

TOWN OF BEACON FALLS, CONNECTICUT

**BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

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, 2016, 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, 2016, 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.

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 December 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
December 29, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis – Unaudited
June 30, 2016

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, 2016.

FINANCIAL HIGHLIGHTS

- 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 \$14,935,217 (net position). Of this amount, \$4,479,979 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 increased by \$505,311 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 \$6,518,623, an increase of \$2,873,074 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$2,710,594 or 13.1% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.6 months of General Fund operating expenditures.
- The Town's total capital assets increased by \$305,749 or 1.9% during the current year, primarily due to ongoing bonded projects, offset by current year depreciation of assets.
- The Town's bonded debt increased by \$1,745,000 or 26.9% during the current fiscal year due to the issuance of \$2,100,000 in additional bond anticipation notes, offset by current year debt service payments.

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, 2016

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 \$14,935,217 and \$14,429,906 as of June 30, 2016 and 2015, respectively, and are summarized as follows.

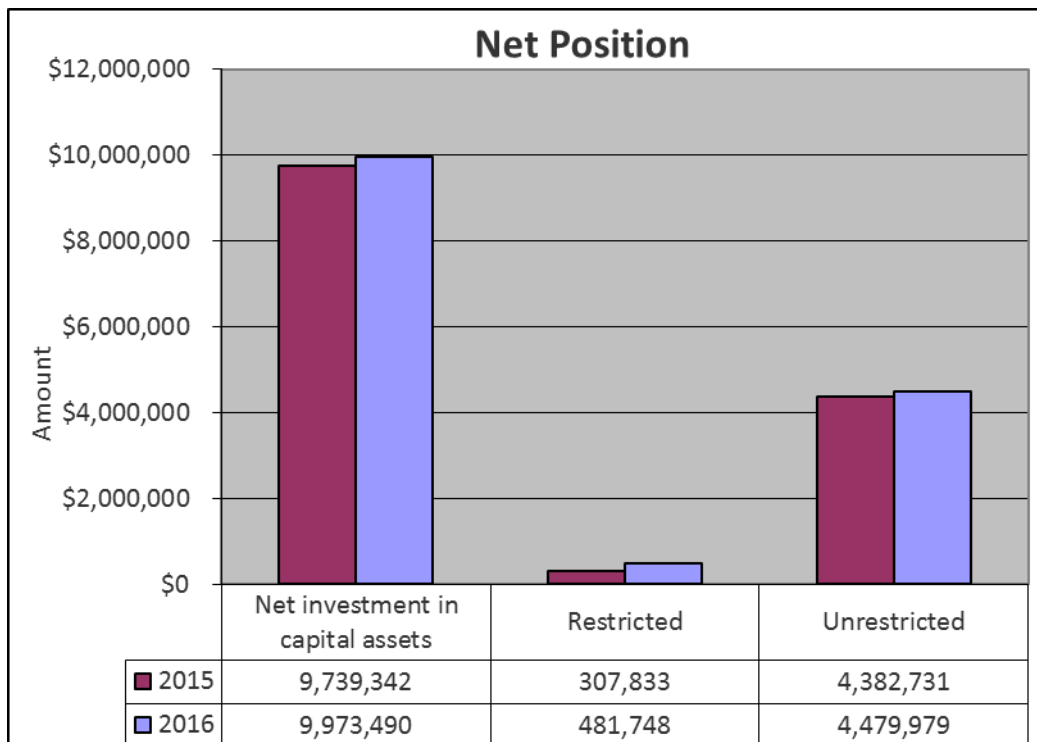
Town of Beacon Falls, Connecticut
Net Position
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 9,837,978	\$ 7,851,884
Capital assets	<u>16,593,301</u>	<u>16,287,552</u>
Total assets	<u>26,431,279</u>	<u>24,139,436</u>
Deferred outflows of resources	<u>94,177</u>	<u>37,771</u>
Other liabilities	708,089	1,730,977
Long-term liabilities	<u>10,882,150</u>	<u>7,879,050</u>
Total liabilities	<u>11,590,239</u>	<u>9,610,027</u>
Deferred inflows of resources	<u>-</u>	<u>137,274</u>
Net position:		
Net investment in capital assets	9,973,490	9,739,342
Restricted	481,748	307,833
Unrestricted	<u>4,479,979</u>	<u>4,382,731</u>
Total net position	<u><u>\$ 14,935,217</u></u>	<u><u>\$ 14,429,906</u></u>

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*



As of June 30, 2016, approximately 66.8% 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.

Less than 3.2% of the Town's net position is subject to external restrictions on how they may be used and are therefore presented as restricted net position.

The remainder of the Town's net position is considered unrestricted. Overall, net position increased by \$505,311 in comparison with the prior year.

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited (*Continued*)
June 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (*Continued*)

Change in Net Position

Changes in net position for the years ended June 30, 2016 and 2015 are as follows.

Town of Beacon Falls, Connecticut
Changes in Net Position
For The Years Ended June 30, 2016 and 2015

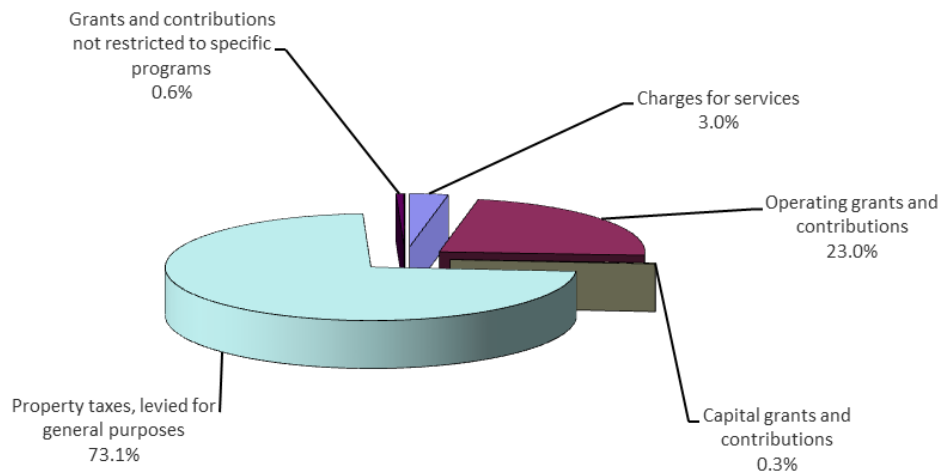
	<u>2016</u>	<u>2015</u>
Revenues		
Program revenues:		
Charges for services	\$ 677,906	\$ 404,996
Operating grants and contributions	5,128,885	4,793,968
Capital grants and contributions	58,346	50,024
General revenues:		
Property taxes, levied for general purposes	16,305,177	15,474,918
Grants and contributions not restricted to specific programs	135,608	157,165
Unrestricted investment earnings	5,809	11,090
Total revenues	<u>22,311,731</u>	<u>20,892,161</u>
Expenses		
General government	2,520,205	2,248,301
Public works	1,913,864	2,367,771
Public safety	2,051,432	1,274,948
Culture and recreation	346,962	327,757
Education	14,820,178	14,614,288
Interest expense	153,779	187,653
Total expenses	<u>21,806,420</u>	<u>21,020,718</u>
Change in net position	<u>\$ 505,311</u>	<u>\$ (128,557)</u>

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2016

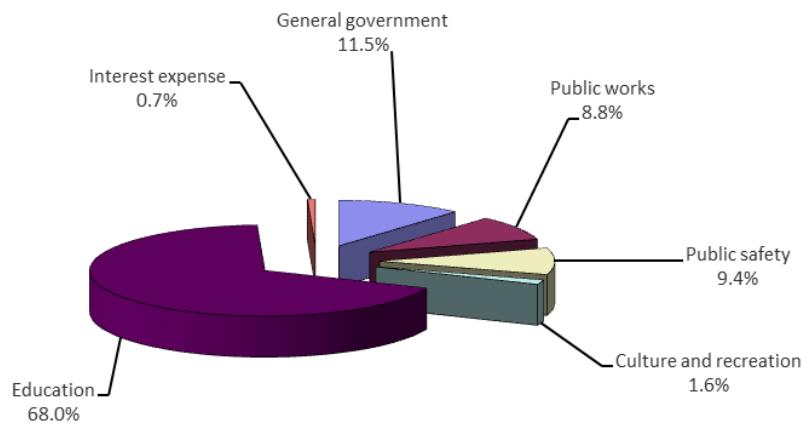
GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*

**2016 Revenues by Source -
Governmental Activities**



**2016 Expenses by Function -
Governmental Activities**



TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited (*Continued*)
June 30, 2016

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 \$6,518,623.

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 \$2,906,969, of which \$2,710,594 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 13.1% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.6 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$509,844 during the current fiscal year. The increase was primarily due to the surplus received from Regional School District No. 16 in the amount of \$377,404 during the current fiscal year.

Bonded Projects Fund

The fund deficit of the Bonded Projects Fund decreased by \$2,053,398 during the current fiscal year, which resulted in an ending fund balance of \$1,771,881 as of June 30, 2016. The current year change was primarily due to the recognition of bond anticipation note proceeds in the amount of \$3,065,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$514,359 in the current fiscal year. Expenditures were \$376,648 less than budgeted. Total budgetary revenues were \$299,373 more than expected, primarily due to the \$377,404 Regional School District No. 16 surplus received during the fiscal year. Other financing uses, net were \$161,622 more than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2016 and 2015 totaled \$16,593,301 and \$16,287,552, 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 increase in the Town's investment in capital assets for the current fiscal year was \$305,749. This increase is attributed to depreciation expense of \$832,947, offset by current year capital asset additions of \$1,270,179 and current year capital disposals of \$131,483.

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2016

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

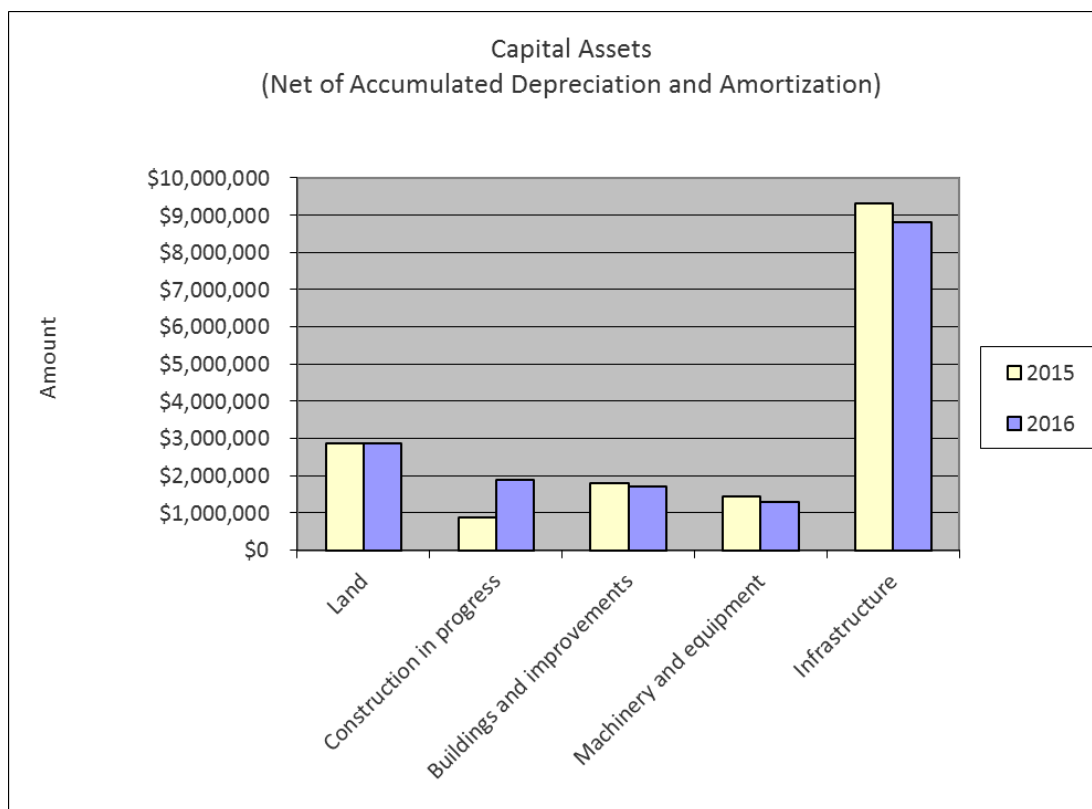
Capital Assets *(Continued)*

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

- Outlays for various ongoing construction projects totaling \$1,189,831, including Sewer Plant upgrades, construction of a pump station and improvements to Town roads;
- Outlays related to new equipment purchases in the amount of \$72,508 for a public works storage container, flail motor attachment, snow removal equipment and a stretcher lease;
- Outlays related to new infrastructure improvements in the amount of 173,181 relating to the Town Hall parking lot, sewer pump trailer and shed.

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

	2016	2015
Land	\$ 2,878,308	\$ 2,878,308
Construction in progress	1,898,414	881,764
Buildings and improvements	1,722,861	1,793,098
Machinery and equipment	1,295,481	1,431,145
Infrastructure	8,798,237	9,303,237
Totals	<u>\$ 16,593,301</u>	<u>\$ 16,287,552</u>



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

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited *(Continued)*
June 30, 2016

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

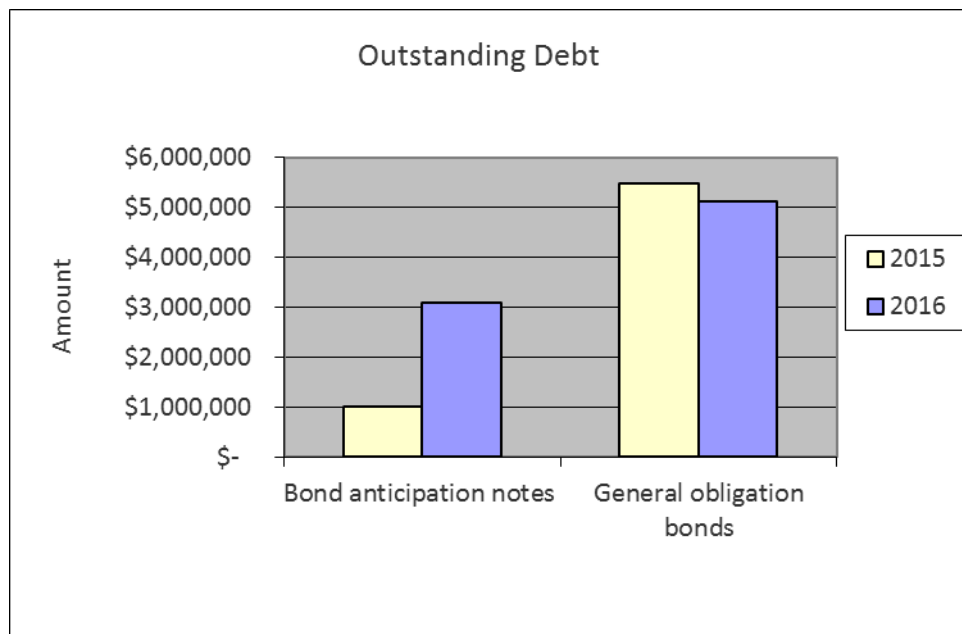
Short-term and Long-term Debt

At the end of the current fiscal year, the Town had total short-term and long-term bonded debt outstanding of \$8,235,000. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt increased by \$1,745,000 or 26.9% 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:

	2016	2015
Bond anticipation notes	\$ 3,100,000	\$ 1,000,000
General obligation bonds	5,135,000	5,490,000
Totals	<u>\$ 8,235,000</u>	<u>\$ 6,490,000</u>



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

TOWN OF BEACON FALLS, CONNECTICUT
Management's Discussion and Analysis - Unaudited (*Continued*)
June 30, 2016

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 5.2% as of June 2016. This compares favorably to the state's average unemployment rate of 5.8% and unfavorably to the national unemployment rate of 4.9%.
- 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 2017, 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 2017.

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

TOWN OF BEACON FALLS, CONNECTICUT**STATEMENT OF NET POSITION**

JUNE 30, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 6,586,172
Receivables:	
Property taxes and interest, net	1,404,092
Assessments and interest, net	178,648
Intergovernmental	1,080
Other	28,498
Noncurrent assets:	
Receivables:	
Assessments	1,137,783
Loans	501,705
Capital assets:	
Non-depreciable	4,776,722
Depreciable, net	11,816,579
Total assets	<u>26,431,279</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on pension expense	57,004
Deferred charge on refunding	37,173
Total deferred outflows of resources	<u>94,177</u>
LIABILITIES	
Accounts payable	418,572
Accrued interest payable	48,703
Unearned revenue	205,814
Bond anticipation notes payable	35,000
Noncurrent liabilities:	
Due within one year	3,488,129
Due in more than one year	7,394,021
Total liabilities	<u>11,590,239</u>
NET POSITION	
Net investment in capital assets	9,973,490
Restricted for:	
Loan rehabilitation program	481,748
Unrestricted	4,479,979
Total net position	<u>\$ 14,935,217</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, 2016

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	\$ 2,520,205	\$ 349,774	\$ 691,232	\$ -	\$ (1,479,199)
Public works	1,913,864	84,245	271,949	58,346	(1,499,324)
Public safety	2,051,432	213,214	-	-	(1,838,218)
Culture and recreation	346,962	30,673	10,524	-	(305,765)
Education	14,820,178	-	4,155,180	-	(10,664,998)
Interest expense	153,779	-	-	-	(153,779)
Total governmental activities	<u>\$ 21,806,420</u>	<u>\$ 677,906</u>	<u>\$ 5,128,885</u>	<u>\$ 58,346</u>	<u>(15,941,283)</u>
General revenues:					
Property taxes and assessments, levied for general purposes					16,305,177
Grants and contributions not restricted to specific programs					135,608
Unrestricted investment earnings					5,809
Total general revenues					<u>16,446,594</u>
Change in net position					505,311
Net position - beginning					<u>14,429,906</u>
Net position - ending					<u>\$ 14,935,217</u>

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

TOWN OF BEACON FALLS, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Bonded Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,078,752	\$ 1,925,907	\$ 1,581,513	\$ 6,586,172
Receivables:				
Property taxes and interest, net of allowance for uncollectible of \$318,000	1,404,092	-	-	1,404,092
Assessments and interest, net of allowance for uncollectible of \$74,000	1,316,431	-	-	1,316,431
Intergovernmental	-	-	1,080	1,080
Loans	24,157	-	477,548	501,705
Other	22,045	-	525	22,570
Due from other funds	45,741	77,711	64,393	187,845
Inventories	5,928	-	-	5,928
Total assets	<u>\$ 5,897,146</u>	<u>\$ 2,003,618</u>	<u>\$ 2,125,059</u>	<u>\$ 10,025,823</u>
LIABILITIES				
Accounts payable	\$ 221,835	\$ 196,737	\$ -	\$ 418,572
Bond anticipation notes payable	-	35,000	-	35,000
Due to other funds	102,642	-	85,203	187,845
Unearned revenue	5,731	-	200,083	205,814
Total liabilities	<u>330,208</u>	<u>231,737</u>	<u>285,286</u>	<u>847,231</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes and interest	1,343,538	-	-	1,343,538
Unavailable revenue - assessments and interest	1,316,431	-	-	1,316,431
Total deferred inflows of resources	<u>2,659,969</u>	<u>-</u>	<u>-</u>	<u>2,659,969</u>
FUND BALANCES				
Nonspendable	30,085	-	477,548	507,633
Restricted	-	1,841,657	4,200	1,845,857
Committed	-	-	1,438,858	1,438,858
Assigned	166,290	-	-	166,290
Unassigned	2,710,594	(69,776)	(80,833)	2,559,985
Total fund balances	<u>2,906,969</u>	<u>1,771,881</u>	<u>1,839,773</u>	<u>6,518,623</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,897,146</u>	<u>\$ 2,003,618</u>	<u>\$ 2,125,059</u>	<u>\$ 10,025,823</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, 2016

Total fund balance for governmental funds		\$	6,518,623
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		1,898,414	
Buildings and improvements		3,467,856	
Machinery and equipment		5,264,312	
Infrastructure		20,542,727	
Less: accumulated depreciation and amortization		(17,458,316)	
Total capital assets, net			16,593,301
Deferred outflows and inflows of resources resulting from changes in the components of the net pension liability are reported in the statement of net position.			57,004
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.			2,659,969
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		(48,703)	
Long-term debt:			
Bonds payable		(5,135,000)	
Bond anticipation notes payable		(3,065,000)	
Unamortized premium		(179,814)	
Deferred charges on refunding		37,173	
Capital lease obligations		(83,827)	
Other long-term liabilities:			
Compensated absences		(86,285)	
Pension obligation		(1,508,071)	
Net pension liability		(751,849)	
Net OPEB obligation		(72,304)	
Total long-term liabilities			(10,893,680)
Net position of governmental activities		\$	14,935,217

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, 2016

	General Fund	Bonded Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 16,038,809	\$ -	\$ -	\$ 16,038,809
Assessments	132,531	-	-	132,531
Intergovernmental	4,586,087	-	340,344	4,926,431
Charges for services	321,940	-	322,109	644,049
Other	409,661	-	20,603	430,264
Interest income	4,682	665	463	5,810
Total revenues	<u>21,493,710</u>	<u>665</u>	<u>683,519</u>	<u>22,177,894</u>
EXPENDITURES				
Current:				
General government	2,237,919	-	149,578	2,387,497
Public works	1,693,008	-	2,509	1,695,517
Public safety	1,150,476	-	160,863	1,311,339
Culture and recreation	300,102	-	18,181	318,283
Education	14,820,178	-	-	14,820,178
Debt service:				
Principal payments	355,000	-	40,393	395,393
Interest and fiscal charges	181,221	-	3,709	184,930
Capital outlays	-	1,012,267	298,385	1,310,652
Total expenditures	<u>20,737,904</u>	<u>1,012,267</u>	<u>673,618</u>	<u>22,423,789</u>
Excess (deficiency) of revenues over expenditures	755,806	(1,011,602)	9,901	(245,895)
OTHER FINANCING SOURCES (USES)				
Capital lease financing	-	-	27,185	27,185
Premium on bond anticipation notes	26,784	-	-	26,784
Proceeds from bond anticipation notes	-	3,065,000	-	3,065,000
Transfers in	-	-	272,746	272,746
Transfers out	(272,746)	-	-	(272,746)
Total other financing sources (uses)	<u>(245,962)</u>	<u>3,065,000</u>	<u>299,931</u>	<u>3,118,969</u>
Net change in fund balances	509,844	2,053,398	309,832	2,873,074
Fund balances - beginning	2,397,125	(281,517)	1,529,941	3,645,549
Fund balances - ending	<u>\$ 2,906,969</u>	<u>\$ 1,771,881</u>	<u>\$ 1,839,773</u>	<u>\$ 6,518,623</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, 2016

Net change in fund balances - total governmental funds	\$	2,873,074
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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 capital outlays exceeded depreciation and amortization expense in the current period is as follows:

Expenditures for capital assets	\$ 1,270,179	
Depreciation and amortization expense	<u>(832,947)</u>	
Net adjustment		437,232

In the statement of activities, only the loss on the sale of capital assets is reported whereas the proceeds from the sale increase financial resources in the governmental funds.	(131,483)
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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:		
Bond anticipation notes	(3,065,000)	
Capital lease financing	(27,185)	
Principal repayments:		
Bonds payable	355,000	
Capital lease obligations	<u>40,393</u>	
Net adjustment		(2,696,792)

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	2,071	
Amortization on bond premium	2,894	
Deferred amount on refunding	(598)	
Compensated absences	(8,044)	
Pension obligation	33,363	
Net pension liability	(323,119)	
Net OPEB obligation	<u>(11,402)</u>	
		(304,835)

Deferred outflows and 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.	194,278
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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.	<u>133,837</u>
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Change in net position of governmental activities	\$	<u><u>505,311</u></u>
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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, 2016

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
REVENUES				
Property taxes	\$ 16,196,710	\$ 16,196,710	\$ 16,038,809	\$ (157,901)
Water and sewer assessments	185,000	185,000	132,531	(52,469)
Intergovernmental revenues	4,408,127	4,408,127	4,586,087	177,960
Charges for services	229,500	229,500	321,940	92,440
Other revenues	175,000	175,000	409,661	234,661
Interest income	-	-	4,682	4,682
Total revenues	<u>21,194,337</u>	<u>21,194,337</u>	<u>21,493,710</u>	<u>299,373</u>
EXPENDITURES				
Current:				
General government	2,236,008	2,302,769	2,250,487	(52,282)
Public works	1,744,278	1,744,847	1,679,675	(65,172)
Public safety	1,241,098	1,260,763	1,150,476	(110,287)
Library	157,050	160,950	160,625	(325)
Recreation	143,950	143,947	135,727	(8,220)
Education	14,961,872	14,961,872	14,820,178	(141,694)
Contingency	100,000	808	-	(808)
Debt service:				
Principal payments	355,000	355,000	355,000	-
Interest and fiscal charges	179,081	179,081	181,221	2,140
Total expenditures	<u>21,118,337</u>	<u>21,110,037</u>	<u>20,733,389</u>	<u>(376,648)</u>
Excess of revenues over expenditures	76,000	84,300	760,321	676,021
OTHER FINANCING SOURCES (USES)				
Premium on bond anticipation note	-	-	26,784	26,784
Transfers out	(76,000)	(84,300)	(272,746)	(188,446)
Total other financing sources (uses)	<u>(76,000)</u>	<u>(84,300)</u>	<u>(245,962)</u>	<u>(161,662)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	514,359	<u>\$ 514,359</u>
Fund balances - beginning			<u>2,388,043</u>	
Fund balances - ending			<u>\$ 2,902,402</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, 2016

	Private Purpose Trust Fund - Melborne Trust Fund
ASSETS	
Cash and cash equivalents	\$ 5,116
Investments	10,208
Total assets	<u>15,324</u>
NET POSITION	
Restricted for scholarship benefits	<u>\$ 15,324</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, 2016

	Private Purpose Trust Fund - Melborne Trust Fund
ADDITIONS	
Interest income	\$ 116
DEDUCTIONS	
Awards expense	1,500
Administrative expenses	10
Total deductions	1,510
Change in net position	(1,394)
Net position - beginning	16,718
Net position - ending	\$ 15,324

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

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements

June 30, 2016

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, 2016

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 or is available to be 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 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, 2016

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 and inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time. Deferred outflows of resources consist of deferred pension expense and a deferred charge on refunding reported in the government-wide statement of net position. Deferred pension expenses resulted from changes in the components of the Town's net pension liability and are being amortized as a component of pension expense on a systematic and rational basis. The deferred charge on refunding is being amortized to interest expense using the effective-interest method over the life of the related bonds.

Deferred inflows of resources consist of revenue that is considered unavailable under the modified accrual basis of accounting. Unavailable revenue is reported in the governmental funds balance sheet and is recognized as an inflow of resources in the period that the amounts become available.

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 and inflows 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, 2016

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

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, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2016

NOTE B - BUDGETARY INFORMATION *(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, 2016:

	Total Revenues	Total Expenditures	Other Financing Sources (Uses), Net	Net Change in Fund Balance
Budgetary basis	\$ 21,493,710	\$ 20,733,389	\$ (245,962)	\$ 514,359
Changes in encumbrances	-	17,083	-	(17,083)
Town Clerk Fund activity	-	(12,568)	-	12,568
GAAP basis	<u>\$ 21,493,710</u>	<u>\$ 20,737,904</u>	<u>\$ (245,962)</u>	<u>\$ 509,844</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, 2016, expenditures exceeded appropriations in the following amounts:

Department	Amount
Debt service	\$ 2,140

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2016

NOTE C - CASH DEPOSITS

A reconciliation of the Town's cash deposits as of June 30, 2016 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 6,586,172
Statement of fiduciary net position:	
Cash and cash equivalents	5,116
Add: Certificate of deposit classified as an investment	10,208
	<u>\$ 6,601,496</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, 2016, \$6,972,014 of the Town's bank balance of \$7,250,024 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,274,813
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	697,201
	<u>\$ 6,972,014</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, 2016

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 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	881,764	1,189,831	-	(173,181)	1,898,414
Total capital assets, not being depreciated	<u>3,760,072</u>	<u>1,189,831</u>	<u>-</u>	<u>(173,181)</u>	<u>4,776,722</u>
Capital assets, being depreciated:					
Buildings and improvements	3,473,916	7,840	(13,900)	-	3,467,856
Machinery and equipment	5,564,948	72,508	(373,144)	-	5,264,312
Infrastructure	20,612,112	-	(242,566)	173,181	20,542,727
Total capital assets, being depreciated	<u>29,650,976</u>	<u>80,348</u>	<u>(629,610)</u>	<u>173,181</u>	<u>29,274,895</u>
Less accumulated depreciation and amortization for:					
Buildings and improvements	1,680,818	72,100	(7,923)	-	1,744,995
Machinery and equipment	4,133,803	208,172	(373,144)	-	3,968,831
Infrastructure	11,308,875	552,675	(117,060)	-	11,744,490
Total accumulated depreciation and amortization	<u>17,123,496</u>	<u>832,947</u>	<u>(498,127)</u>	<u>-</u>	<u>17,458,316</u>
Total capital assets, being depreciated, net	<u>12,527,480</u>	<u>(752,599)</u>	<u>(131,483)</u>	<u>173,181</u>	<u>11,816,579</u>
Governmental activities capital assets, net	<u>\$ 16,287,552</u>	<u>\$ 437,232</u>	<u>\$ (131,483)</u>	<u>\$ -</u>	<u>\$ 16,593,301</u>

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

Governmental Activities:	
General government	\$ 32,158
Public safety	78,467
Public works	694,610
Culture and recreation	<u>27,712</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 832,947</u>

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2016

NOTE E - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2016 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Nonmajor governmental funds	\$ 45,741
Bonded Projects Fund	General Fund	40,753
	Nonmajor governmental funds	36,958
		<u>77,711</u>
Nonmajor governmental funds	General Fund	61,889
	Nonmajor governmental funds	2,504
		<u>64,393</u>
		<u><u>\$ 187,845</u></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, 2016 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
Nonmajor governmental funds	General Fund	\$ 272,746
		<u>\$ 272,746</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, 2016

NOTE G - SHORT-TERM LIABILITIES

The following is a summary of changes in short-term debt for the year ended June 30, 2016:

	Due Date	Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities						
Bond anticipation notes	12/2015	0.75%	\$ 1,000,000	\$ -	\$ (1,000,000)	\$ -
Bond anticipation notes	7/2016	2.00%	-	3,100,000	(3,065,000)	35,000
			<u>\$ 1,000,000</u>	<u>\$ 3,100,000</u>	<u>\$ (4,065,000)</u>	<u>\$ 35,000</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. As discussed more fully in Note O, \$3,065,000 of the bond anticipation notes were subsequently retired through proceeds from the issuance of general obligation bonds. As such, this amount has been presented as a long-term liability in the government-wide statement of net position as of June 30, 2016 and has been recognized as an other financing source in the governmental funds statement of revenues, expenditures and changes in fund balances.

NOTE H - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 5,490,000	\$ -	\$ (355,000)	\$ 5,135,000	\$ 350,000
Bond anticipation notes	-	3,065,000	-	3,065,000	3,065,000
Unamortized premium	<u>182,708</u>	<u>-</u>	<u>(2,894)</u>	<u>179,814</u>	<u>-</u>
Total bonds payable	5,672,708	3,065,000	(357,894)	8,379,814	3,415,000
Other liabilities:					
Pension obligation	1,541,434	-	(33,363)	1,508,071	36,057
Capital lease obligation	97,035	27,185	(40,393)	83,827	28,443
Compensated absences	78,241	16,847	(8,803)	86,285	8,629
Net pension liability	428,730	323,119	-	751,849	-
Net OPEB obligation	<u>60,902</u>	<u>11,402</u>	<u>-</u>	<u>72,304</u>	<u>-</u>
	<u>\$ 7,879,050</u>	<u>\$ 3,443,553</u>	<u>\$ (440,453)</u>	<u>\$ 10,882,150</u>	<u>\$3,488,129</u>

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

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

June 30, 2016

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

A summary of general obligation bonds outstanding at June 30, 2016 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	\$ 5,135,000

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2016:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
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	380,000	123,332	503,332
2022-2026	1,855,000	441,595	2,296,595
2027-2031	1,240,000	140,170	1,380,170
2032-2033	160,000	9,600	169,600
	<u>\$ 5,135,000</u>	<u>\$ 1,318,396</u>	<u>\$ 6,453,396</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, 2016, the District's total outstanding bonds and bond anticipation notes, net of school construction principal reimbursements were \$32,182,798. The Town's share is approximately 39.236% of the total, or \$12,627,243. 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.

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, 2016.

The amount of authorized, unissued bonds at June 30, 2016 totaled \$4,157,200 for sewer upgrade purposes.

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2016

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, 2016:

Year ending June 30:	Governmental Activities		
	Principal	Interest	Total
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	49,190	108,643	157,833
2022-2026	312,341	476,824	789,165
2027-2031	460,512	328,653	789,165
2032-2036	523,373	110,739	634,112
	<u>\$ 1,508,071</u>	<u>\$ 1,493,536</u>	<u>\$ 3,001,607</u>

Capital Leases

A summary of assets acquired through capital leases are as follows as of June 30, 2016:

	Governmental Activities
Machinery and equipment	\$ 205,605
Less: accumulated amortization	40,137
	<u>\$ 165,468</u>

Amortization expense of leased property under capital leases totaled \$21,559 for the year ended June 30, 2016 and is included in depreciation and amortization expense disclosed in Note D.

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2016

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, 2016 are as follows:

Year ending June 30:	Governmental Activities
2017	\$ 30,805
2018	26,184
2019	26,188
2020	5,437
Total minimum lease payments	88,614
Less: amount representing interest	(4,787)
Present value of minimum lease payments	<u>\$ 83,827</u>

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, 2016

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 11.38% 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, 2016, 2015 and 2014 were \$180,221, \$182,357, and \$166,802, 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, 2015 was \$192.737 million, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled \$751,849 or approximately 0.3901% 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, rolled forward for the year ending June 30, 2015. 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, rolled forward for the year ending June 30, 2015, 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.

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2016

NOTE I - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Net Pension Liability *(Continued)*

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large cap U.S. Equities	16.0%	5.80%
Developed Non-U.S. Equities	14.0%	6.60%
Emerging Markets (Non-U.S.)	7.0%	8.30%
Core Fixed Income	8.0%	1.30%
Inflation Linked Bonds	5.0%	1.00%
Emerging Market Bonds	8.0%	3.70%
High Yield Bonds	14.0%	3.90%
Real Estate	7.0%	5.10%
Private Equity	10.0%	7.60%
Alternative Investment	8.0%	4.10%
Liquidity Fund	3.0%	0.40%
	<u>100.0%</u>	

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, 2016	\$ 1,366,470	\$ 751,849	\$ 233,321

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, 2016

NOTE I - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement System *(Continued)*

Pension Expense and Deferred Outflows of Resources

For the year ended June 30, 2016, the Town recognized pension expense related to the CMERS of \$128,841. At June 30, 2016, the Town reported its proportionate share of deferred outflows of resources related to the CMERS from the following source:

	Deferred Outflow of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 57,004
Total	<u>\$ 57,004</u>

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

Year ended June 30,	
2017	\$ 3,112
2018	3,112
2019	3,112
2020	47,668
	<u>\$ 57,004</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, \$30,600 for the year ended June 30, 2016. 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. 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, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2016

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 2016, the Town and retirees contributions totaled \$75,751 and were funded on a pay-as-you-go basis.

The Town has not established a trust fund as of June 30, 2016, 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	\$ 88,170
Interest on net OPEB obligation	2,436
Adjustment to annual required contribution	<u>(3,453)</u>
Annual OPEB cost (expense)	87,153
Contributions made	<u>75,751</u>
Increase in net OPEB obligation	11,402
Net OPEB obligation, beginning of year	<u>60,902</u>
Net OPEB obligation, end of year	<u><u>\$ 72,304</u></u>

Three-year Trend Information

The Town's annual OPEB cost, the percentage of annual OPEB costs contributed to the Plan, and the net OPEB obligation for the years ended June 30, 2014 through 2016 are as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 87,172	85.7%	\$ 57,584
2015	87,324	96.2%	60,902
2016	87,153	96.4%	72,304

TOWN OF BEACON FALLS, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2016

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

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%

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

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

June 30, 2016

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.

NOTE L - FUND BALANCE

Fund balance of the Town's governmental funds have been committed to the following purposes as of June 30, 2016:

	General Fund	Bonding Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventories	\$ 5,928	\$ -	\$ -	\$ 5,928
Loan rehabilitation program	24,157	-	477,548	501,705
Restricted for:				
Capital purposes	-	1,841,657	-	1,841,657
Loan rehabilitation program	-	-	4,200	4,200
Committed to:				
General government	-	-	4,416	4,416
Public safety	-	-	47,696	47,696
Sewer waste water system	-	-	613,548	613,548
Culture and recreation	-	-	39,448	39,448
Special projects	-	-	18,387	18,387
Capital purposes	-	-	715,363	715,363
Assigned to:				
Subsequent year's budget	166,290	-	-	166,290
Unassigned	2,710,594	(69,776)	(80,833)	2,559,985
	<u>\$ 2,906,969</u>	<u>\$ 1,771,881</u>	<u>\$ 1,839,773</u>	<u>\$ 6,518,623</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.

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements (*Continued*)

June 30, 2016

NOTE N - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

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.

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 August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement establishes disclosure of information about the nature and magnitude of tax abatements to allow users of the financial statements to understand 1) how tax abatements affect a government's future ability to raise resources and meets its financial obligations and 2) the impact those abatements have on a government's financial position and economic condition. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Certain provisions of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. This statement amends the blending requirements established in GASB Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2016

NOTE N - RECENTLY ISSUED ACCOUNTING STANDARDS *(Continued)*

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement addresses accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

NOTE O - SUBSEQUENT EVENTS

In July 2016, the Town issued \$4,350,000 of general obligation bonds, which were used to retire \$3,065,000 of previously outstanding bond anticipation notes and to provide additional financing for on-going capital projects. The general obligation bonds issued bear rates ranging from 2.0% to 3.0% and mature in July 2036.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY UNAUDITED
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.3901%	0.2402%
Town's proportionate share of the net pension liability	<u>\$ 751,849</u>	<u>\$ 571,948</u>
Town's covered payroll	\$ 1,421,731	\$ 1,162,152
Town's proportionate share of the net pension liability as a percentage of its covered payroll	52.9%	49.2%
Plan fiduciary net position as a percentage of the total pension liability	92.72%	90.48%

NOTES TO THE SCHEDULE:

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

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2016 is based on a June 30, 2015 measurement date).

Benefit changes: There were no changes in assumptions that affected the measurement of the total pension liability.

Change in assumptions: There are no changes in assumptions that affected the measurement of the total pension liability.

The allocation totals and percentages for the year-ended June 30, 2015 have been adjusted based on a restatement to the Connecticut Municipal Employees Retirement System's fiduciary net pension. The July 1, 2014 fiduciary net position increased \$139,565,000 to include the gross amount of contributions receivable.

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS UNAUDITED
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 180,221	\$ 182,357
Contributions in relation to the contractually required contribution	<u>180,221</u>	<u>182,357</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,421,731	\$ 1,162,152
Contributions as a percentage of covered employee payroll	12.68%	15.69%

NOTES TO THE SCHEDULE:

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, 2016

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%

See accompanying Independent Auditor's Report.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

General Fund

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF REVENUES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PROPERTY TAXES				
Property taxes - current year	\$ 15,717,710	\$ 15,717,710	\$ 15,490,624	\$ (227,086)
Property taxes - prior years	300,000	300,000	336,028	36,028
Interest and lien fees	179,000	179,000	212,157	33,157
Total property taxes	16,196,710	16,196,710	16,038,809	(157,901)
WATER AND SEWER ASSESSMENTS	185,000	185,000	132,531	(52,469)
INTERGOVERNMENTAL REVENUES				
State property tax	50,469	50,469	20,699	(29,770)
Elderly tax relief	58,923	58,923	53,352	(5,571)
Library	1,200	1,200	-	(1,200)
Disability relief	2,112	2,112	1,967	(145)
Additional exemptions for veterans	12,985	12,985	12,820	(165)
Town aid road maintenance	-	-	188,446	188,446
School equalization grant	4,128,939	4,128,939	4,154,797	25,858
Distressed municipalities	13,000	13,000	20,584	7,584
Mashantucket Pequot grant	28,797	28,797	26,187	(2,610)
MRSA bonded distribution	41,202	41,202	43,809	2,607
Property tax relief	55,000	55,000	-	(55,000)
Miscellaneous grants	14,000	14,000	61,824	47,824
Miscellaneous reimbursements	1,500	1,500	1,602	102
Total intergovernmental revenues	4,408,127	4,408,127	4,586,087	177,960
CHARGES FOR SERVICES				
Planning & zoning commission	8,000	8,000	4,965	(3,035)
Zoning board of appeals	1,000	1,000	-	(1,000)
Building permits	75,000	75,000	121,555	46,555
Town clerk conveyance	50,000	50,000	74,887	24,887
Miscellaneous permits	2,500	2,500	1,720	(780)
Inlands wetlands fees	3,500	3,500	2,379	(1,121)
Mini-bus	1,000	1,000	276	(724)
Park & recreation - summer program	3,500	3,500	4,641	1,141
Police other revenue	30,000	30,000	-	(30,000)
Miscellaneous fees	-	-	4,655	4,655
Xerox Equipment	-	-	299	299
Leachate collection system	55,000	55,000	106,563	51,563
Total charges for services	229,500	229,500	321,940	92,440

(Continued)

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF REVENUES (Continued)
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
				Over (Under)
OTHER REVENUES				
Gas & miscellaneous refunds	\$ -	\$ -	\$ 171	\$ 171
Regional School District No. 16 surplus	175,000	175,000	377,404	202,404
Other revenues	-	-	32,086	32,086
Total other revenues	175,000	175,000	409,661	234,661
INTEREST INCOME	-	-	4,682	4,682
Total revenues	\$ 21,194,337	\$ 21,194,337	\$ 21,493,710	\$ 299,373

See accompanying Independent Auditor's Report.

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES (USES)
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
GENERAL GOVERNMENT				
First selectman	\$ 115,248	\$ 122,505	\$ 120,672	\$ (1,833)
Town hall	117,674	127,849	120,511	(7,338)
Town clerk	102,143	104,963	103,551	(1,412)
Tax collector	88,193	87,585	80,775	(6,810)
Treasurer	7,500	9,636	9,636	-
Building inspector	31,500	33,524	33,424	(100)
Employee benefits	1,059,709	1,086,561	1,091,353	4,792
Board of assessors	98,821	98,634	96,934	(1,700)
Board of assessment appeals	2,150	2,192	2,164	(28)
Zoning board of appeals	1,250	1,250	524	(726)
Board of finance	37,000	40,000	41,659	1,659
Finance department	101,895	114,515	109,515	(5,000)
Economic development	16,550	3,780	3,101	(679)
Inland wetlands	6,000	6,000	3,685	(2,315)
Conservation commission	4,450	4,450	4,310	(140)
Planning & zoning commission	38,788	38,278	34,154	(4,124)
Water pollution control	1,400	1,400	1,103	(297)
Registrars of voters	46,900	52,056	47,539	(4,517)
Professional fees	130,050	130,050	120,384	(9,666)
Welfare	6,500	6,500	5,000	(1,500)
Insurance	100,400	96,622	96,523	(99)
Agency memberships	8,325	8,325	7,892	(433)
Community welfare	69,112	70,244	68,614	(1,630)
Commission for elderly	2,100	2,100	1,000	(1,100)
Minibus operations	24,300	35,700	30,478	(5,222)
Senior citizen center	17,150	17,150	15,882	(1,268)
Miscellaneous boards and commissions	900	900	104	(796)
Total general government	2,236,008	2,302,769	2,250,487	(52,282)
PUBLIC WORKS				
Highway maintenance	772,104	777,704	737,662	(40,042)
Town garage	20,000	20,000	15,770	(4,230)
Refuse	338,500	333,469	323,498	(9,971)
Wastewater treatment	613,674	613,674	602,745	(10,929)
Total public works	1,744,278	1,744,847	1,679,675	(65,172)
(Continued)				

(Continued)

TOWN OF BEACON FALLS, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) (Continued)
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
PUBLIC SAFETY				
Emergency services	\$ 249,200	\$ 265,701	\$ 258,000	\$ (7,701)
Fire marshal	3,550	2,745	1,338	(1,407)
Civil defense	9,500	9,500	8,865	(635)
Safety committee	1,000	1,000	985	(15)
Water hydrants	193,701	197,670	197,621	(49)
Police	693,540	687,925	587,772	(100,153)
Animal control	9,007	9,007	8,942	(65)
Public safety officer	81,600	87,215	86,953	(262)
Total public safety	<u>1,241,098</u>	<u>1,260,763</u>	<u>1,150,476</u>	<u>(110,287)</u>
LIBRARY	<u>157,050</u>	<u>160,950</u>	<u>160,625</u>	<u>(325)</u>
RECREATION	<u>143,950</u>	<u>143,947</u>	<u>135,727</u>	<u>(8,220)</u>
DEBT SERVICE				
Principal	355,000	355,000	355,000	-
Interest	179,081	179,081	181,221	2,140
Total debt service	<u>534,081</u>	<u>534,081</u>	<u>536,221</u>	<u>2,140</u>
CONTINGENCY	<u>100,000</u>	<u>808</u>	<u>-</u>	<u>(808)</u>
EDUCATION	<u>14,961,872</u>	<u>14,961,872</u>	<u>14,820,178</u>	<u>(141,694)</u>
Total expenditures	<u>21,118,337</u>	<u>21,110,037</u>	<u>20,733,389</u>	<u>(376,648)</u>
OTHER FINANCING SOURCES (USES)				
Premium on bond anticipation note	-	-	26,784	26,784
Transfers out	(76,000)	(84,300)	(272,746)	(188,446)
Total other financing sources (uses)	<u>(76,000)</u>	<u>(84,300)</u>	<u>(245,962)</u>	<u>(161,662)</u>
Total expenditures and other financing sources (uses)	<u>\$ 21,194,337</u>	<u>\$ 21,194,337</u>	<u>\$ 20,979,351</u>	<u>\$ (214,986)</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, 2016

Grand List Year	Balance Uncollected June 30, 2015	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2016
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
2000 and prior	\$ 41,625	\$ -	\$ -	\$ 6,562	\$ 7,650	\$ 27,413	\$ 362	\$ 944	\$ 1,306	\$ 27,051
2001	9,594	-	-	806	1,356	7,432	706	1,745	2,451	6,726
2002	8,278	-	-	416	1,183	6,679	269	609	878	6,410
2003	7,717	-	-	469	1,251	5,997	303	1,002	1,305	5,694
2004	5,381	-	-	472	1,332	3,577	-	-	-	3,577
2005	8,843	-	-	484	3,039	5,320	201	-	201	5,119
2006	14,199	-	-	333	2,956	10,910	342	430	772	10,568
2007	36,275	-	-	363	4,689	31,223	1,236	2,556	3,792	29,987
2008	45,988	-	-	355	6,223	39,410	1,235	1,283	2,518	38,175
2009	68,393	-	-	376	7,399	60,618	11,908	7,166	19,074	48,710
2010	136,701	-	-	778	9,375	126,548	41,230	29,128	70,358	85,318
2011	132,831	-	-	510	12,587	119,734	34,138	19,333	53,471	85,596
2012	189,561	-	-	3,952	9,766	175,843	55,794	26,507	82,301	120,049
2013	426,035	-	415	8,049	4,935	413,466	187,589	54,966	242,555	225,877
2014	-	15,990,765	23,269	30,844	2,796	15,980,394	15,566,826	57,593	15,624,419	413,568
	<u>\$ 1,131,421</u>	<u>\$ 15,990,765</u>	<u>\$ 23,684</u>	<u>\$ 54,769</u>	<u>\$ 76,537</u>	<u>\$ 17,014,564</u>	<u>\$ 15,902,139</u>	<u>\$ 203,262</u>	<u>\$ 16,105,401</u>	<u>\$ 1,112,425</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, 2016

Total cash collections for the year ended
June 30, 2016:

Taxes	\$ 15,902,139
Interest and lien fees	<u>203,262</u>
Total	16,105,401

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	<u>53,352</u>
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Base \$ 16,158,753

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 36,357,194	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	72,714,389	-	-	-
3-3/4 times base	-	-	60,595,324	-	-
3-1/4 times base	-	-	-	52,515,947	-
3 times base	-	-	-	-	48,476,259
Total debt limitation	<u>36,357,194</u>	<u>72,714,389</u>	<u>60,595,324</u>	<u>52,515,947</u>	<u>48,476,259</u>
Indebtedness:					
Bonds payable	1,777,332	-	3,357,668	-	-
Bond anticipation note (BANS) payable	-	-	3,100,000	-	-
Bonds and BANS payable, net - Regional School District No. 16	-	12,627,243 *	-	-	-
Pension obligation	-	-	-	-	1,508,071
Authorized but unissued bonds	-	-	4,157,200	-	-
Total indebtedness	<u>1,777,332</u>	<u>12,627,243</u>	<u>10,614,868</u>	<u>-</u>	<u>1,508,071</u>
Less: assessments receivable	<u>-</u>	<u>-</u>	<u>1,316,431</u>	<u>-</u>	<u>-</u>
Net indebtedness	<u>1,777,332</u>	<u>11,413,312</u>	<u>9,298,437</u>	<u>-</u>	<u>1,508,071</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 34,579,862</u></u>	<u><u>\$ 61,301,077</u></u>	<u><u>\$ 51,296,887</u></u>	<u><u>\$ 52,515,947</u></u>	<u><u>\$ 46,968,188</u></u>
Total capacity of borrowing (7 times base)	\$ 113,111,271				
Total present indebtedness	<u>23,997,152</u>				
Margin for additional borrowing	<u><u>\$ 89,114,119</u></u>				

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

See accompanying Independent Auditor's Report.

Nonmajor Governmental Funds

TOWN OF BEACON FALLS, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	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	\$ 13,579	\$ 21,441	\$ 2,173	\$ 240,255	\$ 603,258	\$ 2,294
Receivables:						
Intergovernmental	-	-	-	1,080	-	-
Loans	-	-	-	-	-	-
Other	-	525	-	-	-	-
Due from other funds	3,903	-	-	2,504	10,290	-
Total assets	<u>\$ 17,482</u>	<u>\$ 21,966</u>	<u>\$ 2,173</u>	<u>\$ 243,839</u>	<u>\$ 613,548</u>	<u>\$ 2,294</u>
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ 51	\$ 25,369	\$ -	\$ -
Unearned revenue	-	-	-	200,083	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>51</u>	<u>225,452</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed to	17,482	21,966	2,122	18,387	613,548	2,294
Unassigned	-	-	-	-	-	-
Total fund balances	<u>17,482</u>	<u>21,966</u>	<u>2,122</u>	<u>18,387</u>	<u>613,548</u>	<u>2,294</u>
Total liabilities and fund balances	<u>\$ 17,482</u>	<u>\$ 21,966</u>	<u>\$ 2,173</u>	<u>\$ 243,839</u>	<u>\$ 613,548</u>	<u>\$ 2,294</u>

(Continued)

TOWN OF BEACON FALLS, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2016

	Nonmajor Special Revenue Funds			Nonmajor Capital Project Funds			Total Nonmajor Governmental Funds
	Small Cities Fund	Police Private Duty Fund	Total Special Revenue Funds	Capital Nonrecurring Fund	Open Space Fund	Total Capital Project Funds	
ASSETS							
Cash and cash equivalents	\$ 13,763	\$ -	\$ 896,763	\$ 682,236	\$ 2,514	\$ 684,750	\$ 1,581,513
Receivables:							
Intergovernmental	-	-	1,080	-	-	-	1,080
Loans	477,548	-	477,548	-	-	-	477,548
Other	-	-	525	-	-	-	525
Due from other funds	-	47,696	64,393	-	-	-	64,393
Total assets	<u>\$ 491,311</u>	<u>\$ 47,696</u>	<u>\$ 1,440,309</u>	<u>\$ 682,236</u>	<u>\$ 2,514</u>	<u>\$ 684,750</u>	<u>\$ 2,125,059</u>
LIABILITIES							
Due to other funds	\$ 9,563	\$ -	\$ 34,983	\$ 50,220	\$ -	\$ 50,220	\$ 85,203
Unearned revenue	-	-	200,083	-	-	-	200,083
Total liabilities	<u>9,563</u>	<u>-</u>	<u>235,066</u>	<u>50,220</u>	<u>-</u>	<u>50,220</u>	<u>285,286</u>
FUND BALANCES							
Nonspendable	477,548	-	477,548	-	-	-	477,548
Restricted	4,200	-	4,200	-	-	-	4,200
Committed to	-	47,696	723,495	712,849	2,514	715,363	1,438,858
Unassigned	-	-	-	(80,833)	-	(80,833)	(80,833)
Total fund balances	<u>481,748</u>	<u>47,696</u>	<u>1,205,243</u>	<u>632,016</u>	<u>2,514</u>	<u>634,530</u>	<u>1,839,773</u>
Total liabilities and fund balances	<u>\$ 491,311</u>	<u>\$ 47,696</u>	<u>\$ 1,440,309</u>	<u>\$ 682,236</u>	<u>\$ 2,514</u>	<u>\$ 684,750</u>	<u>\$ 2,125,059</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, 2016

	Nonmajor Special Revenue Funds					
	Recreation Special Activities Fund	Library Fund	Dog Fund	Special Projects Fund	Sewer Waste Water Fund	Flag Fund
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ 53,408	\$ -	\$ -
Charges for services	20,806	5,140	3,359	-	84,245	-
Other	85	1,069	-	17,541	-	394
Interest income	-	11	2	12	423	-
Total revenues	<u>20,891</u>	<u>6,220</u>	<u>3,361</u>	<u>70,961</u>	<u>84,668</u>	<u>394</u>
EXPENDITURES						
Current:						
General government	-	-	6,182	-	-	870
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	9	-
Culture and recreation	13,409	4,772	-	-	-	-
Debt service:						
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlays	-	-	-	70,825	-	-
Total expenditures	<u>13,409</u>	<u>4,772</u>	<u>6,182</u>	<u>70,825</u>	<u>9</u>	<u>870</u>
Excess (deficiency) of revenues over expenditures	7,482	1,448	(2,821)	136	84,659	(476)
OTHER FINANCING SOURCES						
Capital lease financing	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	7,482	1,448	(2,821)	136	84,659	(476)
Fund balances - beginning	<u>10,000</u>	<u>20,518</u>	<u>4,943</u>	<u>18,251</u>	<u>528,889</u>	<u>2,770</u>
Fund balances - ending	<u>\$ 17,482</u>	<u>\$ 21,966</u>	<u>\$ 2,122</u>	<u>\$ 18,387</u>	<u>\$ 613,548</u>	<u>\$ 2,294</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, 2016

	Nonmajor Special Revenue Funds			Nonmajor Capital Project Funds			Total Nonmajor Governmental Funds
	Small Cities Fund	Police Private Duty Fund	Total Special Revenue Funds	Capital Nonrecurring Fund	Open Space Fund	Total Capital Project Funds	
REVENUES							
Intergovernmental	\$ 286,936	\$ -	\$ 340,344	\$ -	\$ -	\$ -	\$ 340,344
Charges for services	-	208,559	322,109	-	-	-	322,109
Other	-	-	19,089	-	1,514	1,514	20,603
Interest income	15	-	463	-	-	-	463
Total revenues	<u>286,951</u>	<u>208,559</u>	<u>682,005</u>	<u>-</u>	<u>1,514</u>	<u>1,514</u>	<u>683,519</u>
EXPENDITURES							
Current:							
General government	110,536	-	117,588	31,990	-	31,990	149,578
Public safety	-	160,863	160,863	-	-	-	160,863
Public works	2,500	-	2,509	-	-	-	2,509
Culture and recreation	-	-	18,181	-	-	-	18,181
Debt service:							
Principal payments	-	-	-	40,393	-	40,393	40,393
Interest and fiscal charges	-	-	-	3,709	-	3,709	3,709
Capital outlays	-	-	70,825	227,560	-	227,560	298,385
Total expenditures	<u>113,036</u>	<u>160,863</u>	<u>369,966</u>	<u>303,652</u>	<u>-</u>	<u>303,652</u>	<u>673,618</u>
Excess (deficiency) of revenues over expenditures	173,915	47,696	312,039	(303,652)	1,514	(302,138)	9,901
OTHER FINANCING SOURCES							
Capital lease financing	-	-	-	27,185	-	27,185	27,185
Transfers in	-	-	-	272,746	-	272,746	272,746
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>299,931</u>	<u>-</u>	<u>299,931</u>	<u>299,931</u>
Net change in fund balances	173,915	47,696	312,039	(3,721)	1,514	(2,207)	309,832
Fund balances - beginning	<u>307,833</u>	<u>-</u>	<u>893,204</u>	<u>635,737</u>	<u>1,000</u>	<u>636,737</u>	<u>1,529,941</u>
Fund balances - ending	<u>\$ 481,748</u>	<u>\$ 47,696</u>	<u>\$ 1,205,243</u>	<u>\$ 632,016</u>	<u>\$ 2,514</u>	<u>\$ 634,530</u>	<u>\$ 1,839,773</u>

See accompanying Independent Auditor's Report.