

TOWN OF SUFFIELD, CONNECTICUT
FINANCIAL STATEMENTS

JUNE 30, 2014

TOWN OF SUFFIELD, CONNECTICUT

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Independent Auditors' Report

To the Board of Finance
Town of Suffield, Connecticut

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison information on pages 47 through 51 and the supplementary pension information on pages 52 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Suffield, Connecticut, as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated December 18, 2013, which contained unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2013 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2013 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2014 on our consideration of the Town of Suffield, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Suffield, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 27, 2014

TOWN OF SUFFIELD, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

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

Financial Highlights

- The Town's net position increased as a result of this year's operations. While net position of our business-type activities also increased by \$426, or 2.03%, net position of our governmental activities increased by \$4,759, or 4.93%.
- During the year, the Town had expenses that were \$4,759 less than the \$60,592 generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues increased by \$1,057 while expenses increased by \$81.
- Total cost of all of the Town's programs was \$58,435 with no new programs added this year.
- The General Fund reported a fund balance this year of \$11,006.
- The resources available for appropriation were \$1,329 more than budgeted for the General Fund, excluding the utilization of fund balance. Expenditures were less than budgeted by \$826, in part due to vacancies and insurance savings.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

In the statement of net position and the statement of activities, we divide the Town into two types of activities:

- *Governmental Activities* - Most of the Town's basic services are reported here, including education, public safety, public works, planning and development, health and social services, library, recreation and parks and general administration. Property taxes, charges for services and state and federal grants finance most of these activities.
- *Business-Type Activities* - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Water Pollution Control Authority (WPCA) activities are reported here.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Board of Finance establishes many other funds to help control and manage financial activities for particular purposes (like the Grant Funds, Assessment Fund, Insurance Fund, School Building Project Fund and the Pension Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State and Federal governments and accounted for in the Special Revenue Fund). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

- *Proprietary Funds (Exhibits V to VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities - such as the Town's Insurance and Gas/Diesel Internal Service Funds.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's combined net position increased 4.41% from a year ago, going from \$117,554 to \$122,739. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

TABLE 1
NET POSITION
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 29,204	\$ 29,689	\$ 2,567	\$ 2,354	\$ 31,771	\$ 32,043
Capital assets, net of accumulated depreciation	98,233	94,152	18,959	18,731	117,192	112,883
Total assets	<u>127,437</u>	<u>123,841</u>	<u>21,526</u>	<u>21,085</u>	<u>148,963</u>	<u>144,926</u>
Deferred Inflow of Resources	263	339			263	339
Long-term debt outstanding	22,731	24,471			22,731	24,471
Other liabilities	3,602	2,977	130	115	3,732	3,092
Total liabilities	<u>26,333</u>	<u>27,448</u>	<u>130</u>	<u>115</u>	<u>26,463</u>	<u>27,563</u>
Deferred Outflow of Resources	24	148			24	148
Net Position:						
Net Investment in capital assets	78,777	73,085	18,959	18,731	97,736	91,816
Restricted	468	463			468	463
Unrestricted	<u>22,098</u>	<u>23,036</u>	<u>2,437</u>	<u>2,239</u>	<u>24,535</u>	<u>25,275</u>
Total Net Position	<u>\$ 101,343</u>	<u>\$ 96,584</u>	<u>\$ 21,396</u>	<u>\$ 20,970</u>	<u>\$ 122,739</u>	<u>\$ 117,554</u>

Net position of the Town's governmental activities increased by \$4,759 or 4.93%. Overall revenues increased by \$587 and expenses decreased by \$690. The revenue decreases were \$237 in Charges for service \$40 in Capital Grants and Contributions, \$725 in Grants and Contributions not restricted, \$41 in Unrestricted investment earnings and \$44 in Transfers, and increases of \$341 in Operating grants and contributions \$1,005 in Property Taxes and \$328 in Miscellaneous. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, changed from \$23,036 at June 30, 2013 to \$22,098 at the end of this year.

The net position of business-type activities increased by \$426 or 2.03% in 2014. The Town generally can only use this net position to finance the continuing operations of the WPCA.

TABLE 2
CHANGES IN NET POSITION

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services:	\$ 2,917	\$ 3,154	\$ 2,118	\$ 2,333	\$ 5,035	\$ 5,487
Operating grants and contributions	13,724	13,383			13,724	13,383
Capital grants and contributions		40	1,250	22	1,250	62
General revenues:						
Property taxes	36,332	35,327			36,332	35,327
Grants and contributions not restricted to specific purposes	6,196	6,921			6,196	6,921
Unrestricted investment earnings	75	116	4	4	79	120
Miscellaneous	1,004	676			1,004	676
Transfers	344	388	(344)	(388)	-	-
Total revenues	<u>60,592</u>	<u>60,005</u>	<u>3,028</u>	<u>1,971</u>	<u>63,620</u>	<u>61,976</u>
Program expenses:						
Administration	2,641	2,949			2,641	2,949
Planning and development	409	404			409	404
Public safety	4,603	4,227			4,603	4,227
Public works	3,041	4,015			3,041	4,015
Health and social services	810	816			810	816
Library, recreation and parks	932	1,136			932	1,136
Education	42,706	42,235			42,706	42,235
Interest on long-term debt	691	741			691	741
Sewer			2,602	2,521	2,602	2,521
Total program expenses	<u>55,833</u>	<u>56,523</u>	<u>2,602</u>	<u>2,521</u>	<u>58,435</u>	<u>59,044</u>
Increase (Decrease) in Net Position	<u>\$ 4,759</u>	<u>\$ 3,482</u>	<u>\$ 426</u>	<u>\$ (550)</u>	<u>\$ 5,185</u>	<u>\$ 2,932</u>

The Town's total revenues were \$63,620. The total cost of all programs and services was \$58,435. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The greatest increase was in miscellaneous. The Town received funds for reimbursement for damage done to local roads by CL&P. Capital and operating grants and contributions accounted for 22.7% of the Town's governmental activities, while grants and contributions not restricted to specific purposes was 10.2%. The Town continues to utilize grants and contributions to maintain its services but has maintained its reliance on property taxes. Property taxes accounted for 59.9% of the Town's governmental activities compared to 59% in FY 2013.

Education related expenses accounted for over 76.5% of the total program expenses for governmental activities. Public Works expenses decreased by \$974 to 5.45% of total program expenses from 7% in the previous year. This was because we did not have many major storms during the year and vacancies in the departments. Administration decreased to 4.73% from 5%. Library, parks & recreation decreased due to departmental vacancies. Public Safety increased to 8.2% from 7.4% in the prior year due largely to filling the departmental vacancies. All other expenditures remained about the same as the prior year.

Table 3 presents the cost of each of the Town's four largest programs - administration, public safety, public works and education - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

TABLE 3
GOVERNMENTAL ACTIVITIES
(in thousands)

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Administration	\$ 2,641	\$ 2,949	\$ 1,983	\$ (583)
Public safety	4,603	4,227	4,112	3,688
Public works	3,041	4,015	2,420	4,375
Education	42,706	42,235	28,031	24,280
All others	<u>2,842</u>	<u>3,284</u>	<u>2,647</u>	<u>3,057</u>
Totals	<u>\$ 55,833</u>	<u>\$ 56,710</u>	<u>\$ 39,193</u>	<u>\$ 34,817</u>

Business-Type Activities

Revenues of the Town's business-type activities (see Table 2) increased by \$1,057 due to the inclusion of the infrastructure and pump stations within the capital assets that were previously not included (\$1,240). Expenses increased by \$81 due to increases in Worker's comp by \$19 and Employee Insurance of \$34, as well as an increase in depreciation of \$79 due to the addition in Capital Assets.

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$24,687, which is a decrease from last year's total of \$25,648. Included in this year's total change in fund balance is a decrease of \$524 in the Town's General Fund and a decrease of \$524 in the Capital Projects funds. In addition, there was an increase of \$87 in other nonmajor governmental funds.

General Fund Budgetary Highlights

Actual final budgetary expenditures results (including encumbrances) totaled \$53,074. Unexpended appropriations in all areas resulted in an increase to the General Fund Balance of \$826. On the revenue side, final actual revenues were less than the original budget by \$1,271. We budgeted to use fund balance of \$2,600. Areas that received more than the amount budgeted are: Property Taxes, interest and lien fees revenues of \$167, Intergovernmental Revenues received more than \$1,101 over budget because of increases in Payment in Lieu of Taxes (PILOT), Pequot/Mohegan and the Education Cost Sharing Grant. Miscellaneous Revenues received more \$267 more than budgeted due to an agreement with CL&P to reimburse the town for damages done to local roads.

Proprietary Funds

The Town's Water Pollution Control Authority Enterprise Fund accounts for sewer services for a designated area in Town. Charges for services decreased by \$215 due to Hood and the Prison's bills being \$91 each less than last year's billing. The remaining Commercial billing was also down by \$12. There was \$12 more in legal fees collected by reimbursement in 2013 than in 2014 as well as a Worker's Comp Audit reimbursement received in 2013.

The other two funds, Insurance Fund and Gas/Diesel Fund, are Internal Service Funds. Unrestricted net position of both funds totaled (\$247), a decrease of \$474 from the prior year. This decrease is due primarily to operating expenses in the Insurance Fund being more than the user charges. The \$500,000 transferred from this fund in FY 6/30/13 is budgeted to be returned in the FY 14/15 budget. Operating expenses were increased by \$91 and charges for services decreased by \$193. There was an operating loss of \$459 and investment income of \$1. The Gas/Diesel Fund is used to allocate the expense of the gas and diesel fuels to the departments that use them. This year there was operating loss of \$17.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the Town had \$117 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges and sewer lines - Table 4. This amount represents a net increase (including additions and deductions) of \$4,309, or 3.81%, over last year.

TABLE 4
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 18,024	\$ 17,823	\$ 16,038	\$ 16,038	\$ 34,062	\$ 33,861
Land improvements	1,566	1,599			1,566	1,599
Buildings	43,085	44,560	878	197	43,963	44,757
Furniture and equipment	3,432	3,289	2,042	2,487	5,474	5,776
Infrastructure	18,404	17,745	1	9	18,405	17,754
Construction in progress	13,722	9,136			13,722	9,136
Total	\$ 98,233	\$ 94,152	\$ 18,959	\$ 18,731	\$ 117,192	\$ 112,883

This year's major additions included:

Various Road and Drainage Projects - CIP	\$ 2,732
Boston Neck Rd Bridge - CIP	341
School Roof Projects - CIP	356
Accepted Road Projects	310
Development Rights	200
Miscellaneous Equipment	536

The Town's fiscal-year 2014-15 capital budget calls for it to spend another \$4,108 for capital projects, principally for, road repairs, bridge repairs, public works equipment, town buildings repairs, farmland preservation, board of education infrastructure repairs. More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2014, the Town had \$18,815 in bonds and notes outstanding versus \$20,316 last year - an decrease of \$1,501 or 7.34%.

The Town's general obligation bond rating received an AA+ debt rating for new debt in November 2012 and continues to carry the AA+ debt rating from Standard & Poor's for old debt which was reaffirmed in November 2012. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$253,526 state-imposed limit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2015 budget tax rates and fees that will be charged for the business-type activities. One of those factors is the economy. Unemployment in the Town as of December 2013 stands at 5.8% versus 6.2% a year ago. This compares with the State's unemployment rate of 6.8% and the national rate of 6.7%.

These indicators were taken into account when adopting the General Fund budget for 2014-15. Amounts available for appropriation in the General Fund budget are \$55,300, an increase of 2.60% from the original 2013-14 budget of \$53,900. Property taxes and State of Connecticut revenue are expected to account for the most of the revenue.

The Town designated \$1,000 of its \$11,006 General Fund balance to finance its 2014-15 budget leaving an unassigned General Fund balance at June 30, 2014 of \$9, 547 or 17.26% of the 2014-15 budget.

The Town will use increases in revenues to finance programs currently offered and to off-set the effect that we expect inflation to have on program costs. Budgeted expenditures are expected to increase by 2.60% to \$55,300 from \$53,900 in 2014. Increases in debt service, general government and board of education are the largest increments with a reduction in transfer to OPEB and capital expenditures.

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

The Water Pollution Control Authority approved the 2014-15 budget with a decrease of 5.40% in expenditures, with no change in the per unit charge for regular use fee, as well as the Kent Farms rate. The Commercial dollar per 1,000 gallon rate decreased from 5.41 to 5.38.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Suffield, 83 Mountain Road, Suffield, Connecticut 06078.

TOWN OF SUFFIELD, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 26,404,092	\$ 2,255,081	\$ 28,659,173
Receivables, net	2,694,858	312,467	3,007,325
Inventory	20,655		20,655
Net pension asset	84,348		84,348
Capital assets not being depreciated	31,745,897	16,038,335	47,784,232
Capital assets being depreciated, net	66,486,986	2,920,900	69,407,886
Total assets	<u>127,436,836</u>	<u>21,526,783</u>	<u>148,963,619</u>
Deferred Outflow of Resources:			
Deferred charge on refunding	<u>263,428</u>		<u>263,428</u>
Liabilities:			
Accounts and other payables	2,801,586	132,234	2,933,820
Unearned revenue	798,799		798,799
Internal balances	2,015	(2,015)	-
Noncurrent liabilities:			
Due within one year	2,523,476		2,523,476
Due in more than one year	20,208,015		20,208,015
Total liabilities	<u>26,333,891</u>	<u>130,219</u>	<u>26,464,110</u>
Deferred Inflow of Resources:			
Advance property tax collections	<u>23,595</u>		<u>23,595</u>
Net Position:			
Net investment in capital assets	78,776,777	18,959,235	97,736,012
Restricted for:			
Trust purposes:			
Nonexpendable	468,216		468,216
Unrestricted	<u>22,097,785</u>	<u>2,437,329</u>	<u>24,535,114</u>
Total Net Position	<u>\$ 101,342,778</u>	<u>\$ 21,396,564</u>	<u>\$ 122,739,342</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Administration	\$ 2,641,280	\$ 619,614	\$ 39,003	\$ -	\$ (1,982,663)	\$ -	\$ (1,982,663)
Planning and development	408,864	37,950	5,425	-	(365,489)	-	(365,489)
Public safety	4,603,427	449,919	41,053	-	(4,112,455)	-	(4,112,455)
Public works	3,040,508	329,623	290,658	-	(2,420,227)	-	(2,420,227)
Health and social services	810,227	4,807	18,500	-	(786,920)	-	(786,920)
Library, recreation and parks	932,383	81,220	47,632	-	(803,531)	-	(803,531)
Education	42,706,214	1,394,081	13,281,621	-	(28,030,512)	-	(28,030,512)
Interest on long-term debt	691,425	-	-	-	(691,425)	-	(691,425)
Total governmental activities	55,834,328	2,917,214	13,723,892	-	(39,193,222)	-	(39,193,222)
Business-type activities:							
Sewer	2,602,112	2,117,835	-	1,250,410	-	766,133	766,133
Total	\$ 58,436,440	\$ 5,035,049	\$ 13,723,892	\$ 1,250,410	(39,193,222)	766,133	(38,427,089)
General revenues:							
Property taxes					36,331,971		36,331,971
Grants and contributions not restricted to specific programs					6,196,964		6,196,964
Unrestricted investment earnings					74,663	4,462	79,125
Miscellaneous					1,004,582		1,004,582
Transfers					343,792	(343,792)	-
Total general revenues and transfers					43,951,972	(339,330)	43,612,642
Change in net position					4,758,750	426,803	5,185,553
Net Position at Beginning of Year					96,584,028	20,969,761	117,553,789
Net Position at End of Year					\$ 101,342,778	\$ 21,396,564	\$ 122,739,342

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 24,131,384	\$ 858,381	\$ 771,238	\$ 25,761,003
Receivables, net	1,272,506	433,272	888,175	2,593,953
Due from other funds	1,933,272	12,820,381	1,069,031	15,822,684
Inventories			20,655	20,655
Total Assets	<u>\$ 27,337,162</u>	<u>\$ 14,112,034</u>	<u>\$ 2,749,099</u>	<u>\$ 44,198,295</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and accrued liabilities	\$ 1,081,914	\$ 696,474	\$ 180,343	\$ 1,958,731
Due to other funds	13,781,933	1,353,723	220,684	15,356,340
Unearned revenue	407,358		391,441	798,799
Total liabilities	<u>15,271,205</u>	<u>2,050,197</u>	<u>792,468</u>	<u>18,113,870</u>
Deferred inflows of resources:				
Unavailable revenue - sewer assessments			179,698	179,698
Unavailable revenue - loan receivables			157,944	157,944
Unavailable revenue - property taxes	1,036,451			1,036,451
Advance property tax collections	23,595			23,595
Total deferred inflows of resources	<u>1,060,046</u>		<u>337,642</u>	<u>1,397,688</u>
Fund balances:				
Nonspendable			488,871	488,871
Restricted	176,611		571,027	747,638
Committed		12,061,228	652,911	12,714,139
Assigned	1,282,437	679,663		1,962,100
Unassigned	9,546,863	(679,054)	(93,820)	8,773,989
Total fund balances	<u>11,005,911</u>	<u>12,061,837</u>	<u>1,618,989</u>	<u>24,686,737</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,337,162</u>	<u>\$ 14,112,034</u>	<u>\$ 2,749,099</u>	<u>\$ 44,198,295</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

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

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

Fund balances - total governmental funds	\$	24,686,737
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	133,338,155
Less accumulated depreciation		<u>(35,105,272)</u>
Net capital assets		98,232,883
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:		
Net pension asset		84,348
Housing loan receivable		157,944
Special assessment receivable		179,698
Property tax receivable greater than 60 days		730,777
Interest receivable on property taxes		305,674
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.		(247,139)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds payable		(18,815,210)
Deferred bond premiums		(778,351)
Deferred amounts on refunding		263,428
Interest payable on bonds		(320,081)
Net OPEB obligation		(2,374,669)
Landfill closure and postclosure		(162,000)
Compensated absences		(389,923)
Capital lease obligation		(125,973)
Claims and judgments		<u>(85,365)</u>
Net Position of Governmental Activities (Exhibit I)	\$	<u><u>101,342,778</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 36,225,744	\$	\$	\$ 36,225,744
Intergovernmental	17,337,295		2,527,550	19,864,845
Charges for services	1,615,913	24,000	1,280,907	2,920,820
Interest income	34,293	547	38,392	73,232
Miscellaneous	1,004,482	6,785	36,353	1,047,620
Total revenues	<u>56,217,727</u>	<u>31,332</u>	<u>3,883,202</u>	<u>60,132,261</u>
Expenditures:				
Current:				
Administration	5,037,989		11,695	5,049,684
Planning and development	382,608			382,608
Public safety	3,632,352		332,796	3,965,148
Public works	3,486,881		13,360	3,500,241
Health and social services	704,202		4,270	708,472
Library, recreation and parks	337,152		554,088	891,240
Education	35,732,506		3,165,515	38,898,021
Miscellaneous	36,290			36,290
Debt service	2,406,951			2,406,951
Capital outlay		5,599,096		5,599,096
Total expenditures	<u>51,756,931</u>	<u>5,599,096</u>	<u>4,081,724</u>	<u>61,437,751</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,460,796</u>	<u>(5,567,764)</u>	<u>(198,522)</u>	<u>(1,305,490)</u>
Other Financing Sources (Uses):				
Transfers in	391,585	5,043,360	678,437	6,113,382
Transfers out	(5,376,693)		(392,897)	(5,769,590)
Total other financing sources (uses)	<u>(4,985,108)</u>	<u>5,043,360</u>	<u>285,540</u>	<u>343,792</u>
Net Change in Fund Balances	(524,312)	(524,404)	87,018	(961,698)
Fund Balances at Beginning of Year	<u>11,530,223</u>	<u>12,586,241</u>	<u>1,531,971</u>	<u>25,648,435</u>
Fund Balances at End of Year	<u>\$ 11,005,911</u>	<u>\$ 12,061,837</u>	<u>\$ 1,618,989</u>	<u>\$ 24,686,737</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (961,698)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	6,740,390
Depreciation expense	(2,659,313)

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

Property tax interest and lien revenue-accrual basis change	2,918
Property tax receivable-accrual basis change	103,309
Special assessment receivable-accrual basis change	26,427
Net pension asset	9,372

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

Bond principal payments	1,500,624
Capital lease payments	54,758
Deferred amounts on premiums	130,495
Deferred amounts in refunding	(75,484)

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

Compensated absences	36,820
Net OPEB obligation	143,267
Landfill closure and postclosure	16,200
Claims and judgments	5,597
Accrued interest	159,890

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

(474,823)

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 4,758,750</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2014

	Business-Type Activities	Governmental Activities
	WPCA	Internal
	Enterprise Fund	Service Funds
Assets:		
Cash and cash equivalents	\$ 2,255,081	\$ 643,089
Due from other funds	2,647	
Receivables, net	312,467	100,905
Capital assets not being depreciated	16,038,335	
Capital assets, net of accumulated depreciation	2,920,900	
Total assets	<u>21,529,430</u>	<u>743,994</u>
Liabilities:		
Accounts and other payables	132,234	522,774
Due to other funds	632	468,359
Total liabilities	<u>132,866</u>	<u>991,133</u>
Net Position:		
Investment in capital assets	18,959,235	
Unrestricted	<u>2,437,329</u>	<u>(247,139)</u>
Total Net Position	<u>\$ 21,396,564</u>	<u>\$ (247,139)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NBT POSITION

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Business-Type Activities</u> WPCA <u>Enterprise Fund</u>	<u>Governmental Activities</u> Internal <u>Service Funds</u>
Operating Revenues:		
Charges for services	\$ 2,106,146	\$ 6,537,266
Other	11,689	
Total operating revenues	<u>2,117,835</u>	<u>6,537,266</u>
Operating Expenses:		
Administrative expense	24,109	724,689
Payroll and employee benefits	1,037,357	
Sludge disposal	151,603	
Plant maintenance and materials	77,586	
Insurance and program services	21,728	5,887,050
Utilities	264,070	
Other operating expense		401,781
Depreciation	<u>1,025,659</u>	
Total operating expenses	<u>2,602,112</u>	<u>7,013,520</u>
Operating Loss	(484,277)	(476,254)
Nonoperating Revenue:		
Income on investments	<u>4,462</u>	<u>1,431</u>
Change in Net Assets Before Capital Items and Transfers	<u>(479,815)</u>	<u>(474,823)</u>
Capital Items and Transfers:		
Capital grants	10,000	
Capital contributions	1,240,410	
Transfer out	<u>(343,792)</u>	
Total capital items and transfers	<u>906,618</u>	<u>-</u>
Change in Net Position	426,803	(474,823)
Net Position at Beginning of Year	<u>20,969,761</u>	<u>227,684</u>
Net Position at End of Year	<u>\$ 21,396,564</u>	<u>\$ (247,139)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>WPCA</u>	<u>Internal</u>
	<u>Enterprise Fund</u>	<u>Service Funds</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 2,167,312	\$ 7,161,301
Cash payments to employees for services	(1,037,357)	
Cash payments to supplies for goods and services	(525,107)	(7,023,773)
Cash received from other sources	11,689	
Net cash provided by operating activities	<u>616,537</u>	<u>137,528</u>
Cash Flows from Capital Financing Activities:		
Acquisition of capital assets	(1,253,836)	
Capital grants	10,000	
Capital contributions	1,240,410	
Net cash used in capital financing activities	<u>(3,426)</u>	<u>-</u>
Cash Flows from Noncapital Financing Activities:		
Transfer out	<u>(343,792)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest received on investments	<u>4,462</u>	<u>1,431</u>
Net Increase in Cash and Cash Equivalents	273,781	138,959
Cash and Cash Equivalents at Beginning of Year	<u>1,981,300</u>	<u>504,130</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,255,081</u>	<u>\$ 643,089</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating activities:		
Operating loss	\$ (484,277)	\$ (476,254)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	1,025,659	
Decrease in accounts receivable	61,166	358,081
Decrease in due from other funds		265,954
Increase (decrease) in accounts payable	<u>13,989</u>	<u>(10,253)</u>
Net Cash Provided by Operating Activities	<u>\$ 616,537</u>	<u>\$ 137,528</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2014

	Pension Trust Fund	OPEB Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 22,563	\$	\$ 338,318
Investments	26,828,381	7,011,269	14,011
Receivables:			
Other	<u>192,986</u>	<u> </u>	<u> </u>
Total assets	27,043,930	7,011,269	<u>\$ 352,329</u>
Liabilities:			
Accounts and other payables	<u>12,739</u>	<u> </u>	<u>\$ 352,329</u>
Net Position:			
Held in Trust for Pension and OPEB Benefits	<u>\$ 27,031,191</u>	<u>\$ 7,011,269</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT
FIDUCIARY FUNDS - PENSION TRUST FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Pension Trust Fund	OPEB Trust Fund
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 1,248,754	\$ 1,744,908
Employee	482,833	435,370
Total contributions	<u>1,731,587</u>	<u>2,180,278</u>
Investment income:		
Interest and dividends	2,117,967	229,213
Net appreciation in fair value of investments	1,395,387	691,712
Investment expenses	<u>(127,637)</u>	<u>(60,420)</u>
Net investment income	<u>3,385,717</u>	<u>860,505</u>
Miscellaneous income		<u>10,083</u>
Total additions	<u>5,117,304</u>	<u>3,050,866</u>
Deductions:		
Benefits payments and withdrawals	1,826,285	1,445,278
Administration	<u>37,288</u>	
Total deductions	<u>1,863,573</u>	<u>1,445,278</u>
Net Increase	3,253,731	1,605,588
Net Position Held in Trust for Pension and OPEB Benefits at Beginning of Year	<u>23,777,460</u>	<u>5,405,681</u>
Net Position Held in Trust for Pension and OPEB Benefits at End of Year	<u>\$ 27,031,191</u>	<u>\$ 7,011,269</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town was incorporated in 1749 under the General Statutes of the State of Connecticut. The Town adopted its original charter effective January 7, 1985 with the most recent revisions on November 6, 2001. The Town operates under a Selectman/Town Meeting form of government and provides the following services as authorized by the General Statutes and its charter: public safety (police and fire), public works, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except for agency funds, which have no measurement focus). Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The Town reports the following major governmental funds:

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

The Capital Projects Fund is used to account for the financial resources for the acquisition and construction of major capital facilities. Capital outlays are financed by the issuance of general obligation bonds, capital grants, current tax revenues and the issuance of capital leases.

The Town reports the following major proprietary funds:

The WPCA Fund is used to account for the activities of the Authority.

Additionally, the Town reports the following fund types:

The Internal Service Funds are used to account for self insured activities and purchases of gasoline by various departments.

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

The OPEB Trust Fund accounts for the activities of the Suffield other postemployment benefits for town retirees and their beneficiaries.

Agency Funds account for monies held as custodian for outside student and municipal groups and agencies.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the WPCA enterprise fund and of the Town's internal service funds are charges to customers for sales, services and benefits. Operating expenses for enterprise funds and the internal service fund include the cost of sales, services, benefits, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Deposits and Investments

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

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

Investments are reported at fair value.

E. Receivables and Payables

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

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments, July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Interest on delinquent balances is computed at 1.5% per month. Liens are filed on delinquent real estate taxes within one year. An amount of \$12,692 has been established as an allowance for uncollectible taxes. At June 30, 2014, this represents 1.6% of all property taxes receivable.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

G. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-45
Public domain infrastructure	35
System infrastructure	50
Vehicles	5-20
Office equipment	5-10
Computer equipment	7-10

H. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet and proprietary funds statement of net position. Advance property tax collections represent taxes and fees inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, special assessments and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Compensated Absences

Town employees earn and carryover various amounts of vacation and leave time based upon Town policy or bargaining unit contracts. At June 30, 2014, the total amount of the liability was \$389,923. The liability is reported in the government-wide statement of net position.

J. Long-Term Obligations

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

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

K. Equity

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

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

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

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

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

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

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

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Suffield Board of Finance and Town Meeting). The Board of Finance can commit fund balance through an action made prior to the end of the fiscal year. Once the action is taken the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation.

Assigned Fund Balance - This balance represents amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the Town Charter (Suffield Board of Finance, Town Meeting, Town Finance Director and Board of Education Business Manager).

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

As set forth in the Town Charter, the Board of Finance adopts an annual budget for the General Fund. The annual budget for the General Fund is prepared on the modified accrual basis of accounting. The Board of Finance submits a proposed operating budget for the fiscal year commencing July 1 to a public budget hearing, at which taxpayer comments are obtained. The Board of Finance then prepares the recommended

Town budget which it presents at a Town meeting. The operating budget includes proposed expenditures and the means of financing them.

Expenditures are budgeted by department, function and object. Management may not exceed appropriations at the department level and must seek approval from the Board of Selectmen to reassign resources between departments. The legal level of budgetary control is the department level. Subsequent to adoption of the budget, any requests for supplemental appropriations or transfers are required to be submitted in writing to the Board of Selectmen, who, upon consideration, will forward to the Board of Finance for approval. Any transfers which alter the total budget in an amount equal to or greater than one quarter of one percent of the total budget must be also approved by a Town meeting resolution. Any additional appropriations would also require Town meeting approval. During the year ended June 30, 2014, there were no additional appropriations.

Formal budgetary integration is employed as a management control device during the year.

The Town includes the following Water Pollution Control Authority funds as part of the Town's overall approved budget: 1) Enterprise Fund; 2) Special Revenue Fund - Sewer Assessment Fund; and 3) Capital Projects Fund - Sewer Project Fund. However, the legally adopted budget does not provide for line item revenue and expenditures detail for these funds. Instead, a summary total for revenues and expenditures for each of these three funds is presented. A budgetary schedule is not presented.

All unencumbered appropriations lapse at year-end. Appropriations for capital outlays are continued until completion of applicable projects, even when projects extend more than one fiscal year.

The Town does not maintain legally adopted budgets for the other Special Revenue Funds, since budgetary control is generally maintained on an individual grant basis. In addition, the Town does not adopt annual budgets for Capital Projects Funds.

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

B. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2014:

Nonmajor Governmental Funds:	
Special Revenue Funds:	
Municipal Grant	\$ 58,624
Drug Education and Enforcement Grant	20
School Cafeteria Fund	14,521
Internal Service Funds:	
Insurance Fund	270,102

The deficits will be funded by contributions from the General Fund or future revenues.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$25,936,329 of the Town’s bank balance of \$27,474,113 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 23,192,696
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>2,743,633</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 25,936,329</u></u>

Cash Equivalents

At June 30, 2014, the Town's cash equivalents amounted to \$1,875,204. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than 90 days.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAA

Investments

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

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 – 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ 14,013	\$ 14,013		\$
U.S. Treasury bonds		276,023		172,814	103,209
U.S. Treasury notes		530,647		530,647	
U.S. Government obligations	AAA	1,479,943		716,264	763,679
Municipal bonds	A- to AAA	86,928		38,573	48,355
Corporate bonds	A- to AAA	1,470,027	307,664	1,105,413	56,950
Corporate bonds	BBB-BBB+	1,474,825	160,696	1,209,446	104,683
Foreign bonds	A-AAA	493,004		493,004	
Foreign bonds	BBB-BBB+	163,541		163,541	
Total			<u>\$ 482,373</u>	<u>\$ 4,429,702</u>	<u>\$ 1,076,876</u>
Other investments:					
Mutual funds		7,011,269			
Pooled separate accounts		17,473,920			
Real Estate		832,301			
Guaranteed Deposit		<u>2,547,220</u>			
Total Investments		<u>\$ 33,853,661</u>			

*Subject to coverage by Federal Depository Insurance and collateralization

Interest Rate Risk - The Town does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2014, the Town had \$20,021,140 of uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>WPCA Fund</u>	<u>Nonmajor and Other Governmental Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 805,823	\$	\$	\$	\$ 805,823
Interest	305,674				305,674
Accounts	166,047	125	312,467	100,905	579,544
Special assessments				179,698	179,698
Intergovernmental	7,654	433,147		241,200	682,001
Loans				157,944	157,944
Other				502,319	502,319
Gross receivables	<u>1,285,198</u>	<u>433,272</u>	<u>312,467</u>	<u>1,182,066</u>	<u>3,213,003</u>
Less allowance for uncollectibles:	<u>(12,692)</u>				<u>(12,692)</u>
Net Total Receivables	<u>\$ 1,272,506</u>	<u>\$ 433,272</u>	<u>\$ 312,467</u>	<u>\$ 1,182,066</u>	<u>\$ 3,200,311</u>

5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,823,359	\$ 200,257	\$	\$ 18,023,616
Construction in progress	9,135,896	4,616,385	30,000	13,722,281
Total capital assets not being depreciated	<u>26,959,255</u>	<u>4,816,642</u>	<u>30,000</u>	<u>31,745,897</u>
Capital assets being depreciated:				
Buildings	65,408,707	166,914		65,575,621
Land improvements	2,191,697	29,990		2,221,687
Furniture and equipment	8,584,109	536,244	6,500	9,113,853
Infrastructure	23,460,497	1,220,600		24,681,097
Total capital assets being depreciated	<u>99,645,010</u>	<u>1,953,748</u>	<u>6,500</u>	<u>101,592,258</u>
Less accumulated depreciation for:				
Buildings	20,848,969	1,641,938		22,490,907
Land improvements	593,169	62,069		655,238
Furniture and equipment	5,294,886	393,184	6,500	5,681,570
Infrastructure	5,715,435	562,122		6,277,557
Total accumulated depreciation	<u>32,452,459</u>	<u>2,659,313</u>	<u>6,500</u>	<u>35,105,272</u>
Total capital assets being depreciated, net	<u>67,192,551</u>	<u>(705,565)</u>	<u>-</u>	<u>66,486,986</u>
Governmental Activities Capital Assets, Net	<u>\$ 94,151,806</u>	<u>\$ 4,111,077</u>	<u>\$ 30,000</u>	<u>\$ 98,232,883</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 16,038,335	\$	\$	\$ 16,038,335
Capital assets being depreciated:				
Buildings	9,678,669	840,410		10,519,079
Equipment	16,668,355	400,000		17,068,355
Vehicles	115,545	13,426		128,971
Infrastructure	10,130			10,130
Total capital assets being depreciated	<u>26,472,699</u>	<u>1,253,836</u>	<u>-</u>	<u>27,726,535</u>
Less accumulated depreciation for:				
Buildings	9,481,625	159,348		9,640,973
Equipment	14,195,617	233,967		14,429,584
Vehicles	101,398	624,283		725,681
Infrastructure	1,336	8,061		9,397
Total accumulated depreciation	<u>23,779,976</u>	<u>1,025,659</u>	<u>-</u>	<u>24,805,635</u>
Total capital assets being depreciated, net	<u>2,692,723</u>	<u>228,177</u>	<u>-</u>	<u>2,920,900</u>
Business-Type Activities Capital Assets, Net	<u>\$ 18,731,058</u>	<u>\$ 228,177</u>	<u>\$ -</u>	<u>\$ 18,959,235</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Administration	\$ 59,496
Planning and development	8,250
Public safety	219,056
Public works	685,474
Health and social services	102,962
Library, recreation and parks	63,568
Education	<u>1,520,507</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 2,659,313</u>
 Business-type activities:	
Sewer	<u>\$ 1,025,659</u>

Construction Commitments

The Town has several active construction projects as of June 30, 2014. The projects include High School construction and code renovations to various schools. At year end, the Town's commitments in the school projects are as follows:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures and Encumbrances</u>	<u>Remaining Commitment</u>
High school and agri-science building	\$ <u>56,113,070</u>	\$ <u>55,942,785</u>	\$ <u>170,285</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2014, amounts due to and due from other funds are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 1,336,489
	Nonmajor Governmental Funds	128,424
	Internal Service Funds	468,359
		<u>1,933,272</u>
Capital Projects Fund	General Fund	12,728,121
	Nonmajor Governmental Funds	92,260
		<u>12,820,381</u>
Nonmajor Governmental Fund	General Fund	1,051,165
	Capital Projects Fund	17,234
	WPCA	632
		<u>1,069,031</u>
WPCA	General Fund	<u>2,647</u>
Total		<u>\$ 15,825,331</u>

Interfund receivables and payables represent temporary balances occurring when one fund pays for transactions and is later repaid.

Interfund transfers:

	Transfers In			Total Transfers Out
	General	Capital Projects	Nonmajor Governmental	
Transfers out:				
General Fund	\$	\$ 4,882,048	\$ 494,645	\$ 5,376,693
Nonmajor Governmental Funds	391,585	1,312		392,897
Capital Projects				-
WPCA		160,000	183,792	343,792
Total Transfers In	\$ 391,585	\$ 5,043,360	\$ 678,437	\$ 6,113,382

Transfers represent annual recurring transactions that move resources between funds.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds and notes	\$ 20,315,834	\$	\$ 1,500,624	\$ 18,815,210	\$ 2,065,210
Premiums on bonds	908,846		130,495	778,351	
Total bonds payable	21,224,680	-	1,631,119	19,593,561	2,065,210
Landfill closure and postclosure	178,200		16,200	162,000	16,200
Capital lease obligation	180,731		54,758	125,973	54,758
Net OPEB obligation	2,517,936		143,267	2,374,669	
Compensated absences	426,743	10,234	47,054	389,923	313,936
Claims and judgments	90,962	76,091	81,688	85,365	73,372
Governmental Activity Long-Term Liabilities	\$ 24,619,252	\$ 86,325	\$ 1,974,086	\$ 22,731,491	\$ 2,523,476

General long-term debt transactions are summarized as follows for the year ended June 30, 2014:

<u>Description</u>	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>
Bonds payable:				
Refunding bonds issued 2005, amount \$14,305,000, interest rate 3.0%-5.0%, maturity date 2021	\$ 11,225,000	\$	1,425,000	\$ 9,800,000
General Obligation Bonds, Series 2012 \$9,000,000 int. 2% - 3%, maturity date 2027	9,000,000			9,000,000
Pollution abatement facilities loan issued in 1994, amount \$1,589,472, interest rate 2.0%, maturity date November 2013	39,632		39,632	-
Pollution abatement facilities loan issued in 1995, amount \$610,016, interest rate 2.0%, maturity date November 2014	<u>51,202</u>		<u>35,992</u>	<u>15,210</u>
Total	<u>\$ 20,315,834</u>	<u>\$ -</u>	<u>\$ 1,500,624</u>	<u>\$ 18,815,210</u>

Funds from the Sewer Assessment Fund are transferred to the General Fund to repay sewer bonds. All other repayments of debt are made by the General Fund.

The annual requirements to amortize all bonds and notes as of June 30, 2014, including interest, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,065,210	\$ 715,226	\$ 2,780,436
2016	2,050,000	628,775	2,678,775
2017	2,045,000	539,175	2,584,175
2018	2,040,000	449,825	2,489,825
2019	2,040,000	360,725	2,400,725
2020-2024	6,025,000	677,850	6,702,850
2025-2029	<u>2,550,000</u>	<u>101,800</u>	<u>2,651,800</u>
Total	<u>\$ 18,815,210</u>	<u>\$ 3,473,376</u>	<u>\$ 22,288,586</u>

As of June 30, 2014, the Town had no authorized unissued debt.

Landfill Postclosure Care Costs

The Town's landfill facility ceased being a depository for solid waste effective April 8, 1994. Closure was effectively completed by October 9, 1994.

Consulting engineers contracted by the Town developed a formal plan for landfill closure, including postclosure monitoring and maintenance for a 30-year period in accordance with state and federal law.

A consulting engineering firm developed an updated plan of costs and assumptions with respect to postclosure monitoring and maintenance which included 1) ground water and surface water monitoring,

2) methane monitoring, and 3) landfill inspection and maintenance. The annual cost estimate is \$16,200 for the postclosure care period of 30 years. Current costs are recognized in the General Fund landfill expenditure line item. The balance of the postclosure care costs of \$162,000 is recognized in the statement of net position. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

Debt Limitation

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 81,581	\$	\$ 81,581
Schools	163,161	18,800	144,361
Sewers	135,968	15	135,953
Urban renewal	117,839		117,839
Pension deficit	108,774		108,774

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation (\$253,806).

Capital Lease

The Board of Education has entered into lease agreements as lessee for financing the acquisition of computer equipment. The Town has entered into a lease agreement as lessee for financing the acquisition of a vehicle. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of its future minimum lease payments as of the inception date.

The asset acquired through the capital lease is as follows:

	<u>Governmental Activities</u>
Asset:	
Equipment	\$ 243,639
Less accumulated depreciation	<u>97,466</u>
Total	<u>\$ 146,173</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2014 were as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>
2015	\$ 62,907
2016	35,635
2017	<u>35,635</u>
Total minimum lease payments	134,177
Less amount representing interest	<u>8,204</u>
Present Value of Minimum Lease Payments	<u>\$ 125,973</u>

Operating Lease

During 2007, the Town entered into a five-year operating lease agreement to rent office space on 230 Mountain Road Suffield, Connecticut with the option to renew the lease for one period of five years upon expiration of the original term. The Town and lessor renewed the lease for a period of one year. Rental payments are \$59,116 per year, terminating on December 31, 2014. A pro rata share of the agreed upon common maintenance expenses on the property is also required as additional rent, when applicable.

Claims and Judgments

The Town had previously been involved with the Municipal Interlocal Risk Management Association (MIRMA) for workers compensation coverage. During the year ended June 30, 2010, MIRMA levied an additional assessment on all member towns to fulfill the lookback requirements. The Town was assessed \$468,029. The Town paid \$81,688 during fiscal year ended June 30, 2014. The remaining amount of \$85,365 has been recorded for this liability.

8. FUND BALANCE

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 20,655	\$ 20,655
Endowments			468,216	468,216
Restricted for:				
Grants	176,611		306,615	483,226
Public safety			208,100	208,100
Health and social services			3,912	3,912
Library, recreation and parks			52,400	52,400
Committed to:				
Administration			2,620	2,620
Public safety			320,372	320,372
Public works			140,977	140,977
Library, recreation and parks			63,908	63,908
Education			117,709	117,709
Capital projects		12,061,228		12,061,228
Sewer assessment			7,325	7,325
Assigned to:				
Administration	31,580			31,580
Planning and development	3,170			3,170
Public safety	4,000			4,000
Public works	109,337			109,337
Education	134,350			134,350
Subsequent year's budget	1,000,000			1,000,000
Capital projects		679,663		679,663
Unassigned	9,546,863	(679,054)	(93,820)	8,773,989
Total Fund Balances	\$ 11,005,911	\$ 12,061,837	\$ 1,618,989	\$ 24,686,737

Significant encumbrances at June 30, 2014 of \$282,437 are contained in the above table in the assigned category of the General Fund.

9. POSTEMPLOYMENT HEALTHCARE PLAN - RETIREE HEALTH PLAN

Plan Description

The Retiree Health Plan (RHP) is a single-employer defined benefit healthcare plan administered by the Town of Suffield. The RHP provides medical and dental insurance benefits to eligible retirees and their spouses. All employees of the Town are eligible to participate in the plan. Benefit provisions are established through negotiations between the Town and the various unions representing the employees.

The plan is considered to be part of the Town’s financial reporting entity and is included in the Town’s financial report as the Other Postemployment Benefits Trust Fund. The plan does not issue a stand-alone financial report.

At July 1, 2012, plan membership consisted of the following:

	<u>Retiree Health Plan</u>
Retired members	103
Active plan members	<u>414</u>
Total Participants	<u><u>517</u></u>

Funding Policy

The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Town Employees

The cost per month for Town employees receiving medical coverage is \$629 per month for retiree only coverage and \$1,258 per month for retiree and spouse coverage. The cost per month for Town employees receiving dental coverage is \$28 per month for retiree only coverage and \$71 per month for retiree and spouse coverage.

Board of Education Employees

The cost per month for Board of Education employees receiving medical coverage is \$610 per month for retiree only coverage and \$1,220 per month for retiree and spouse coverage. The cost per month for Board of Education employees receiving dental coverage is \$30 per month for retiree only coverage and \$107 per month for retiree and spouse coverage.

For the year ended June 30, 2014, plan members contributed \$365,745, and claims and benefits paid were \$1,445,278. Employer contributions to the OPEB Trust Fund were \$735,000. There was also a Teacher’s Retirement Board reimbursement of \$69,625. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

Annual OPEB Cost and Net OPEB Obligations

The Town of Suffield's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. 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 (or funding excess) over a period not to exceed 30 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 (asset):

	Retiree Health Plan
Annual required contribution (ARC)	\$ 1,611,059
Interest on net OPEB obligation	188,845
Adjustment to annual required contribution	<u>(198,263)</u>
Annual OPEB cost (AOC)	1,601,641
Contributions made	<u>1,744,908</u>
Change in net OPEB obligation	(143,267)
Net OPEB obligation, beginning of year	<u>2,517,936</u>
Net OPEB Obligation, End of Year	<u><u>\$ 2,374,669</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2014 is presented below. Data is presented for fiscal years ended June 30, 2014, 2013 and 2012 below.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/14	\$ 1,601,641	\$ 1,744,908	109%	\$ 2,374,669
6/30/13	1,915,796	1,622,934	85%	2,517,936
6/30/12	1,869,339	1,688,185	90%	2,225,074

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2012	\$ 3,891,769	\$ 16,566,286	\$ 12,674,517	23 %	\$ 24,910,300	51 %
7/1/2010		15,851,573	15,851,573	-	23,864,000	66
7/1/2008		22,263,100	22,263,100	-	20,353,100	109

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>		<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>		<u>Actual Contribution</u>
6/30/14	\$	1,611,059	108 %	\$	1,744,908
6/30/13		1,924,118	84		1,622,934
6/30/12		2,325,040	73		1,688,185

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into 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 employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 10% initially, reduced by decrements of 1% to an ultimate rate of 5% after four years. The annual dental cost trend rate is 4% per annum. Projected salary increases were 4%. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2012 was 30 years.

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Employee's Retirement System

A. Plan Description

The Town is the administrator of a single-employer public employee retirement system (PERS) defined benefit contributory pension plan established and administered to provide pension benefits for its municipal and Board of Education employees other than teachers. The PERS does not issue stand-alone financial statements and is considered to be part of the Town's financial reporting entity. As such, the PERS is included in the Town's financial statements as a pension trust fund.

Management of the plans rests with the PERS Board, which consists of seven voting members and an additional ad hoc member. Included in the Board is the First Selectman, Treasurer, a Board of Finance member, three citizens, one police union member and one ad hoc non-voting member.

Under the PERS, all employees who work at least 20 hours a week and agree to make contributions are eligible. The retirement benefit is calculated at 2% (2.25% for police officers and firefighters) of the average of the annual salaries during the three highest years out of the final seven years of employment multiplied by service. Participants are 100% vested after five years of continuous service if their contributions remain in the fund. Benefits and contributions are established by contract and may be amended by union negotiations.

As of July 1, 2013, the date of the latest actuarial valuation, PERS membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	108
Terminated plan members entitled to benefits but not yet receiving them	31
Active plan members	<u>170</u>
Total	<u><u>309</u></u>

The latest actuarial valuation reflects no material changes in plan provisions or coverage.

B. Summary of Significant Accounting Policies

Basis of Accounting: Financial statements are prepared using the accrual basis of accounting for the three defined benefit pension plans. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments: Investments are reported at market value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

C. Funding Policy

Contributions

Employees are required to contribute 5.25% of their salary to the PERS except for police and firefighters, who contribute 6%. The Town is required to contribute the remaining amounts necessary to finance coverage.

Investments

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

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap Equities	20.80%
US Mid/Small Cap Equities	14.00%
International Equities (Unhedged)	12.40%
Emerging International Equities	6.00%
Core Bonds	22.80%
High Yield Bonds	3.00%
Global Bonds (Unhedged)	2.00%
Emerging Market Debt (Local Currency)	2.00%
Real Estate (Core)	3.00%
Commodities	3.00%
Cash	11.00%
Total	100.00%

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

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

Total pension liability	\$ 33,416,465
Plan fiduciary net position	<u>27,031,191</u>
Net pension liability	<u>\$ 6,385,274</u>
Plan fiduciary net position as a percentage of the total pension liability	80.89%

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

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.0%
Salary increases	3.5%, average, including inflation
Investment rate of return	7.5%, compounded annually

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2013-June 30, 2014.

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap Equities	6.25%
US Mid/Small Cap Equities	7.75%
International Equities (Unhedged)	6.75%
Emerging International Equities	9.50%
Core Bonds	1.75%
High Yield Bonds	5.00%
Global Bonds (Unhedged)	1.75%
Emerging Market Debt (Local Currency)	4.50%
Real Estate (Core)	5.75%
Commodities	5.25%
Cash	0.50%

Discount Rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Town, calculated using the discount rate of 7.50%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Town's Net Pension Liability	\$ 10,099,376	\$ 6,385,274	\$ 3,225,024

D. Annual Pension Cost and Net Pension Obligations

The Town's annual pension cost and net pension asset to the PERS for the current year were as follows:

Annual required contribution	\$ 1,209,502
Interest on net pension obligation	5,623
Adjustment to annual required contribution	<u>(6,841)</u>
Annual pension cost	1,208,284
Contributions made	<u>1,217,656</u>
Change in net pension asset	(9,372)
Net pension obligation (asset), July 1, 2013	<u>(74,976)</u>
Net Pension Obligation (Asset), June 30, 2014	<u>\$ (84,348)</u>

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

Actuarial valuation date	July 1, 2013
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll
Remaining amortization period	18 years
Asset valuation method	Adjusted market value
Actuarial assumptions:	
Investment rate of return	7.5%*
Projected salary increases	3.5%

*Includes no inflation

E. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/14	\$ 1,208,284	99.9 %	\$ (84,348)
6/30/13	1,167,853	99.9	(74,976)
6/30/12	1,008,328	99.8	(76,182)

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Funded	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a
			(Unfunded) AAL (UAAL) (a-b)			% of Covered Payroll ((a-b)/c)
7/1/13	\$ 22,580,848	\$ 30,392,438	\$ (7,811,590)	74.3 %	\$ 8,833,728	(88.4) %
7/1/11	\$ 20,726,827	\$ 26,790,558	\$ (6,063,731)	77.4 %	\$ 8,944,838	(67.8) %
7/1/09	19,269,025	23,057,237	(3,788,212)	83.6	8,482,011	(44.7)

G. Teachers' Retirement System

All teachers employed by the Town of Suffield participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which is service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' and administrators' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$16,454,690.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2014, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$4,079,227 as payments made by the State of Connecticut on behalf of the Town.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

11. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There are no significant reductions in insurance coverage from the prior year. The amount of claim settlements has not exceeded insurance coverage for each of the past three years.

Effective July 1, 2001, the Town created a separate fund to account for its self-insured medical plan. Prior to this, the activity was reported in the General Fund. The Town has assumed all risk associated with providing health insurance up to a maximum of 110% of the premium it would have been charged had it purchased health insurance from Anthem Blue Cross/Blue Shield. In addition, the Town has purchased a combined stop-loss policy which limits individual loss claims to \$150,000 for hospitalization and for major medical. The Town pays an administration fee to Anthem Blue Cross/Blue Shield for administering the fund.

Claims expense as reported in the Health Insurance Fund (Internal Service Fund) amounted to \$5,887,050. This amount includes the Administrator's estimate of claims incurred but not reported at June 30, 2014 of \$511,871.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The following table reflects the activity of the past year:

	Claims Payable <u>July 1</u>	Claims and Changes in Estimates	Claims Paid	Claims Payable <u>June 30</u>
2013-14 \$	508,946 \$	5,887,050 \$	5,884,125 \$	511,871
2012-13	511,810	5,872,949	5,875,813	508,946

12. CONTINGENT LIABILITIES

The Town is involved in various litigations involving zoning matters, property damage and personal injury. It is the opinion of counsel and management that any unfavorable outcomes would not have a material adverse effect on the Town's financial position.

TOWN OF SUFFIELD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Property taxes, interest and lien fees:				
Current list	\$ 35,403,923	\$ 35,403,923	\$ 35,196,355	\$ (207,568)
Supplemental motor vehicle	250,000	250,000	301,971	51,971
Interest and fees	125,000	125,000	240,684	115,684
Taxes, prior years	280,000	280,000	486,734	206,734
Total property taxes, interest and lien fees	<u>36,058,923</u>	<u>36,058,923</u>	<u>36,225,744</u>	<u>166,821</u>
Intergovernmental revenues:				
State of Connecticut:				
Payment in lieu of taxes - State Property	2,879,880	2,879,880	3,229,943	350,063
Mashantucket Pequot	2,149,791	2,149,791	2,675,180	525,389
Payment in lieu of taxes, disabled tax relief	1,090	1,090	1,241	151
Veterans' exemption	7,200	7,200	8,028	828
Elderly tax relief - circuit breaker	87,620	87,620	83,925	(3,695)
Elderly tax relief - freeze	2,000	2,000	2,000	-
LOCIP reimbursement	90,643	90,643		(90,643)
Miscellaneous	24,000	24,000	22,240	(1,760)
Town Aid Road	291,106	291,106	290,658	(448)
Youth Services	14,000	14,000	18,937	4,937
Federal Revenue			685	685
Municipal Revenue Sharing	178,288	178,288	186,647	8,359
East Granby - Animal Control	16,000	16,000	16,345	345
Total	<u>5,741,618</u>	<u>5,741,618</u>	<u>6,535,829</u>	<u>794,211</u>
Education:				
Education cost sharing	6,230,106	6,230,106	6,272,257	42,151
Vocational agriculture grant	178,860	178,860	365,102	186,242
Other educational grants	6,726	6,726	7,236	510
Pupil transportation			77,644	77,644
Total	<u>6,415,692</u>	<u>6,415,692</u>	<u>6,722,239</u>	<u>306,547</u>
Total intergovernmental revenues	<u>12,157,310</u>	<u>12,157,310</u>	<u>13,258,068</u>	<u>1,100,758</u>
Investment income:				
Interest income	<u>30,000</u>	<u>30,000</u>	<u>34,293</u>	<u>4,293</u>

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TOWN OF SUFFIELD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Current services and fees:				
Licenses, permits and fines:				
Building Department	\$ 275,000	\$ 275,000	\$ 291,353	\$ 16,353
Zoning and Planning	18,000	18,000	24,825	6,825
Zoning Board of Appeals	3,410	3,410	1,240	(2,170)
Police permits	4,000	4,000	8,747	4,747
Conservation	4,000	4,000	4,217	217
Historic District fees	800	800	900	100
Total	<u>305,210</u>	<u>305,210</u>	<u>331,282</u>	<u>26,072</u>
Charges for current services:				
Bulky waste	2,000	2,000	1,200	(800)
Assessor's map sales	800	800	620	(180)
Real estate conveyance tax	160,000	160,000	182,024	22,024
Mini-bus transportation	5,500	5,500	4,807	(693)
Animal control fees	14,200	14,200	715	(13,485)
Town Clerk historic document fees	3,600	3,600	1,559	(2,041)
Town Clerk recording fees	160,800	160,800	108,552	(52,248)
Total	<u>346,900</u>	<u>346,900</u>	<u>299,477</u>	<u>(47,423)</u>
Landfill:				
Operating	41,736	41,736	32,890	(8,846)
Recycling rebates	30,000	30,000	57,907	27,907
Sale of scrap metal	7,101	7,101	3,328	(3,773)
Permits	15,680	15,680	11,855	(3,825)
Total	<u>94,517</u>	<u>94,517</u>	<u>105,980</u>	<u>11,463</u>
Recreation:				
Camps	39,905	39,905	14,059	(25,846)
Activity	80,000	80,000	61,586	(18,414)
Total	<u>119,905</u>	<u>119,905</u>	<u>75,645</u>	<u>(44,260)</u>
Revenue from other agencies:				
Telecommunications grant	23,000	23,000	22,813	(187)
Tuition, Vo-ag	727,272	727,272	572,400	(154,872)
Tuition, other	314,600	314,600	208,316	(106,284)
Total	<u>1,064,872</u>	<u>1,064,872</u>	<u>803,529</u>	<u>(261,343)</u>
Total current services and fees	<u>1,931,404</u>	<u>1,931,404</u>	<u>1,615,913</u>	<u>(315,491)</u>

(Continued on next page)

TOWN OF SUFFIELD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous:				
Rent - Town property	\$ 100,000	\$ 100,000	\$ 75,298	\$ (24,702)
Cell tower	150,000	150,000	175,390	25,390
Capital project expenditures	140,000	140,000	128,250	(11,750)
Resource Officer	58,123	58,123	58,185	62
Miscellaneous income	399,183	399,183	666,159	266,976
Total	<u>847,306</u>	<u>847,306</u>	<u>1,103,282</u>	<u>255,976</u>
 Total revenues	 <u>51,024,943</u>	 <u>51,024,943</u>	 <u>52,237,300</u>	 <u>1,212,357</u>
 Other financing sources:				
Utilization of Fund Balance	2,600,000	2,600,000		(2,600,000)
Transfers in:				
Town Donations			13,585	13,585
Sewer Assessment Fund	<u>275,000</u>	<u>275,000</u>	<u>378,000</u>	<u>103,000</u>
Total other financing sources	<u>2,875,000</u>	<u>2,875,000</u>	<u>391,585</u>	<u>(2,483,415)</u>
 Total Revenues and Other Financing Sources	 <u>\$ 53,899,943</u>	 <u>\$ 53,899,943</u>	 52,628,885	 <u>\$ (1,271,058)</u>
 Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			4,079,227	
Under liquidation of prior year encumbrance is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.			<u>(98,800)</u>	
 Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV)			 <u>\$ 56,609,312</u>	

TOWN OF SUFFIELD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Administration:				
Board of Selectmen	\$ 240,532	\$ 241,178	\$ 218,610	\$ 22,568
Human Resources	89,044	90,566	76,190	14,376
Probate Court	5,800	5,800	5,073	727
Election	43,342	43,633	33,583	10,050
Board of Finance	10,913	41,015	41,015	-
Assessors	148,729	150,139	141,767	8,372
Board of Assessment Appeals	1,450	1,450	952	498
Tax Collector	165,650	167,064	157,981	9,083
Tax Rebates	40,000	60,000	49,370	10,630
Finance	264,130	266,497	240,237	26,260
Information Technology	300,030	301,709	217,303	84,406
Town Counsel	85,000	137,000	130,872	6,128
Town Clerk	193,053	194,521	191,987	2,534
Town Hall	145,000	149,819	149,819	-
OPEB Fund	625,000	625,000	625,000	-
Insurance and bonds	2,870,229	2,859,473	2,722,174	137,299
Total	5,227,902	5,334,864	5,001,933	332,931
Planning and development:				
Zoning and Planning	173,353	174,817	164,471	10,346
Zoning Board of Appeals	5,797	5,845	2,092	3,753
Economic Development	152,066	153,953	153,265	688
Historic District Commission	885	1,094	1,094	-
Park Maintenance	57,774	57,774	52,956	4,818
Total	389,875	393,483	373,878	19,605
Public safety:				
Fire Commission	913,529	913,983	901,271	12,712
Police Commission	2,299,192	2,302,324	2,265,595	36,729
Civil Preparedness	30,653	30,654	27,145	3,509
Building Department	210,118	212,930	211,985	945
Town Engineer	113,046	115,031	115,019	12
Dog Fund	81,423	82,921	79,979	2,942
Total	3,647,961	3,657,843	3,600,994	56,849
Public works:				
Public works	522,856	543,897	488,664	55,233
Highway	1,112,542	1,156,281	1,156,281	-
State aid road funds	291,106	291,106	291,066	40
Public utilities	520,000	520,000	509,073	10,927
Town landfill	1,193,511	1,193,511	1,140,476	53,035
Total	3,640,015	3,704,795	3,585,560	119,235
Health and social services:				
Health and social services	203,439	203,439	196,438	7,001
Social Services Commission	1,658	1,692	1,602	90
Senior Center	106,882	106,881	102,479	4,402
Mini-bus transportation	211,447	212,236	192,623	19,613

(Continued on next page)

TOWN OF SUFFIELD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Health and social services (continued):				
EMS/Ambulance	\$ 219,417	\$ 219,417	\$ 211,060	\$ 8,357
Total	<u>742,843</u>	<u>743,665</u>	<u>704,202</u>	<u>39,463</u>
Library, Recreation and Parks:				
Recreation	261,619	263,103	227,397	35,706
Recreation activity	110,335	110,338	75,960	34,378
Tree Warden	10,000	11,974	11,974	-
Youth Services	74,302	75,572	21,821	53,751
Total	<u>456,256</u>	<u>460,987</u>	<u>337,152</u>	<u>123,835</u>
Board of Education	<u>31,807,304</u>	<u>31,787,649</u>	<u>31,787,629</u>	<u>20</u>
Miscellaneous:				
Cemeteries	<u>36,290</u>	<u>36,290</u>	<u>36,290</u>	<u>-</u>
Debt service	<u>2,406,951</u>	<u>2,406,951</u>	<u>2,406,951</u>	<u>-</u>
Total expenditures	<u>48,355,396</u>	<u>48,526,527</u>	<u>47,834,589</u>	<u>691,938</u>
Other financing uses:				
Transfers out:				
Capital Projects Fund	5,053,000	4,878,771	4,744,908	133,863
Cafeteria Fund	48,935	48,935	48,935	-
Kent memorial library	442,612	445,710	445,710	-
Total other financing uses	<u>5,544,547</u>	<u>5,373,416</u>	<u>5,239,553</u>	<u>133,863</u>
Total Expenditures and Other Financing Uses	<u>\$ 53,899,943</u>	<u>\$ 53,899,943</u>	53,074,142	<u>\$ 825,801</u>

Budgetary expenditures are different than GAAP expenditures because:

Combination of Dog Fund for GASB 54 purposes.	815
Committed Fund Balance transferred to Capital Projects Fund for Senior Center Project	137,140
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.	4,079,227
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.	<u>(157,700)</u>

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues,
Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV) \$ 57,133,624

TOWN OF SUFFIELD, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR

	2014
Total pension liability:	
Service cost	\$ 942,703
Interest	2,396,241
Benefit payments, including refunds of member contributions	(1,826,285)
Net change in total pension liability	1,512,659
Total pension liability - beginning	31,903,806
Total pension liability - ending	33,416,465
 Plan fiduciary net position:	
Contributions - employer	1,248,754
Contributions - member	482,833
Net investment income	3,385,717
Benefit payments, including refunds of member contributions	(1,826,285)
Administrative expense	(37,288)
Net change in plan fiduciary net position	3,253,731
Plan fiduciary net position - beginning	23,777,460
Plan fiduciary net position - ending	27,031,191
 Net Pension Liability - Ending	\$ 6,385,274
 Plan fiduciary net position as a percentage of the total pension liability	80.89%
 Covered-employee payroll	\$ 8,493,969
 Net pension liability as a percentage of covered-employee payroll	75.17%

TOWN OF SUFFIELD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 443,950	\$ 580,000	\$ 690,693	\$ 798,000	\$ 698,455	\$ 790,600	\$ 965,635	\$ 1,006,709	\$ 1,166,615	\$ 1,209,502
Contributions in relation to the actuarially determined contribution	<u>443,950</u>	<u>580,000</u>	<u>690,700</u>	<u>825,000</u>	<u>698,455</u>	<u>790,600</u>	<u>965,635</u>	<u>984,803</u>	<u>1,166,646</u>	<u>1,248,754</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7)</u>	<u>\$ (27,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,906</u>	<u>\$ (31)</u>	<u>\$ (39,252)</u>
Covered-employee payroll	\$ 6,855,054	\$ 7,699,798	\$ 6,638,165	\$ 8,297,791	\$ 8,599,710	\$ 8,787,611	\$ 8,863,155	\$ 8,802,909	\$ 8,693,155	\$ 8,705,695
Contributions as a percentage of covered-employee payroll	6.48%	7.53%	10.40%	9.94%	8.12%	9.00%	10.89%	11.19%	13.42%	14.34%

Notes to Schedule

Valuation date: July 1, 2013
Measurement date: June 30, 2014
Actuarially determined contribution rates are

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age
Amortization method Level percentage of payroll, closed
Remaining amortization period 18 years
Asset valuation method 5-year smoothed market
Inflation rate 3.00%
Salary increases 3.50%
Investment rate of return 7.5% compounded annually
Retirement age Age 55 with 10 years of credited service, 25 years of credited service, or age 65 with 5 years of service.

Mortality RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, separate tables for non-annuitants, projected to the valuation date with scale AA

**TOWN OF SUFFIELD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST FISCAL YEAR**

2014

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

14.19%

TOWN OF SUFFIELD, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 24,131,384	\$ 23,187,480
Receivables:		
Property taxes, net of allowance for uncollectibles of \$12,692 in 2014 and \$32,434 in 2013	793,131	780,780
Intergovernmental	7,654	73,227
Other	471,721	1,720,975
Due from other funds	<u>1,933,272</u>	<u>1,739,752</u>
Total Assets	<u>\$ 27,337,162</u>	<u>\$ 27,502,214</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,081,914	\$ 866,454
Due to other funds	13,781,933	13,628,217
Unearned revenues	407,358	398,620
Total liabilities	<u>15,271,205</u>	<u>14,893,291</u>
Deferred inflows of resources:		
Unavailable revenue - property tax and interest receivables	1,036,451	930,224
Advance property tax collections	23,595	148,476
Total deferred inflows of resources	<u>1,060,046</u>	<u>1,078,700</u>
Fund balance:		
Restricted	176,611	176,611
Committed		386,000
Assigned	1,282,437	3,214,471
Unassigned	9,546,863	7,753,141
Total fund balance	<u>11,005,911</u>	<u>11,530,223</u>
Total Liabilities Deferred Inflows and Fund Balance	<u>\$ 27,337,162</u>	<u>\$ 27,502,214</u>

TOWN OF SUFFIELD, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2014

Grand List	Uncollected Taxes July 1, 2013	Current Year Levy	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2014	
			Additions	Deductions			Taxes	Interest	Lien Fees	Total		
2012	\$	\$ 36,061,119	\$ 65,291	\$ (66,942)	\$	\$ 36,059,468	\$ 35,653,307	\$ 89,218	\$ 542	\$ 35,743,067	\$ 406,161	
2011		419,689	2,642	(10,583)		411,748	218,224	47,250	1,739	267,213	193,524	
2010		195,501	2,207	(3,576)		194,132	85,455	31,009	950	117,414	108,677	
2009		93,400	69	(1,070)	(23,331)	69,068	26,300	16,727	691	43,718	42,768	
2008		49,233			(3,071)	46,162	23,493	16,749	120	40,362	22,669	
2007		15,738				15,738	12,087	9,592	72	21,751	3,651	
2006		8,420				8,420	4,007	5,765	48	9,820	4,413	
2005		9,811				9,811	3,812	4,917	24	8,753	5,999	
2004		3,173				3,173	1,838	2,315	24	4,177	1,335	
2003		4,563				4,563				-	4,563	
2002		2,977				2,977				-	2,977	
2001		2,578				2,578				-	2,578	
2000		2,471				2,471				-	2,471	
1999		2,118				2,118				-	2,118	
1998		1,919				1,919				-	1,919	
1997		1,623		(1,623)		-				-	-	
Total	\$	\$ 813,214	\$ 36,061,119	\$ 70,209	\$ (83,794)	\$ (26,402)	\$ 36,834,346	\$ 36,028,523	\$ 223,542	\$ 4,210	\$ 36,256,275	\$ 805,823

TOWN OF SUFFIELD, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

Special Revenue Funds

	<u>Off Duty</u>	<u>School Cafeteria</u>	<u>Town Donations</u>	<u>Education Grants</u>	<u>CADAC Grant</u>	<u>Sewer Assessment</u>	<u>Asset Forfeiture</u>	<u>Recreation</u>
ASSETS								
Cash and cash equivalents	\$	\$ 23,152	\$	\$	\$	\$ 7,360	\$	\$
Receivables:								
Assessments						179,698		
Intergovernmental		25,399		215,423				
Loans receivables								
Other	112,874	10,723		154,396				
Due from other funds	207,498		212,134	266,748	185		9,829	17,108
Inventory		20,655						
Total Assets	<u>\$ 320,372</u>	<u>\$ 79,929</u>	<u>\$ 212,134</u>	<u>\$ 636,567</u>	<u>\$ 185</u>	<u>\$ 187,058</u>	<u>\$ 9,829</u>	<u>\$ 17,108</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$	\$ 82,613	\$ 1,995	\$ 51,507	\$	\$ 35	\$	\$
Due to other funds		11,837	2,039					
Unearned revenue				309,582				
Total liabilities	<u>-</u>	<u>94,450</u>	<u>4,034</u>	<u>361,089</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:								
Unavailable revenue - loans receivable						179,698		
Unavailable revenue - sewer assessment						179,698		
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,698</u>	<u>-</u>	<u>-</u>
Fund balances:								
Nonspendable		20,655						
Restricted			208,100	275,478	185		9,829	
Committed	320,372					7,325		17,108
Unassigned		(35,176)						
Total fund balances	<u>320,372</u>	<u>(14,521)</u>	<u>208,100</u>	<u>275,478</u>	<u>185</u>	<u>7,325</u>	<u>9,829</u>	<u>17,108</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 320,372</u>	<u>\$ 79,929</u>	<u>\$ 212,134</u>	<u>\$ 636,567</u>	<u>\$ 185</u>	<u>\$ 187,058</u>	<u>\$ 9,829</u>	<u>\$ 17,108</u>

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(Continued on next page)

TOWN OF SUFFIELD, CONNECTICUT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

Special Revenue Funds

	Senior Center Activity	Municipal Grant	Emergency Food and Shelter	Small Cities Grant	Drug Education and Enforcement Grant	Sunrise Park	Farmington Canal Trail	Veterans Memorial
ASSETS								
Cash and cash equivalents	\$	\$	\$ 3,912	\$ 20,960	\$	\$	\$	\$
Receivables:								
Assessments								
Intergovernmental		378						
Loans receivables				157,944				
Other	2,696					125		
Due from other funds	44,812	42,956		92,423	1,148	8,042	9,601	2,620
Inventory								
Total Assets	\$ 47,508	\$ 43,334	\$ 3,912	\$ 271,327	\$ 1,148	\$ 8,167	\$ 9,601	\$ 2,620
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 708	\$ 4,463	\$	\$	\$	\$	\$	\$
Due to other funds		15,636		92,260	1,168			
Unearned revenue		81,859						
Total liabilities	708	101,958	-	92,260	1,168	-	-	-
Deferred inflows of resources:								
Unavailable revenue - loans receivable				157,944				
Unavailable revenue - sewer assessment								
Total deferred inflows of resources	-	-	-	157,944	-	-	-	-
Fund balances:								
Nonspendable								
Restricted			3,912	21,123		8,167	9,601	
Committed	46,800							2,620
Unassigned		(58,624)			(20)			
Total fund balances	46,800	(58,624)	3,912	21,123	(20)	8,167	9,601	2,620
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 47,508	\$ 43,334	\$ 3,912	\$ 271,327	\$ 1,148	\$ 8,167	\$ 9,601	\$ 2,620

(Continued on next page)

TOWN OF SUFFIELD, CONNECTICUT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

	Special Revenue Funds			Permanent Funds		Interfund Eliminations	Total Nonmajor Governmental Funds
	Kent Memorial Library	Kent Farm Sewer District	School Activity	Memorial	Cemetery		
ASSETS							
Cash and cash equivalents	\$	\$ 145,869	\$	\$ 57,202	\$ 512,783	\$	\$ 771,238
Receivables:							
Assessments							179,698
Intergovernmental							241,200
Loans receivables							157,944
Other	23,331		2,588		2,600		309,333
Due from other funds	44,381	632	115,121			(6,207)	1,069,031
Inventory							20,655
Total Assets	\$ 67,712	\$ 146,501	\$ 117,709	\$ 57,202	\$ 515,383	\$ (6,207)	\$ 2,749,099
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 30,080	\$	\$	\$ 8,429	\$ 513	\$	\$ 180,343
Due to other funds	3,000	5,524		6,637	88,790	(6,207)	220,684
Unearned revenue							391,441
Total liabilities	33,080	5,524	-	15,066	89,303	(6,207)	792,468
Deferred inflows of resources:							
Unavailable revenue - loans receivable							157,944
Unavailable revenue - sewer assessment							179,698
Total deferred inflows of resources	-	-	-	-	-	-	337,642
Fund balances:							
Nonspendable				42,136	426,080		488,871
Restricted	34,632						571,027
Committed		140,977	117,709				652,911
Unassigned							(93,820)
Total fund balances	34,632	140,977	117,709	42,136	426,080	-	1,618,989
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 67,712	\$ 146,501	\$ 117,709	\$ 57,202	\$ 515,383	\$ (6,207)	\$ 2,749,099

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TOWN OF SUFFIELD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

Special Revenue Funds

	<u>Off Duty</u>	<u>School Cafeteria</u>	<u>Town Donations</u>	<u>Education Grants</u>	<u>CADAC Grant</u>	<u>Sewer Assessment</u>	<u>Asset Forfeiture</u>	<u>Recreation</u>
Revenues:								
Intergovernmental	\$	\$ 188,977	\$	\$ 2,284,653	\$	\$	\$ 5,194	\$
Current services and fees	436,955	502,282				139,000		
Assessments						61,544		
Interest income		122				1.00		
Donations and program income			1,463					
Total revenues	<u>436,955</u>	<u>691,381</u>	<u>1,463</u>	<u>2,284,653</u>	<u>-</u>	<u>200,545</u>	<u>5,194</u>	<u>-</u>
Expenditures:								
Administration								
Public safety	300,459		20,391					
Public works								
Health and social services			404					
Library, recreation and parks								
Education		779,071		2,249,567				
Total expenditures	<u>300,459</u>	<u>779,071</u>	<u>20,795</u>	<u>2,249,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>136,496</u>	<u>(87,690)</u>	<u>(19,332)</u>	<u>35,086</u>	<u>-</u>	<u>200,545</u>	<u>5,194</u>	<u>-</u>
Other financing sources (uses):								
Transfers in		48,935				183,792		
Transfers out			(13,585)			(378,000)		
Total other financing sources (uses)	<u>-</u>	<u>48,935</u>	<u>(13,585)</u>	<u>-</u>	<u>-</u>	<u>(194,208)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	136,496	(38,755)	(32,917)	35,086	-	6,337	5,194	-
Fund balance at beginning of year	<u>183,876</u>	<u>24,234</u>	<u>241,017</u>	<u>240,392</u>	<u>185</u>	<u>988</u>	<u>4,635</u>	<u>17,108</u>
Fund Balance at End of Year	<u>\$ 320,372</u>	<u>\$ (14,521)</u>	<u>\$ 208,100</u>	<u>\$ 275,478</u>	<u>\$ 185</u>	<u>\$ 7,325</u>	<u>\$ 9,829</u>	<u>\$ 17,108</u>

(Continued on next page)

TOWN OF SUFFIELD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

	Special Revenue Funds							
	Senior Center Activity	Municipal Grant	Emergency Food and Shelter	Small Cities Grant	Drug Education and Enforcement Grant	Sunrise Park	Farmington Canal Trail	Veterans Memorial
Revenues:								
Intergovernmental	\$	\$ 37,001	\$	\$	\$	\$	\$	\$
Current services and fees	13,930							
Assessments								
Interest income								
Donations and program income	26,929		3,900			41	20	
Total revenues	<u>40,859</u>	<u>37,001</u>	<u>3,900</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>20</u>	<u>-</u>
Expenditures:								
Administration		11,695						
Public safety		11,946						
Public works		13,360						
Health and social services			3,352					
Library, recreation and parks	30,049						2,825	
Education								
Total expenditures	<u>30,049</u>	<u>37,001</u>	<u>3,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,825</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>10,810</u>	<u>-</u>	<u>548</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>(2,805)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in								
Transfers out								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,810	-	548	-	-	41	(2,805)	-
Fund balance at beginning of year	<u>35,990</u>	<u>(58,624)</u>	<u>3,364</u>	<u>21,123</u>	<u>(20)</u>	<u>8,126</u>	<u>12,406</u>	<u>2,620</u>
Fund Balance at End of Year	<u>\$ 46,800</u>	<u>\$ (58,624)</u>	<u>\$ 3,912</u>	<u>\$ 21,123</u>	<u>\$ (20)</u>	<u>\$ 8,167</u>	<u>\$ 9,601</u>	<u>\$ 2,620</u>

(Continued on next page)

TOWN OF SUFFIELD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

	Special Revenue Funds			Permanent Funds		Interfund Eliminations	Total Nonmajor Governmental Funds
	Kent Memorial Library	Kent Farm Sewer District	School Activity	Memorial	Cemetery		
Revenues:							
Intergovernmental	\$ 1,725	\$	\$	\$ 10,000	\$	\$	\$ 2,527,550
Current services and fees	9,588		117,608				1,219,363
Assessments							61,544
Interest income	37,548	146		62	513		38,392
Donations and program income				100	3,900		36,353
Total revenues	48,861	146	117,608	10,162	4,413	-	3,883,202
Expenditures:							
Administration							11,695
Public safety							332,796
Public works							13,360
Health and social services					514		4,270
Library, recreation and parks	512,784			8,430			554,088
Education			136,877				3,165,515
Total expenditures	512,784	-	136,877	8,430	514	-	4,081,724
Excess (deficiency) of revenues over expenditures	(463,923)	146	(19,269)	1,732	3,899	-	(198,522)
Other financing sources (uses):							
Transfers in	445,710						678,437
Transfers out		(1,312)					(392,897)
Total other financing sources (uses)	445,710	(1,312)	-	-	-	-	285,540
Net change in fund balances	(18,213)	(1,166)	(19,269)	1,732	3,899	-	87,018
Fund balance at beginning of year	52,845	142,143	136,978	40,404	422,181	-	1,531,971
Fund Balance at End of Year	\$ 34,632	\$ 140,977	\$ 117,709	\$ 42,136	\$ 426,080	\$ -	\$ 1,618,989

TOWN OF SUFFIELD, CONNECTICUT
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND - BY PROJECT

JUNE 30, 2014

	School Building Fund	Town Improvement Fund	Sewer Capital Projects	Industrial Park Fund	West Suffield Fire Station Construction Fund	Bridge Projects	Capital Non-Recurring Fund	Senior Center Project	Agriscience Project
ASSETS									
Cash and cash equivalents	\$	\$ 10,993	\$ 666,103	\$	\$	\$	\$	\$	\$
Receivables:									
Accounts						125			
Intergovernmental	375,944					57,203			
Due from other funds	<u> </u>	<u>435,004</u>	<u> </u>	<u>4,586</u>	<u>289,000</u>	<u>294,653</u>	<u>6,324,219</u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 375,944</u>	<u>\$ 445,997</u>	<u>\$ 666,103</u>	<u>\$ 4,586</u>	<u>\$ 289,000</u>	<u>\$ 351,981</u>	<u>\$ 6,324,219</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$	\$	\$	\$	\$	\$ 40,842	\$ 596,658	\$	\$ 30,524.00
Due to other funds	375,944	289,000			279,052		1,716		607,816
Deferred revenue									
Total liabilities	<u>375,944</u>	<u>289,000</u>	<u>-</u>	<u>-</u>	<u>279,052</u>	<u>40,842</u>	<u>598,374</u>	<u>-</u>	<u>638,340</u>
Fund Balances:									
Restricted									
Committed		156,997	666,103	4,586	9,948	311,139	5,046,182		
Assigned							679,663		
Unassigned									(638,340)
Total fund balances	<u>-</u>	<u>156,997</u>	<u>666,103</u>	<u>4,586</u>	<u>9,948</u>	<u>311,139</u>	<u>5,725,845</u>	<u>-</u>	<u>(638,340)</u>
Total Liabilities and Fund Balances	<u>\$ 375,944</u>	<u>\$ 445,997</u>	<u>\$ 666,103</u>	<u>\$ 4,586</u>	<u>\$ 289,000</u>	<u>\$ 351,981</u>	<u>\$ 6,324,219</u>	<u>\$ -</u>	<u>\$ -</u>

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TOWN OF SUFFIELD, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
CAPITAL PROJECTS FUND - BY PROJECT

JUNE 30, 2014

	<u>Open Space</u>	<u>Capital Reserve</u>	<u>Fire Trucks Fund</u>	<u>2011 Road & Drainage Imp. Fund</u>	<u>Utility Extension Project</u>	<u>Capital Non-recurring Expenditure Fund</u>	<u>Interfund Eliminations</u>	<u>Total Capital Projects Fund</u>
ASSETS								
Cash and cash equivalents	\$	\$ 181,285	\$	\$	\$	\$	\$	\$ 858,381
Receivables:								
Accounts								125
Intergovernmental								433,147
Due from other funds	<u>522,359</u>	<u></u>	<u>109,343</u>	<u>3,430,217</u>	<u></u>	<u>1,700,000</u>	<u>(289,000)</u>	<u>12,820,381</u>
Total Assets	<u>\$ 522,359</u>	<u>\$ 181,285</u>	<u>\$ 109,343</u>	<u>\$ 3,430,217</u>	<u>\$ -</u>	<u>1,700,000</u>	<u>\$ (289,000)</u>	<u>\$ 14,112,034</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$	\$	\$	\$	\$ 28,450		\$	\$ 696,474
Due to other funds		76,931			12,264		(289,000)	1,353,723
Deferred revenue								-
Total liabilities	<u>-</u>	<u>76,931</u>	<u>-</u>	<u>-</u>	<u>40,714</u>	<u>-</u>	<u>(289,000)</u>	<u>2,050,197</u>
Fund Balances:								
Restricted								-
Committed	522,359	104,354	109,343	3,430,217		1,700,000		12,061,228
Assigned								679,663
Unassigned					(40,714)			(679,054)
Total fund balances	<u>522,359</u>	<u>104,354</u>	<u>109,343</u>	<u>3,430,217</u>	<u>(40,714)</u>	<u>1,700,000</u>	<u>-</u>	<u>12,061,837</u>
Total Liabilities and Fund Balances	<u>\$ 522,359</u>	<u>\$ 181,285</u>	<u>\$ 109,343</u>	<u>\$ 3,430,217</u>	<u>\$ -</u>	<u>1,700,000</u>	<u>\$ (289,000)</u>	<u>\$ 14,112,034</u>

TOWN OF SUFFIELD, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND - BY PROJECT

FOR THE YEAR ENDED JUNE 30, 2014

	<u>School Building Fund</u>	<u>Town Improvement Fund</u>	<u>Sewer Capital Projects</u>	<u>Industrial Park Fund</u>	<u>West Suffield Fire Station Construction Fund</u>	<u>Bridge Projects</u>	<u>Capital Non-Recurring Fund</u>	<u>Senior Center Project</u>	<u>Agriscience Project</u>
Revenues:									
Current services and fees	\$	\$	\$	\$	\$	\$	\$	\$	\$
Interest income		17	263						
Donations									
Total revenues	<u>-</u>	<u>17</u>	<u>263</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:									
Capital outlay	<u>-</u>	<u>-</u>	<u>37,726</u>	<u>-</u>	<u>-</u>	<u>319,471</u>	<u>2,392,385</u>	<u>-</u>	<u>224,619</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>17</u>	<u>(37,463)</u>	<u>-</u>	<u>-</u>	<u>(319,471)</u>	<u>(2,392,385)</u>	<u>-</u>	<u>(224,619)</u>
Other financing sources:									
Transfers in			161,312				2,744,908	137,140	
Total other financing sources	<u>-</u>	<u>-</u>	<u>161,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,744,908</u>	<u>137,140</u>	<u>-</u>
Net Change in Fund Balances	-	17	123,849	-	-	(319,471)	352,523	137,140	(224,619)
Fund Balances at Beginning of Year	<u>-</u>	<u>156,980</u>	<u>542,254</u>	<u>4,586</u>	<u>9,948</u>	<u>630,610</u>	<u>5,373,322</u>	<u>(137,140)</u>	<u>(413,721)</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 156,997</u>	<u>\$ 666,103</u>	<u>\$ 4,586</u>	<u>\$ 9,948</u>	<u>\$ 311,139</u>	<u>\$ 5,725,845</u>	<u>\$ -</u>	<u>\$ (638,340)</u>

(Continued on next page)

TOWN OF SUFFIELD, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
CAPITAL PROJECTS FUND - BY PROJECT**

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Open Space</u>	<u>Capital Reserve</u>	<u>Fire Trucks Fund</u>	<u>2011 Road & Drainage Imp. Fund</u>	<u>Utility Extension Project</u>	<u>Capital Non-Recurring Expenditure Fund</u>	<u>Interfund Eliminations</u>	<u>Total Capital Projects Fund</u>
Revenues:								
Current services and fees	\$ 24,000	\$	\$	\$	\$	\$	\$	\$ 24,000
Interest income		267						547
Donations		6,785						6,785
Total revenues	<u>24,000</u>	<u>7,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,332</u>
Expenditures:								
Capital outlay	<u>200,257</u>	<u>23,249</u>	<u>-</u>	<u>2,362,939</u>	<u>38,450</u>	<u>-</u>	<u>-</u>	<u>5,599,096</u>
Excess (deficiency) of revenues over expenditures	<u>(176,257)</u>	<u>(16,197)</u>	<u>-</u>	<u>(2,362,939)</u>	<u>(38,450)</u>	<u>-</u>	<u>-</u>	<u>(5,567,764)</u>
Other financing sources:								
Transfers in	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,700,000</u>	<u>-</u>	<u>5,043,360</u>
Total other financing sources	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,700,000</u>	<u>-</u>	<u>5,043,360</u>
Net Change in Fund Balances	123,743	(16,197)	-	(2,362,939)	(38,450)	1,700,000	-	(524,404)
Fund Balances at Beginning of Year	<u>398,616</u>	<u>120,551</u>	<u>109,343</u>	<u>5,793,156</u>	<u>(2,264)</u>	<u>-</u>	<u>-</u>	<u>12,586,241</u>
Fund Balances at End of Year	<u>\$ 522,359</u>	<u>\$ 104,354</u>	<u>\$ 109,343</u>	<u>\$ 3,430,217</u>	<u>\$ (40,714)</u>	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ 12,061,837</u>

TOWN OF SUFFIELD, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2014

	<u>Insurance Fund</u>	<u>Gas/Diesel Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 643,089	\$	\$ 643,089
Receivables, net	<u>65,944</u>	<u>34,961</u>	<u>100,905</u>
Total	<u>\$ 709,033</u>	<u>\$ 34,961</u>	<u>\$ 743,994</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and accrued liabilities	\$ 511,871	\$ 10,903	\$ 522,774
Due to other funds	<u>467,264</u>	<u>1,095</u>	<u>468,359</u>
Total liabilities	979,135	11,998	991,133
Net position:			
Unrestricted	<u>(270,102)</u>	<u>22,963</u>	<u>(247,139)</u>
Total	<u>\$ 709,033</u>	<u>\$ 34,961</u>	<u>\$ 743,994</u>

TOWN OF SUFFIELD, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Insurance Fund</u>	<u>Gas/Diesel Fund</u>	<u>Total</u>
Operating revenues:			
User charges	\$ 6,152,370	\$ 384,896	\$ 6,537,266
Operating expenses:			
Administration	724,689		724,689
Insurance and benefits	5,887,050		5,887,050
Fuel		401,781	401,781
Total operating expenses	<u>6,611,739</u>	<u>401,781</u>	<u>7,013,520</u>
Operating loss	(459,369)	(16,885)	(476,254)
Nonoperating revenue:			
Investment income	<u>1,431</u>		<u>1,431</u>
Change in net position	(457,938)	(16,885)	(474,823)
Net position at beginning of year	<u>187,836</u>	<u>39,848</u>	<u>227,684</u>
Net Position at End of Year	<u>\$ (270,102)</u>	<u>\$ 22,963</u>	<u>\$ (247,139)</u>

TOWN OF SUFFIELD, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Insurance Fund</u>	<u>Gas/Diesel Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received from users	\$ 6,746,342	\$ 414,959	\$ 7,161,301
Cash paid to vendors	<u>(6,608,814)</u>	<u>(414,959)</u>	<u>(7,023,773)</u>
Net cash provided by operating activities	137,528	-	137,528
Cash Flows From Investing Activities:			
Interest on investments	<u>1,431</u>		<u>1,431</u>
Net Increase in Cash and Cash Equivalents	138,959	-	138,959
Cash and cash equivalents at beginning of year	<u>504,130</u>	<u>-</u>	<u>504,130</u>
Cash and Cash Equivalents at End of Year	<u>\$ 643,089</u>	<u>\$ -</u>	<u>\$ 643,089</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:			
Operating loss	\$ (459,369)	\$ (16,885)	\$ (476,254)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
(Increase) decrease in accounts receivable	369,185	(11,104)	358,081
(Increase) decrease in due from other funds	224,787	41,167	265,954
Increase (decrease) in accounts payable and accrued liabilities	<u>2,925</u>	<u>(13,178)</u>	<u>(10,253)</u>
Net Cash Provided by Operating Activities	<u>\$ 137,528</u>	<u>\$ -</u>	<u>\$ 137,528</u>

TOWN OF SUFFIELD, CONNECTICUT

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2014

	<u>Student Activity</u>	<u>Performance Bond</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 266,531	\$ 71,787	\$ 338,318
Investments	<u>14,011</u>	<u> </u>	<u>14,011</u>
Total Assets	<u>\$ 280,542</u>	<u>\$ 71,787</u>	<u>\$ 352,329</u>
LIABILITIES			
Due to student groups and others	<u>\$ 280,542</u>	<u>\$ 71,787</u>	<u>\$ 352,329</u>

TOWN OF SUFFIELD, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
School Activity Fund				
Assets:				
Cash and cash equivalents	\$ 300,366	\$ 549,223	\$ 583,058	\$ 266,531
Investments	<u>13,991</u>	<u>20</u>	<u> </u>	<u>14,011</u>
Total Assets	<u>\$ 314,357</u>	<u>\$ 549,243</u>	<u>\$ 583,058</u>	<u>\$ 280,542</u>
Liabilities:				
Due to student groups and others	<u>\$ 314,357</u>	<u>\$ 549,243</u>	<u>\$ 583,058</u>	<u>\$ 280,542</u>
Performance Bonds				
Assets:				
Cash and cash equivalents	<u>\$ 80,463</u>	<u>\$ 230</u>	<u>\$ 8,906</u>	<u>\$ 71,787</u>
Liabilities:				
Due to student groups and others	<u>\$ 80,463</u>	<u>\$ 230</u>	<u>\$ 8,906.00</u>	<u>\$ 71,787</u>
Total Assets				
Assets:				
Cash and cash equivalents	\$ 380,829	\$ 549,453	\$ 591,964	\$ 338,318
Investments	<u>13,991</u>	<u> </u>	<u> </u>	<u>13,991</u>
Total Assets	<u>\$ 394,820</u>	<u>\$ 549,453</u>	<u>\$ 591,964</u>	<u>\$ 352,309</u>
Liabilities:				
Due to student groups and others	<u>\$ 394,820</u>	<u>\$ 549,473</u>	<u>\$ 591,964</u>	<u>\$ 352,329</u>

TOWN OF SUFFIELD, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2014

(In Thousands)

Total cash collections for the year ended June 30, 2014:

Taxes, interest and lien fees	\$ 36,256
Reimbursement for revenue loss on:	
Tax relief for elderly - elderly freeze	<u>2</u>

Base	<u>\$ 36,258</u>
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	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitations:					
2-1/4 times base	\$ 81,581	\$	\$	\$	\$
4-1/2 times base		163,161			
3-3/4 times base			135,968		
3-1/4 times base				117,839	
3 times base					<u>108,774</u>
Total debt limitation	<u>81,581</u>	<u>163,161</u>	<u>135,968</u>	<u>117,839</u>	<u>108,774</u>
Indebtedness:					
Bonds and notes payable		<u>18,800</u>	<u>15</u>		
Total indebtedness	<u>-</u>	<u>18,800</u>	<u>15</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 81,581</u>	<u>\$ 144,361</u>	<u>\$ 135,953</u>	<u>\$ 117,839</u>	<u>\$ 108,774</u>

Note 1: In no case shall total debt service exceed seven times annual receipts from taxation (\$253,806).