance for uncollectibles of \$83,000	1,189,487	-	-	1,189,487
Intergovernmental	47,994	-	50,329	98,323
Loans	24,157	-	308,634	332,791
Other	7,375	-	-	7,375
Due from other funds	30,375	84,537	567,469	682,381
Inventories	2,790	-	-	2,790
Total assets	<u>\$ 6,005,536</u>	<u>\$ 799,201</u>	<u>\$ 1,729,528</u>	<u>\$ 8,534,265</u>
LIABILITIES				
Accounts payable	\$ 398,596	\$ 80,718	\$ 116,116	\$ 595,430
Salaries and benefits payable	59,001	-	-	59,001
Bond anticipation note payable	-	1,000,000	-	1,000,000
Due to other funds	612,544	-	69,837	682,381
Unearned revenue	12,138	-	13,634	25,772
Total liabilities	<u>1,082,279</u>	<u>1,080,718</u>	<u>199,587</u>	<u>2,362,584</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes and interest	1,336,645	-	-	1,336,645
Unavailable revenue - assessments and interest	1,189,487	-	-	1,189,487
Total deferred inflows of resources	<u>2,526,132</u>	<u>-</u>	<u>-</u>	<u>2,526,132</u>
FUND BALANCES				
Nonspendable:				
Inventories	2,790	-	-	2,790
Loans receivable	24,157	-	307,833	331,990
Restricted for capital purposes	-	183,762	-	183,762
Committed	17,083	534,721	1,270,966	1,822,770
Unassigned	2,353,095	(1,000,000)	(48,858)	1,304,237
Total fund balances	<u>2,397,125</u>	<u>(281,517)</u>	<u>1,529,941</u>	<u>3,645,549</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,005,536</u>	<u>\$ 799,201</u>	<u>\$ 1,729,528</u>	<u>\$ 8,534,265</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF BEACON FALLS, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balance for governmental funds		\$	3,645,549
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:			
Land	\$	2,878,308	
Construction in progress		881,764	
Buildings and improvements		3,473,916	
Machinery and equipment		5,564,948	
Infrastructure		20,612,112	
Less: accumulated depreciation and amortization		(17,123,496)	
Total capital assets, net			16,287,552
Some of the Town's taxes, assessments, and interest receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.			2,526,132
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.			
Accrued interest payable		(50,774)	
Long-term debt:			
Bonds payable		(5,490,000)	
Unamortized premium		(182,708)	
Deferred charges on refunding		37,771	
Capital lease obligations		(97,035)	
Other long-term liabilities:			
Compensated absences		(78,241)	
Pension obligation		(1,541,434)	
Net pension liability		(428,730)	
Net OPEB obligation		(60,902)	
Total long-term liabilities			(7,892,053)
Deferred inflows of resources resulting from changes in the components of the net pension liability are reported in the statements of net position.			(137,274)
Net position of governmental activities		\$	<u>14,429,906</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF BEACON FALLS, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Bonded Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 15,752,349	\$ -	\$ -	\$ 15,752,349
Assessments	214,326	-	-	214,326
Intergovernmental	4,574,430	-	312,268	4,886,698
Charges for services	235,804	-	116,150	351,954
Other	137,501	-	30,000	167,501
Interest income	9,917	848	325	11,090
Total revenues	<u>20,924,327</u>	<u>848</u>	<u>458,743</u>	<u>21,383,918</u>
EXPENDITURES				
Current:				
General government	2,101,770	-	35,042	2,136,812
Public works	1,676,702	-	9,637	1,686,339
Public safety	1,191,921	-	-	1,191,921
Culture and recreation	284,330	-	21,608	305,938
Education	14,614,288	-	-	14,614,288
Debt service:				
Principal payments	422,292	-	-	422,292
Interest and fiscal charges	191,254	-	-	191,254
Capital outlays	354,737	268,733	219,607	843,077
Total expenditures	<u>20,837,294</u>	<u>268,733</u>	<u>285,894</u>	<u>21,391,921</u>
Excess (deficiency) of revenues over expenditures	87,033	(267,885)	172,849	(8,003)
OTHER FINANCING SOURCES (USES)				
Capital lease financing	118,970	-	-	118,970
Transfers in	-	-	945,620	945,620
Transfers out	(945,620)	-	-	(945,620)
Total other financing sources (uses)	<u>(826,650)</u>	<u>-</u>	<u>945,620</u>	<u>118,970</u>
Net change in fund balances	(739,617)	(267,885)	1,118,469	110,967
Fund balances - beginning	3,136,742	(13,632)	411,472	3,534,582
Fund balances - ending	<u>\$ 2,397,125</u>	<u>\$ (281,517)</u>	<u>\$ 1,529,941</u>	<u>\$ 3,645,549</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF BEACON FALLS, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds	\$	110,967
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Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation and amortization expense exceeded capital outlays in the current period is as follows:

Expenditures for capital assets	\$ 677,649	
Depreciation and amortization expense	(808,290)	
Net adjustment		(130,641)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
Capital lease financing	(118,970)	
Principal repayments:		
Bonds payable	375,000	
Capital lease obligations	46,692	
Net adjustment		302,722

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest	1,305	
Amortization on bond premium	2,894	
Deferred amount on refunding	(598)	
Compensated absences	(4,591)	
Pension obligation	30,871	
Insurance assessment	19,984	
Net pension liability	170,879	
Net OPEB obligation	(3,318)	
		217,426

Deferred inflows of resources resulting from changes in the components of the net pension liability are amortized as a component of pension expense in the statement of activities.		(137,274)
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Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of revenue in governmental funds. This amount represents the change in deferred inflows.		(491,757)
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Change in net position of governmental activities	\$	(128,557)
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The accompanying notes are an integral part of these financial statements .

TOWN OF BEACON FALLS, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 15,217,320	\$ 15,217,320	\$ 15,759,332	\$ 542,012
Water and sewer assessments	200,000	200,000	214,326	14,326
Intergovernmental revenues	4,587,845	4,587,845	4,602,192	14,347
Charges for services	246,250	246,250	235,804	(10,446)
Other revenues	226,000	226,000	102,756	(123,244)
Interest income	11,000	11,000	9,917	(1,083)
Total revenues	<u>20,488,415</u>	<u>20,488,415</u>	<u>20,924,327</u>	<u>435,912</u>
EXPENDITURES				
Current:				
General government	2,200,982	2,242,179	2,094,688	(147,491)
Public works	1,699,465	1,807,671	1,690,035	(117,636)
Public safety	1,186,772	1,153,726	1,205,787	52,061
Library	153,651	153,778	150,337	(3,441)
Recreation	136,080	142,021	137,743	(4,278)
Education	14,614,288	14,614,288	14,614,288	-
Contingency	100,000	-	-	-
Capital outlays	159,156	136,131	269,807	133,676
Debt service:				
Principal payments	375,000	375,600	375,600	-
Interest and fiscal charges	190,041	190,041	190,040	(1)
Total expenditures	<u>20,815,435</u>	<u>20,815,435</u>	<u>20,728,325</u>	<u>(87,110)</u>
Excess (deficiency) of revenues over expenditures	(327,020)	(327,020)	196,002	523,022
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	327,020	1,272,140	-	(1,272,140)
Transfers out	-	(945,120)	(945,120)	-
Total other financing sources (uses)	<u>327,020</u>	<u>327,020</u>	<u>(945,120)</u>	<u>(1,272,140)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(749,118)</u>	<u>\$ (749,118)</u>
Fund balances - beginning			3,137,161	
Fund balances - ending			<u>\$ 2,388,043</u>	

The accompanying notes are an integral part of these financial statements .

TOWN OF BEACON FALLS, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Private Purpose Trust Fund - Melborne Trust Fund
ASSETS	
Cash and cash equivalents	\$ 6,626
Investments	10,092
Total assets	<u>16,718</u>
NET POSITION	
Held in trust for scholarship benefits	<u>\$ 16,718</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF BEACON FALLS, CONNECTICUT
STATEMENT OF CHANGES
IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Private Purpose Trust Fund - Melborne Trust Fund
ADDITIONS	
Interest income	\$ 94
DEDUCTIONS	
Awards expense	1,000
Change in net position	(906)
Net position - beginning	17,624
Net position - ending	\$ 16,718

The accompanying notes are an integral part of these financial statements .

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Beacon Falls, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

The Town was incorporated in 1871. The Town operates under a Board of Selectmen, Town Meeting and Board of Finance form of government.

The legislative power of the Town is vested with the Board of Selectmen and by 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 Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The Town provides the following services: public works, public safety, culture and recreation, education and general administrative services.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The Town reports the following major governmental funds:

General Fund - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those not accounted for and reported in another fund.

Bonded Projects Fund - This fund is used to account for the financial activity of capital projects financed with debt proceeds and government grants.

In addition, the Town reports the following fiduciary fund types:

Private Purpose Trust Funds - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Town utilizes a private purpose trust fund to account for activities of the Melborne Trust Fund.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The 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 government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Measurement Focus and Basis of Accounting *(Continued)*

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when the cash is received.

The private-purpose trust fund is reported using the economic resources measurement focus and the accrual basis of accounting.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity

Cash Equivalents

The Town's cash and cash equivalents include short-term highly liquid investments with original maturities of three months or less when purchased.

Property Taxes, Sewer Assessment and Usage Charges

Property taxes are assessed as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Taxes not paid within 30 days of the due date are subject to an interest charges. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

Sewer and water assessments are levied over various periods, and annual installments on the amounts levied are due and payable similar to property taxes. The Town may foreclose liens against property benefited by special assessment, when assessment payers are in arrears.

Loans Receivable

The Town administers a loan program for low to moderate income families through the Small Cities grant program. The loans bear an interest rate of 0%. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The notes may be paid in full or in part by the borrower at any time without penalty.

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity *(Continued)*

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 with 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 a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	15 - 50
Machinery and equipment	8 - 15
Infrastructure	15 - 60

Unearned Revenue

This liability represents resources that have been received but not yet earned.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. In the government-wide financial statements, deferred outflows of resources consist of a deferred charge on refunding. This amount is being amortized to interest expense using the effective-interest method over the life of the related bonds.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. In the governmental funds financial statements, deferred inflows of resources consists of unavailable revenue from property taxes and assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements, deferred inflows of resources consists of deferred pension benefits resulting from changes in the components of the Town's net pension liability. These amounts are being amortized as a component of pension expense on a systematic and rational basis.

Compensated Absences

Town employees are granted vacation and sick leave based upon length of employment. In the event of termination or retirement, employees are compensated for accumulated vacation and sick time.

All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or when the vested amount is expected to be paid with available resources.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity (Continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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 the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental funds 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.

Net Position and Fund Balance

The government-wide statement of net position presents the Town's non-fiduciary assets, deferred outflows of resources and liabilities, with net position as the residual of these elements. Net position is reported in three categories:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net position – This component of net position consists of the portion of net position whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of amounts which do not meet the definition of the preceding two categories.

The Town's governmental funds report the following fund balance categories:

Nonspendable – Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

Committed – Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Finance (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action. The formal action required to be taken by the Board of Finance to commit fund balance includes formal voting procedures consistent with the Town's budgeting procedures as described in Note B.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity (Continued)

Net Position and Fund Balance (Continued)

Assigned – Amounts are constrained by the Town’s intent to be used for specific purposes, but are not restricted or committed. The Board of Finance and Board of Selectmen may assign fund balance as needed to meet the obligations of the Town.

Unassigned – Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over the use of fund balance. In accordance with the applicable accounting guidance, when committed, assigned and unassigned resources are available for use, it is assumed that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

Interfund Activities

Interfund activities are reported as follows:

Interfund 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interfund Activities *(Continued)*

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures, or expenses, to the funds that initially paid for them.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE

Budgetary Information

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- The head of each department, office or agency of the Town, supported wholly or in part from Town funds, except the Regional Board of Education, files with the Board of Selectmen a detailed estimate of the expenditures to be made and the revenues, other than property taxes, to be collected in the ensuing fiscal year.
- Expenditures are budgeted by function, department and object. The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established at the department level.
- The Board of Selectmen reviews the budget estimates with the heads of all Town supported departments, offices and agencies. In preparing the proposed budget, the Board of Selectmen may add to, delete from or eliminate requests made by the various departments, offices and agencies. The Board of Selectmen includes in the budget the estimated budget request of Regional School District No. 16. The Board of Selectmen submits its budget recommendations to the Board of Finance.
- The Board of Finance may review the budget requests with the head of each department, board, agency and commission. These estimates are recommended as the annual operating budget for adoption either at the Town meeting in May or at Town referendum, in accordance with Connecticut General Statutes.

TOWN OF BEACON FALLS, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2015

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE *(Continued)***Budgetary Information *(Continued)***

- The Board of Finance may authorize the transfer of appropriations between departments, and may authorize supplemental appropriations during the year provided that such appropriations do not cumulatively exceed \$20,000. Transfers and additional appropriations exceeding \$20,000 require Town meeting approval.
- Unexpended appropriations lapse at the end of the fiscal year. Appropriations for capital projects do not lapse until completion of the applicable project.
- The General Fund budget is prepared on a modified accrual basis of accounting. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and accordingly encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2015:

	Total Revenues	Total Expenditures	Other Financing Sources (Uses), Net	Net Change in Fund Balance
Budgetary basis	\$ 20,924,327	\$ 20,728,325	\$ (945,120)	\$ (749,118)
Encumbrances:				
Outstanding - June 30, 2015	-	(17,083)	-	17,083
Transfers out recorded as expenditures for budgetary purposes	-	(500)	(500)	-
Capital lease financing	-	118,970	118,970	-
Town Clerk Fund activity	-	7,582	-	(7,582)
GAAP basis	<u>\$ 20,924,327</u>	<u>\$ 20,837,294</u>	<u>\$ (826,650)</u>	<u>\$ (739,617)</u>

Expenditures Which Exceed Appropriations

As discussed above, the legal level of control at which expenditures may not legally exceed appropriations is at the department level. During the year ended June 30, 2015, expenditures exceeded appropriations in the following amounts:

Department	Amount
Capital Outlays	\$ 133,676
Public Safety	52,061

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2015

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE *(Continued)*

Deficit Fund Equity

The Bonding Projects Fund has a deficit fund balance as of June 30, 2015 of \$281,517, which does not constitute a violation of statutory provisions. The deficit arose due to expenditures being funded by short-term financing. This deficit is expected to be funded by the issuance of long-term debt and/or future transfers from the General Fund.

NOTE C - CASH DEPOSITS

A reconciliation of the Town's cash deposits as of June 30, 2015 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 4,766,265
Statement of fiduciary net position:	
Cash and cash equivalents	6,626
Add: Certificate of deposit classified as an investment	10,092
	<u>\$ 4,782,983</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$4,494,177 of the Town's bank balance of \$4,826,411 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,044,759
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	449,418
	<u>\$ 4,494,177</u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2015

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 2,878,308	\$ -	\$ -	\$ -	\$ 2,878,308
Construction in progress	672,996	358,039	-	(149,271)	881,764
Total capital assets, not being depreciated	3,551,304	358,039	-	(149,271)	3,760,072
Capital assets, being depreciated:					
Buildings and improvements	3,352,601	11,365	-	109,950	3,473,916
Machinery and equipment	5,217,382	308,245	-	39,321	5,564,948
Infrastructure	20,612,112	-	-	-	20,612,112
Total capital assets, being depreciated	29,182,095	319,610	-	149,271	29,650,976
Less accumulated depreciation and amortization for:					
Buildings and improvements	1,615,025	65,793	-	-	1,680,818
Machinery and equipment	3,964,415	169,388	-	-	4,133,803
Infrastructure	10,735,766	573,109	-	-	11,308,875
Total accumulated depreciation and amortization	16,315,206	808,290	-	-	17,123,496
Total capital assets, being depreciated, net	12,866,889	(488,680)	-	149,271	12,527,480
Governmental activities capital assets, net	<u>\$ 16,418,193</u>	<u>\$ (130,641)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,287,552</u>

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 19,105
Public safety	76,096
Public works	692,617
Culture and recreation	20,472
Total depreciation and amortization expense - governmental activities	<u>\$ 808,290</u>

TOWN OF BEACON FALLS, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2015

NOTE E - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Nonmajor governmental funds	\$ 30,375
Bonded Projects Fund	General Fund	47,579
	Nonmajor governmental funds	36,958
		<u>84,537</u>
Nonmajor governmental funds	General Fund	564,965
	Nonmajor governmental funds	2,504
		<u>567,469</u>
		<u>\$ 682,381</u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE F - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2015 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
Nonmajor governmental funds	General Fund	\$ 945,620
		<u>\$ 945,620</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2015

NOTE G - SHORT-TERM LIABILITIES

The following is a summary of changes in short-term debt for the year ended June 30, 2015:

	Due Date	Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities						
Bond anticipation notes	3/2015	1.0%	\$ 1,000,000	\$ -	\$ (1,000,000)	\$ -
Bond anticipation notes	12/2015	0.75%	-	1,000,000	-	1,000,000
			<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>

The purpose of the bond anticipation notes are to provide interim financing for various ongoing construction projects until future general obligation bonds are issued. In December 2015, the Town retired the outstanding bond anticipation notes through proceeds from the issuance of additional bond anticipation notes (see Note P).

NOTE H - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

Governmental Activities	Beginning Balance (As Adjusted)	Increases	Decreases	Ending	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 5,865,000	\$ -	\$ (375,000)	\$ 5,490,000	\$ 355,000
Unamortized premium	185,602	-	(2,894)	182,708	-
Total bonds payable	<u>6,050,602</u>	<u>-</u>	<u>(377,894)</u>	<u>5,672,708</u>	<u>355,000</u>
Other liabilities:					
Pension obligation	1,572,305	-	(30,871)	1,541,434	33,363
Capital lease obligation	24,757	118,970	(46,692)	97,035	34,956
Compensated absences	73,650	9,714	(5,123)	78,241	7,824
Insurance assessment	19,984	-	(19,984)	-	-
Net pension liability	599,609	-	(170,879)	428,730	-
Net OPEB obligation	57,584	3,318	-	60,902	-
	<u>\$ 8,398,491</u>	<u>\$ 132,002</u>	<u>\$ (651,443)</u>	<u>\$ 7,879,050</u>	<u>\$ 431,143</u>

Long - term liabilities above typically have been liquidated by the General Fund.

TOWN OF BEACON FALLS, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2015

NOTE H - LONG-TERM LIABILITIES *(Continued)***General Obligation Bonds**

A summary of general obligation bonds outstanding at June 30, 2015 is as follows:

Purpose of Bonds	Date of Issue	Original Issue	Interest Rates	Maturity Date	Amount Outstanding
Governmental Activities					
Bonds Payable					
General Obligation Bonds	2014	\$ 5,865,000	2.0% - 4.0%	3/15/2033	\$ 5,490,000

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2015:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
2016	\$ 355,000	\$ 174,081	\$ 529,081
2017	350,000	166,981	516,981
2018	385,000	156,481	541,481
2019	385,000	144,931	529,931
2020	380,000	135,306	515,306
2021-2025	1,870,000	499,508	2,369,508
2026-2030	1,525,000	195,988	1,720,988
2031-2033	240,000	19,200	259,200
	<u>\$ 5,490,000</u>	<u>\$ 1,492,476</u>	<u>\$ 6,982,476</u>

Overlapping Debt

The Town is contingently liable for its pro-rata share of Regional School District No. 16's (the "District") outstanding bonds. At June 30, 2015, the District's total outstanding bonds and bond anticipation notes, net of school construction principal reimbursements were \$25,823,817. The Town's share is approximately 39.787% of the total, or \$10,274,522. Such outstanding indebtedness represents general obligations of Regional School District No. 16 and its member towns. However, the Town is not required to record its share in the accompanying statement of net position. Regional School District No. 16 has \$604,799 of authorized, unissued bonds, net of estimated state grant reimbursements, for which the Town would be contingently liable for its share of the total, or \$240,631.

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2015.

The amount of authorized, unissued bonds at June 30, 2015 totaled \$4,157,200 for sewer upgrade purposes.

TOWN OF BEACON FALLS, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2015

NOTE H - LONG-TERM LIABILITIES *(Continued)***Pension Obligation**

The Town participates in the Connecticut Municipal Employee Retirement System (MERS). Upon joining MERS, the Town became obligated and entered into an agreement to pay MERS for prior unfunded actuarial accrued liabilities for Town employees participating in MERS.

Annual debt service requirements to maturity on the unfunded pension obligation are as follows as of June 30, 2015:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
2016	\$ 33,363	\$ 124,470	\$ 157,833
2017	36,057	121,776	157,833
2018	38,968	118,865	157,833
2019	42,115	115,718	157,833
2020	45,515	112,318	157,833
2021-2025	289,006	500,159	789,165
2026-2030	426,106	363,058	789,164
2031-2035	627,740	161,425	789,165
2036	2,564	216	2,780
	<u>\$ 1,541,434</u>	<u>\$ 1,618,005</u>	<u>\$ 3,159,439</u>

Capital Leases

A summary of assets acquired through capital leases are as follows as of June 30, 2015:

	Governmental Activities
Machinery and equipment	\$ 178,420
Less: accumulated amortization	18,578
	<u>\$ 159,842</u>

Amortization expense of leased property under capital leases totaled \$4,954 for the year ended June 30, 2015 and is included in depreciation and amortization expense disclosed in Note D.

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2015

NOTE H - LONG-TERM LIABILITIES *(Continued)*

Capital Leases *(Continued)*

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2015 are as follows:

Year ending June 30:	Governmental Activities
2016	\$ 38,665
2017	25,368
2018	20,747
2019	20,751
Total minimum lease payments	105,531
Less: amount representing interest	(8,496)
Present value of minimum lease payments	\$ 97,035

NOTE I - EMPLOYEE RETIREMENT PLANS

Connecticut Municipal Employees' Retirement System

The Town participates in the Connecticut's Municipal Employees' Retirement System (CMERS). CMERS is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. The plan was established in 1947 and is governed by Connecticut Statute Title 7, Chapter 113. Chapter 113, Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions.

Municipalities may designate which departments are to be covered under the CMERS. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

Plan Description

Plan administration - CMERS is a multiemployer pension plan administered by the Connecticut State Retirement Commission. The State Retirement Commission is responsible for the administration of the CMERS. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

Plan membership - Union employees, police officers and other Town employees, who were hired after September 30, 1969, who are 55 or younger at the date of hire, and who work at least 20 hours per week are eligible to participate.

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2015

NOTE I - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Plan Description *(Continued)*

Benefits provided - General employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Police are eligible at the compulsory retirement age for police and fire members are eligible at the age of 65.

For members not covered by social security, the benefit is 2% of average final compensation times years of service. For members covered by social security, the benefit is 1 % of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits. If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.

Employees are eligible for early retirement after 5 years of continuous or 15 years of active aggregate service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for non-service-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

The plan also offers a pre-retirement death benefit in the form of a lump sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions - The contribution requirements of plan members are established and may be amended by the State Retirement Commission. The Town is required to contribute annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions. The current rate is 11.98% of the annual Town employees' covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to the CMERS for the years ended June 30, 2015, 2014 and 2013 were \$182,357, \$166,802, and \$165,193, respectively, and were equal to the required contributions for each year.

For employees not covered by social security, each person is required to contribute 5% of compensation. For employees covered by social security, each person is required to contribute 2.25% of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

NOTE I - EMPLOYEE RETIREMENT PLANS (Continued)

Connecticut Municipal Employees' Retirement System (Continued)

Summary of Significant Accounting Policies

Pensions - For purposes of measuring the net pension liability, deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of CMERS and additions and deletions from CMERS' net position are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investment policy - The CMERS' policy in regard to the allocation of invested assets is established and may be amended by the State Retirement Commission. It is the policy of the State to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

Net Pension Liability

The total estimated net pension liability of the CMERS as of June 30, 2014 was \$238.116 million, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled \$428,730 or approximately 0.180% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The portion of the net pension liability associated with the Town was based on the 2014 actuarial (expected) payroll amounts reported by participating employers. Expected payroll adjusts actual payroll for known changes in the status of employees, annualized salaries for partial year employees and anticipated salary increases.

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

Inflation	3.25%
Salary increases	4.25% - 11.00%, including inflation
Investment rate of return	8.00%
Discount rate	8.00%

Mortality rates were based on the RP-2000 Combined Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2015

NOTE I - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Net Pension Liability *(Continued)*

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap U.S. Equities	16%	5.80%
Developed Non-U.S. Equities	14%	6.60%
Emerging Markets (Non-U.S.)	7%	8.30%
Core Fixed Income	8%	1.30%
Inflation Linked Bonds	5%	1.00%
Emerging Market Bonds	8%	3.70%
High Yield Bonds	14%	3.90%
Real Estate	7%	5.10%
Private Equity	10%	7.60%
Alternative Investment	8%	4.10%
Liquidity Fund	3%	0.40%

Discount rate - The discount rate used to measure the CMERS' total pension liability was 8.00%. 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 State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Town proportionate share of the net pension liability as of June 30, 2015	\$ 980,186	\$ 428,730	\$ (35,205)

Pension plan fiduciary net position - Detailed information about the CMERS plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements (Continued)
June 30, 2015

NOTE I - EMPLOYEE RETIREMENT PLANS (Continued)

Connecticut Municipal Employees' Retirement System (Continued)

Pension Expense and Deferred Inflows of Resources

For the year ended June 30, 2015, the Town recognized pension expense related to the CMERS of \$77,426. At June 30, 2015, the Town reported its proportionate share of deferred inflows of resources related to the CMERS from the following source:

	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 137,274
Total	<u>\$ 137,274</u>

Amounts reported as deferred inflows of resources related to the CMERS will be recognized as a component of pension expense in future years as follows:

Year ended June 30,	
2016	\$ 34,319
2017	34,319
2018	34,319
2019	34,317
	<u>\$ 137,274</u>

Deferred Compensation Plan

The Town offers all employees who are eligible for benefits a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Town is not required to make contributions to this plan. Amounts contributed by employees into this plan totaled, \$25,530 for the year ended June 30, 2015. Deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. In addition, it is the opinion of the Town's legal counsel that the Town has no liability for losses under the plans. Therefore, the accounts of the deferred compensation plans are not reported in the basic financial statements of the Town.

NOTE J - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Town provides healthcare insurance benefits for eligible retirees through the Town's group health insurance plan, which covers both active and retired members (the "Plan"). Benefit provisions are established by various collective bargaining and employment agreements with the Town. The Plan is considered to be part of the Town's financial reporting entity. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

TOWN OF BEACON FALLS, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2015

NOTE J - OTHER POST-EMPLOYMENT BENEFITS *(Continued)***Funding Policy**

Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with the General Statutes of the State of Connecticut. Currently, employees who are age 55 and older, with 20 years of service in the Town, are eligible to receive benefits. Police officers are required to pay 25% of the cost, single coverage only. Town Hall employees are required to pay 50% of cost, single coverage only. Public works employees shall contribute at the same level as active employees, which may be adjusted from time to time. For fiscal year 2015, the Town and retirees contributions totaled \$84,006 and were funded on a pay-as-you-go basis.

The Town has not established a trust fund as of June 30, 2015, to irrevocably segregate assets to fund the liability for post-employment benefits, which would require the reporting of a trust fund.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation:

Annual required contribution	\$ 88,286
Interest on net OPEB obligation	2,303
Adjustment to annual required contribution	(3,265)
Annual OPEB cost (expense)	87,324
Contributions made	84,006
Increase in net OPEB obligation	3,318
Net OPEB obligation, beginning of year	57,584
Net OPEB obligation, end of year	\$ 60,902

Three-year Trend Information

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 27,421	58.1%	\$ 45,113
2014	87,172	85.7%	57,584
2015	87,324	96.2%	60,902

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013 (the date of the most recent actuarial valuation) was as follows:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Actuarial Cost Method (B)	(Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)
\$ -	\$ 1,195,490	\$ (1,195,490)	0.0%

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2015

NOTE J - OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Funded Status and Funding Progress *(Continued)*

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date:	July 1, 2013
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Dollar
Remaining amortization period:	30 years, open
Asset valuation method:	N/A
Actuarial assumptions:	
Inflation rate	0.0%
Interest rate	4.0%
Healthcare cost trend rate	8.0% initial
	5.0% final

NOTE K - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

TOWN OF BEACON FALLS, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2015

NOTE L - FUND BALANCE

Fund balance of the Town's governmental funds have been committed to the following purposes as of June 30, 2015:

	General Fund	Bonding Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Committed				
General government	\$ -	\$ -	\$ 7,713	\$ 7,713
Public safety	-	-	-	-
Public works	13,333	-	-	13,333
Sewer waste water system	-	-	528,889	528,889
Culture and recreation	3,750	-	30,518	34,268
Special projects	-	-	18,251	18,251
Capital purposes	-	534,721	685,595	1,220,316
	<u>\$ 17,083</u>	<u>\$ 534,721</u>	<u>\$ 1,270,966</u>	<u>\$ 1,822,770</u>

NOTE M - COMMITMENTS AND CONTINGENCIES

There are several legal matters pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

NOTE N - IMPLEMENTATION OF ACCOUNTING STANDARDS

Effective July 1, 2014, the Town implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The implementation of these statements did not have a material effect on the Town's financial statements.

Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaced the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*. GASB Statement No. 68 required the Town to recognize a net pension liability relating to its proportionate share of long-term obligations for pension benefits in the government-wide financial statements. In addition, the implementation of GASB Statement No. 68 resulted in enhanced note disclosures and required supplementary information.

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2015

NOTE N - IMPLEMENTATION OF ACCOUNTING STANDARDS *(Continued)*

The Town has reported the following cumulative effect of applying GASB Statement No. 68 as an adjustment of beginning net position as of July 1, 2014. The adjustment recorded does not include the beginning effects of any deferred outflows or inflows of resources.

	<u>Governmental Activities</u>
Net position - beginning, as originally reported	\$ 15,158,072
Adjustment to record net pension liability under GASB Statement No. 68	<u>(599,609)</u>
Net position - beginning, as adjusted	<u>\$ 14,558,463</u>

NOTE O - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees of state and local governmental employers and are not within the scope of GASB Statement No. 68. The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No. 68 are effective for the Town's reporting period beginning July 1, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for the Town's reporting period beginning July 1, 2015. The requirements of this statement for pension plans that are within the scope of GASB Statement No. 67, or for pensions that are within the scope of GASB Statement No. 68, are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for a) determining a fair value measurement for financial reporting purposes and b) applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement establishes new accounting and financial reporting requirements for OPEB plans included in the general purpose external financial reports of state and local governmental OPEB plans and replaces the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2015

NOTE O - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)*

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes the hierarchy of GAAP for state and local governments and supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

NOTE P - SUBSEQUENT EVENTS

In December 2015, the \$1,000,000 in bond anticipation notes payable outstanding as of June 30, 2015 matured and were retired through proceeds from the issuance of \$3,100,000 in bond anticipation notes payable. The \$3,100,000 in bond anticipation notes bear an interest rate of 2.0% and mature in July 2016.

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT - FOR DISCUSSION PURPOSES ONLY - SUBJECT TO CHANGE

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
JUNE 30, 2015

	<u>2015</u>
Town's proportion of the net pension liability	0.1801%
Town's proportionate share of the net pension liability	<u><u>\$ 428,730</u></u>
Town's covered payroll	\$ 924,851
Town's proportionate share of the net pension liability as a percentage of its covered payroll	46.4%
Plan fiduciary net position as a percentage of the total pension liability	90.48%
Notes to Schedule:	
Valuation Date	6/30/2014
Reporting Date	6/30/2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market (20% write up)
Investment rate of return	8.00%
Salary increases	4.25% - 11.00%, including inflation
Inflation	3.25%

Note: The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
JUNE 30, 2015

	<u>2015</u>
Contractually required contribution	\$ 182,357
Contributions in relation to the contractually required contribution	<u>182,357</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 924,851
Contributions as a percentage of covered employee payroll	19.72%

Notes to Schedule:

Benefit Changes None noted.

Assumption Changes None noted.

Note: The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS - UNAUDITED
JUNE 30, 2015

Other Post-Employment Benefits Program				
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)
July 1, 2013	\$ -	\$ 1,195,490	\$ 1,195,490	0.0%

DRAFT - FOR DISCUSSION PURPOSES ONLY - SUBJECT TO CHANGE

See accompanying Independent Auditor's Report.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

DRAFT - FOR DISCUSSION PURPOSES ONLY - SUBJECT TO CHANGE

General Fund

DRAFT - FOR DISCUSSION PURPOSES ONLY - SUBJECT TO CHANGE

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PROPERTY TAXES				
Property taxes - current year	\$ 14,689,320	\$ 14,689,320	\$ 14,852,820	\$ 163,500
Property taxes - prior years	400,000	400,000	586,679	186,679
Interest and lien fees	128,000	128,000	319,833	191,833
Total property taxes	15,217,320	15,217,320	15,759,332	542,012
WATER AND SEWER ASSESSMENTS	200,000	200,000	214,326	14,326
INTERGOVERNMENTAL REVENUES				
State property tax	49,155	49,155	50,469	1,314
Elderly tax relief	54,347	54,347	53,629	(718)
Library	1,410	1,410	188	(1,222)
Disability relief	1,800	1,800	1,801	1
Additional exemption for vets	11,956	11,956	12,545	589
Town aid road maintenance	186,864	186,864	188,588	1,724
School equalization grant	4,128,939	4,128,939	4,128,939	-
Distressed municipalities	19,714	19,714	13,117	(6,597)
Pequot grant	29,480	29,480	25,604	(3,876)
Municipal purposes and projects grant	41,202	41,202	41,202	-
Miscellaneous grants	20,000	20,000	4,894	(15,106)
Miscellaneous reimbursements	25,000	25,000	33,222	8,222
Miscellaneous revenue sharing prior year	17,978	17,978	-	(17,978)
Capital assistance program for the elderly	-	-	47,994	47,994
Total intergovernmental revenues	4,587,845	4,587,845	4,602,192	14,347
CHARGES FOR SERVICES				
Planning & zoning commission	12,000	12,000	6,540	(5,460)
Zoning board of appeals	750	750	700	(50)
Building permits	38,000	38,000	77,464	39,464
Town clerk conveyance	39,500	39,500	54,443	14,943
Miscellaneous permits	20,000	20,000	240	(19,760)
Inlands wetlands fees	3,500	3,500	4,650	1,150
Disposal fees	3,500	3,500	4,733	1,233
Mini-bus	2,500	2,500	3,630	1,130
Park & recreation - summer program	6,500	6,500	50	(6,450)
Police extra duty/vehicles/fees	75,000	75,000	-	(75,000)
Police other revenue	-	-	4,275	4,275
Miscellaneous fees	-	-	268	268
Leachate collection system	45,000	45,000	78,811	33,811
Total charges for services	246,250	246,250	235,804	(10,446)

(Continued)

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

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
OTHER REVENUES				
Gas & miscellaneous refunds	\$ -	\$ -	\$ 190	\$ 190
Regional School District No. 16 surplus	200,000	200,000	87,883	(112,117)
Telecom property tax	26,000	26,000	-	(26,000)
Other revenues	-	-	14,683	14,683
Total other revenues	226,000	226,000	102,756	(123,244)
INTEREST INCOME	11,000	11,000	9,917	(1,083)
Total revenues	\$ 20,488,415	\$ 20,488,415	\$ 20,924,327	\$ 435,912

See accompanying Independent Auditor's Report.

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
GENERAL GOVERNMENT				
First selectman	\$ 99,629	\$ 99,127	\$ 99,127	\$ -
Town hall	112,617	124,622	122,798	(1,824)
Town clerk	102,596	103,502	100,179	(3,323)
Tax collector	83,917	86,657	77,707	(8,950)
Treasurer	5,697	5,697	5,697	-
Building inspector	30,282	31,086	30,897	(189)
Employee benefits	1,076,551	1,042,775	988,619	(54,156)
Board of assessors	96,669	98,634	95,833	(2,801)
Board of assessment appeals	1,250	2,250	1,913	(337)
Zoning board of appeals	1,500	1,500	1,030	(470)
Board of finance	113,427	135,565	134,784	(781)
Economic development	21,550	21,771	4,892	(16,879)
Inland wetlands	6,500	7,723	5,857	(1,866)
Conservation commission	3,800	3,800	2,210	(1,590)
Planning & zoning commission	39,500	39,500	32,583	(6,917)
Water pollution control	1,400	1,400	900	(500)
Registrars of voters	45,600	46,499	38,894	(7,605)
Professional fees	129,000	150,919	117,205	(33,714)
Welfare	6,500	6,500	5,000	(1,500)
Insurance	102,500	102,960	102,960	-
Agency memberships	8,639	8,639	8,279	(360)
Community welfare	65,991	67,526	66,965	(561)
Commission for elderly	2,067	2,067	1,000	(1,067)
Minibus operations	26,300	32,931	32,931	-
Senior citizen center	16,600	17,629	16,428	(1,201)
Miscellaneous boards and commissions	900	900	-	(900)
Total general government	2,200,982	2,242,179	2,094,688	(147,491)
PUBLIC WORKS				
Highway maintenance	748,143	823,826	744,649	(79,177)
Town garage	29,500	27,218	22,489	(4,729)
Refuse	353,000	346,073	320,998	(25,075)
Wastewater treatment	568,822	610,554	601,899	(8,655)
Total public works	1,699,465	1,807,671	1,690,035	(117,636)

(Continued)

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF EXPENDITURES (Continued)
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PUBLIC SAFETY				
Emergency services	\$ 265,240	\$ 253,054	\$ 253,054	\$ -
Fire marshall	2,450	2,210	2,210	-
Civil defense	10,000	9,209	9,209	-
Safety committee	1,000	1,000	725	(275)
Water hydrants	193,495	192,411	206,562	14,151
Police	623,282	602,770	641,064	38,294
Animal control	8,809	7,909	7,908	(1)
Public safety officer	82,496	85,163	85,055	(108)
Total public safety	<u>1,186,772</u>	<u>1,153,726</u>	<u>1,205,787</u>	<u>52,061</u>
LIBRARY	<u>153,651</u>	<u>153,778</u>	<u>150,337</u>	<u>(3,441)</u>
RECREATION	<u>136,080</u>	<u>142,021</u>	<u>137,743</u>	<u>(4,278)</u>
DEBT SERVICE				
Principal	375,000	375,600	375,600	-
Interest	190,041	190,041	190,040	(1)
Total debt service	<u>565,041</u>	<u>565,641</u>	<u>565,640</u>	<u>(1)</u>
CONTINGENCY	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
CAPITAL PROJECTS	<u>159,156</u>	<u>136,131</u>	<u>269,807</u>	<u>133,676</u>
EDUCATION	<u>14,614,288</u>	<u>14,614,288</u>	<u>14,614,288</u>	<u>-</u>
Total expenditures	<u>20,815,435</u>	<u>20,815,435</u>	<u>20,728,325</u>	<u>(87,110)</u>
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	327,020	1,272,140	-	(1,272,140)
Transfers out	-	(945,120)	(945,120)	-
Total other financing sources (uses)	<u>327,020</u>	<u>327,020</u>	<u>(945,120)</u>	<u>(1,272,140)</u>
Total expenditures and other financing sources	<u>\$ 20,488,415</u>	<u>\$ 20,488,415</u>	<u>\$ 21,673,445</u>	<u>\$ 1,185,030</u>

See accompanying Independent Auditor's Report.

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2015

Grand List Year	Balance Uncollected June 30, 2014	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2015
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
1998 and prior	\$ 22,161	\$ -	\$ -	\$ -	\$ 22,161	\$ -	\$ -	\$ -	\$ -	\$ -
1999	6,682	-	-	686	-	5,996	-	-	-	5,996
2000	36,188	-	-	419	-	35,769	140	349	489	35,629
2001	10,104	-	-	510	-	9,594	-	-	-	9,594
2002	8,804	-	-	526	-	8,278	-	-	-	8,278
2003	8,310	-	-	593	-	7,717	-	-	-	7,717
2004	4,486	-	-	598	-	3,888	(1,493)	269	(1,224)	5,381
2005	10,192	-	-	612	-	9,580	737	1,637	2,374	8,843
2006	17,121	-	-	815	-	16,306	2,107	1,628	3,735	14,199
2007	59,803	-	-	942	-	58,861	22,586	26,493	49,079	36,275
2008	82,064	-	290	1,718	-	80,636	34,648	31,234	65,882	45,988
2009	157,487	-	-	154	-	157,333	88,940	69,212	158,152	68,393
2010	221,001	-	-	278	-	220,723	84,022	49,088	133,110	136,701
2011	229,663	-	-	634	-	229,029	96,198	42,255	138,453	132,831
2012	390,170	-	545	3,885	-	386,830	197,269	47,794	245,063	189,561
2013	-	15,374,241	13,243	28,870	-	15,358,614	14,932,579	51,532	14,984,111	426,035
	<u>\$ 1,264,236</u>	<u>\$ 15,374,241</u>	<u>\$ 14,078</u>	<u>\$ 41,240</u>	<u>\$ 22,161</u>	<u>\$ 16,589,154</u>	<u>\$ 15,457,733</u>	<u>\$ 321,491</u>	<u>\$ 15,779,224</u>	<u>\$ 1,131,421</u>

See accompanying Independent Auditor's Report.

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2015

Total cash collections for the year ended
June 30, 2015:

Taxes	\$ 15,457,733
Interest and lien fees	321,491
Base	<u>\$ 15,779,224</u>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 35,503,254	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	71,006,508	-	-	-
3-3/4 times base	-	-	59,172,090	-	-
3-1/4 times base	-	-	-	51,282,478	-
3 times base	-	-	-	-	47,337,672
Total debt limitation	<u>35,503,254</u>	<u>71,006,508</u>	<u>59,172,090</u>	<u>51,282,478</u>	<u>47,337,672</u>
Indebtedness:					
Bonds payable	1,900,205	-	3,589,795	-	-
Bond anticipation note (BANS) payable	-	-	1,000,000	-	-
Bonds and BANS payable, net - Regional School District No. 16	-	10,274,522 *	-	-	-
Pension obligation	-	-	-	-	1,541,434
Authorized but unissued bonds	-	-	4,157,200	-	-
Authorized but unissued bonds - Regional School District No. 16	-	240,631 *	-	-	-
Total indebtedness	<u>1,900,205</u>	<u>10,515,153</u>	<u>8,746,995</u>	<u>-</u>	<u>1,541,434</u>
Less: assessments receivable	-	-	1,189,487	-	-
Net indebtedness	<u>1,900,205</u>	<u>9,301,222</u>	<u>7,557,508</u>	<u>-</u>	<u>1,541,434</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 33,603,049</u>	<u>\$ 61,705,286</u>	<u>\$ 51,614,582</u>	<u>\$ 51,282,478</u>	<u>\$ 45,796,238</u>
Total capacity of borrowing (7 times base)	\$ 110,454,568				
Total present indebtedness	20,300,369				
Margin for additional borrowing	<u>\$ 90,154,199</u>				

* Amount is presented net of estimated state grants and school construction principal reimbursements.

See accompanying Independent Auditor's Report.

Nonmajor Governmental Funds

DRAFT - FOR DISCUSSION PURPOSES ONLY - SUBJECT TO CHANGE

TOWN OF BEACON FALL, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Nonmajor Special Revenue Funds					
	Recreation Special Activities Fund	Library Fund	Dog Fund	Special Projects Fund	Sewer Waste Water Fund	Flag Fund
ASSETS						
Cash and cash equivalents	\$ 19,375	\$ 20,518	\$ 6,453	\$ 82,505	\$ 451,664	\$ 2,770
Receivables:						
Intergovernmental	-	-	-	7,684	-	-
Loans	-	-	-	-	-	-
Due from other funds	-	-	-	2,504	85,663	-
Total assets	<u>\$ 19,375</u>	<u>\$ 20,518</u>	<u>\$ 6,453</u>	<u>\$ 92,693</u>	<u>\$ 537,327</u>	<u>\$ 2,770</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 50,881	\$ 8,438	\$ -
Due to other funds	-	-	1,510	19,302	-	-
Unearned revenue	9,375	-	-	4,259	-	-
Total liabilities	<u>9,375</u>	<u>-</u>	<u>1,510</u>	<u>74,442</u>	<u>8,438</u>	<u>-</u>
FUND BALANCES						
Nonspendable:						
Loans	-	-	-	-	-	-
Committed to:						
General government	-	-	4,943	-	-	2,770
Sewer waste water system	-	-	-	-	528,889	-
Culture and recreation	10,000	20,518	-	-	-	-
Special projects	-	-	-	18,251	-	-
Capital purposes	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>10,000</u>	<u>20,518</u>	<u>4,943</u>	<u>18,251</u>	<u>528,889</u>	<u>2,770</u>
Total liabilities and fund balances	<u>\$ 19,375</u>	<u>\$ 20,518</u>	<u>\$ 6,453</u>	<u>\$ 92,693</u>	<u>\$ 537,327</u>	<u>\$ 2,770</u>

(Continued)

TOWN OF BEACON FALLS, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2015

	Nonmajor Special Revenue Funds		Nonmajor Capital Project Funds			Total Nonmajor Governmental Funds
	Small Cities Fund	Total Special Revenue Funds	Capital Nonrecurring Fund	Open Space Fund	Total Capital Project Funds	
ASSETS						
Cash and cash equivalents	\$ 22,914	\$ 606,199	\$ 195,897	\$ 1,000	\$ 196,897	\$ 803,096
Receivables:						
Intergovernmental	42,645	50,329	-	-	-	50,329
Loans	308,634	308,634	-	-	-	308,634
Due from other funds	-	88,167	479,302	-	479,302	567,469
Total assets	<u>\$ 374,193</u>	<u>\$ 1,053,329</u>	<u>\$ 675,199</u>	<u>\$ 1,000</u>	<u>\$ 676,199</u>	<u>\$ 1,729,528</u>
LIABILITIES						
Accounts payable	\$ 56,797	\$ 116,116	\$ -	\$ -	\$ -	\$ 116,116
Due to other funds	9,563	30,375	39,462	-	39,462	69,837
Unearned revenue	-	13,634	-	-	-	13,634
Total liabilities	<u>66,360</u>	<u>160,125</u>	<u>39,462</u>	<u>-</u>	<u>39,462</u>	<u>199,587</u>
FUND BALANCES						
Nonspendable:						
Loans	307,833	307,833	-	-	-	307,833
Committed to:						
General government	-	7,713	-	-	-	7,713
Sewer waste water system	-	528,889	-	-	-	528,889
Culture and recreation	-	30,518	-	-	-	30,518
Special projects	-	18,251	-	-	-	18,251
Capital purposes	-	-	684,595	1,000	685,595	685,595
Unassigned	-	-	(48,858)	-	(48,858)	(48,858)
Total fund balances	<u>307,833</u>	<u>893,204</u>	<u>635,737</u>	<u>1,000</u>	<u>636,737</u>	<u>1,529,941</u>
Total liabilities and fund balances	<u>\$ 374,193</u>	<u>\$ 1,053,329</u>	<u>\$ 675,199</u>	<u>\$ 1,000</u>	<u>\$ 676,199</u>	<u>\$ 1,729,528</u>

See accompanying Independent Auditor's Report.

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

	Nonmajor Special Revenue Funds					
	Recreation Special Activities Fund	Library Fund	Dog Fund	Special Projects Fund	Sewer Waste Water Fund	Flag Fund
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ 61,684	\$ -	\$ -
Charges for services	19,594	-	3,241	-	93,315	-
Other	2,924	9,421	-	16,924	-	231
Interest income	-	8	4	45	268	-
Total revenues	<u>22,518</u>	<u>9,429</u>	<u>3,245</u>	<u>78,653</u>	<u>93,583</u>	<u>231</u>
EXPENDITURES						
Current:						
General government	-	-	4,331	-	-	711
Public works	-	-	-	-	9,637	-
Culture and recreation	17,655	3,953	-	-	-	-
Capital outlays	2,924	-	-	80,851	-	-
Total expenditures	<u>20,579</u>	<u>3,953</u>	<u>4,331</u>	<u>80,851</u>	<u>9,637</u>	<u>711</u>
Excess (deficiency) of revenues over expenditures	1,939	5,476	(1,086)	(2,198)	83,946	(480)
OTHER FINANCING SOURCES						
Transfers in	-	-	-	-	250,000	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
Net change in fund balances	1,939	5,476	(1,086)	(2,198)	333,946	(480)
Fund balances - beginning	<u>8,061</u>	<u>15,042</u>	<u>6,029</u>	<u>20,449</u>	<u>194,943</u>	<u>3,250</u>
Fund balances - ending	<u>\$ 10,000</u>	<u>\$ 20,518</u>	<u>\$ 4,943</u>	<u>\$ 18,251</u>	<u>\$ 528,889</u>	<u>\$ 2,770</u>

(Continued)

See accompanying Independent Auditor's Report.

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

	Nonmajor Special Revenue Funds		Nonmajor Capital Project Funds			Total Nonmajor Governmental Funds
	Small Cities Fund	Total Special Revenue Funds	Capital Nonrecurring Fund	Open Space Fund	Total Capital Project Funds	
REVENUES						
Intergovernmental	\$ 250,584	\$ 312,268	\$ -	\$ -	\$ -	\$ 312,268
Charges for services	-	116,150	-	-	-	116,150
Other	-	29,500	-	500	500	30,000
Interest income	-	325	-	-	-	325
Total revenues	<u>250,584</u>	<u>458,243</u>	<u>-</u>	<u>500</u>	<u>500</u>	<u>458,743</u>
EXPENDITURES						
Current:						
General government	30,000	35,042	-	-	-	35,042
Public works	-	9,637	-	-	-	9,637
Culture and recreation	-	21,608	-	-	-	21,608
Capital outlays	-	83,775	135,832	-	135,832	219,607
Total expenditures	<u>30,000</u>	<u>150,062</u>	<u>135,832</u>	<u>-</u>	<u>135,832</u>	<u>285,894</u>
Excess (deficiency) of revenues over expenditures	220,584	308,181	(135,832)	500	(135,332)	172,849
OTHER FINANCING SOURCES						
Transfers in	-	250,000	695,120	500	695,620	945,620
Total other financing sources	<u>-</u>	<u>250,000</u>	<u>695,120</u>	<u>500</u>	<u>695,620</u>	<u>945,620</u>
Net change in fund balances	220,584	558,181	559,288	1,000	560,288	1,118,469
Fund balances - beginning	<u>87,249</u>	<u>335,023</u>	<u>76,449</u>	<u>-</u>	<u>76,449</u>	<u>411,472</u>
Fund balances - ending	<u>\$ 307,833</u>	<u>\$ 893,204</u>	<u>\$ 635,737</u>	<u>\$ 1,000</u>	<u>\$ 636,737</u>	<u>\$ 1,529,941</u>

See accompanying Independent Auditor's Report.