

**TOWN OF SUFFIELD, CONNECTICUT**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2018**

**TOWN OF SUFFIELD, CONNECTICUT**  
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**INDEPENDENT AUDITOR'S REPORT**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of 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 (the "Town") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Suffield, Connecticut, as of June 30, 2018, 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**

### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, the Town adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Our opinion is not modified with respect to this matter.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, and the information on pages 67 through 82 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules on pages 83 through 100 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Certified Public Accountants  
Glastonbury, Connecticut  
December 26, 2018

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**TOWN OF SUFFIELD, CONNECTICUT**  
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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The management of the Town of Suffield, Connecticut (the “Town”) offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018.

**HIGHLIGHTS**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$117,057,166 (net position). Of this amount, \$3,350,554 represents the Town’s unrestricted net position.
- The Town’s total net position increased by \$488,303 during the current fiscal year.
- The beginning net position of the Town was decreased by \$5,268,530 as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. This decrease represented the difference between the net other post-employment benefits obligation previously recognized in accordance with GASB Statement No. 45 and the net other post-employment benefits liability recognized in accordance with GASB Statement No. 75.
- As of the close of the current fiscal year, the Town’s governmental funds reported combined ending fund balances of \$17,124,455, a decrease of \$4,182,655 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$7,397,313 or 12.7% of the fiscal year 2019 General Fund budgetary expenditure appropriations. Expressed another way, unassigned fund balance for the General Fund is sufficient to cover 1.52 months of the fiscal year 2019 General Fund budgetary expenditure appropriations.
- The Town’s total long-term bonded debt and capital lease obligations decreased by \$2,153,724 or 9.80% during the current fiscal year due to scheduled principal repayments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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

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



**TOWN OF SUFFIELD, CONNECTICUT**  
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)***

**Government-wide Financial Statements *(Continued)***

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

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include activities such as: general government, planning and development, public safety, public works, health and social services, library, recreation and parks and education. The business-type activities of the Town include sewer activities.

The government-wide financial statements can be found on pages 14 and 15 of this report.

**Fund Financial Statements**

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

***Governmental Funds***

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

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

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

The basic governmental fund financial statements can be found on pages 16 through 20 of this report.

**TOWN OF SUFFIELD, CONNECTICUT**  
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)***

**Fund Financial Statements *(Continued)***

***Proprietary Funds***

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its risk management activities. Because this service predominantly benefits governmental rather than business-type functions it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 21 through 23 of this report.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs.

The basic fiduciary fund financial statements can be found on pages 24 and 25 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 66 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information, and combining fund and individual fund statements and schedules, which can be found on pages 67 through 100 of this report.

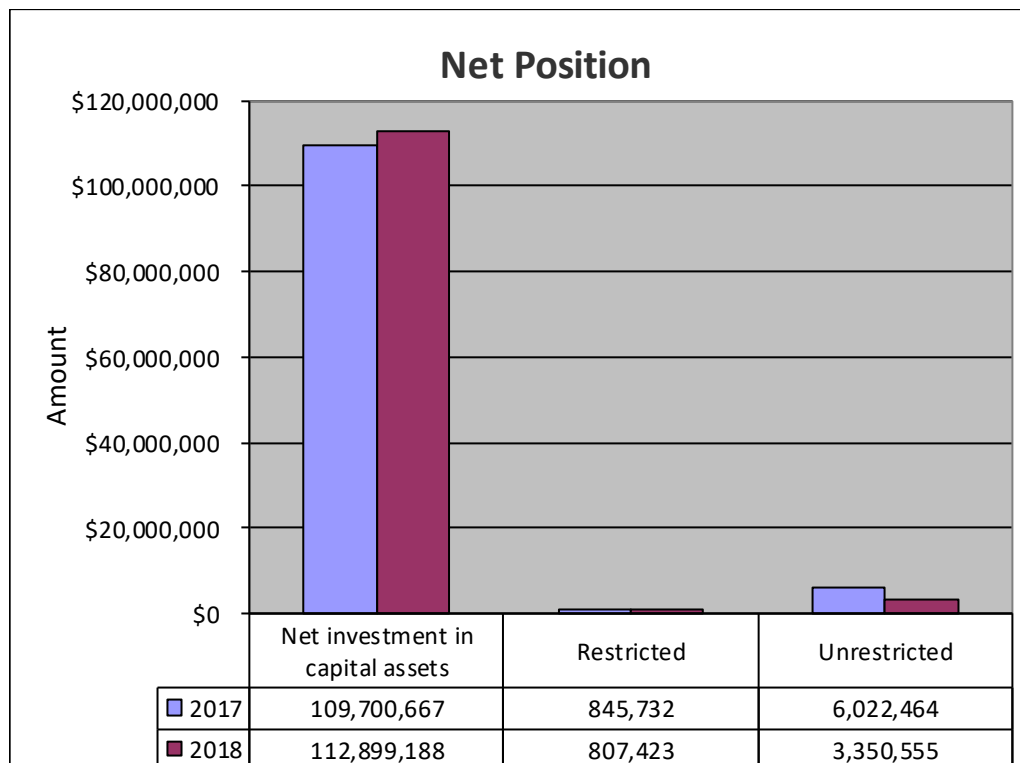
**TOWN OF SUFFIELD, CONNECTICUT**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

Over time, net position may serve as one measure of a government's financial position. The net position of the Town totaled \$117,057,166 as of June 30, 2018 and \$116,568,863 as of June 30, 2017, as adjusted for the implementation of GASB Statement No. 75, and is summarized as follows:

	June 30, 2018		June 30, 2017		\$ Variance	% Variance
	Governmental Activities	Business-type Activities	Total	Total		
Current and other assets	\$ 23,127,197	\$ 1,941,275	\$ 25,068,472	\$ 28,860,467	\$ (3,791,995)	-13.1%
Capital assets	114,987,500	18,488,207	133,475,707	130,264,288	3,211,419	2.5%
Total assets	<u>138,114,697</u>	<u>20,429,482</u>	<u>158,544,179</u>	<u>159,124,755</u>	<u>(580,576)</u>	<u>-0.4%</u>
Deferred outflows of resources	2,825,137	-	2,825,137	1,817,435	1,007,702	55.4%
Other liabilities	5,495,855	223,886	5,719,741	4,901,817	817,924	16.7%
Long-term liabilities	38,253,052	-	38,253,052	39,016,516	(763,464)	-2.0%
Total liabilities	<u>43,748,907</u>	<u>223,886</u>	<u>43,972,793</u>	<u>43,918,333</u>	<u>54,460</u>	<u>0.1%</u>
Deferred inflows of resources	339,357	-	339,357	454,994	(115,637)	-25.4%
Net position:						
Net investment in capital assets	94,410,982	18,488,207	112,899,189	109,700,667	3,198,522	2.9%
Restricted	807,423	-	807,423	845,732	(38,309)	-4.5%
Unrestricted	1,633,165	1,717,389	3,350,554	6,022,464	(2,671,910)	-44.4%
Total net position	<u>\$ 96,851,570</u>	<u>\$ 20,205,596</u>	<u>\$ 117,057,166</u>	<u>\$ 116,568,863</u>	<u>\$ 488,303</u>	<u>0.4%</u>



**TOWN OF SUFFIELD, CONNECTICUT**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Net Position (Continued)**

As of June 30, 2018, approximately 96.5% of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Less than 1.0% of net position represents resources that are subject to external restrictions on how they may be used.

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

Overall, net position increased by \$488,303 in comparison with the prior year.

**Change in Net Position**

Changes in net position for the years ended June 30, 2018 and 2017 are as follows. Certain reclassifications have been made to the amounts reported for the year ended June 30, 2017 to conform with the current year presentation. The amounts reported for the year ended June 30, 2017 have not been adjusted for the implementation of GASB Statement No. 75, since the effects of the adjustments on the statements of changes in net position are not readily determinable.

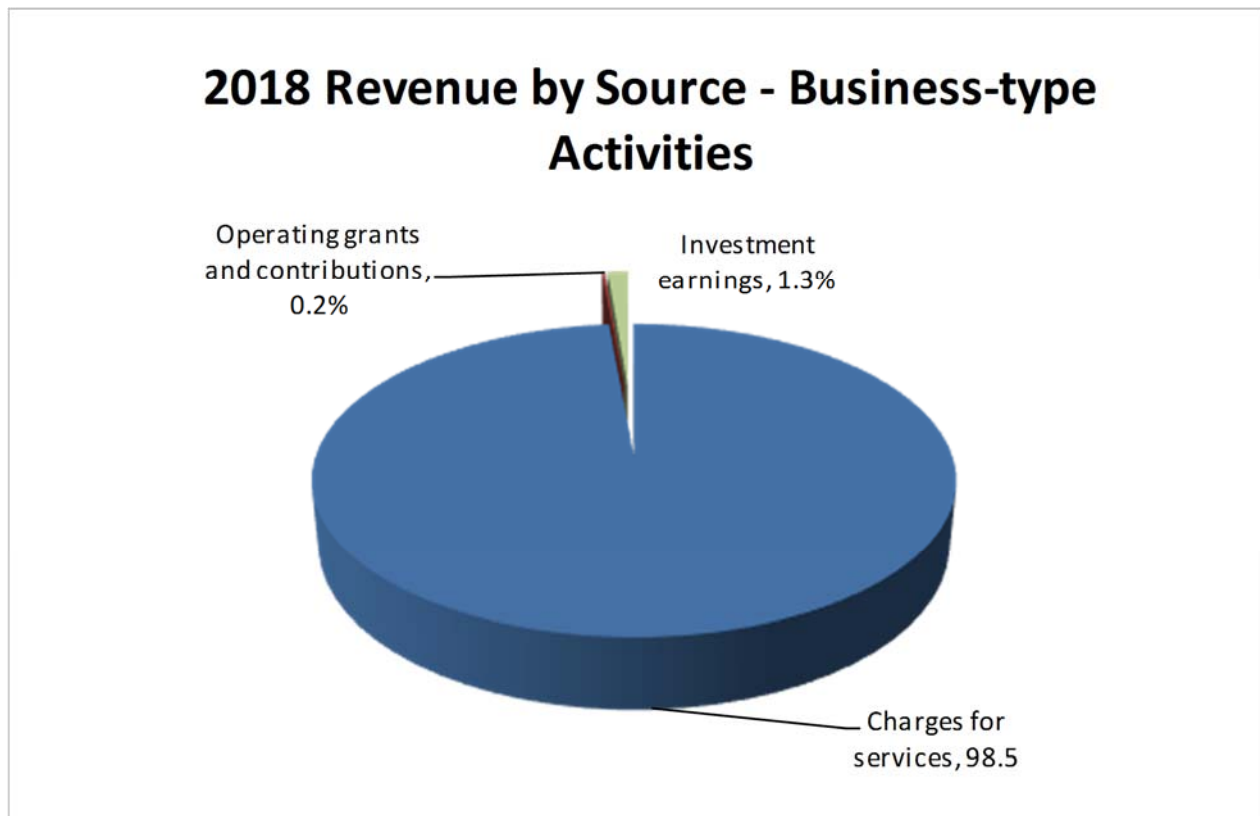
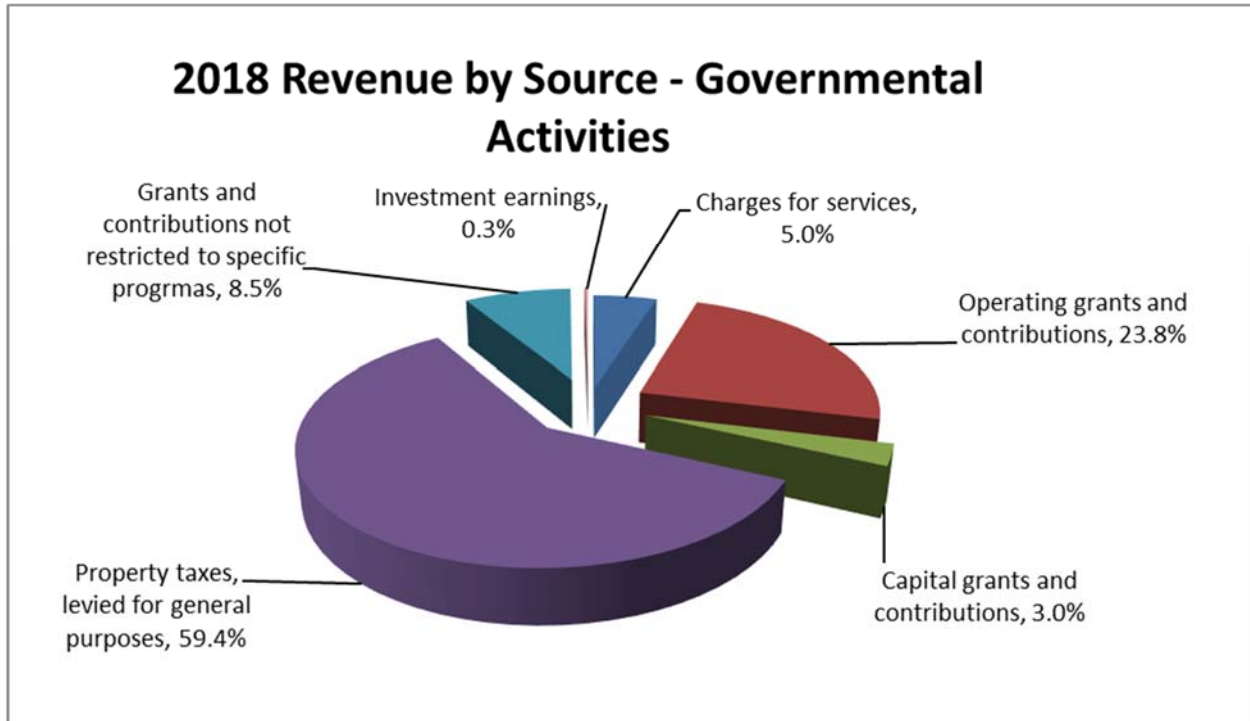
	June 30, 2018			June 30, 2017		
	Governmental Activities	Business-type Activities	Total	Total	\$ Variance	% Variance
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 3,385,426	\$ 2,751,197	\$ 6,136,623	\$ 5,576,361	\$ 560,262	10.0%
Operating grants and contributions	16,189,111	4,439	16,193,550	16,600,327	(406,777)	-2.5%
Capital grants and contributions	2,029,368	-	2,029,368	1,209,144	820,224	67.8%
General revenues:						
Property taxes, levied for general purposes	40,387,553	-	40,387,553	39,592,855	794,698	2.0%
Grants and contributions not restricted to specific programs	5,753,463	-	5,753,463	6,418,509	(665,046)	-10.4%
Sale of property	77,500	-	77,500	-	77,500	100.0%
Investment earnings	188,178	35,274	223,452	97,791	125,661	128.5%
Total revenues	<u>68,010,599</u>	<u>2,790,910</u>	<u>70,801,509</u>	<u>69,494,987</u>	<u>1,306,522</u>	1.9%
<b>Expenses</b>						
General government	2,990,599	-	2,990,599	3,725,145	(734,546)	-19.7%
Planning and development	387,510	-	387,510	581,702	(194,192)	-33.4%
Public safety	6,375,275	-	6,375,275	6,728,130	(352,855)	-5.2%
Public works	6,640,213	-	6,640,213	6,450,443	189,770	2.9%
Health and social services	1,061,943	-	1,061,943	1,123,211	(61,268)	-5.5%
Library, parks and recreation	1,662,956	-	1,662,956	1,186,478	476,478	40.2%
Education	48,123,629	-	48,123,629	45,419,164	2,704,465	6.0%
Interest expense	608,240	-	608,240	517,161	91,079	17.6%
Sewers	-	2,462,841	2,462,841	2,785,218	(322,377)	-11.6%
Total expenses	<u>67,850,365</u>	<u>2,462,841</u>	<u>70,313,206</u>	<u>68,516,652</u>	<u>1,796,554</u>	2.6%
Changes in net position before transfers	160,234	328,069	488,303	978,335	(490,032)	-50.1%
Transfers	<u>(9,625)</u>	<u>9,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	0.0%
Change in net position	<u>\$ 150,609</u>	<u>\$ 337,694</u>	<u>\$ 488,303</u>	<u>\$ 978,335</u>	<u>\$ (490,032)</u>	-50.1%

**TOWN OF SUFFIELD, CONNECTICUT**  
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Change in Net Position (Continued)**

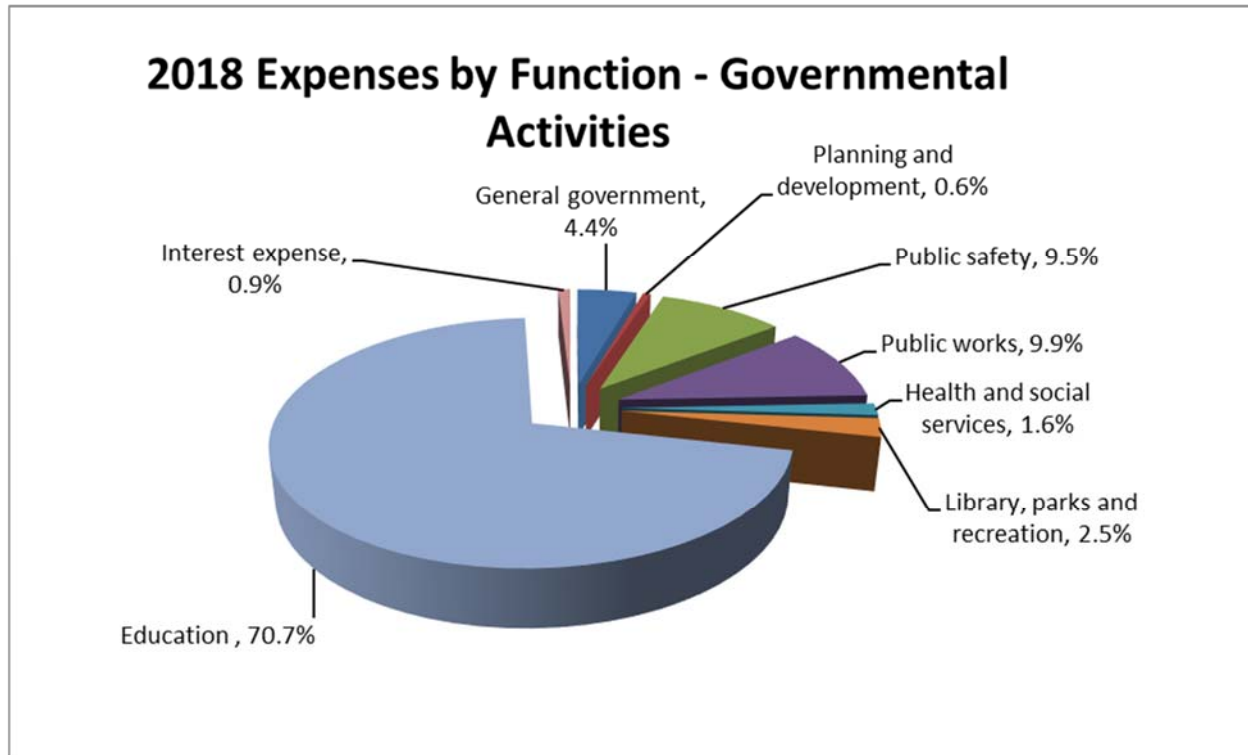


**TOWN OF SUFFIELD, CONNECTICUT**  
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

**Change in Net Position *(Continued)***



Governmental activities increased the Town's net position by \$150,609. Business-type activities increased the Town's net position by \$337,694.

Revenues generated by the Town increased by \$1,306,522 or 1.9% in comparison to revenues reported in the prior year. The increase in revenues was primarily due to an increase in capital grants and contributions caused by grant reimbursements related to school security infrastructure improvements and funding received under the local transportation capital improvement program.

Expenses incurred by the Town increase by \$1,796,554 or 2.6% in comparison to expenses reported in the prior year. Education expenses was impacted by the current year recognition of on-behalf expenses incurred for OPEB benefits provided under the State Teachers' Retirement System in the amount of \$716,446 and increases in other OPEB and pension expenses.

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

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

**Governmental Funds**

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

**TOWN OF SUFFIELD, CONNECTICUT**  
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS *(Continued)***

**Governmental Funds *(Continued)***

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances \$17,124,455. Of this amount, \$16,317,032 is available for spending at the discretion of the Town (i.e. committed, assigned and unassigned).

**General Fund**

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,397,313, while total fund balance was \$9,977,885. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance decreased by \$976,569 and represents 12.7% of the fiscal year 2019 General Fund budgetary appropriations. Expressed another way, unassigned fund balance for the General Fund is sufficient to cover 1.52 months of the fiscal year 2019 General Fund budgetary expenditure appropriations.

The total fund balance of the Town's General Fund increased by \$290,497 during the current fiscal year.

**Capital Projects Fund**

The fund balance of the Capital Projects Fund decreased by \$4,258,264 during the current fiscal year from \$10,038,252 to \$5,779,988. This decrease reflects the use of restricted bond funds for major road reconstruction and drainage projects, in addition to the use of committed funds for capital purchases and improvements, including the purchase of three Fire Trucks.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original and final budget for the General Fund included the planned use of fund balance in the amount of \$825,000. No additional appropriations were approved during the year ended June 30, 2018. The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$200,840 in the current fiscal year. Revenues and other financing sources were \$1,025,128 more than budgeted while expenditures and other financing uses were \$712 less than budgeted.

The revenue surplus reflects favorable changes in State aid after the original budget was adopted by the Town, including an increase of \$634,681 in educational cost sharing funds. Expenditures reflect unanticipated costs incurred in connection with the settlement of the police union contract, which expired in 2014. The contract resulted in increases to current year wages as well as payment for retroactive wage increases.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets as of June 30, 2018 and 2017 totaled \$133,475,707 and \$130,264,288, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, land improvements, furniture and equipment, and infrastructure. The total increase in the Town's investment in capital assets for the current fiscal year was \$3,211,419 or 2.5%. The increase consisted of capital asset additions of \$7,160,300, offset by depreciation and amortization expense of \$3,948,881.

**TOWN OF SUFFIELD, CONNECTICUT**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

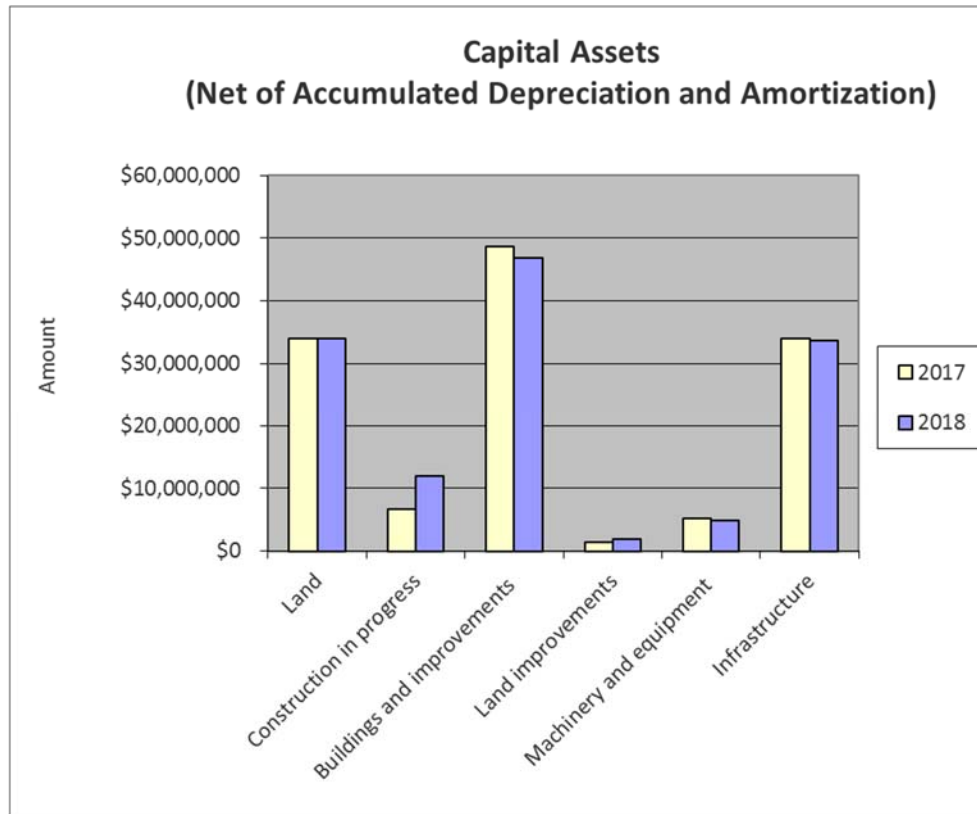
**Capital Assets (Continued)**

Major capital asset events during the current fiscal year included the following:

- Outlays for various ongoing projects, including road and drainage projects, school roof improvements and tennis court improvements; and
- Outlays for the purchase of three fire trucks.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 18,023,616	\$ 18,023,616	\$ 16,038,335	\$ 16,038,335	\$ 34,061,951	\$ 34,061,951
Construction in progress	11,928,712	6,761,111	24,820	-	11,953,532	6,761,111
Buildings and improvements	46,235,541	48,349,208	581,991	340,085	46,817,532	48,689,293
Land improvements	1,984,050	1,476,859	-	-	1,984,050	1,476,859
Machinery and equipment	4,112,997	4,462,911	855,679	777,131	4,968,676	5,240,042
Infrastructure	32,702,584	32,964,676	987,382	1,070,356	33,689,966	34,035,032
<b>Totals</b>	<b>\$ 114,987,500</b>	<b>\$ 112,038,381</b>	<b>\$ 18,488,207</b>	<b>\$ 18,225,907</b>	<b>\$ 133,475,707</b>	<b>\$ 130,264,288</b>



Additional information on the Town's capital assets can be found in Note 4 of this report.



**TOWN OF SUFFIELD, CONNECTICUT**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

**Long-term Debt**

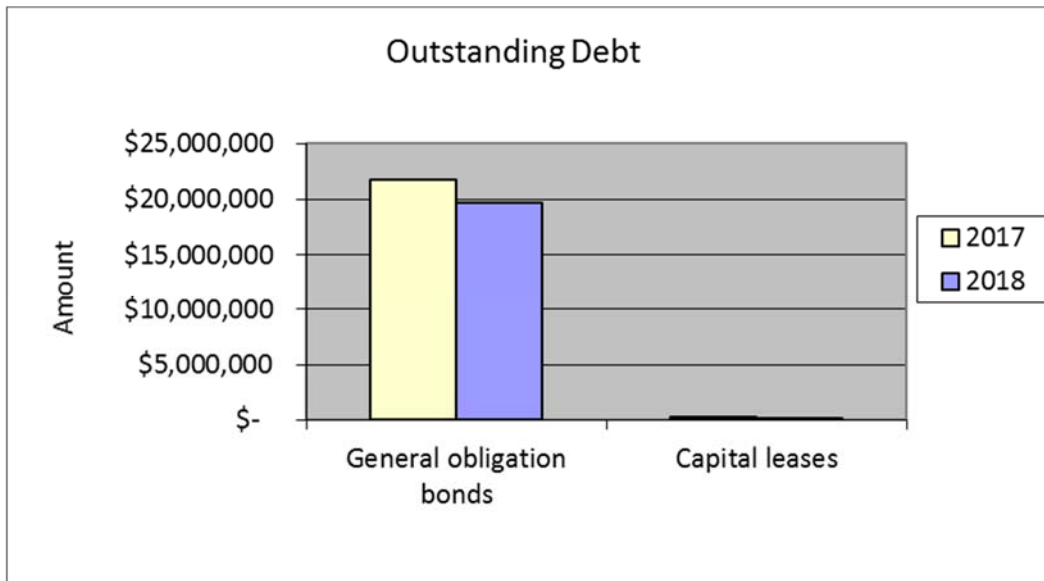
At the end of the current fiscal year, the Town had total long-term debt outstanding of \$19,843,492. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt decreased by \$2,153,724 or 9.8% during the current fiscal year due to principal repayments.

The Town's currently maintains a bond rating of AA+ by Standard & Poor's.

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

The following table is a two year comparison of long-term debt:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ 19,715,000	\$ 21,755,000	\$ -	\$ -	\$ 19,715,000	\$ 21,755,000
Capital leases	128,492	189,438	-	52,778	128,492	242,216
Totals	<u>\$ 19,843,492</u>	<u>\$ 21,944,438</u>	<u>\$ -</u>	<u>\$ 52,778</u>	<u>\$ 19,843,492</u>	<u>\$ 21,997,216</u>



Additional information on the Town's long-term debt can be found in Note 7 of this report.

**TOWN OF SUFFIELD, CONNECTICUT**  
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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

Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:

- For purposes of calculating property tax revenues for fiscal year 2019, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
- Intergovernmental grants were based on estimates from the State.
- It is unknown how the weakened economy will impact real estate activity and related revenues collected by the Town Clerk, the Building Department and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2019. The Town's fiscal year 2019 General Fund budget was approved on May 8, 2018. The approved General Fund budgetary expenditure appropriation total \$58,346,979, an increase of 4.8% over fiscal year 2018. The General Fund budget contemplates the use of fund balance in the amount of \$2,000,000 to offset increases in the Town's mill rate.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, Town of Suffield, 83 Mountain Road, Suffield, Connecticut 06078.

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**BASIC FINANCIAL STATEMENTS**

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**TOWN OF SUFFIELD, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,347,972	\$ 1,773,969	\$ 19,121,941
Investments	2,248,853	-	2,248,853
Receivables:			
Property taxes and interest, net	1,397,484	-	1,397,484
Assessments, net	106,961	138,285	245,246
Grants and contracts	1,297,925	-	1,297,925
Loans	162,444	-	162,444
Other	542,410	27,169	569,579
Inventories	25,000	-	25,000
Internal balances	(1,852)	1,852	-
Capital assets:			
Non-depreciable	29,952,328	16,063,155	46,015,483
Depreciable, net	85,035,172	2,425,052	87,460,224
Total assets	<u>138,114,697</u>	<u>20,429,482</u>	<u>158,544,179</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refunding	6,794	-	6,794
Deferred charges on OPEB expense	345,648	-	345,648
Deferred charges on pension expense	2,472,695	-	2,472,695
Total deferred outflows of resources	<u>2,825,137</u>	<u>-</u>	<u>2,825,137</u>
<b>LIABILITIES</b>			
Accounts payable	3,013,255	188,627	3,201,882
Accrued liabilities	605,280	35,259	640,539
Unearned revenue	1,877,320	-	1,877,320
Noncurrent liabilities:			
Due within one year	2,647,699	-	2,647,699
Due in more than one year	35,605,353	-	35,605,353
Total liabilities	<u>43,748,907</u>	<u>223,886</u>	<u>43,972,793</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred charges on pension expense	281,350	-	281,350
Advance property tax collections	58,007	-	58,007
Total deferred inflows of resources	<u>339,357</u>	<u>-</u>	<u>339,357</u>
<b>NET POSITION</b>			
Net investment in capital assets	94,410,982	18,488,207	112,899,189
Restricted for:			
Trust purposes	508,743	-	508,743
Grant and other programs	298,680	-	298,680
Unrestricted	1,633,165	1,717,389	3,350,554
Total net position	<u>\$ 96,851,570</u>	<u>\$ 20,205,596</u>	<u>\$ 117,057,166</u>

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

**TOWN OF SUFFIELD, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 2,990,599	\$ 1,026,704	\$ 192,505	\$ -	\$ (1,771,390)	\$ -	\$ (1,771,390)
Planning and development	387,510	34,485	-	-	(353,025)	-	(353,025)
Public safety	6,375,275	316,649	17,941	-	(6,040,685)	-	(6,040,685)
Public works	6,640,213	175,290	506,173	1,331,023	(4,627,727)	-	(4,627,727)
Health and social services	1,061,943	44,536	-	-	(1,017,407)	-	(1,017,407)
Library, recreation and parks	1,662,956	278,849	593	174,000	(1,209,514)	-	(1,209,514)
Education	48,123,629	1,508,913	15,471,899	524,345	(30,618,472)	-	(30,618,472)
Interest expense	608,240	-	-	-	(608,240)	-	(608,240)
Total governmental activities	<u>67,850,365</u>	<u>3,385,426</u>	<u>16,189,111</u>	<u>2,029,368</u>	<u>(46,246,460)</u>	<u>-</u>	<u>(46,246,460)</u>
<b>Business-type activities:</b>							
Sewer	<u>2,462,841</u>	<u>2,751,197</u>	<u>4,439</u>	<u>-</u>	<u>-</u>	<u>292,795</u>	<u>292,795</u>
<b>Total</b>	<u>\$ 70,313,206</u>	<u>\$ 6,136,623</u>	<u>\$ 16,193,550</u>	<u>\$ 2,029,368</u>	<u>(46,246,460)</u>	<u>292,795</u>	<u>(45,953,665)</u>
General revenues:							
Property taxes, levied for general purposes					40,387,553	-	40,387,553
Grants and contributions not restricted to specific programs					5,753,463	-	5,753,463
Investment earnings					188,178	35,274	223,452
Sale of property					77,500	-	77,500
Transfers, net					(9,625)	9,625	-
Total general revenues					<u>46,397,069</u>	<u>44,899</u>	<u>46,441,968</u>
Change in net position					150,609	337,694	488,303
Net position - beginning, as originally reported					101,969,491	19,867,902	121,837,393
Cumulative effect of implementing new accounting standard (See Note 1)					(5,268,530)	-	(5,268,530)
Net position - beginning, as adjusted					<u>96,700,961</u>	<u>19,867,902</u>	<u>116,568,863</u>
Net position - ending					<u>\$ 96,851,570</u>	<u>\$ 20,205,596</u>	<u>\$ 117,057,166</u>

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

**TOWN OF SUFFIELD, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,100,858	\$ 266,442	\$ 779,466	\$ 17,146,766
Investments	-	2,248,853	-	2,248,853
Receivables:				
Property taxes, net	925,141	-	-	925,141
Interest on property taxes, net	472,343	-	-	472,343
Assessments, net	-	-	106,961	106,961
Grants and contracts	702,626	441,992	153,307	1,297,925
Loans	-	-	162,444	162,444
Other	124,587	23,617	235,191	383,395
Due from other funds	7,849,286	11,106,658	1,703,186	20,659,130
Inventories	-	-	25,000	25,000
Total assets	<u>\$ 26,174,841</u>	<u>\$ 14,087,562</u>	<u>\$ 3,165,555</u>	<u>\$ 43,427,958</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,366,419	\$ 848,993	\$ 101,312	\$ 2,316,724
Accrued liabilities	412,861	-	24,613	437,474
Due to other funds	12,811,696	7,112,801	151,028	20,075,525
Unearned revenue	278,925	345,780	1,252,615	1,877,320
Total liabilities	<u>14,869,901</u>	<u>8,307,574</u>	<u>1,529,568</u>	<u>24,707,043</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	1,269,048	-	269,405	1,538,453
Advance property tax collections	58,007	-	-	58,007
Total deferred inflows of resources	<u>1,327,055</u>	<u>-</u>	<u>269,405</u>	<u>1,596,460</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	508,743	508,743
Restricted	-	2,292	296,388	298,680
Committed	350,000	8,249,096	622,210	9,221,306
Assigned	2,230,572	-	-	2,230,572
Unassigned	7,397,313	(2,471,400)	(60,759)	4,865,154
Total fund balances	<u>9,977,885</u>	<u>5,779,988</u>	<u>1,366,582</u>	<u>17,124,455</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,174,841</u>	<u>\$ 14,087,562</u>	<u>\$ 3,165,555</u>	<u>\$ 43,427,958</u>

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

**TOWN OF SUFFIELD, CONNECTICUT**  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018

Total fund balances for governmental funds		\$ 17,124,455
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		114,987,500
Some of the Town's taxes, sewer assessments and loan receivables will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.		1,538,453
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported in the governmental funds. All liabilities and related amounts - both current and long-term - are reported in the statement of net position.		
Bonds payable	\$ (19,715,000)	
Unamortized bond premiums	(742,112)	
Deferred charges on refunding	6,794	
Accrued interest payable	(167,806)	
Net OPEB liability	(6,552,726)	
Net pension liability	(10,733,728)	
Landfill post-closure care liability	(97,200)	
Compensated absences	(283,794)	
Capital lease obligations	(128,492)	
Total long-term liabilities	(38,414,064)	
An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		(921,767)
Deferred charges on net pension and net OPEB liabilities are not susceptible to accrual and therefore are not reported in the funds.		2,536,993
Net position of governmental activities		\$ 96,851,570

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

**TOWN OF SUFFIELD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 40,320,629	\$ -	\$ -	\$ 40,320,629
Intergovernmental	17,399,353	1,235,132	1,397,926	20,032,411
Charges for services	2,575,211	3,000	1,188,514	3,766,725
Interest income	181,793	352	4,613	186,758
Other	450,093	168,782	36,378	655,253
Total revenues	<u>60,927,079</u>	<u>1,407,266</u>	<u>2,627,431</u>	<u>64,961,776</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,593,961	-	82,291	5,676,252
Planning and development	290,793	-	-	290,793
Public safety	4,278,788	-	216,014	4,494,802
Public works	3,972,826	-	-	3,972,826
Health and social services	690,684	-	52,228	742,912
Library, recreation and parks	410,446	-	538,560	949,006
Education	39,968,226	-	1,990,976	41,959,202
Miscellaneous	36,290	-	-	36,290
Debt service	2,809,804	-	-	2,809,804
Capital outlays	-	8,605,660	-	8,605,660
Total expenditures	<u>58,051,818</u>	<u>8,605,660</u>	<u>2,880,069</u>	<u>69,537,547</u>
Excess (deficiency) of revenues over expenditures	2,875,261	(7,198,394)	(252,638)	(4,575,771)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	365,659	3,850,789	434,399	4,650,847
Transfers out	<u>(2,950,423)</u>	<u>(910,659)</u>	<u>(396,649)</u>	<u>(4,257,731)</u>
Total other financing sources (uses)	<u>(2,584,764)</u>	<u>2,940,130</u>	<u>37,750</u>	<u>393,116</u>
Net change in fund balances	290,497	(4,258,264)	(214,888)	(4,182,655)
Fund balances - beginning	<u>9,687,388</u>	<u>10,038,252</u>	<u>1,581,470</u>	<u>21,307,110</u>
Fund balances - ending	<u>\$ 9,977,885</u>	<u>\$ 5,779,988</u>	<u>\$ 1,366,582</u>	<u>\$ 17,124,455</u>

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



**TOWN OF SUFFIELD, CONNECTICUT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Net change in fund balances - total governmental funds \$ (4,182,655)

Total change in net position reported for governmental activities in the statement of activities is different because:

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

Expenditures for capital assets	\$ 6,612,745	
Depreciation and amortization expense	<u>(3,663,626)</u>	
Net adjustment		2,949,119

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

Principal repayments:		
Bonds payable	2,040,000	
Capital lease financing	<u>60,946</u>	
Net adjustment		2,100,946

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

Accrued interest	18,142	
Deferred charges on refunding	(13,626)	
Amortization of bond premiums	96,100	
Compensated absences	(32,707)	
Landfill post-closure care costs	16,200	
Net pension liability	(1,759,637)	
Net OPEB liability	<u>289,784</u>	
		(1,385,744)

Certain revenues reported in the statement of activities do not provide current financial resources and, therefore, are reported as deferred inflows of resources in the governmental funds. This amount represents the change in unavailable revenues.

46,693  
(Continued)

**TOWN OF SUFFIELD, CONNECTICUT**  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES *(Concluded)*  
FOR THE YEAR ENDED JUNE 30, 2018

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An internal service fund is used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the Town's internal service fund is reported with governmental activities.	\$ (511,617)
Deferred outflows of resources resulting from changes in the components of the net pension and net OPEB liabilities are amortized as a component of pension expense in the statements of activities.	<u>1,133,867</u>
Change in net position of governmental activities	<u>\$ 150,609</u> <i>(Concluded)</i>

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

**TOWN OF SUFFIELD, CONNECTICUT**

STATEMENT OF NET POSITION

PROPRIETARY FUND

JUNE 30, 2018

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>WPCA</b>	<b>Internal Service</b>
	<b>Enterprise Fund</b>	<b>Funds</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,773,969	\$ 201,206
Receivables:		
User charges	138,285	-
Other	27,169	159,015
Due from other funds	1,852	-
Total current assets	1,941,275	360,221
Noncurrent assets:		
Capital assets:		
Non-depreciable	16,063,155	-
Depreciable, net	2,425,052	-
Total noncurrent assets	18,488,207	-
Total assets	20,429,482	360,221
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	188,627	163,272
Accrued liabilities	35,259	533,259
Due to other funds	-	585,457
Total liabilities	223,886	1,281,988
<b>NET POSITION</b>		
Net investment in capital assets	18,488,207	-
Unrestricted	1,717,389	(921,767)
Total net position	\$ 20,205,596	\$ (921,767)

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

**TOWN OF SUFFIELD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>WPCA</b>	<b>Internal Service</b>
	<b>Enterprise Fund</b>	<b>Funds</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 2,692,191	\$ 6,859,368
Grants and contracts	4,439	-
Other income	59,006	-
Total operating revenues	<u>2,755,636</u>	<u>6,859,368</u>
<b>OPERATING EXPENSES</b>		
Payroll and benefits	1,404,222	-
Sludge disposal	130,326	-
Plant maintenance, supplies and materials	253,981	-
Utilities	271,454	-
Depreciation and amortization	285,255	-
Insurance and program services	28,768	6,429,860
Administration	87,340	710,545
Other operating expense	1,495	232,000
Total operating expenses	<u>2,462,841</u>	<u>7,372,405</u>
Operating income (loss)	292,795	(513,037)
<b>NONOPERATING REVENUE (EXPENSE)</b>		
Interest income	37,575	1,420
Interest expense	(2,301)	-
Total non-operating revenue, net	<u>35,274</u>	<u>1,420</u>
Income (loss) before capital contributions and transfers	328,069	(511,617)
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>		
Capital contributions	402,741	-
Transfer out to Sewer Projects Fund	(393,116)	-
Total capital contributions and transfers	<u>9,625</u>	<u>-</u>
Change in net position	337,694	(511,617)
Net position - beginning	<u>19,867,902</u>	<u>(410,150)</u>
Net position - ending	<u>\$ 20,205,596</u>	<u>\$ (921,767)</u>

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

**TOWN OF SUFFIELD, CONNECTICUT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>WPCA</b>	<b>Internal Service</b>
	<b>Enterprise Fund</b>	<b>Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from the following:		
Customers and users	\$ 2,682,269	\$ 7,429,456
Intergovernmental	4,439	-
Cash paid for the following:		
Payroll and benefits	(1,368,963)	-
Insurance	(28,768)	(7,449,478)
Goods and services	(756,051)	(265,611)
Net cash provided by (used in) operating activities	<u>532,926</u>	<u>(285,633)</u>
<b>CASH FLOWS FROM NON-CAPITAL RELATED FINANCING ACTIVITIES</b>		
Interfund borrowings	<u>-</u>	<u>449,722</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Interfund activities	(465,523)	-
Acquisition of capital assets	(72,407)	-
Payment on capital lease	(52,778)	-
Interest paid on capital debt	(2,301)	-
Net cash used in capital financing activities	<u>(593,009)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	<u>37,575</u>	<u>1,420</u>
Net (decrease) increase in cash and cash equivalents	(22,508)	165,509
Cash and cash equivalents, beginning of year	<u>1,796,477</u>	<u>35,697</u>
Cash and cash equivalents, end of year	<u>\$ 1,773,969</u>	<u>\$ 201,206</u>
<b>RECONCILIATION OF OPERATING LOSS TO</b>		
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 292,795	\$ (513,037)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	285,255	-
Change in assets and liabilities:		
Receivables	(68,928)	120,366
Accounts payable	6,653	51,843
Accrued liabilities	17,256	55,195
Other	(105)	-
Net cash provided by (used in) operating activities	<u>\$ 532,926</u>	<u>\$ (285,633)</u>

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

**TOWN OF SUFFIELD, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2018**

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	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 44,791	\$ 431,897
Investments	43,508,256	33,996
Receivables	216,149	-
Total assets	43,769,196	\$ 465,893
<b>LIABILITIES</b>		
Payables	484	\$ -
Due to student groups	-	336,805
Due to others	-	129,088
Total liabilities	484	\$ 465,893
<b>NET POSITION</b>		
Restricted for pension and OPEB benefits	\$ 43,768,712	

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

**TOWN OF SUFFIELD, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 1,757,405
Employee	474,593
Total contributions	2,231,998
Investment earnings:	
Net increase in fair value of investments, net of investment fees	3,004,173
Net investment earnings	3,004,173
Total additions	5,236,171
<b>DEDUCTIONS</b>	
Benefit payments	2,421,089
Administrative expenses	48,891
Total deductions	2,469,980
Change in net position	2,766,191
Net position - beginning	41,002,521
Net position - ending	\$ 43,768,712

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

**TOWN OF SUFFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Financial Reporting Entity**

The Town was incorporated in 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 3, 2015. 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.

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

**Government-wide and Fund Financial Statements**

**Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

**Fund Financial Statements**

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



**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Government-wide and Fund Financial Statements *(Continued)***

**Fund Financial Statements *(Continued)***

The Town reports the following major governmental funds:

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

**Capital Projects Fund** - This 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 fund:

**WPCA Fund** - This fund is used to account for the activities of the Water Pollution Control Authority.

In addition, the Town reports the following fund types:

**Internal Service Funds *(proprietary)*** - These funds are used to account for the Town's self-insured healthcare plans and the purchases of fuel by various departments.

**Pension Trust Funds** - These funds are used to account for the activities of the Town's defined benefit pension plan and other post-employment benefits plan.

**Agency Funds** - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets held for student activities, performance bonds, employees and others.

**Measurement Focus and Basis of Accounting**

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

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

**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Measurement Focus and Basis of Accounting *(Continued)***

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

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

The pension trust and other post-employment benefits trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

**Implementation of Accounting Standards**

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The adoption of these statements did not have a material effect on the Town's financial statements.

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 established standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expenses/expenditures for post-employment benefits other than pensions. This standard identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, this statement provides for certain required supplementary information and note disclosures about post-employment benefits other than pensions.

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Implementation of Accounting Standards *(Continued)***

The Town has reported the following cumulative effect of applying GASB Statement No. 75 as an adjustment of beginning net position as of July 1, 2017.

	<b>Governmental Activities</b>
Net position - beginning, as originally reported	\$ 101,969,491
Adjustment to remove net other post-employment benefit obligation recognized under GASB Statement No. 45	1,573,980
Adjustment to record net other post-employment benefit liability recognized under GASB Statement No. 75	(6,842,510)
	(5,268,530)
Net position - beginning, as adjusted	\$ 96,700,961

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

**Cash and Cash Equivalents**

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.

**Investments**

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in participating interest-earning investment contracts, certain external investment pools and synthetic guaranteed investment contracts as described below.

Investments in certain external investment pools consist of money market mutual funds and the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the fund.

Investments in guaranteed deposit accounts are measured by the Town at contract value, which approximates fair value.

**Property Taxes**

Property taxes are assessed as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest receivable of \$39,000 and \$20,000, respectively, as of June 30, 2018.

**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

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

**Sewer Assessments and Usage Charges**

Sewer assessments are levied by the Water Pollution Control Authority annually, upon issuance of a certificate of occupancy or completion of a connection permit for existing homes/businesses. Assessment charges are billed annually in September. Usage charges are billed annually in July. Commercial usage is billed based on water usage – with a minimum charge of 1 EDU, and residential usage is billed at a flat fee of \$310 in fiscal 2018. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Liens filed on all properties until the assessment is paid in full.

**Inventories and Prepaid Items**

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories 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 the government-wide and the fund financial statements.

**Loans Receivable**

Rehabilitation loans consist of deferred loans made to certain qualifying individuals for home improvements in connection with funding received by the Town under a Small Cities Development Block Grant to administer the Town's Housing Rehabilitation Program. The loans bear no interest. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's place of residence. The notes may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2018, loans receivable totaled \$162,444 under this program.

**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 Town 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 a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. 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.

Capital assets of the Town are 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

**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

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

**Unearned Revenue**

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

**Deferred Outflows/Inflows of Resources**

Deferred outflows and inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time.

Deferred outflows and inflows of resources consists of deferred charges on pension and OPEB expenses and deferred charges on refunding reported in the government-wide statement of net position. Deferred charges on pension and OPEB expenses resulted from changes in the components of the Town's net pension and OPEB liabilities and are being amortized as a component of pension and OPEB expenses on a systematic and rational basis. Deferred charges on refunding resulted from the difference in the carrying value of previously refunded debt and the reacquisition price of the debt and are being amortized to interest expense using the effective-interest method over the life of the related bonds.

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

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

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

**Compensated Absences**

Town employees earn and carryover various amounts of vacation and leave time based upon Town policy or bargaining unit contracts.

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

**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

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

**Net Position and Fund Balance**

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

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

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

***Unrestricted net position*** - This component of net position is the net amount of assets, liabilities, and deferred outflows and inflows of resources.

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

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

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

***Committed*** - Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Finance and Town Meeting (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action. The formal action required to be taken by the Board of Finance to commit fund balance is by adoption of a resolution.

***Assigned*** - Amounts are constrained by the Town's intent to be used for specific purposes, but are not restricted or committed, by a governing board or a body or official that has been delegated authority to assign amounts by the Town Charter (Board of Finance, Town Meeting, Management of the Town).

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

**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

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

***Net Position Flow Assumption***

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

The Town considers restricted net position to have been depleted before unrestricted net position is applied.

***Fund Balance Flow Assumption***

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

The Town's policy is to first use restricted resources when available. When committed, assigned and unassigned resources are available for use, it is assumed that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

**Interfund Activities**

Interfund activities are reported as follows:

**Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

**Interfund Services Provided and Used**

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

**Interfund Transfers**

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

**Interfund Reimbursements**

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

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Use of Estimates**

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

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

A reconciliation of the Town's cash deposits as of June 30, 2018 is as follows:

Cash and cash equivalents:	
Government-wide statement of net position	\$ 19,121,941
Statement of fiduciary net position	476,688
Plus: certificates of deposit considered cash deposits for disclosure purposes	33,996
Less: cash equivalents considered investments for disclosure purposes	(7,900,473)
	\$ 11,732,152

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits *(Continued)***

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2018, \$12,569,326 of the Town's bank balance of \$13,100,973 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,312,393
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	1,256,933
	\$ 12,569,326

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



**TOWN OF SUFFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

A reconciliation of the Town's investments as of June 30, 2018 is as follows:

Investments:	
Government-wide statement of net position	\$ 2,248,853
Statement of fiduciary net position	43,542,252
Plus: cash equivalents considered investments for disclosure purposes	7,900,473
Less: certificates of deposit considered cash deposits for disclosure purposes	(33,996)
	\$ 53,657,582

As of June 30, 2018, the Town's investments consisted of the following:

Investment type	Valuation Basis	Value	Investment Maturities (In Years)			
			Less Than 1	1 to 5	6 to 10	More Than 10
<b>Debt Securities:</b>						
<i>Governmental activities:</i>						
Short-term Investment Fund (STIF)	Net asset value	\$ 7,847,922	\$ 7,847,922	\$ -	\$ -	\$ -
Money market mutual funds	Net asset value	7,760	7,760	-	-	-
<i>Fiduciary Activities:</i>						
Money market mutual funds	Net asset value	44,791	44,791	-	-	-
Corporate bonds	Fair Value	5,529,271	755,619	3,139,745	1,589,020	44,887
Municipal bonds	Fair Value	181,383	-	35,949	95,886	49,548
U.S. Treasury securities	Fair Value	5,097,163	135,544	3,490,276	1,406,214	65,129
Asset backed securities	Fair Value	1,452,022	-	436,980	397,724	617,318
		20,160,312	\$ 8,791,636	\$ 7,102,950	\$ 3,488,844	\$ 776,882
<b>Other investments:</b>						
<i>Governmental activities:</i>						
Mutual funds	Fair value	1,002,921				
<i>Fiduciary Activities:</i>						
Mutual funds	Fair value	30,829,613				
Common stock	Fair value	1,152,885				
Other	Contract value	511,851				
		\$ 53,657,582				

Because investments in the Short-term Investment Fund and money market mutual funds have weighted average maturities of less than 90 days, they have been presented as investments with maturities of less than one year.

**TOWN OF SUFFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

**Interest Rate Risk**

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools.

**Credit Risk**

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The Pension Trust Funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The Pension Trust Funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

The Town's investments in debt securities, excluding U.S. Treasury securities, were rated as follows at June 30, 2018:

<u>Investment Type</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Unrated</u>
<b>DEBT SECURITIES:</b>					
Short-Term Investment Fund	\$ 7,847,922	\$ -	\$ -	\$ -	\$ -
Money market mutual funds	-	-	-	-	52,551
Corporate bonds	123,178	1,051,937	2,446,397	1,907,759	-
Municipal bonds	95,886	49,549	35,948	-	-
Asset backed securities	461,945	-	-	-	990,077

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, 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. The Town's investments in external investment pools and insurance contracts are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

**TOWN OF SUFFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

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**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**Concentrations of Credit Risk**

The Town's investment policy generally restricts investments in any one issuer that is in excess of 5.0%. As of June 30, 2018, 99.9% of the Town's governmental activities investments were invested in the State of Connecticut Short-Term investment Fund.

Additional disclosures regarding concentration of credit risk related to the Town's fiduciary activities have been disclosed in Note 9 and 10.

**NOTE 3 - FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly, and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2018, by level within the fair value hierarchy are presented in the table below:

<b>Financial Assets Measured at Fair Value</b>	<b>Prices in Active Market (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Mutual Funds	\$ 31,832,534	\$ -	\$ -
Corporate Bonds	-	5,529,271	-
Municipal Bonds	-	181,383	-
Common stock	1,152,885	-	-
U.S. Treasury securities	5,097,163	-	-
Asset backed securities	-	1,452,022	-
	<u>\$ 38,082,582</u>	<u>\$ 7,162,676</u>	<u>\$ -</u>

**TOWN OF SUFFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended June 30, 2018 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 18,023,616	\$ -	\$ -	\$ 18,023,616
Construction in progress	6,761,111	5,752,322	(584,721)	11,928,712
Total capital assets, not being depreciated	<u>24,784,727</u>	<u>5,752,322</u>	<u>(584,721)</u>	<u>29,952,328</u>
Capital assets, being depreciated:				
Buildings and improvements	75,649,428	9,958	-	75,659,386
Land improvements	2,320,647	579,292	-	2,899,939
Machinery and equipment	11,396,262	46,744	(22,333)	11,420,673
Infrastructure	40,922,176	809,150	-	41,731,326
Total capital assets, being depreciated	<u>130,288,513</u>	<u>1,445,144</u>	<u>(22,333)</u>	<u>131,711,324</u>
Less accumulated depreciation for:				
Buildings and improvements	(27,300,220)	(2,123,625)	-	(29,423,845)
Land improvements	(843,788)	(72,101)	-	(915,889)
Machinery and equipment	(6,933,351)	(396,658)	22,333	(7,307,676)
Infrastructure	(7,957,500)	(1,071,242)	-	(9,028,742)
Total accumulated depreciation	<u>(43,034,859)</u>	<u>(3,663,626)</u>	<u>22,333</u>	<u>(46,676,152)</u>
Total capital assets, being depreciated, net	<u>87,253,654</u>	<u>(2,218,482)</u>	<u>-</u>	<u>85,035,172</u>
Governmental activities capital assets, net	<u>\$ 112,038,381</u>	<u>\$ 3,533,840</u>	<u>\$ (584,721)</u>	<u>\$ 114,987,500</u>

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

Governmental Activities:	
Education	\$ 1,863,696
Public works	1,110,638
Public safety	220,673
Health and social services	93,980
Administration	75,984
Library, parks and recreation	290,405
Planning and development	8,250
Total depreciation expense	<u>\$ 3,663,626</u>

**TOWN OF SUFFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 4 - CAPITAL ASSETS (Continued)**

Capital asset activity for business-type activities for the year ended June 30, 2018 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 16,038,335	\$ -	\$ -	\$ 16,038,335
Construction in progress	-	24,820	-	24,820
Total capital assets, not being depreciated	<u>16,038,335</u>	<u>24,820</u>	<u>-</u>	<u>16,063,155</u>
Capital assets, being depreciated:				
Buildings	10,078,669	280,830	-	10,359,499
Machinery and equipment	17,315,650	229,705	-	17,545,355
Vehicles	281,281	-	-	281,281
Infrastructure	1,236,611	12,200	-	1,248,811
Total capital assets, being depreciated	<u>28,912,211</u>	<u>522,735</u>	<u>-</u>	<u>29,434,946</u>
Less accumulated depreciation for:				
Buildings	(9,738,584)	(38,924)	-	(9,777,508)
Machinery and equipment	(16,671,650)	(118,129)	-	(16,789,779)
Vehicles	(148,150)	(33,028)	-	(181,178)
Infrastructure	(166,255)	(95,174)	-	(261,429)
Total accumulated depreciation	<u>(26,724,639)</u>	<u>(285,255)</u>	<u>-</u>	<u>(27,009,894)</u>
Total capital assets, being depreciated, net	<u>2,187,572</u>	<u>237,480</u>	<u>-</u>	<u>2,425,052</u>
Governmental activities capital assets, net	<u>\$ 18,225,907</u>	<u>\$ 262,300</u>	<u>\$ -</u>	<u>\$ 18,488,207</u>

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

Business-Type Activities:	
Sewer	<u>\$ 285,255</u>

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2018 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Capital Projects Fund	\$ 7,112,801
	Nonmajor Governmental Funds	151,028
	Internal Service Funds	585,457
		<u>7,849,286</u>
Capital Projects Fund	General Fund	<u>11,106,658</u>
Nonmajor Governmental Funds	General Fund	<u>1,703,186</u>
		<u>\$ 20,659,130</u>
<b>Proprietary Funds</b>		
WPCA Enterprise Fund	General Fund	<u>\$ 1,852</u>

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

**NOTE 6 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2018 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Capital Projects Fund	\$ 165,659
	Nonmajor Governmental Funds	200,000
		<u>365,659</u>
Capital Projects Fund	General Fund	2,516,024
	WPCA Enterprise Fund	393,116
	Capital Projects Fund	745,000
	Nonmajor Governmental Funds	196,649
		<u>3,850,789</u>
Nonmajor Governmental Funds	General Fund	<u>434,399</u>
		<u>\$ 4,650,847</u>

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

**TOWN OF SUFFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 7 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

<b>Governmental Activities</b>	<b>Beginning Balance (As Adjusted)</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Bonds payable:</b>					
General obligation bonds	\$ 21,755,000	\$ -	\$ (2,040,000)	\$ 19,715,000	\$ 2,540,000
Unamortized premium	838,212	-	(96,100)	742,112	-
Bonds payable, net	22,593,212	-	(2,136,100)	20,457,112	2,540,000
<b>Other liabilities:</b>					
Capital leases	189,438	-	(60,946)	128,492	63,120
Compensated absences	251,087	32,707	-	283,794	28,379
Landfill post-closure care liability	113,400	-	(16,200)	97,200	16,200
Net pension liability	8,974,091	1,759,637	-	10,733,728	-
Net OPEB liability	6,842,510	-	(289,784)	6,552,726	-
	<u>\$ 38,963,738</u>	<u>\$ 1,792,344</u>	<u>\$ (2,503,030)</u>	<u>\$ 38,253,052</u>	<u>\$ 2,647,699</u>
<b>Business-Type Activities</b>					
Capital leases	\$ 52,778	\$ -	\$ (52,778)	\$ -	\$ -

Long - term liabilities above typically have been liquidated by the General Fund for governmental activities and the WPCA Fund for business-type activities.

**General Obligation Bonds**

A summary of general obligation bonds outstanding at June 30, 2018 is as follows:

<b>Purpose of Bonds</b>	<b>Original Issue</b>	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount Outstanding</b>
<b>Governmental Activities</b>				
2005 General Obligation Refunding Bonds	\$ 14,305,000	3.00 - 5.00%	6/15/2021	\$ 4,195,000
2012 General Obligation Bonds	9,000,000	2.00 - 3.00%	12/15/2027	6,420,000
2016 General Obligation Bonds	9,100,000	3.00 - 3.25%	1/15/2036	9,100,000
				<u>\$ 19,715,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2018:

<b>Year ending June 30:</b>	<b>Governmental Activities</b>		
	<b>General Obligation Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
2019	\$ 2,540,000	\$ 666,275	\$ 3,206,275
2020	2,545,000	557,175	3,102,175
2021	2,545,000	447,825	2,992,825
2022	1,145,000	338,475	1,483,475
2023	1,145,000	299,125	1,444,125
2024-2028	5,715,000	1,016,700	6,731,700
2029-2033	2,550,000	471,750	3,021,750
2034-2037	1,530,000	98,175	1,628,175
	<u>\$ 19,715,000</u>	<u>\$ 3,895,500</u>	<u>\$ 23,610,500</u>

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 7 - LONG-TERM LIABILITIES *(Continued)***

**Legal Debt Limit**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$282,017,113 as of June 30, 2018. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2018.

**Authorized, Unissued Bonds**

As of June 30, 2018, the Town had authorized but unissued bonds totaling \$15,585,000; \$4,385,000 for a Town Hall Project, \$8,400,000 for the Bridge Street Community Center Project and \$2,800,000 for Fire Equipment.

**Capital Leases**

A summary of assets acquired through capital leases outstanding as of June 30, 2018:

	<b>Governmental Activities</b>
Equipment	\$ 484,276
Less: accumulated amortization	243,515
	\$ 240,761

Depreciation expense relative to leased property under capital leases totaled \$62,169 for the year ended June 30, 2018 and is included in depreciation expense disclosed in Note 4.

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2018 are as follows:

	<b>Governmental Activities</b>
Year Ending June 30:	
2019	\$ 67,703
2020	67,704
Total minimum lease payments	135,407
Less: amount representing interest	6,915
Present value of minimum lease payments	\$ 128,492

**Landfill Post-Closure Care Liability**

The Town landfill has been closed. State and Federal laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill for thirty years after closure. Estimated monitoring costs of \$16,200 per year for the next 6 years total \$97,200 at June 30, 2018. These amounts are based on estimates, which are subject to change due to inflation, technology or changes in applicable laws and regulations.



**TOWN OF SUFFIELD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 8 - FUND BALANCE**

The various components of fund balance at June 30, 2018 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Inventories	\$ -	\$ -	\$ 25,000	\$ 25,000
Endowments	-	-	483,743	483,743
Restricted for:				
Grants	-	-	96,629	96,629
Public safety	-	-	120,068	120,068
Health and social services	-	-	3,343	3,343
Library, recreation and parks	-	-	76,348	76,348
Capital purposes	-	2,292	-	2,292
Committed to:				
General government	-	-	2,620	2,620
Public safety	-	-	193,670	193,670
Public works	-	-	105,912	105,912
Library, recreation and parks	350,000	-	75,314	425,314
Education	-	-	224,173	224,173
Capital purposes	-	8,249,096	-	8,249,096
Sewer assessment	-	-	20,521	20,521
Assigned to:				
Encumbrances - Administration	59,280	-	-	59,280
Encumbrances - Planning and development	6,850	-	-	6,850
Encumbrances - Public works	1,481	-	-	1,481
Encumbrances - Public safety	4,815	-	-	4,815
Encumbrances - Education	158,146	-	-	158,146
Subsequent year's budget	2,000,000	-	-	2,000,000
Unassigned	<u>7,397,313</u>	<u>(2,471,400)</u>	<u>(60,759)</u>	<u>4,865,154</u>
	<u>\$ 9,977,885</u>	<u>\$ 5,779,988</u>	<u>\$ 1,366,582</u>	<u>\$ 17,124,455</u>

**Deficit Fund Balances**

The following funds have deficit fund balances as of June 30, 2018, which do not constitute a violation of statutory provisions. The deficits are expected to be eliminated by future grant funding and/or appropriations from the General Fund.

<u>Fund</u>	<u>Deficit Fund Balances</u>
Insurance Fund	\$ 908,898
Municipal Grant Fund	58,623
Gas/Diesel Fund	12,869
Farmington Canal Trail Fund	2,116
Drug Education & Enforcement Grant Fund	20

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS**

**Employee's Retirement System**

**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 plan 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.

**Summary of Significant Accounting Policies**

The PERS are accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plans are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

*Investments* - Investments are generally measured at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in money market mutual funds are measured at net asset value per share as determined by the fund. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

*Investment policy* - The investment policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The 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.

*Concentrations* - As of June 30, 2018, more than 10% of the Town Employee Retirement Plan's investments are invested in the following:

Issuer	Investment	Value	% of Town Plan Investments
Vanguard	500 Index Adm	\$ 4,001,671	12.5%

*Rate of return* - For the year ended June 30, 2018, the annual money-weighted rate of return on the pension plan, net of pension plan investment expense, was 7.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Employee's Retirement System *(Continued)***

**Plan Membership**

Membership of the PERS consisted of the following as of at the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	139
Inactive plan members entitled to but not yet receiving benefits	56
Active plan members	134
	329

**Benefit Provisions**

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 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.

**Contributions**

Employees are required to contribute 5.25% of their salary to the PERS except for police and firefighters, who contribute 6.0%. The Town is required to contribute the remaining amounts necessary to finance coverage.

**Net Pension Liability**

The components of the net pension liability of the Town as of June 30, 2018, were as follows:

Total pension liability	\$ 43,014,525
Plan fiduciary net position	32,280,797
Town's net pension liability - Town Plan	\$ 10,733,728
Plan fiduciary net position as a percentage of the total pension liability	75.06%

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Employee's Retirement System *(Continued)***

**Net Pension Liability *(Continued)***

The components of the changes in the net pension liability of the Town at June 30, 2018, were as follows:

	<b>Increase (Decrease)</b>		
	<b>Total Pension</b>	<b>Plan Fiduciary</b>	<b>Net Pension</b>
	<b>Liability</b>	<b>Net Position</b>	<b>Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balance as of June 30, 2017	\$ 39,505,549	\$ 30,531,458	\$ 8,974,091
Changes for the year:			
Service cost	1,151,372	-	1,151,372
Interest	2,863,054	-	2,863,054
Differences between expected and actual experience	844,498	-	844,498
Changes of assumptions	1,071,141	-	1,071,141
Contributions - employer	-	1,461,147	(1,461,147)
Contributions - employee	-	474,593	(474,593)
Net investment income	-	2,251,890	(2,251,890)
Benefit payments, including refunds	(2,421,089)	(2,421,089)	-
Administrative expense	-	(17,202)	17,202
Net changes	3,508,976	1,749,339	1,759,637
Balance as of June 30, 2018	<u>\$ 43,014,525</u>	<u>\$ 32,280,797</u>	<u>\$ 10,733,728</u>

*Actuarial assumptions* - The total pension liability was determined by actuarial valuations as of July 1, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases, including inflation	Service Based
Investment rate of return	6.75%
Discount rate	6.75%

Mortality rates were based on the RP-2014 adjusted to 2006 Blue Collar Mortality Table, projected to the measurement date with Scale MP-2015.

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Employee's Retirement System *(Continued)***

**Net Pension Liability *(Continued)***

The long-term expected rate of returns on pension plan investments were 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 each of the Plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap Equity	24.50%	4.40%
Mid Cap Equity	7.00%	4.80%
Small Cap Equity	6.00%	5.10%
Developed International Equity	14.00%	6.60%
Emerging International Equity	6.50%	8.60%
Real Estate/MLPs	7.00%	5.60%
Intermediate Fixed Income	25.50%	1.60%
High Yield Fixed Income	6.00%	3.90%
Emerging Market Bonds	2.00%	3.50%
Cash Equivalents	1.50%	0.10%
	<u>100.00%</u>	

*Discount rate* - The discount rate used to measure the total pension liability for the pension plan was 6.75%. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the 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 rates of return on the Plan's investments were applied to all periods of projected benefit payments to determine the Plan's total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate* - The following presents the net pension liability for the Plan, calculated using the discount rate disclosed above, as well as what the Town's net pension liability would be for the Plan if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net pension liability as of June 30, 2018	\$ 15,594,802	\$ 10,733,728	\$ 6,623,329

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Employee's Retirement System *(Continued)***

**Pension Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2018, the Town recognized pension expense of \$2,432,565 for the Plan. At June 30, 2018, the Town reported deferred outflows and inflows of resources related to the Plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 254,364	\$ -
Changes of assumptions	1,579,808	-
Differences between expected and actual experience	638,523	(281,350)
Total	<b>\$ 2,472,695</b>	<b>\$ (281,350)</b>

Amounts reported as deferred outflows and inflows of resources will be recognized as a component of pension expense in future years as follows:

Year ended June 30,		
2019	\$	1,075,828
2020		751,775
2021		327,337
2022		36,405
	\$	2,191,345

**Plan Financial Statements**

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the Plan as of and for the year ended June 30, 2018:

<b>Statement of Fiduciary Net Position</b>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 17,444
Investments	32,047,688
Receivables	216,149
Total assets	<b>32,281,281</b>
<b>LIABILITIES</b>	
Payables	484
Total liabilities	<b>484</b>
<b>NET POSITION</b>	
Restricted for pensions	<b>\$ 32,280,797</b>

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Employee's Retirement System *(Continued)***

**Plan Financial Statements *(Continued)***

<b>Statement of Changes in Fiduciary Net Position</b>	
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 1,461,147
Plan members	474,593
Total contributions	1,935,740
Investment earnings:	
Net change in the fair value of investments, net of fees	2,251,890
Total investment earnings	2,251,890
Total additions	4,187,630
 <b>DEDUCTIONS</b>	
Benefit payments	2,421,089
Administration	17,202
Total deductions	2,438,291
Change in net position	1,749,339
 Net position held in trust for pension benefits:	
Beginning of year	30,531,458
End of year	\$ 32,280,797

**Connecticut State Teachers' Retirement System**

**Plan Description**

The faculty and professional personnel of the Town's Board of Education participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan that provides retirement, Disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The TRS is included as a fiduciary pension trust fund in the State of Connecticut's Comprehensive Annual Financial Report and the Board issues publicly available financial reports.

**Benefit Provisions**

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Benefit Provisions *(Continued)***

*Normal Retirement:* Retirement benefits for the employees are calculated as 2.0% of the average annual salary times the years of credited service (maximum benefit if 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derive from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

*Early Retirement:* Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years proceeding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.0% per year by which retirement precedes normal retirement date.

*Minimum Benefit:* Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

*Disability Retirement:* Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2% per years of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

*Pre-Retirement Death Benefit:* The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

**Contributions**

Per CGS 10-183z, contribution requirements of active employees and the State are amended and certified by the Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

In accordance with CGS Section 10-183z, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute 100% of an employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Effective January 1, 2018, active employees are required to contribute 7.0%, previously 6.0%, of their annual earnings to the plan.



**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Administrative Expenses**

Administrative costs of the plan are funded by the State.

**Basis of Presentation**

The collective net pension liability, deferred outflows and inflows of resources, and pension expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net pension liability that is attributed to the Town as of June 30, 2018.

**Allocation Methodology**

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2018 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. For fiscal year 2018, the Town's expected contribution effort for allocation purposes totaled \$4,502,282 or 0.445% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective pension expense and deferred outflows and inflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective pension expense allocated to the Town totaled \$6,947,279. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net pension liability of participating employers for the TRS was approximately \$13.502 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$60,060,792 or 0.445% of the total collective net pension liability.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases, including inflation	3.25% - 6.50%
Investment rate of return	8.00% net of pension plan investment expense, including inflation

**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Actuarial Assumptions *(Continued)***

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**Long-Term Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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 plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Real Estate	7.0%	5.1%
Private Equity	11.0%	7.6%
Alternative Investments	8.0%	4.1%
Fixed Income (Core)	7.0%	1.3%
High Yield Bonds	5.0%	3.9%
Emerging Market Bond	5.0%	3.7%
Inflation Linked Bonds	3.0%	1.0%
Cash	6.0%	0.4%
	<u>100.0%</u>	

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the State 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.

**Proportionate Share of the Collective Net Pension Liability**

The following presents the proportionate share of the collective net pension liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 8.00%, as well as what the proportionate share of the net pension liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<b>1% Decrease (7.00%)</b>	<b>Discount (8.00%)</b>	<b>1% Increase (9.00%)</b>
Proportionate share of the net pension liability attributed to the Town	\$ 75,178,401	\$ 60,060,792	\$ 47,279,801

**Deferred Compensation Plans**

The Town offers certain full-time employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. Deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. Employer contributions are determined based on agreements for each participant's group or collective bargaining unit.

Amounts contributed by the Town into the plans totaled \$161,234 for the year ended June 30, 2018.

**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Other Retirement Plan**

The Board of Education has established a money-purchase retirement plan in accordance with Section 401(a) of the Internal Revenue Code (the "401(a) Plan") to provide retirement benefits for non-union employees and custodians, secretaries, para-educators, technology support, academic support, food service and nurses hired after July 1, 2016 or July 1, 2017 for all others. Under the provisions of the Plan, all eligible employees (except those covered under a comparable employer plan) may participate. Contribution requirements are established and may be amended by the Board of Education. Participants must contribute 5.25% of their compensation. The Board of Education is currently required to match this 5.25% of the employee's base compensation. In addition, the plan provides for the employees to contribute an optional amount to a separate 403(b) plan. The Board of Education will match up to 1.75% of the employee's compensation contributed to the 403(b) plan. The Board of Education matching contribution will be deposited to the 401(a) plan. Participants become 100% vested in employer contributions upon completion of five years of service.

Amounts contributed by the Board of Education into this plan totaled \$33,876 for the year ended June 30, 2018.

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS**

**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.

**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 amounts monthly towards the cost of health insurance premiums.

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)***

**Employees Covered by Benefit Terms**

Membership of the Plan consisted of the following as of July 1, 2016, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	75
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	400
	475
	475

**Contributions**

Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with the General Statutes of the State of Connecticut. Plan members are currently required to contribute 100% of their premiums to the Town, less any reimbursements received by the Town from the State Retirement Board for retired teachers. Town contributions made to its Other Post-Employment Benefits Trust Fund are based on an actuarially determined rate. Town contributions into the Trust totaled \$296,258 for the year ended June 30, 2018. Total Town contributions under the Plan totaled \$1,457,479 and include contributions paid out of the Town's Insurance Fund.

**Net OPEB Liability**

The Town's net OPEB liability reported as of June 30, 2018 totaled \$6,552,726. The net OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2016.

*Actuarial Assumptions* - The total OPEB liability as of June 30, 2018 was determined using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified:

Inflation	2.60%
Investment rate of return	7.00%
Discount rate	7.00%
Medical trend	8.00% decreasing 0.5% per year to an ultimate rate of 4.60%

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016.

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)***

**Net OPEB Liability *(Continued)***

The long-term expected rate of returns on OPEB Plan investments were 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 OPEB Plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Lap Cap Equity	27%	4.40%
Mid Cap Equity	5%	4.80%
Small Cap Equity	4%	5.10%
Developed International Equity	18%	6.60%
Emerging International Equity	7%	8.60%
Real Estate	4%	5.60%
Intermediate Fixed Income	27%	1.60%
High Yield Fixed Income	5%	3.90%
Emerging Market Bonds	3%	3.50%
	100%	

*Discount rate* - The discount rate used to measure the total OPEB liability was 7.0%. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the OPEB 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 rates of return on the OPEB Plan's investments were applied to all periods of projected benefit payments to determine the OPEB Plan's total OPEB liability.

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)***

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance as of June 30, 2017	\$ 17,330,465	\$ 10,487,955	\$ 6,842,510
Changes for the year:			
Service cost	372,338	-	372,338
Interest	1,197,869	-	1,197,869
Differences between expected and actual experience	341,087	-	341,087
Contributions - employer	-	1,457,479	(1,457,479)
Contributions - TRB subsidy	-	39,897	(39,897)
Net investment income	-	703,702	(703,702)
Benefit payments, including refunds	(1,201,118)	(1,201,118)	-
Net changes	710,176	999,960	(289,784)
Balance as of June 30, 2018	<u>\$ 18,040,641</u>	<u>\$ 11,487,915</u>	<u>\$ 6,552,726</u>

*Sensitivity of the net OPEB asset to changes in the discount rate* - The following presents the Town's net OPEB asset for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability as of June 30, 2018	\$ 8,916,088	\$ 6,552,726	\$ 4,600,816

*Sensitivity of the net OPEB asset to changes in the healthcare cost trend rates* - The following presents the Town's net OPEB asset for the OPEB Plan, calculated using the discount rate disclosed above, as well as what the Town's net OPEB liability would be for the OPEB Plan if it were calculated using a discount rate that is 1-percentage-point lower (7.00% decreasing to 3.60%) or 1-percentage-point higher (9.00% decreasing to 5.60%) than the current rate:

	Healthcare Cost		
	1% Decrease (7.00% decreasing to 3.60%)	Trend Rates (8.00% decreasing to 4.60%)	1% Increase (9.00% decreasing to 5.60%)
Net OPEB liability as of June 30, 2018	\$ 4,152,391	\$ 6,552,726	\$ 9,522,341

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)***

**OPEB Expense and Deferred Outflows/Inflows of Resources**

For the year ended June 30, 2018, the Town recognized OPEB expense of \$822,047. At June 30, 2018, the Town reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>
Net difference between projected and actual earnings on OPEB plan investments	\$ 32,519
Changes of assumptions	-
Differences between expected and actual experience	313,129
Total	\$ 345,648

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

Year ended June 30,		
2019	\$	36,088
2020		36,088
2021		36,088
2022		36,087
2023		27,958
Thereafter		173,339
	\$	345,648



**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)***

**OPEB Plan Financial Statements**

The following presents the statement of fiduciary net position and the statement of changes in fiduciary net position for the Town's OPEB Plan as of and for the year ended June 30, 2018:

**Statement of Fiduciary Net Position**

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**ASSETS**

Cash and cash equivalents	\$ 27,347
Investments	<u>11,460,568</u>
Total assets	<u>11,487,915</u>

**NET POSITION**

Restricted for OPEB	<u><u>\$ 11,487,915</u></u>
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**Statement of Changes in Fiduciary Net Position**

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**ADDITIONS**

Contributions:

Employer	<u>\$ 296,258</u>
Total contributions	<u>296,258</u>

Investment earnings:

Net change in the fair value of investments, net of fees	<u>752,283</u>
Total investment earnings	<u>752,283</u>

Total additions	<u>1,048,541</u>
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**DEDUCTIONS**

Administration	<u>31,689</u>
Total deductions	<u>31,689</u>

Change in net position	1,016,852
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Net position held in trust for OPEB benefits:

Beginning of year	<u>10,471,063</u>
End of year	<u><u>\$ 11,487,915</u></u>

**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)***

**Connecticut State Teachers' Retirement System**

**Plan Description**

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund.

**Benefit Provisions**

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

**Contributions**

Per CGS 10-183z, which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan.

**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Contributions *(Continued)***

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

**Administrative Expenses**

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

**Basis of Presentation**

The collective net OPEB liability, deferred outflows and inflows of resources, and OPEB expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the Town as of June 30, 2018.

The components associated with the OPEB expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes for the year ended June 30, 2017.

**Allocation Methodology**

The schedule of allocations have been prepared to provide the total amount of employer contributions from the State and the proportionate share percentages that have been determined based on these contributions. Based on these percentages the proportionate share amounts of the net OPEB liability associated with each participating employer and the employer OPEB expense and revenue for State support for each participating employer for the year ending June 30, 2017.

For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$88,617 or 0.45% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Allocation Methodology *(Continued)***

The components associated with the collective OPEB expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective OPEB expense allocated to the Town totaled \$716,446. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net OPEB liability of participating employers for the TRS was approximately \$3.475 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$15,458,956 or approximately 0.45% of the total collective net OPEB liability.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	2.75%, net of investment related expense
Healthcare cost trend rates:	
Pre- Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022
Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

**Long-Term Rate of Return**

The long-term expected rate of return on plan assets is reviewed as part of the actuarial valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Long-Term Rate of Return *(Continued)***

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
U.S. Treasuries (Cash Equivalents)	100.0%	0.04%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate.
- Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.
- For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**Proportionate Share of the Collective Net OPEB Liability**

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 3.56%, as well as what the proportionate share of the net OPEB liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate:

	<b>1% Decrease (2.56%)</b>	<b>Current Discount (3.56%)</b>	<b>1% Increase (4.56%)</b>
Proportionate share of the net OPEB liability attributed to the Town	\$ 18,630,517	\$ 15,458,956	\$ 12,965,195

**TOWN OF SUFFIELD, CONNECTICUT**  
 NOTES TO FINANCIAL STATEMENTS *(Continued)*  
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)***

**Connecticut State Teachers' Retirement System *(Continued)***

**Proportionate Share of the Collective Net OPEB Liability *(Continued)***

*Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates* - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease in Trend Rates</b>	<b>Current Trend Rates</b>	<b>1% Increase in Trend Rates</b>
Proportionate share of the net OPEB liability attributed to the Town	\$ 12,728,298	\$ 15,458,956	\$ 19,135,452

**NOTE 11 - RISK MANAGEMENT**

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

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 \$175,000 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 Insurance Fund (Internal Service Fund) amounted to \$6,429,860. This amount includes the administrator's estimate of claims incurred but not reported at June 30, 2018 of \$514,638. A schedule of changes in the claims liability for the years ended June 30, 2018 and 2017 are presented below:

<b>Year Ended June 30</b>	<b>Claims Payable, Beginning of Year</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Paid</b>	<b>Claims Payable, End of Year</b>
2018	\$ 577,543	\$ 6,429,860	\$ 6,318,443	\$ 688,960
2017	481,428	6,233,065	6,136,950	577,543

**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

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

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

The Town may be subject to arbitrage rebate penalties to the federal government relating to various bond and note issuances. Town management believes such penalties, if any, would not materially affect the financial position of the Town.

As of June 30, 2018, the Town has recorded \$230,572 in encumbrances for the commitments made for the purchase of goods and services. Such encumbrances have been included as part of the assigned fund balance in the General Fund.

**NOTE 13 - RECENTLY ISSUED ACCOUNTING STANDARDS**

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town is currently evaluating the potential impact of adopting the Statement on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town is currently evaluating the potential impact of adopting the Statement on its financial statements.

**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 13 - RECENTLY ISSUED ACCOUNTING STANDARDS *(Continued)***

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting the Statement on its financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2018. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.



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**REQUIRED SUPPLEMENTARY INFORMATION**

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**TOWN OF SUFFIELD, CONNECTICUT**  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
 BUDGETARY BASIS - GENERAL FUND (UNAUDITED)  
 FOR THE YEAR ENDED JUNE 30, 2018

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original Budget</b>	<b>Final Budget</b>		
<b>REVENUES</b>				
Property taxes	\$ 40,281,876	\$ 40,281,876	\$ 40,320,629	\$ 38,753
Intergovernmental	11,300,079	11,300,079	11,974,075	673,996
Charges for services	2,478,507	2,478,507	2,575,211	96,704
Investment income	30,000	30,000	181,793	151,793
Other	384,785	384,785	452,025	67,240
Total revenues	<u>54,475,247</u>	<u>54,475,247</u>	<u>55,503,733</u>	<u>1,028,486</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,566,786	5,654,467	5,654,467	-
Planning and development	397,224	292,311	292,311	-
Public safety	3,939,045	4,267,103	4,267,103	-
Public works	3,864,341	3,966,445	3,966,445	-
Health and social services	694,981	690,684	690,684	-
Library, recreation and parks	418,722	397,268	397,268	-
Miscellaneous	36,290	36,290	36,290	-
Education	34,611,844	34,611,843	34,611,131	(712)
Contingency	360,000	-	-	-
Debt service	2,809,804	2,809,804	2,809,804	-
Total expenditures	<u>52,699,037</u>	<u>52,726,215</u>	<u>52,725,503</u>	<u>(712)</u>
Excess of revenues over expenditures	1,776,210	1,749,032	2,778,230	1,029,198
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	825,000	825,000	-	(825,000)
Transfers in	369,017	369,017	365,659	(3,358)
Transfers out	(2,970,227)	(2,943,049)	(2,943,049)	-
Total other financing sources (uses)	<u>(1,776,210)</u>	<u>(1,749,032)</u>	<u>(2,577,390)</u>	<u>(828,358)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,840</u>	<u>\$ 200,840</u>

*See accompanying notes to required supplementary information.*

**TOWN OF SUFFIELD, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
	<u>Budget</u>	<u>Budget</u>		<u>Over</u>
				<u>(Under)</u>
<b>PROPERTY TAXES:</b>				
Current List	\$ 39,576,876	\$ 39,576,876	\$ 39,370,990	\$ (205,886)
Supplemental motor vehicle	275,000	275,000	457,790	182,790
Taxes, prior year	280,000	280,000	302,146	22,146
Interest and fees	150,000	150,000	189,703	39,703
Total property taxes	<u>40,281,876</u>	<u>40,281,876</u>	<u>40,320,629</u>	<u>38,753</u>
<b>INTERGOVERNMENTAL REVENUES:</b>				
State grants unspecified:				
Mashantucket Pequot and Mohegan Fund	2,802,224	2,802,224	2,802,224	-
Payment in lieu of taxes - State property	2,160,238	2,160,238	1,648,564	(511,674)
Municipal stabilization grant	-	-	580,182	580,182
Capital expenditure reimbursements	60,000	60,000	505,662	445,662
Town Aid Road grants	290,620	290,620	289,569	(1,051)
Municipal Grants-In-Aid	-	-	180,663	180,663
LOCIP reimbursement	169,810	169,810	178,281	8,471
Youth services	14,000	14,000	14,000	-
Tax relief - veterans exemption	8,900	8,900	7,569	(1,331)
Tax relief - totally disabled persons	900	900	946	46
Municipal revenue sharing - Sales Tax	463,170	463,170	-	(463,170)
Tax relief - elderly circuit breaker	80,000	80,000	-	(80,000)
Municipal revenue sharing - PILOT	53,767	53,767	-	(53,767)
Emergency management program	6,442	6,442	-	(6,442)
Other	32,419	32,419	(24,553)	(56,972)
Total state grants unspecified	<u>6,142,490</u>	<u>6,142,490</u>	<u>6,183,107</u>	<u>40,617</u>
State grants for school aid:				
Educational cost sharing	4,814,697	4,814,697	5,449,378	634,681
Vocational agriculture grant	334,753	334,753	333,277	(1,476)
Other educational grants	8,139	8,139	8,313	174
Total state grants for school aid	<u>5,157,589</u>	<u>5,157,589</u>	<u>5,790,968</u>	<u>633,379</u>
Total intergovernmental revenues	<u>11,300,079</u>	<u>11,300,079</u>	<u>11,974,075</u>	<u>673,996</u>
INVESTMENT INCOME	<u>30,000</u>	<u>30,000</u>	<u>181,793</u>	<u>151,793</u>
<b>CHARGES FOR SERVICES:</b>				
Current services and fees:				
Building Department	400,000	400,000	463,231	63,231
Zoning and planning	18,000	18,000	33,865	15,865
Zoning Board of Appeals	1,240	1,240	620	(620)
Police permits	13,000	13,000	12,300	(700)
Police alarm fines	1,500	1,500	-	(1,500)
Conservation	4,000	4,000	5,926	1,926
Historic District fees	800	800	350	(450)
Total current services and fees	<u>438,540</u>	<u>438,540</u>	<u>516,292</u>	<u>77,752</u>

*(Continued)*

*See accompanying notes to required supplementary information.*

**TOWN OF SUFFIELD, CONNECTICUT**  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED) *(Concluded)*  
FOR THE YEAR ENDED JUNE 30, 2018

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
	<b>Original Budget</b>	<b>Final Budget</b>		
<b>CHARGES FOR SERVICES: <i>(Continued)</i></b>				
Landfill:				
Operating	\$ 30,000	\$ 30,000	\$ 41,163	\$ 11,163
Recycling rebates	2,000	2,000	9,390	7,390
Sale of Scrap metal	5,000	5,000	34,564	29,564
Permits	5,000	5,000	2,695	(2,305)
Total Landfill	<u>42,000</u>	<u>42,000</u>	<u>87,812</u>	<u>45,812</u>
Charges for current services:				
Bulky waste	3,000	3,000	2,351	(649)
Assessor's map sales	400	400	268	(132)
Real estate conveyance fee	181,650	181,650	199,746	18,096
Mini-bus transportation	5,200	5,200	4,995	(205)
Animal control fees	24,620	24,620	23,439	(1,181)
Town clerk historic document fees	3,960	3,960	-	(3,960)
Town clerk recording fees	182,200	182,200	119,671	(62,529)
Total charges for current services	<u>401,030</u>	<u>401,030</u>	<u>350,470</u>	<u>(50,560)</u>
Recreation:				
Camps	42,820	42,820	41,429	(1,391)
Activities	95,000	95,000	101,657	6,657
Total Recreation	<u>137,820</u>	<u>137,820</u>	<u>143,086</u>	<u>5,266</u>
Revenue from other agencies:				
Telecommunications grant	23,000	23,000	20,069	2,931
Tuition, Vo-ag	545,840	545,840	617,481	(71,641)
Tuition, other	196,368	196,368	146,092	50,276
Payment in lieu of taxes, CT Airport Authority	693,909	693,909	693,909	-
Total revenue from other agencies	<u>1,459,117</u>	<u>1,459,117</u>	<u>1,477,551</u>	<u>18,434</u>
Total charges for services	<u>2,478,507</u>	<u>2,478,507</u>	<u>2,575,211</u>	<u>96,704</u>
<b>MISCELLANEOUS:</b>				
Rent - Town property	110,000	110,000	110,296	296
Cell tower	165,000	165,000	179,184	14,184
Resource officer	64,785	64,785	51,828	(12,957)
Other	45,000	45,000	110,717	65,717
Total miscellaneous	<u>384,785</u>	<u>384,785</u>	<u>452,025</u>	<u>67,240</u>
Total revenues	<u>54,475,247</u>	<u>54,475,247</u>	<u>55,503,733</u>	<u>1,028,486</u>
<b>OTHER FINANCING SOURCES:</b>				
Appropriation of fund balance	825,000	825,000	-	(825,000)
Transfers in:				
Capital and Nonrecurring Fund	169,017	169,017	165,659	(3,358)
Off Duty Fund	200,000	200,000	200,000	-
Total other financing sources	<u>1,194,017</u>	<u>1,194,017</u>	<u>365,659</u>	<u>(828,358)</u>
Total revenues and other financing sources	<u>\$ 55,669,264</u>	<u>\$ 55,669,264</u>	<u>\$ 55,869,392</u>	<u>\$ 200,128</u> <i>(Concluded)</i>

*See accompanying notes to required supplementary information.*

**TOWN OF SUFFIELD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDTED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Original Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>GENERAL GOVERNMENT:</b>				
Board of Selectman	\$ 244,298	\$ 266,015	\$ 266,015	\$ -
Human resources	107,153	110,863	110,863	-
Probate court	5,800	5,592	5,592	-
Election	54,133	33,200	33,200	-
Board of Finance	13,356	11,184	11,184	-
Assessors	286,650	271,824	271,824	-
Board of Assessment Appeals	1,450	521	521	-
Tax collector	172,938	175,177	175,177	-
Tax rebates	65,000	-	-	-
Finance	329,767	318,657	318,657	-
Information technology	349,076	348,695	348,695	-
Town counsel	81,000	135,292	135,292	-
Town clerk	193,330	195,420	195,420	-
Town hall	128,465	157,303	157,303	-
OPEB fund	178,771	178,771	178,771	-
Insurance and employee benefits	3,355,599	3,445,953	3,445,953	-
Total general government	<u>5,566,786</u>	<u>5,654,467</u>	<u>5,654,467</u>	<u>-</u>
<b>PLANNING AND DEVELOPMENT:</b>				
Planning and zoning	174,278	170,693	170,693	-
Zoning Board of Appeals	4,468	984	984	-
Economic development	160,845	66,483	66,483	-
Historic District Commission	2,177	1,790	1,790	-
Conservation Commission	55,456	52,361	52,361	-
Total planning and development	<u>397,224</u>	<u>292,311</u>	<u>292,311</u>	<u>-</u>
<b>PUBLIC SAFETY:</b>				
Fire Commission	978,791	989,413	989,413	-
Police Commission	2,544,775	2,854,238	2,854,238	-
Emergency management	12,133	5,364	5,364	-
Building Department	235,374	253,336	253,336	-
Town Engineer	122,615	117,594	117,594	-
Animal control	45,357	47,158	47,158	-
Total public safety	<u>3,939,045</u>	<u>4,267,103</u>	<u>4,267,103</u>	<u>-</u>
<b>PUBLIC WORKS:</b>				
Public works	640,733	589,099	589,099	-
Highway	1,130,410	1,300,831	1,300,831	-
State aid road funds	290,620	290,237	290,237	-
Public utilities	553,000	557,548	557,548	-
Town landfill	1,249,578	1,228,730	1,228,730	-
Total public works	<u>3,864,341</u>	<u>3,966,445</u>	<u>3,966,445</u>	<u>-</u>

*(Continued)*

*See accompanying notes to required supplementary information.*

**TOWN OF SUFFIELD, CONNECTICUT**  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (UNAUDITED) *(Concluded)*  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Original Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>HEALTH AND SOCIAL SERVICES:</b>				
Health and social services	\$ 185,695	\$ 186,286	\$ 186,286	\$ -
Social services commission	1,480	1,077	1,077	-
Senior center	116,502	119,457	119,457	-
Mini- bus transportation	188,304	181,077	181,077	-
EMS/ambulance	203,000	202,787	202,787	-
Total health and social services	<u>694,981</u>	<u>690,684</u>	<u>690,684</u>	<u>-</u>
<b>LIBRARY, RECREATION AND PARKS:</b>				
Recreation	266,447	264,745	264,745	-
Recreation activities	112,231	88,078	88,078	-
Tree warden	5,000	4,916	4,916	-
Youth services	35,044	39,529	39,529	-
Total library, recreation and parks	<u>418,722</u>	<u>397,268</u>	<u>397,268</u>	<u>-</u>
<b>BOARD OF EDUCATION</b>	<u>34,611,844</u>	<u>34,611,843</u>	<u>34,611,131</u>	<u>(712)</u>
<b>OTHER:</b>				
Cemeteries	<u>36,290</u>	<u>36,290</u>	<u>36,290</u>	<u>-</u>
<b>DEBT SERVICE</b>	<u>2,809,804</u>	<u>2,809,804</u>	<u>2,809,804</u>	<u>-</u>
<b>CONTINGENCY</b>	<u>360,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>52,699,037</u>	<u>52,726,215</u>	<u>52,725,503</u>	<u>(712)</u>
<b>OTHER FINANCING USES:</b>				
Transfers out:				
Capital Projects Funds	2,516,024	2,516,024	2,516,024	-
Kent Memorial Library	454,203	427,025	427,025	-
Total other financing uses	<u>2,970,227</u>	<u>2,943,049</u>	<u>2,943,049</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 55,669,264</u>	<u>\$ 55,669,264</u>	<u>\$ 55,668,552</u>	<u>\$ (712)</u> <i>(Concluded)</i>

*See accompanying notes to required supplementary information.*

**TOWN OF SUFFIELD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**TOWN PENSION PLAN**  
**LAST FIVE FISCAL YEARS (UNAUDITED)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 1,151,372	\$ 1,160,086	\$ 1,019,628	\$ 980,412	\$ 942,703
Interest	2,863,054	2,745,126	2,629,704	2,509,771	2,396,241
Differences between expected and actual experience	844,498	-	(618,973)	-	-
Changes in assumptions	1,071,141	-	1,693,828	-	-
Benefit payments, including refunds	<u>(2,421,089)</u>	<u>(2,168,829)</u>	<u>(1,960,780)</u>	<u>(1,900,889)</u>	<u>(1,826,285)</u>
Net change in total pension liability	3,508,976	1,736,383	2,763,407	1,589,294	1,512,659
Total pension liability - beginning	<u>39,505,549</u>	<u>37,769,166</u>	<u>35,005,759</u>	<u>33,416,465</u>	<u>31,903,806</u>
Total pension liability - ending	<u>43,014,525</u>	<u>39,505,549</u>	<u>37,769,166</u>	<u>35,005,759</u>	<u>33,416,465</u>
Plan net position:					
Contributions - employer	1,461,147	1,432,199	1,333,075	1,292,936	1,248,754
Contributions - members	474,593	495,823	521,490	474,495	482,833
Net investment income	2,251,890	3,131,328	411,116	401,414	3,385,717
Benefit payments, including refunds	(2,421,089)	(2,168,829)	(1,960,780)	(1,900,889)	(1,826,285)
Administrative expenses	(17,202)	(2,254)	(23,198)	(5,044)	(37,288)
Other	-	16,271	35,798	15,316	-
Net change in plan net position	<u>1,749,339</u>	<u>2,904,538</u>	<u>317,501</u>	<u>278,228</u>	<u>3,253,731</u>
Plan net position - beginning	<u>30,531,458</u>	<u>27,626,920</u>	<u>27,309,419</u>	<u>27,031,191</u>	<u>23,777,460</u>
Plan net position - ending	<u>32,280,797</u>	<u>30,531,458</u>	<u>27,626,920</u>	<u>27,309,419</u>	<u>27,031,191</u>
Town's net pension liability	<u>\$ 10,733,728</u>	<u>\$ 8,974,091</u>	<u>\$ 10,142,246</u>	<u>\$ 7,696,340</u>	<u>\$ 6,385,274</u>
Plan net pension as percentage of total pension liability	75.05%	77.28%	73.15%	78.01%	80.89%
Covered payroll	\$ 8,048,359	\$ 9,608,088	\$ 9,238,546	\$ 8,831,530	\$ 8,493,969
Town net pension liability as a percentage of covered payroll	133.37%	93.40%	109.78%	87.15%	75.17%

*See accompanying notes to required supplementary information.*

**TOWN OF SUFFIELD, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS**  
**TOWN PENSION PLAN (UNAUDITED)**  
**LAST FIVE FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contributions	\$ 1,461,147	\$ 1,432,199	\$ 1,333,075	\$ 1,292,936	\$ 1,209,502
Contributions in relation to actuarially determined contributions	<u>1,461,147</u>	<u>1,432,199</u>	<u>1,333,075</u>	<u>1,292,936</u>	<u>1,248,754</u>
(Excess) deficiency of contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39,252)</u>
Covered payroll	\$ 8,048,359	\$ 9,608,088	\$ 9,238,546	\$ 8,831,530	\$ 8,493,969
Contributions as a percentage of covered payroll	18.15%	14.91%	14.43%	14.64%	14.70%
Annual money-weighted rate of return, net of investment expense	7.38%	11.37%	1.60%	1.52%	14.01%

*See accompanying notes to required supplementary information.*



**TOWN OF SUFFIELD, CONNECTICUT**  
**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)**  
**LAST FOUR FISCAL YEARS**  
(Rounded to nearest thousand)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.445%	0.445%	0.433%	0.433%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability attributed to the Town	<u>60,061,000</u>	<u>63,365,000</u>	<u>47,465,000</u>	<u>43,872,000</u>
Total	<u>\$ 60,061,000</u>	<u>\$ 63,365,000</u>	<u>\$ 47,465,000</u>	<u>\$ 43,872,000</u>
Covered payroll	\$ 18,187,053	\$ 18,493,213	\$ 17,631,720	\$ 16,925,781
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

*See accompanying notes to required supplementary information.*

**TOWN OF SUFFIELD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY**  
**OTHER POST-EMPLOYMENT BENEFITS PLAN**  
**LAST TWO FISCAL YEARS**

	<b>2018</b>	<b>2017</b>
Total OPEB liability:		
Service cost	\$ 372,338	\$ 362,903
Interest	1,197,869	1,163,059
Differences between expected and actual experience	341,087	145,349
Changes in assumptions	-	-
Benefit payments, including refunds	<u>(1,201,118)</u>	<u>(1,025,913)</u>
Net change in total OPEB liability	710,176	645,398
Total OPEB liability - beginning	<u>17,330,465</u>	<u>16,685,067</u>
Total OPEB liability - ending	<u>18,040,641</u>	<u>17,330,465</u>
Plan fiduciary net position:		
Contributions - employer	1,457,479	1,666,760
Contributions - TRB subsidy	39,897	51,583
Net investment income	703,702	1,117,525
Benefit payments, including refunds	<u>(1,201,118)</u>	<u>(1,025,913)</u>
Net change in plan net position	999,960	1,809,955
Plan fiduciary net position - beginning	<u>10,487,955</u>	<u>8,678,000</u>
Plan fiduciary net position - ending	<u>11,487,915</u>	<u>10,487,955</u>
Town's net OPEB liability	<u>\$ 6,552,726</u>	<u>\$ 6,842,510</u>
Plan fiduciary net pension as percentage of total OPEB liability	63.68%	60.52%
Covered employee payroll	\$ 27,028,027	\$ 26,343,106
Town net OPEB liability as a percentage of covered employee payroll	24.24%	25.97%

*See accompanying notes to required supplementary information.*

**TOWN OF SUFFIELD, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS**  
**OTHER POST-EMPLOYMENT BENEFITS PLAN (UNAUDITED)**  
**LAST TWO FISCAL YEARS**

	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,167,634	\$ 1,858,040
Contributions in relation to actuarially determined contribution	<u>1,457,479</u>	<u>1,666,760</u>
(Excess) deficiency of contribution	<u>\$ (289,845)</u>	<u>\$ 191,280</u>
Covered payroll	\$ 27,028,027	\$ 26,343,106
Contributions as a percentage of covered employee payroll	5.39%	6.33%
Annual money-weighted rate of return, net of investment expense	6.72%	12.32%

*See accompanying notes to required supplementary information.*

**TOWN OF SUFFIELD, CONNECTICUT**  
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)  
 LAST FISCAL YEARS  
 (Rounded to nearest thousand)

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	<b>2018</b>
Proportion of the net OPEB liability attributed to the Town	0.445%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability attributed to the Town	<u>15,459,000</u>
Total	<u><u>\$ 15,459,000</u></u>
Covered payroll	\$ 18,187,053
Town's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

*See accompanying notes to required supplementary information.*

**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 1 - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**

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

- Not later than the fifteenth day of January, the Board of Finance will make known to the Chairman of those Boards, Committees, Agencies and office of the Town dependent on the Annual Town Budget for any portion of their operating income, such guidelines, forms, requisites as may direct and assist the preparation and presentation of their respective budget proposals.
- The Board of Selectman will receive from all Offices, Department Boards, Committees or Agencies of the Town dependent on the Annual Town Budget for any portion of their operating income, excepting the Board of Education, not later than February 1<sup>st</sup> a copy of their separate itemized recommended Annual Town Budget for the ensuing year.
- Not later than March 1<sup>st</sup>, the Board of Selectman will present to the Board of Finance a consolidated recommended Annual Town Budget, containing such detail as required by the Board of Finance and outlining the financial policy of the town government, describing therein features of the Annual Town Budget plan, indicating any major changes from the current fiscal year and changes from those recommendations of the several Boards, Commissions, Agencies with reasons therefore.
- As part of the Annual Town Budget, the Board of Selectman shall present a recommended program concerning municipal improvements or proposed capital projects for the ensuing fiscal year and for five years thereafter.
- The budget proposal of the Board of Education shall be presented to the Board of Finance not later than the last Monday of March.
- The Board of Finance will review the several and joint estimates of expenditures; it will attempt to reconcile priorities, estimates, proposals through meetings with the Chairman and First Selectman; it will refine its review of the preliminary Annual Town Budget with estimates of income and will prepare its own preliminary Annual Town Budget which shall become the proposed Annual Town Budget. These actions should be completed not later than May 1<sup>st</sup>.
- Not later than fourteen (14) days prior to the scheduled Annual Town Meeting for Annual Town Budget Approval, the Board of Finance will hold at least one public hearing at which time any elector or taxpayer shall have the opportunity to be heard regarding appropriations for the ensuing year.
- Printed copies of the proposed Annual Town Budget shall be available at the office of the Town Clerk not less than forty-eight (48) hours prior to said hearing, and the Board may make such copies available at such other locations and through distributions as it may prescribe.
- After the hearing, the Board of Finance shall then revise the preliminary Annual Town Budget if/as it deems desirable, and shall prepare a final proposed Annual Town Budget which shall be filed with the Town Clerk for presentation at the Town Meeting for its adoption. At least five (5) days prior to the Town Meeting the final proposed Annual Town Budget shall be published in accordance with the General Statutes.
- Within ten (10) days after the adoption of the Annual Town Budget the Board of Finance shall fix the tax rate in mills which shall be levied on the taxable property in the Town for the ensuing fiscal year.

**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 1 - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND *(Continued)***

- Management may not exceed appropriations at the department level and must seek approval from the Board of Selectman 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.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2018:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Total Other Financing Sources (Uses)</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 55,503,733	\$ 52,725,503	\$ (2,577,390)	\$ 200,840
"On-behalf" payments - State Teachers Retirement Fund	4,590,899	4,590,899	-	-
Change in encumbrances	-	(92,056)	-	92,056
Certain transfers recorded as expenditures for budgetary purposes	-	(7,374)	(7,374)	-
Budgetary prospective differences - funds combined for GAAP financial reporting purposes:				
Dog Fund	-	2,399	-	(2,399)
Intergovernmental grants netted against expenditures	832,447	832,447	-	-
GAAP basis	<u>\$ 60,927,079</u>	<u>\$ 58,051,818</u>	<u>\$ (2,584,764)</u>	<u>\$ 290,497</u>

**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 2 - SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY - TOWN PENSION PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

*Benefit Changes* - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

*Assumption Changes* - The following assumption changes have had a significant effect on the measurement of the total pension liability.

- o the investment rate of return assumption was reduced from 7.25% to 6.75% in connection with the June 30, 2018 measurement, and
- o the inflation rate assumption was reduced from 3.00% to 2.60% in connection with the June 30, 2018 measurement.

**NOTE 3 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - TOWN PENSION PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* in fiscal year 2014. GASB Statement No. 67 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial determined contribution rates are calculated as of July 1, two fiscal years prior to the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2018 were determined from the July 1, 2015 valuation.

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018.

Actuarial Cost method	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	20 years, closed
Asset valuation method	5 year period at 20% per year
Inflation rate	3.00%
Salary Increases	Based on years of service
Investment rate of return	7.25%

Mortality rates were based RP-2014 Adjusted to 2006 Blue Collar Mortality Table, projected to the measurement date with Scale MP - 2015.

**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 4 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

*Benefit Changes* - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

*Assumption Changes* - The following assumption changes had a significant effect on the measurement of the total pension liability reported as of June 30, 2018.

- the inflation assumption was reduced from 3.00% to 2.75%,
- the real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change, resulted in a decrease in the investment rate of return assumption from 8.50% to 8.00%,
- the payroll growth assumption was reduced from 3.75% to 3.25%, and
- various demographic assumption changes including the utilization of the RPH-2014 mortality tables.

**NOTE 5 - SCHEDULE OF CHANGES IN NET OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, in fiscal year 2017. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years.

*Benefit Changes* - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

*Assumption Changes* - There have been no changes in assumption terms that have had a significant effect on the measurement of the total OPEB liability.

**NOTE 6 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - OTHER POST-EMPLOYMENT BENEFITS PLAN**

The Town began to report this schedule when it implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, in fiscal year 2017. GASB Statement No. 74 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial determined contribution rates are calculated as of July 1, one fiscal years prior to the fiscal year in which contributions are reported. Actuarial determined contribution for fiscal year ending June 30, 2018 were determined from the July 1, 2016 valuation.



**TOWN OF SUFFIELD, CONNECTICUT**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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**NOTE 6 - SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - OTHER POST-EMPLOYMENT BENEFITS PLAN *(Continued)***

The following methods and assumptions were utilized to determine the contribution rates for the year ended June 30, 2018.

Actuarial Cost method	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	20 years, closed
Asset valuation method	5 year period at 20% per year
Inflation rate	2.60%
Investment rate of return	7.00%
Healthcare trend costs	8.00% initial 4.60% final

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016.

**NOTE 7 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM**

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

*Benefit Changes* - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

*Assumption Changes* - There have been no changes in assumptions that have had a significant effect on the measurement of the total OPEB liability.

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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**GENERAL FUND**

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**TOWN OF SUFFIELD, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Grand List Year	Balance Uncollected July 1, 2017	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections, net of (refunds)			Balance Uncollected June 30, 2018
			Additions	Deductions			Taxes	Interest and Lien Fees		
								Total		
2016	\$ -	\$ 40,299,352	\$ 69,719	\$ 120,986	\$ 948	\$ 40,247,137	\$ 39,820,718	\$ 90,863	\$ 39,911,581	\$ 426,419
2015	366,068	-	2,035	11,251	-	356,852	183,270	37,733	221,003	173,582
2014	177,648	-	575	3,694	-	174,529	43,246	16,359	59,605	131,283
2013	138,544	-	-	2,616	64,306	71,622	17,188	12,240	29,428	54,434
2012	77,306	-	-	226	-	77,080	13,428	14,633	28,061	63,652
2011	56,334	-	-	112	-	56,222	9,950	8,307	18,257	46,272
2010	36,128	-	-	174	-	35,954	(1,585)	(1,376)	(2,961)	37,539
2009	16,811	-	-	-	-	16,811	(980)	(563)	(1,543)	17,791
2008	10,772	-	-	-	-	10,772	3,743	570	4,313	7,029
2007	1,129	-	-	-	-	1,129	2,936	667	3,603	(1,807)
2006	594	-	-	-	-	594	2,748	5,549	8,297	(2,154)
2005	4,641	-	-	-	-	4,641	-	-	-	4,641
2004	27	-	-	-	-	27	-	-	-	27
2003	3,298	-	-	-	-	3,298	-	-	-	3,298
2002	2,135	-	-	-	-	2,135	-	-	-	2,135
2001	1,856	-	-	1,856	-	-	-	-	-	-
<b>Total</b>	<b>\$ 893,291</b>	<b>\$ 40,299,352</b>	<b>\$ 72,329</b>	<b>\$ 140,915</b>	<b>\$ 65,254</b>	<b>\$ 41,058,803</b>	<b>\$ 40,094,662</b>	<b>\$ 184,982</b>	<b>\$ 40,279,644</b>	<b>\$ 964,141</b>

*See accompanying Independent Auditor's Report.*

**TOWN OF SUFFIELD, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)**  
**JUNE 30, 2018**

Total cash collections for the year ended  
June 30, 2018:

Taxes	\$ 40,094,662
Interest and lien fees	184,982
Total	<u>40,279,644</u>
Reimbursement for loss	
Tax relief (CGS 12-129d)	8,515
Base	<u><u>\$ 40,288,159</u></u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 90,648,358	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	181,296,716	-	-	-
3-3/4 times base	-	-	151,080,596	-	-
3-1/4 times base	-	-	-	130,936,517	-
3 times base	-	-	-	-	120,864,477
Total debt limitation	<u>90,648,358</u>	<u>181,296,716</u>	<u>151,080,596</u>	<u>130,936,517</u>	<u>120,864,477</u>
Indebtedness:					
Bonds payable	15,520,000	4,195,000	-	-	-
Authorized but unissued bonds	15,585,000	-	-	-	-
Total indebtedness	<u>31,105,000</u>	<u>4,195,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: assessments receivable	106,961	-	-	-	-
Net indebtedness	<u>30,998,039</u>	<u>4,195,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 59,650,319</u></u>	<u><u>\$ 177,101,716</u></u>	<u><u>\$ 151,080,596</u></u>	<u><u>\$ 130,936,517</u></u>	<u><u>\$ 120,864,477</u></u>
Total capacity of borrowing (7 times base)	\$ 282,017,113				
Total present indebtedness	35,193,039				
Margin for additional borrowing	<u><u>\$ 246,824,074</u></u>				

*See accompanying Independent Auditor's Report.*

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**NONMAJOR GOVERNMENTAL FUNDS**

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**TOWN OF SUFFIELD, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

**Nonmajor Special Revenue Funds**

	<b>Off Duty Fund</b>	<b>School Cafeteria Fund</b>	<b>Town Donations Fund</b>	<b>Education Grants Fund</b>	<b>CADAC Grant Fund</b>	<b>Sewer Assessment Fund</b>	<b>Asset Forfeiture Fund</b>	<b>Recreation Fund</b>
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ 44,021	\$ -	\$ -	\$ -	\$ 20,558	\$ -	\$ -
Receivables:								
Assessments	-	-	-	-	-	106,961	-	-
Grants and contracts	-	34,405	-	76,727	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Other	159,124	1,957	-	-	-	-	-	-
Due from other funds	47,688	-	120,068	908,238	185	-	9,239	18,503
Inventories	-	25,000	-	-	-	-	-	-
Total assets	<u>\$ 206,812</u>	<u>\$ 105,383</u>	<u>\$ 120,068</u>	<u>\$ 984,965</u>	<u>\$ 185</u>	<u>\$ 127,519</u>	<u>\$ 9,239</u>	<u>\$ 18,503</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ 28,940	\$ -	\$ 47,807	\$ -	\$ 37	\$ -	\$ -
Accrued liabilities	13,142	-	-	-	-	-	-	-
Due to other funds	-	13,269	-	-	-	-	-	-
Unearned revenue	-	-	-	937,158	-	-	-	-
Total liabilities	<u>13,142</u>	<u>42,209</u>	<u>-</u>	<u>984,965</u>	<u>-</u>	<u>37</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues	-	-	-	-	-	106,961	-	-
<b>FUND BALANCES</b>								
Nonspendable	-	25,000	-	-	-	-	-	-
Restricted	-	-	120,068	-	185	-	9,239	-
Committed	193,670	38,174	-	-	-	20,521	-	18,503
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>193,670</u>	<u>63,174</u>	<u>120,068</u>	<u>-</u>	<u>185</u>	<u>20,521</u>	<u>9,239</u>	<u>18,503</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 206,812</u>	<u>\$ 105,383</u>	<u>\$ 120,068</u>	<u>\$ 984,965</u>	<u>\$ 185</u>	<u>\$ 127,519</u>	<u>\$ 9,239</u>	<u>\$ 18,503</u>

*(Continued)*

*See accompanying Independent Auditor's Report.*

**TOWN OF SUFFIELD, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Continued)**  
**JUNE 30, 2018**

**Nonmajor Special Revenue Funds**

	<b>Senior Center Activity Fund</b>	<b>Municipal Grant Fund</b>	<b>Emergency Food and Shelter Fund</b>	<b>Small Cities Grant Fund</b>	<b>Drug Education &amp; Enforcement Grant Fund</b>	<b>Sunrise Park Fund</b>	<b>Farmington Canal Trail Fund</b>	<b>Veterans Memorial Fund</b>
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ -	\$ 3,343	\$ 24,920	\$ -	\$ -	\$ -	\$ -
Receivables:								
Assessments	-	-	-	-	-	-	-	-
Grants and contracts	-	42,175	-	-	-	-	-	-
Loans	-	-	-	162,444	-	-	-	-
Other	3,517	566	-	-	-	345	-	-
Due from other funds	55,039	219,435	-	71,524	-	9,359	-	2,620
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ 58,556</u>	<u>\$ 262,176</u>	<u>\$ 3,343</u>	<u>\$ 258,888</u>	<u>\$ -</u>	<u>\$ 9,704</u>	<u>\$ -</u>	<u>\$ 2,620</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 1,745	\$ 5,342	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	20	-	2,116	-
Unearned revenue	-	315,457	-	-	-	-	-	-
Total liabilities	<u>1,745</u>	<u>320,799</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>2,116</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues	-	-	-	162,444	-	-	-	-
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	3,343	96,444	-	9,704	-	-
Committed	56,811	-	-	-	-	-	-	2,620
Unassigned	-	(58,623)	-	-	(20)	-	(2,116)	-
Total fund balances	<u>56,811</u>	<u>(58,623)</u>	<u>3,343</u>	<u>96,444</u>	<u>(20)</u>	<u>9,704</u>	<u>(2,116)</u>	<u>2,620</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 58,556</u>	<u>\$ 262,176</u>	<u>\$ 3,343</u>	<u>\$ 258,888</u>	<u>\$ -</u>	<u>\$ 9,704</u>	<u>\$ -</u>	<u>\$ 2,620</u>

*(Continued)*

*See accompanying Independent Auditor's Report.*



**TOWN OF SUFFIELD, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Concluded)**  
**JUNE 30, 2018**

	<b>Nonmajor Special Revenue Funds</b>				<b>Nonmajor Permanent Funds</b>		<b>Total Nonmajor Governmental Funds</b>
	<b>Kent Memorial Library Fund</b>	<b>Kent Farm Sewer District Fund</b>	<b>Town Clerk Dollar Fund</b>	<b>School Activity Fund</b>	<b>Memorial Fund</b>	<b>Cemetery Fund</b>	
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ 110,804	\$ -	\$ -	\$ 57,765	\$ 518,055	\$ 779,466
Receivables:							
Assessments	-	-	-	-	-	-	106,961
Grants and contracts	-	-	-	-	-	-	153,307
Loans	-	-	-	-	-	-	162,444
Other	67,566	-	-	2,116	-	-	235,191
Due from other funds	-	-	57,405	183,883	-	-	1,703,186
Inventories	-	-	-	-	-	-	25,000
Total assets	<u>\$ 67,566</u>	<u>\$ 110,804</u>	<u>\$ 57,405</u>	<u>\$ 185,999</u>	<u>\$ 57,765</u>	<u>\$ 518,055</u>	<u>\$ 3,165,555</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 14,154	\$ -	\$ -	\$ -	\$ -	\$ 3,287	\$ 101,312
Accrued liabilities	11,471	-	-	-	-	-	24,613
Due to other funds	41,941	4,892	-	-	14,153	74,637	151,028
Unearned revenue	-	-	-	-	-	-	1,252,615
Total liabilities	<u>67,566</u>	<u>4,892</u>	<u>-</u>	<u>-</u>	<u>14,153</u>	<u>77,924</u>	<u>1,529,568</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenues	-	-	-	-	-	-	269,405
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	43,612	440,131	508,743
Restricted	-	-	57,405	-	-	-	296,388
Committed	-	105,912	-	185,999	-	-	622,210
Unassigned	-	-	-	-	-	-	(60,759)
Total fund balances	<u>-</u>	<u>105,912</u>	<u>57,405</u>	<u>185,999</u>	<u>43,612</u>	<u>440,131</u>	<u>1,366,582</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 67,566</u>	<u>\$ 110,804</u>	<u>\$ 57,405</u>	<u>\$ 185,999</u>	<u>\$ 57,765</u>	<u>\$ 518,055</u>	<u>\$ 3,165,555</u>

*(Concluded)*

*See accompanying Independent Auditor's Report.*

**TOWN OF SUFFIELD, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	Nonmajor Special Revenue Funds							
	Off Duty Fund	School Cafeteria Fund	Town Donations Fund	Education Grants Fund	CADAC Grant Fund	Sewer Assessment Fund	Asset Forfeiture Fund	Recreation Fund
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ 224,328	\$ -	\$ 1,098,714	\$ -	\$ -	\$ -	\$ -
Charges for services	280,910	535,017	-	-	-	74,000	-	-
Assessments	-	-	-	-	-	31,356	-	-
Interest income	-	93	-	-	-	2	-	-
Other	-	-	3,829	-	-	-	-	-
Total revenues	280,910	759,438	3,829	1,098,714	-	105,358	-	-
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	181,441	-	18,563	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-
Library, recreation and parks	-	-	-	-	-	-	-	-
Education	-	782,224	-	1,098,714	-	-	-	-
Total expenditures	181,441	782,224	18,563	1,098,714	-	-	-	-
Excess (deficiency) of revenues over expenditures	99,469	(22,786)	(14,734)	-	-	105,358	-	-
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(200,000)	-	-	-	-	(160,357)	-	-
Total other financing sources (uses)	(200,000)	-	-	-	-	(160,357)	-	-
Net change in fund balances	(100,531)	(22,786)	(14,734)	-	-	(54,999)	-	-
Fund balances - beginning	294,201	85,960	134,802	-	185	75,520	9,239	18,503
Fund balances - ending	\$ 193,670	\$ 63,174	\$ 120,068	\$ -	\$ 185	\$ 20,521	\$ 9,239	\$ 18,503

*(Continued)*

*See accompanying Independent Auditor's Report.*

**TOWN OF SUFFIELD, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS (Continued)  
 FOR THE YEAR ENDED JUNE 30, 2018

	<b>Nonmajor Special Revenue Funds</b>							
	<b>Senior Center Activity Fund</b>	<b>Municipal Grant Fund</b>	<b>Emergency Food and Shelter Fund</b>	<b>Small Cities Grant Fund</b>	<b>Drug Education &amp; Enforcement Grant Fund</b>	<b>Sunrise Park Fund</b>	<b>Farmington Canal Trail Fund</b>	
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ 74,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	15,007	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-
Other	24,534	-	3,625	-	-	370	20	-
Total revenues	<u>39,541</u>	<u>74,750</u>	<u>3,625</u>	<u>-</u>	<u>-</u>	<u>370</u>	<u>20</u>	<u>-</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	50,383	-	-	-	-	-	-
Public safety	-	16,010	-	-	-	-	-	-
Health and social services	46,441	-	2,500	-	-	-	-	-
Library, recreation and parks	-	8,357	-	-	-	-	9,315	-
Education	-	-	-	-	-	-	-	-
Total expenditures	<u>46,441</u>	<u>74,750</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,315</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(6,900)	-	1,125	-	-	370	(9,295)	-
<b>OTHER FINANCING SOURCES (USES)</b>								
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	(6,900)	-	1,125	-	-	370	(9,295)	-
Fund balances - beginning	<u>63,711</u>	<u>(58,623)</u>	<u>2,218</u>	<u>96,444</u>	<u>(20)</u>	<u>9,334</u>	<u>7,179</u>	<u>2,620</u>
Fund balances - ending	<u>\$ 56,811</u>	<u>\$ (58,623)</u>	<u>\$ 3,343</u>	<u>\$ 96,444</u>	<u>\$ (20)</u>	<u>\$ 9,704</u>	<u>\$ (2,116)</u>	<u>\$ 2,620</u>

*(Continued)*

*See accompanying Independent Auditor's Report.*

**TOWN OF SUFFIELD, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS *(Concluded)*  
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Nonmajor Special Revenue Funds</u>				<u>Nonmajor Permanent Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Kent Memorial Library Fund</u>	<u>Kent Farm Sewer District Fund</u>	<u>Town Clerk Dollar Fund</u>	<u>School Activity Fund</u>	<u>Memorial Fund</u>	<u>Cemetery Fund</u>	
<b>REVENUES</b>							
Intergovernmental	\$ 134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,397,926
Charges for services	93,729	-	-	158,495	-	-	1,157,158
Assessments	-	-	-	-	-	-	31,356
Interest income	-	880	-	-	351	3,287	4,613
Other	-	-	-	-	1,400	2,600	36,378
Total revenues	<u>93,863</u>	<u>880</u>	<u>-</u>	<u>158,495</u>	<u>1,751</u>	<u>5,887</u>	<u>2,627,431</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	31,908	-	-	-	82,291
Public safety	-	-	-	-	-	-	216,014
Health and social services	-	-	-	-	-	3,287	52,228
Library, recreation and parks	520,888	-	-	-	-	-	538,560
Education	-	-	-	110,038	-	-	1,990,976
Total expenditures	<u>520,888</u>	<u>-</u>	<u>31,908</u>	<u>110,038</u>	<u>-</u>	<u>3,287</u>	<u>2,880,069</u>
Excess (deficiency) of revenues over expenditures	(427,025)	880	(31,908)	48,457	1,751	2,600	(252,638)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	427,025	-	7,374	-	-	-	434,399
Transfers out	-	(36,292)	-	-	-	-	(396,649)
Total other financing sources (uses)	<u>427,025</u>	<u>(36,292)</u>	<u>7,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,750</u>
Net change in fund balances	-	(35,412)	(24,534)	48,457	1,751	2,600	(214,888)
Fund balances - beginning	<u>-</u>	<u>141,324</u>	<u>81,939</u>	<u>137,542</u>	<u>41,861</u>	<u>437,531</u>	<u>1,581,470</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 105,912</u>	<u>\$ 57,405</u>	<u>\$ 185,999</u>	<u>\$ 43,612</u>	<u>\$ 440,131</u>	<u>\$ 1,366,582</u>

*(Concluded)*

*See accompanying Independent Auditor's Report.*

**TOWN OF SUFFIELD, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2018**

	<b>Capital Project Funds</b>					
	<b>School Building Fund</b>	<b>Town Improvement Fund</b>	<b>Sewer Capital Projects Fund</b>	<b>Industrial Park Fund</b>	<b>LOT/CIP Grant Fund</b>	<b>Bridge Projects Fund</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 11,059	\$ 56,722	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Grants and contracts	375,944	-	66,048	-	-	-
Other	-	-	-	-	-	23,407
Due from other funds	-	-	-	82,086	363,782	33,997
Total assets	<u>\$ 375,944</u>	<u>\$ 11,059</u>	<u>\$ 122,770</u>	<u>\$ 82,086</u>	<u>\$ 363,782</u>	<u>\$ 57,404</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 98,974	\$ -	\$ 18,002	\$ 24,151
Due to other funds	375,944	-	-	-	-	-
Unearned revenue	-	-	-	-	345,780	-
Total liabilities	<u>375,944</u>	<u>-</u>	<u>98,974</u>	<u>-</u>	<u>363,782</u>	<u>24,151</u>
<b>FUND BALANCES</b>						
Restricted	-	-	-	-	-	-
Committed	-	11,059	23,796	82,086	-	33,253
Unassigned	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>11,059</u>	<u>23,796</u>	<u>82,086</u>	<u>-</u>	<u>33,253</u>
Total liabilities and fund balances	<u>\$ 375,944</u>	<u>\$ 11,059</u>	<u>\$ 122,770</u>	<u>\$ 82,086</u>	<u>\$ 363,782</u>	<u>\$ 57,404</u>

*(Continued)*

*See accompanying Independent Auditor's Report.*

**TOWN OF SUFFIELD, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS (Continued)**  
**JUNE 30, 2018**

	<b>Capital Project Funds</b>						
	<b>Capital &amp; Nonrecurring Fund</b>	<b>Kent Memorial Library Renovation Fund</b>	<b>Agriscience Project Fund</b>	<b>Open Space Fund</b>	<b>Capital Reserve Fund</b>	<b>Fire Trucks Fund</b>	<b>2011 Road &amp; Drainage Improvements Fund</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 190,900	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	210	-	-
Due from other funds	7,798,516	-	-	980,779	-	109,343	615,266
Total assets	<u>\$ 7,798,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 980,779</u>	<u>\$ 191,110</u>	<u>\$ 109,343</u>	<u>\$ 615,266</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 692,056	\$ 4,750	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	746,716	2,842,220	693,788	-	107,006	109,343	615,266
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>1,438,772</u>	<u>2,846,970</u>	<u>693,788</u>	<u>-</u>	<u>107,006</u>	<u>109,343</u>	<u>615,266</u>
<b>FUND BALANCES</b>							
Restricted	-	-	-	-	-	-	-
Committed	6,359,744	(2,374,525)	-	980,779	84,104	-	-
Unassigned	-	(472,445)	(693,788)	-	-	-	-
Total fund balances	<u>6,359,744</u>	<u>(2,846,970)</u>	<u>(693,788)</u>	<u>980,779</u>	<u>84,104</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 7,798,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 980,779</u>	<u>\$ 191,110</u>	<u>\$ 109,343</u>	<u>\$ 615,266</u>

*(Continued)*

*See accompanying Independent Auditor's Report.*

**TOWN OF SUFFIELD, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS (Concluded)**  
**JUNE 30, 2018**

	<b>Capital Project Funds</b>						<b>Total Capital Projects Funds</b>
	<b>2015 Road &amp; Drainage Improvements Fund</b>	<b>2015 Town Hall Renovations &amp; Improvements Fund</b>	<b>2015 Bridge Street School Renovations &amp; Improvements Fund</b>	<b>Utility Extension Project Fund</b>	<b>Capital &amp; Nonrecurring Expenditures Fund</b>	<b>Fire Equipment Acquisition Fund</b>	
<b>ASSETS</b>							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 7,761	\$ -	\$ 266,442
Investments	-	-	-	-	2,248,853	-	2,248,853
Receivables:							
Grants and contracts	-	-	-	-	-	-	441,992
Other	-	-	-	-	-	-	23,617
Due from other funds	245,066	745,000	-	132,823	-	-	11,106,658
Total assets	<u>\$ 245,066</u>	<u>\$ 745,000</u>	<u>\$ -</u>	<u>\$ 132,823</u>	<u>\$ 2,256,614</u>	<u>\$ -</u>	<u>\$ 14,087,562</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 10,559	\$ 501	\$ -	\$ -	\$ -	\$ 848,993
Due to other funds	242,774	75,078	32,703	-	-	1,271,963	7,112,801
Unearned revenue	-	-	-	-	-	-	345,780
Total liabilities	<u>242,774</u>	<u>85,637</u>	<u>33,204</u>	<u>-</u>	<u>-</u>	<u>1,271,963</u>	<u>8,307,574</u>
<b>FUND BALANCES</b>							
Restricted	2,292	-	-	-	-	-	2,292
Committed	-	659,363	-	132,823	2,256,614	-	8,249,096
Unassigned	-	-	(33,204)	-	-	(1,271,963)	(2,471,400)
Total fund balances	<u>2,292</u>	<u>659,363</u>	<u>(33,204)</u>	<u>132,823</u>	<u>2,256,614</u>	<u>(1,271,963)</u>	<u>5,779,988</u>
Total liabilities and fund balances	<u>\$ 245,066</u>	<u>\$ 745,000</u>	<u>\$ -</u>	<u>\$ 132,823</u>	<u>\$ 2,256,614</u>	<u>\$ -</u>	<u>\$ 14,087,562</u>

See accompanying Independent Auditor's Report.

**TOWN OF SUFFIELD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Capital Project Funds</b>					
	<b>School Building Fund</b>	<b>Town Improvement Fund</b>	<b>Sewer Capital Projects Fund</b>	<b>Industrial Park Fund</b>	<b>LOTICIP Grant Fund</b>	<b>Bridge Projects Fund</b>
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ 66,048	\$ -	\$ 995,084	\$ -
Charges for services	-	-	-	-	-	-
Interest income	-	66	-	-	-	-
Other	-	-	-	77,500	-	-
Total revenues	<u>-</u>	<u>66</u>	<u>66,048</u>	<u>77,500</u>	<u>995,084</u>	<u>-</u>
<b>EXPENDITURES</b>						
Capital outlays	-	-	790,446	-	995,084	-
Excess (deficiency) of revenues over expenditures	-	66	(724,398)	77,500	-	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	589,765	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>589,765</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	66	(134,633)	77,500	-	-
Fund balances - beginning	-	10,993	158,429	4,586	-	33,253
Fund balances - ending	<u>\$ -</u>	<u>\$ 11,059</u>	<u>\$ 23,796</u>	<u>\$ 82,086</u>	<u>\$ -</u>	<u>\$ 33,253</u>

*(Continued)*

*See accompanying Independent Auditor's Report.*



**TOWN OF SUFFIELD, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUNDS *(Continued)*  
 FOR THE YEAR ENDED JUNE 30, 2018

	<b>Capital Project Funds</b>						
	<b>Capital &amp; Nonrecurring Fund</b>	<b>Kent Memorial Library Renovation Fund</b>	<b>Agriscience Project Fund</b>	<b>Open Space Fund</b>	<b>Capital Reserve Fund</b>	<b>Fire Trucks Fund</b>	<b>2011 Road &amp; Drainage Improvements Bond Fund</b>
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ 174,000	\$ -	\$ -	\$ -
Charges for services	-	-	-	3,000	-	-	-
Interest income	-	-	-	-	286	-	-
Other	-	-	-	-	2,200	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,000</u>	<u>2,486</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>							
Capital outlays	<u>2,856,069</u>	<u>6,988</u>	<u>2,218</u>	<u>388,658</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(2,856,069)	(6,988)	(2,218)	(211,658)	2,486	-	-
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	2,516,024	-	-	-	-	-	-
Transfers out	(910,659)	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,605,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,250,704)	(6,988)	(2,218)	(211,658)	2,486	-	-
Fund balances - beginning	<u>7,610,448</u>	<u>(2,839,982)</u>	<u>(691,570)</u>	<u>1,192,437</u>	<u>81,618</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 6,359,744</u>	<u>\$ (2,846,970)</u>	<u>\$ (693,788)</u>	<u>\$ 980,779</u>	<u>\$ 84,104</u>	<u>\$ -</u>	<u>\$ -</u>

*(Continued)*

See accompanying Independent Auditor's Report.

**TOWN OF SUFFIELD, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUNDS *(Concluded)*  
 FOR THE YEAR ENDED JUNE 30, 2018

	<b>Capital Project Funds</b>						<b>Total Capital Projects Funds</b>
	<b>2015 Road &amp; Drainage Improvements Fund</b>	<b>2015 Town Hall Renovations &amp; Improvements Fund</b>	<b>2015 Bridge Street School Renovations &amp; Improvements Fund</b>	<b>Utility Extension Project Fund</b>	<b>Capital &amp; Nonrecurring Expenditures Fund</b>	<b>Fire Equipment Acquisition Fund</b>	
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,235,132
Charges for services	-	-	-	-	-	-	3,000
Interest income	-	-	-	-	-	-	352
Other	-	-	-	-	89,082	-	168,782
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,082</u>	<u>-</u>	<u>1,407,266</u>
<b>EXPENDITURES</b>							
Capital outlays	<u>2,249,097</u>	<u>42,972</u>	<u>4,246</u>	<u>-</u>	<u>5,176</u>	<u>1,264,706</u>	<u>8,605,660</u>
Excess (deficiency) of revenues over expenditures	(2,249,097)	(42,972)	(4,246)	-	83,906	(1,264,706)	(7,198,394)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	745,000	-	-	-	-	3,850,789
Transfers out	-	-	-	-	-	-	(910,659)
Total other financing sources (uses)	<u>-</u>	<u>745,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,940,130</u>
Net change in fund balances	(2,249,097)	702,028	(4,246)	-	83,906	(1,264,706)	(4,258,264)
Fund balances - beginning	<u>2,251,389</u>	<u>(42,665)</u>	<u>(28,958)</u>	<u>132,823</u>	<u>2,172,708</u>	<u>(7,257)</u>	<u>10,038,252</u>
Fund balances - ending	<u>\$ 2,292</u>	<u>\$ 659,363</u>	<u>\$ (33,204)</u>	<u>\$ 132,823</u>	<u>\$ 2,256,614</u>	<u>\$ (1,271,963)</u>	<u>\$ 5,779,988</u>

*(Concluded)*

See accompanying Independent Auditor's Report.

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**INTERNAL SERVICE FUNDS**

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**TOWN OF SUFFIELD, CONNECTICUT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2018**

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	<b>Insurance Fund</b>	<b>Gas/Diesel Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 201,206	\$ -	\$ 201,206
Receivables	115,440	43,575	159,015
Total assets	316,646	43,575	360,221
<b>LIABILITIES</b>			
Accounts payable	155,701	7,571	163,272
Claims incurred but not reported	533,259	-	533,259
Due to other funds	536,584	48,873	585,457
Total liabilities	1,225,544	56,444	1,281,988
<b>NET POSITION</b>			
Unrestricted	\$ (908,898)	\$ (12,869)	\$ (921,767)

*See accompanying Independent Auditor's Report.*

**TOWN OF SUFFIELD, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Insurance Fund</u>	<u>Gas/Diesel Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
User charges	\$ 6,639,853	\$ 219,515	\$ 6,859,368
<b>OPERATING EXPENSES</b>			
Insurance and benefits	6,429,860	-	6,429,860
Administration	710,545	-	710,545
Fuel	-	232,000	232,000
Total operating expenses	<u>7,140,405</u>	<u>232,000</u>	<u>7,372,405</u>
Operating loss	(500,552)	(12,485)	(513,037)
<b>NONOPERATING REVENUE</b>			
Interest income	<u>1,420</u>	-	<u>1,420</u>
Change in net position	(499,132)	(12,485)	(511,617)
Net position - beginning of year	<u>(409,766)</u>	<u>(384)</u>	<u>(410,150)</u>
Net Position - end of year	<u>\$ (908,898)</u>	<u>\$ (12,869)</u>	<u>\$ (921,767)</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF SUFFIELD, CONNECTICUT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Insurance Fund</u>	<u>Gas/Diesel Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from users	\$ 7,193,077	\$ 236,379	\$ 7,429,456
Cash paid to vendors	(7,449,478)	(265,611)	(7,715,089)
Net cash used in operating activities	<u>(256,401)</u>	<u>(29,232)</u>	<u>(285,633)</u>
<b>CASH FLOWS FROM NON-CAPITAL RELATED FINANCING ACTIVITIES</b>			
Interfund borrowings	<u>420,490</u>	<u>29,232</u>	<u>449,722</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	<u>1,420</u>	<u>-</u>	<u>1,420</u>
Net increase in cash and cash equivalents	165,509	-	165,509
Cash and cash equivalents - beginning of year	<u>35,697</u>	<u>-</u>	<u>35,697</u>
Cash and cash equivalents - end of year	<u>\$ 201,206</u>	<u>\$ -</u>	<u>\$ 201,206</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>			
Operating loss	\$ (500,552)	\$ (12,485)	\$ (513,037)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Change in assets and liabilities:			
Receivables	132,734	(12,368)	120,366
Accounts payable	56,222	(4,379)	51,843
Claims incurred but not reported	<u>55,195</u>	<u>-</u>	<u>55,195</u>
Net cash used in operating activities	<u>\$ (256,401)</u>	<u>\$ (29,232)</u>	<u>\$ (285,633)</u>

*See accompanying Independent Auditor's Report.*

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**FIDUCIARY FUNDS**

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**TOWN OF SUFFIELD, CONNECTICUT**  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>Student Activities Funds</b>				
Assets				
Cash and cash equivalents	\$ 322,912	\$ 501,491	\$ 504,094	\$ 320,309
Investments	16,493	3	-	16,496
Total assets	<u>\$ 339,405</u>	<u>\$ 501,494</u>	<u>\$ 504,094</u>	<u>\$ 336,805</u>
Liabilities				
Due to student groups	<u>\$ 339,405</u>	<u>\$ 501,494</u>	<u>\$ 504,094</u>	<u>\$ 336,805</u>
Total liabilities	<u>\$ 339,405</u>	<u>\$ 501,494</u>	<u>\$ 504,094</u>	<u>\$ 336,805</u>
<b>Performance Bonds Fund</b>				
Assets				
Cash and cash equivalents	\$ 54,407	\$ 78,606	\$ 21,425	\$ 111,588
Investments	17,500	-	-	17,500
Total assets	<u>\$ 71,907</u>	<u>\$ 78,606</u>	<u>\$ 21,425</u>	<u>\$ 129,088</u>
Liabilities				
Due to others	<u>\$ 71,907</u>	<u>\$ 78,606</u>	<u>\$ 21,425</u>	<u>\$ 129,088</u>
Total liabilities	<u>\$ 71,907</u>	<u>\$ 78,606</u>	<u>\$ 21,425</u>	<u>\$ 129,088</u>
<b>Total All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 377,319	\$ 580,097	\$ 525,519	\$ 431,897
Investments	33,993	3	-	33,996
Total assets	<u>\$ 411,312</u>	<u>\$ 580,100</u>	<u>\$ 525,519</u>	<u>\$ 465,893</u>
Liabilities				
Due to student groups	\$ 339,405	\$ 501,494	\$ 504,094	\$ 336,805
Due to others	71,907	78,606	21,425	129,088
Total liabilities	<u>\$ 411,312</u>	<u>\$ 580,100</u>	<u>\$ 525,519</u>	<u>\$ 465,893</u>

*See accompanying Independent Auditor's Report.*