

TOWN OF OLD SAYBROOK, CONNECTICUT

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

JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Old Saybrook, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Old Saybrook, Connecticut (the "Town") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Old Saybrook, Connecticut, as of June 30, 2015, and the respective changes in financial position, and the respective budgetary comparison schedules for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As disclosed in Note A to the financial statements, the Town implemented new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14, and the schedules on the Town's pension plans and other post-retirement benefit plan on pages 57 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The trend information on pages 82 and 83 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2015, 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.

Mahoney Sabol + Company, LLP

Glastonbury, Connecticut
December 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015

As management of the Town of Old Saybrook (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Town exceeded its liabilities at the close of the most recent fiscal year by \$66,175,205 (net position). Of this amount, \$4,633,590 represents a deficit in the Town's unrestricted net position.
- The Town's total net position decreased by \$2,587,778 during the current fiscal year.
- The beginning net position of the Town was decreased by \$5,370,805, due to the current year implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 (See Note A)*. GASB Statement No. 68 required the Town to recognize net pension liabilities relating to its long-term obligations for pension benefits in the government-wide financial statements.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$10,233,112, a decrease of \$3,930,824 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,513,946 or 8.4% of total General Fund budgetary expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.01 months of General Fund budgetary expenditures.
- The Town's total long-term debt, excluding capital leases, increased by \$6,239,784 or 19.8% during the current fiscal year due to the issuance of \$3,000,000 in general obligation bonds and the conversion of short-term financing into a long-term loan in the amount of \$5,433,576. Long-term debt issuances were offset by scheduled 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 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 OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2015

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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements display information about the Town's governmental activities which include general government, public safety, public works, culture and recreation, health and welfare, and education. The Town does not have any business-type activities.

The government-wide financial statements include only the Town itself because there are no legally separate organizations for which the Town is financially accountable.

The government-wide financial statements can be found on pages 15 - 16 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The Town maintains several individual 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, the Capital Projects Fund, and the Capital Nonrecurring Fund, all of which are considered to be major funds. Data from the other 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 17 - 21 of this report.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
 JUNE 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

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 accounting used for fiduciary funds is much like that used for government-wide financial statements. The basic fiduciary fund financial statements can be found on pages 22 - 23 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 24 - 56 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual fund statements and schedules which can be found on pages 57 - 81 of this report and trend information on pages 82 - 83.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

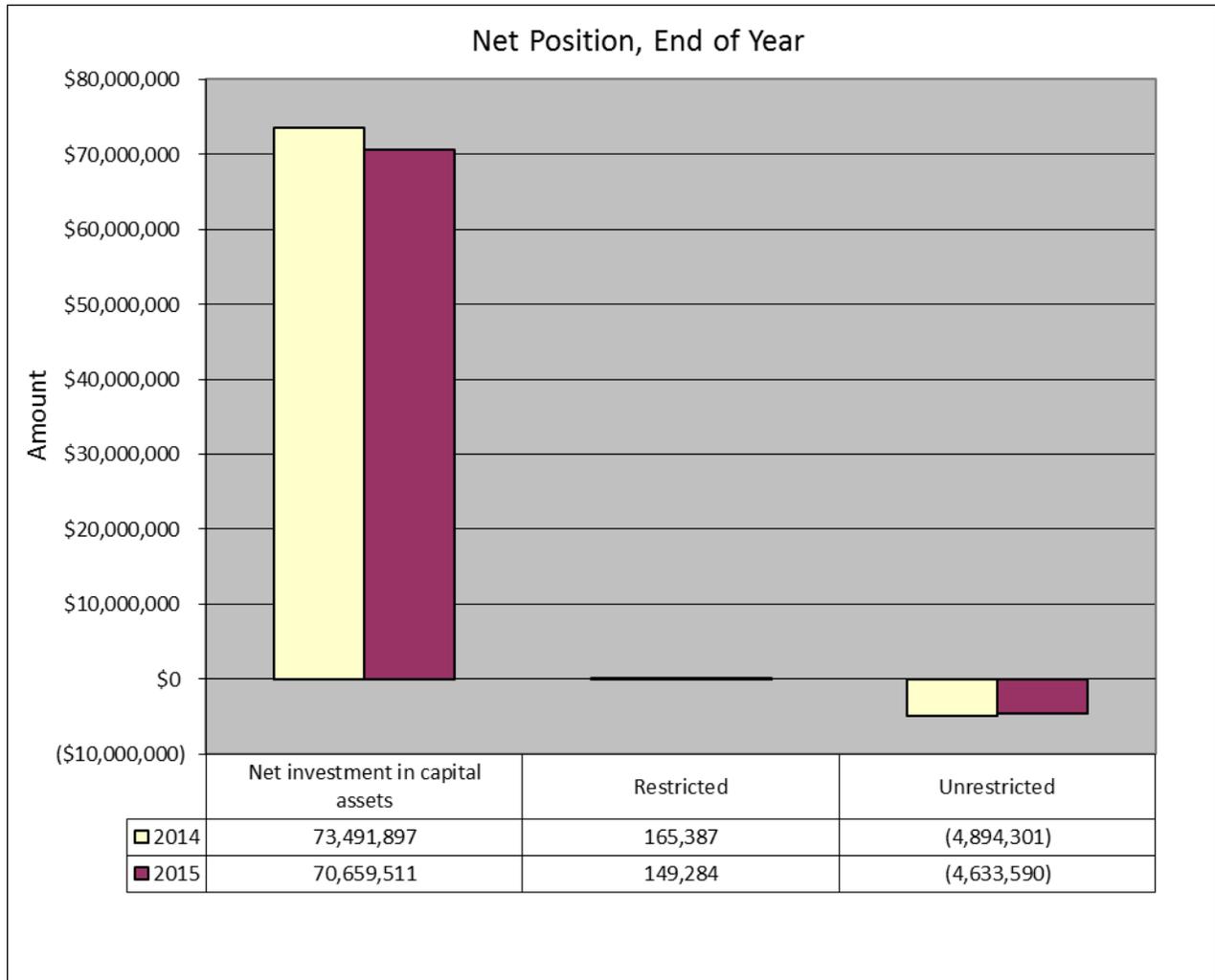
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$66,175,205 and \$68,762,983 (as adjusted for implementation of GASB Statement No. 68) as of June 30, 2015 and 2014, respectively and are summarized as follows:

	2015	2014 <i>(As Adjusted)</i>
Current and other assets	\$ 19,599,767	\$ 26,627,627
Capital assets, net	106,486,310	94,377,540
Total assets	<u>126,086,077</u>	<u>121,005,167</u>
Deferred outflows of resources	<u>2,960,060</u>	<u>3,627,199</u>
Current liabilities	9,095,228	12,394,969
Long-term liabilities	53,775,704	43,474,414
Total liabilities	<u>62,870,932</u>	<u>55,869,383</u>
Net position:		
Net investment in capital assets	70,659,511	73,491,897
Restricted	149,284	165,387
Unrestricted	<u>(4,633,590)</u>	<u>(4,894,301)</u>
Total net position	<u>\$ 66,175,205</u>	<u>\$ 68,762,983</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
 JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



Of the Town's net position, 106.8% 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 the Town's net position is subject to external restrictions on how they may be used and are therefore presented as restricted net position.

The remainder of the Town's net position represents an unrestricted deficit. Overall, net position decreased by \$2,587,778.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

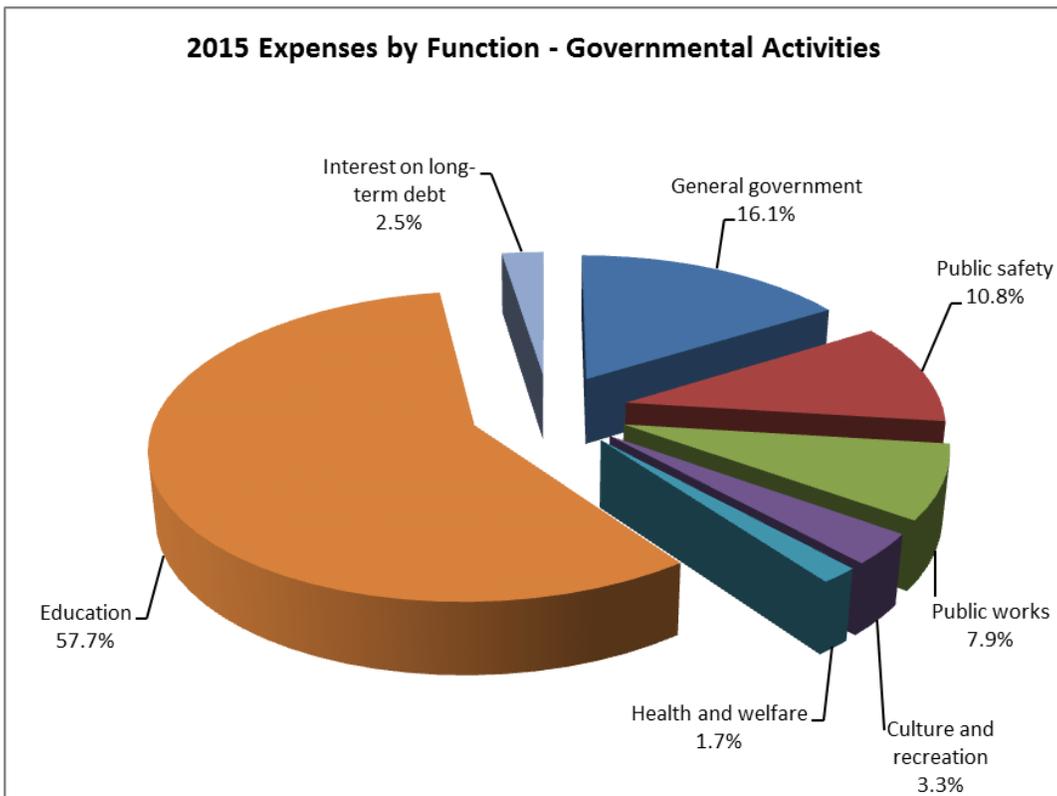
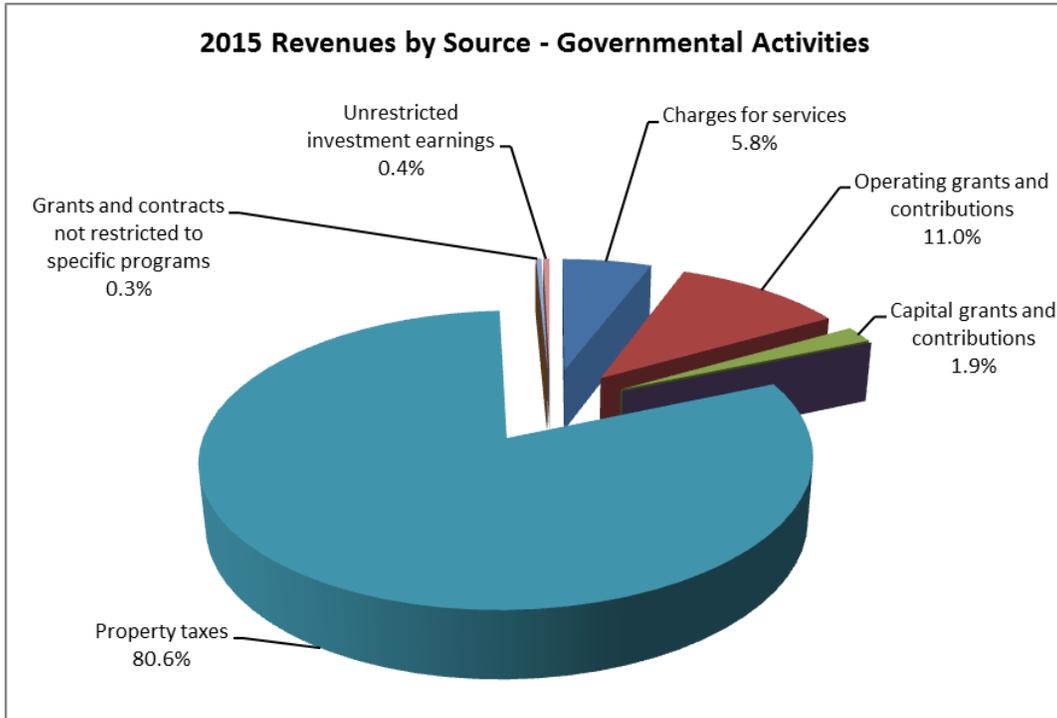
Changes in net position for the years ended June 30, 2015 and 2014 are as follows. The amounts reported for the year ended June 30, 2014 have not been adjusted for the implementation of GASB Statement No. 68, since the effects of the adjustments on the statements of changes in net position are not readily determinable.

	<u>2015</u>	<u>2014</u>
Program revenues:		
Charges for services	\$ 2,893,059	\$ 2,530,648
Operating grants and contributions	5,515,673	6,023,340
Capital grants and contributions	957,995	29,654
General revenues:		
Property taxes	40,543,368	37,995,840
Gain (loss) on sale of assets	-	(38,261)
Grants and contracts not restricted to specific programs	174,391	582,478
Unrestricted investment earnings	119,739	197,271
Total revenues	<u>50,204,225</u>	<u>47,320,970</u>
Program expenses:		
General government	8,523,938	5,804,868
Public safety	5,719,303	6,914,030
Public works	4,172,963	4,593,980
Culture and recreation	1,732,442	1,776,547
Health and welfare	896,547	1,390,968
Education	30,449,433	28,574,507
Interest on long-term debt	1,297,377	742,876
Total expenses	<u>52,792,003</u>	<u>49,797,776</u>
Change in net position	<u>\$ (2,587,778)</u>	<u>\$ (2,476,806)</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
 JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)



TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Governmental Activities

Governmental activities decreased the Town's net position by \$2,587,778. Revenues generated by the Town increased by \$2,883,255 and expenses increased in the amount of \$2,994,227, when compared to the prior year.

Key elements of the current year change in net position were an increase in taxes levied primarily attributed to an increase in the Town's mill rate. In addition, the Town incurred significantly more expenses for both education and general government services.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$10,233,112, a decrease of \$3,930,824 in comparison with the prior year. Approximately 71.2%, or 7,281,780, of this total amount is unrestricted (committed, assigned or unassigned) and is available for spending at the Town's discretion.

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 \$3,513,946, while total fund balance was \$3,686,701. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total budgetary expenditures. Unassigned fund balance represents 8.4% of total General Fund budgetary expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.01 months of General Fund budgetary expenditures.

The fund balance of the Town's General Fund increased by \$820,937 during the current fiscal year.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2015

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

Capital Projects Fund

The Capital Projects Fund has a fund balance of \$3,122,512 as of June 30, 2015, a decrease in the fund balance of \$9,082,796 from the prior year. This decrease is attributable to expenditures incurred for the school renovation projects and the police building project.

Capital Nonrecurring Fund

The fund balance of the Capital Nonrecurring Fund increased by \$4,203,805 during the current fiscal year. This increase was due to proceeds received when short-term financing was converted into a \$5,252,554 Clean Water Fund loan.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in the fund balance of the General Fund on a budgetary basis was an increase of \$820,937. Expenditures were \$104,669 lower than budgeted and revenues were \$906,860 higher than budgeted. Other financing sources were \$10,000 higher than budgeted.

The favorable revenue variance was derived primarily from better than budgeted collections on current year taxes levied and prior year delinquent taxes. In addition, the Town received unbudgeted FEMA proceeds of \$434,933 as a reimbursement for costs incurred to repair Town property damaged during Super Storm Sandy.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2015 totaled \$106,486,310 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, construction in progress, buildings, building improvements, machinery & equipment, vehicles and infrastructure. The Town's investment in capital assets increased \$12,108,770 or 12.8% over the prior year.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

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

- An increase of \$10,016,830 in construction in progress, primarily due to ongoing construction of various school projects, storm repair, as well as the construction of a new police building.
- An increase of \$3,000,000 for the purchase of open space.
- An increase to building improvements of \$1,025,819 related to Board of Education energy efficient upgrades to the various schools and central office.
- An increase of \$2,714,174 in machinery & equipment resulting from a construction in progress transfer in for the completed emergency communication system.
- An increase of \$590,905 in vehicles resulting from a construction in progress transfer in for the fully purchased new fire truck.
- An increase in Infrastructure of \$429,472 resulting from a construction in progress transfer in for the costs incurred to rebuild the Town ferry dock.
- A decrease due to depreciation expense of \$1,933,879.

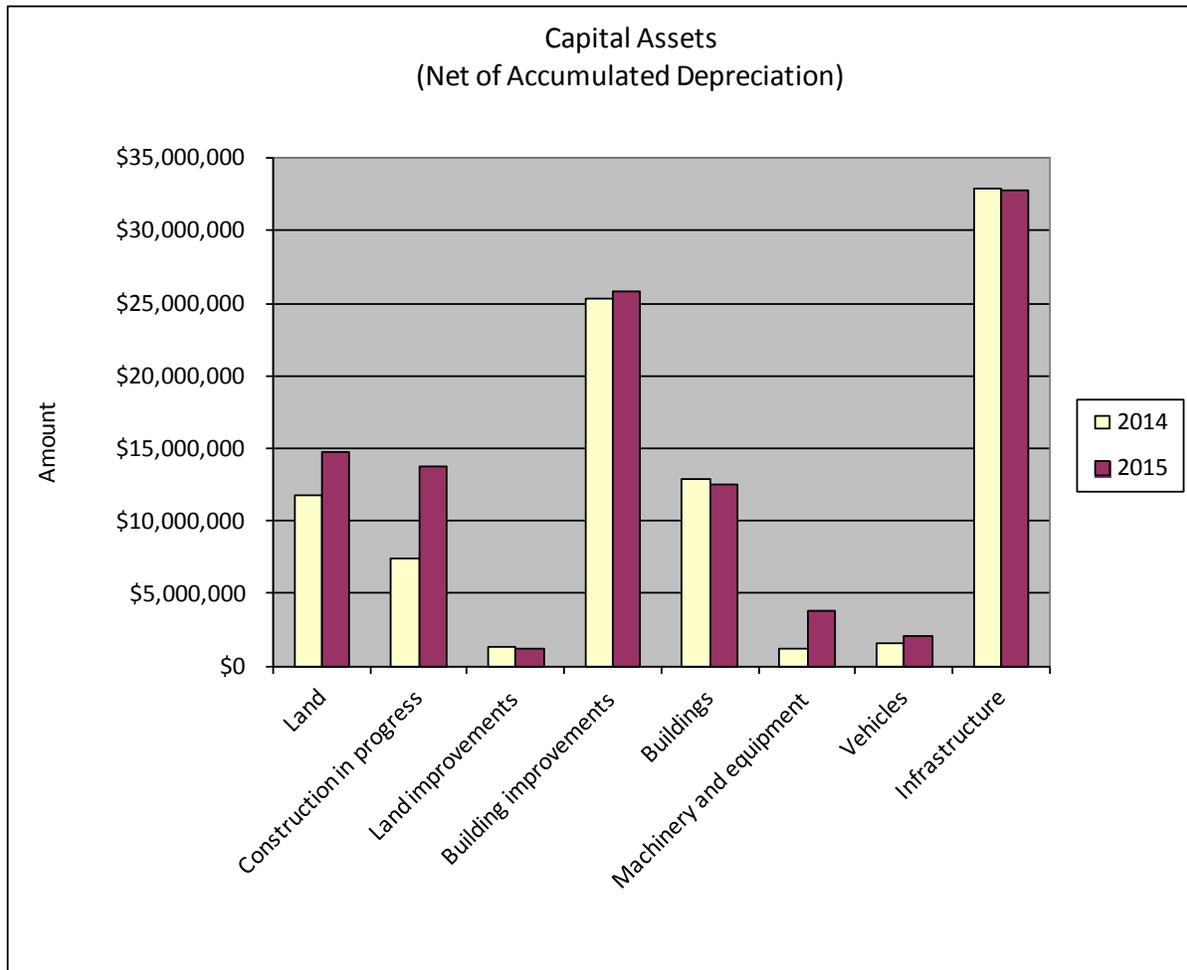
The following table is a two year comparison of the investment in capital assets, net of accumulated depreciation:

	2015	2014
Land	\$ 14,763,330	\$ 11,763,330
Construction in progress	13,756,791	7,474,512
Land improvements	1,210,737	1,308,908
Building improvements	25,787,288	25,271,517
Buildings	12,453,465	12,884,362
Machinery and equipment	3,745,993	1,209,550
Vehicles	2,020,728	1,580,144
Infrastructure	32,747,978	32,885,217
Totals	<u>\$ 106,486,310</u>	<u>\$ 94,377,540</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)



Additional information on the Town's capital assets can be found in Note D on page 39 of this report.

Long-term Debt

At the end of the current fiscal year, the Town had total debt outstanding, excluding capital lease obligations, of \$37,740,784, all of which is backed by the full faith and credit of the government. The Town's total principal debt increased by \$6,239,784 or 19.8% during the current fiscal year due to scheduled debt service payments offset by the issuance of \$3,000,000 in general obligation bonds and the conversion of short-term financing into a long-term loan in the amount of \$5,433,576.

The Town used the proceeds received from the \$3,000,000 in general obligation bonds to fund the purchase of land. The \$5,433,576 of Clean Water Fund proceeds were used to permanently fund the cost of Phase I of the Sewer Avoidance project.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

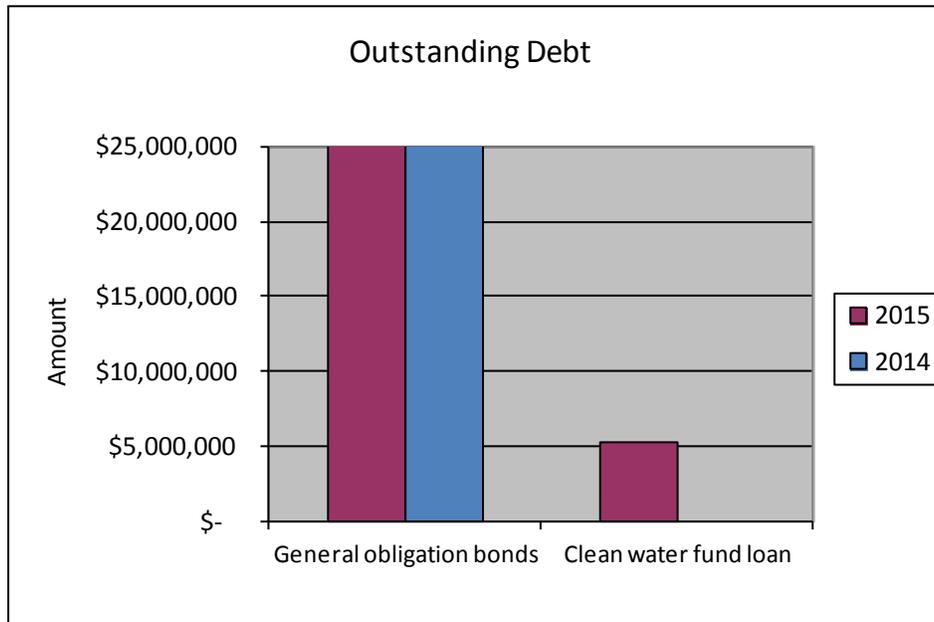
Long-term Debt

The Town's capital plan is established to control the level of capital expenditures and debt service expenditures in order to maintain a level amount of debt service expenditures and to avoid any sharp increase in property tax rates. Debt levels are managed to ensure that debt service requirements of new debt reasonable coincide with the normal amortization of existing debt service expenditures.

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 \$283,298,141 which is significantly in excess of the Town's outstanding general obligation debt.

The following tables are a two year comparison of long-term debt:

	2015	2014
General obligation bonds	\$ 32,465,000	\$ 31,501,000
Clean water fund loan	5,275,784	-
Totals	\$ 37,740,784	\$ 31,501,000



Additional information on the Town's debt can be found in Note H on pages 41 - 43 of this report.

TOWN OF OLD SAYBROOK, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Concluded)*
JUNE 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The unemployment rate for the Town is currently 4.6%. This compares favorably to the state's average unemployment rate of 5.7% and the national unemployment rate of 5.3%.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
 - For purposes of calculating property tax revenues for fiscal year 2016, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.
 - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of conveyance taxes and interest income.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, Town of Old Saybrook, 302 Main Street, Old Saybrook, Connecticut 06475.

BASIC FINANCIAL STATEMENTS

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 16,505,888
Investments	1,099,671
Receivables:	
Property taxes and interest, net	731,341
Grants and contracts	626,487
Other	86,849
Restricted cash and cash equivalents	347,584
Restricted investments	201,947
Noncurrent assets:	
Capital assets:	
Non-depreciable	28,520,121
Depreciable, net	77,966,189
Total assets	126,086,077
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	415,654
Deferred pension expense	2,544,406
	2,960,060
LIABILITIES	
Accounts payable	2,440,983
Accrued liabilities:	
Salaries and benefits payable	48,472
Accrued interest	292,406
Other accrued liabilities	23,487
Interim financing obligation	354,579
Unearned revenue	28,409
Advance property tax collections	5,506,645
Performance bonds	400,247
Noncurrent liabilities:	
Due within one year:	3,102,748
Due in more than one year:	50,672,956
Total liabilities	62,870,932
NET POSITION	
Net investment in capital assets	70,659,511
Restricted for:	
Endowments:	
Nonspendable	5,000
Expendable	1,184
Marina partnership bonds	143,100
Unrestricted	(4,633,590)
Total net position	\$ 66,175,205

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

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Governmental</u>
					<u>Activities</u>
Primary Government:					
Governmental activities:					
General government	\$ 8,523,938	\$ 868,610	\$ 19,830	\$ -	\$ (7,635,498)
Public safety	5,719,303	227,810	141,436	-	(5,350,057)
Public works	4,172,963	457,597	291,063	957,995	(2,466,308)
Culture and recreation	1,732,442	591,196	35,956	-	(1,105,290)
Health and welfare	896,547	126,325	183,346	-	(586,876)
Education	30,449,433	621,521	4,844,042	-	(24,983,870)
Interest on long-term debt	1,297,377	-	-	-	(1,297,377)
Total governmental activities	<u>\$ 52,792,003</u>	<u>\$ 2,893,059</u>	<u>\$ 5,515,673</u>	<u>\$ 957,995</u>	<u>\$ (43,425,276)</u>
General revenues:					
					40,543,368
					174,391
					119,739
					<u>40,837,498</u>
					(2,587,778)
					74,133,788
					(5,370,805)
					<u>68,762,983</u>
					<u>\$ 66,175,205</u>

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

TOWN OF OLD SAYBROOK, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Capital Projects Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 9,026,897	\$ 4,646,005	\$ 1,651,551	\$ 1,181,435	\$ 16,505,888
Restricted cash and cash equivalents	341,400	-	-	6,184	347,584
Investments	-	-	-	1,099,671	1,099,671
Restricted investments	201,947	-	-	-	201,947
Receivables:					
Property taxes, net	550,687	-	-	-	550,687
Interest on property taxes, net	180,654	-	-	-	180,654
Grants and contracts	434,933	93,832	-	97,722	626,487
Other	68,146	-	-	18,703	86,849
Due from other funds	274,688	-	-	-	274,688
Total assets	<u>\$ 11,079,352</u>	<u>\$ 4,739,837</u>	<u>\$ 1,651,551</u>	<u>\$ 2,403,715</u>	<u>\$ 19,874,455</u>
LIABILITIES					
Accounts payable	\$ 849,967	\$ 1,468,393	\$ 47,644	\$ 74,979	\$ 2,440,983
Accrued liabilities:					
Salaries and benefits payable	48,472	-	-	-	48,472
Other accrued liabilities	23,487	-	-	-	23,487
Interim financing obligation	-	-	354,579	-	354,579
Advance collections of property taxes	5,506,645	-	-	-	5,506,645
Performance bonds	400,247	-	-	-	400,247
Due to other funds	-	148,932	-	125,756	274,688
Unearned revenue	-	-	-	28,409	28,409
Total liabilities	<u>6,828,818</u>	<u>1,617,325</u>	<u>402,223</u>	<u>229,144</u>	<u>9,077,510</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	563,833	-	-	-	563,833
FUND BALANCES					
Nonspendable	-	-	-	5,000	5,000
Restricted	143,100	2,802,048	-	1,184	2,946,332
Committed	29,655	845,556	1,249,328	2,175,789	4,300,328
Unassigned	3,513,946	(525,092)	-	(7,402)	2,981,452
Total fund balances	<u>3,686,701</u>	<u>3,122,512</u>	<u>1,249,328</u>	<u>2,174,571</u>	<u>10,233,112</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,079,352</u>	<u>\$ 4,739,837</u>	<u>\$ 1,651,551</u>	<u>\$ 2,403,715</u>	<u>\$ 19,874,455</u>

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

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

Total fund balance for governmental funds \$ 10,233,112

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Land	\$ 14,763,330	
Construction in progress	13,756,791	
Buildings	34,170,413	
Building improvements	29,903,291	
Infrastructure	45,531,814	
Land improvements	5,231,946	
Machinery and equipment	5,890,636	
Vehicles	5,474,019	
Less accumulated depreciation and amortization	<u>(48,235,930)</u>	
Total capital assets, net		106,486,310

Some of the Town's taxes and assessments 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 governmental funds. 563,833

Deferred outflows of resources resulting from changes in the components of the net pension liability are reported in the statement of net position. 2,544,406

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Those liabilities consist of:

Accrued interest payable	(292,406)	
Long-term debt:		
Bonds payable, net	(33,297,112)	
Deferred charges on refunding	415,654	
Other long-term liabilities:		
Notes payable	(5,275,784)	
Capital lease obligations	(471,605)	
Compensated absences	(862,757)	
Net pension liabilities	(10,997,442)	
Net OPEB obligation	<u>(2,871,004)</u>	
Total long-term liabilities		<u>(53,652,456)</u>

Net position of governmental activities \$ 66,175,205

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

	General Fund	Capital Projects Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 40,581,969	\$ -	\$ -	\$ -	\$ 40,581,969
Intergovernmental	5,069,967	93,832	362,066	959,181	6,485,046
Charges for services and other	1,056,231	441,595	16,002	1,379,231	2,893,059
Contributions	-	-	-	163,013	163,013
Investment earnings	79,872	-	1,809	38,058	119,739
Total revenues	<u>46,788,039</u>	<u>535,427</u>	<u>379,877</u>	<u>2,539,483</u>	<u>50,242,826</u>
EXPENDITURES					
Current:					
General government	5,412,611	-	20,000	147,698	5,580,309
Public safety	3,902,583	-	-	424,290	4,326,873
Public works	2,467,426	-	-	-	2,467,426
Culture and recreation	1,241,732	-	-	390,463	1,632,195
Health and welfare	491,272	-	-	405,275	896,547
Education	27,286,135	-	-	1,250,060	28,536,195
Capital outlays	965,004	12,656,646	2,038,626	-	15,660,276
Debt service:					
Principal payments	2,405,452	101,835	-	-	2,507,287
Interest and fiscal charges	1,301,443	40,319	-	-	1,341,762
Bond issuance costs	-	46,440	-	-	46,440
Total expenditures	<u>45,473,658</u>	<u>12,845,240</u>	<u>2,058,626</u>	<u>2,617,786</u>	<u>62,995,310</u>
Excess (deficiency) of revenues over expenditures	1,314,381	(12,309,813)	(1,678,749)	(78,303)	(12,752,484)
OTHER FINANCING SOURCES (USES)					
Bond issuance proceeds	-	3,000,000	-	-	3,000,000
Premium on bond issuance	-	56,196	-	-	56,196
Clean water fund loan proceeds	-	-	5,252,554	-	5,252,554
Capital lease financing	512,910	-	-	-	512,910
Transfers in	10,000	231,312	630,000	215,533	1,086,845
Transfers out	(1,016,354)	(60,491)	-	(10,000)	(1,086,845)
Total other financing sources (uses)	<u>(493,444)</u>	<u>3,227,017</u>	<u>5,882,554</u>	<u>205,533</u>	<u>8,821,660</u>
Net change in fund balances	820,937	(9,082,796)	4,203,805	127,230	(3,930,824)
Fund balances - beginning	<u>2,865,764</u>	<u>12,205,308</u>	<u>(2,954,477)</u>	<u>2,047,341</u>	<u>14,163,936</u>
Fund balances - ending	<u>\$ 3,686,701</u>	<u>\$ 3,122,512</u>	<u>\$ 1,249,328</u>	<u>\$ 2,174,571</u>	<u>\$ 10,233,112</u>

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

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

Net change in fund balances - total governmental funds \$ (3,930,824)

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	\$ 14,042,649	
Depreciation and amortization expense	<u>(1,933,879)</u>	
Net adjustment		12,108,770

Deferred outflows of resources resulting from changes in the components of the net pension liability are amortized as a component of pension expense in the statement of activities. (624,879)

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

Debt issued or incurred:		
Capital lease financing	(512,910)	
Bonds issued	(3,000,000)	
Clean water fund loans issued	(5,433,576)	
Premium on bonds issued	(56,196)	
Principal repayments:		
Bonds and notes payable	2,193,792	
Capital lease obligations	<u>313,495</u>	
Net adjustment		(6,495,395)

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	\$ 241,306	
Amortization of deferred charges on refunding	(42,260)	
Amortization of bond premium	72,801	
Compensated absences	61,292	
Net pension liabilities	(3,517,094)	
Net OPEB obligation	<u>(422,894)</u>	
		(3,606,849)

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 deferred inflows of resources. (38,601)

Change in net position of governmental activities \$ (2,587,778)

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 40,189,331	\$ 40,189,331	\$ 40,581,969	\$ 392,638
Intergovernmental	1,176,110	1,176,110	1,146,214	(29,896)
Charges for services	1,000,500	1,000,500	1,524,746	524,246
Investment income	60,000	60,000	79,872	19,872
Total revenues	<u>42,425,941</u>	<u>42,425,941</u>	<u>43,332,801</u>	<u>906,860</u>
EXPENDITURES				
Current:				
General government	5,722,602	5,741,223	5,567,653	(173,570)
Public safety	3,814,128	3,814,128	3,927,483	113,355
Public works	2,497,455	2,497,455	2,482,988	(14,467)
Culture and recreation	1,243,516	1,243,516	1,241,732	(1,784)
Health and welfare	492,867	492,867	491,272	(1,595)
Education	24,066,941	24,066,941	24,030,276	(36,665)
Capital outlay	417,988	550,209	545,905	(4,304)
Debt service	3,374,444	3,374,444	3,388,805	14,361
Total expenditures	<u>41,629,941</u>	<u>41,780,783</u>	<u>41,676,114</u>	<u>(104,669)</u>
Excess of revenues over expenditures	796,000	645,158	1,656,687	1,011,529
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	10,000	10,000
Transfers out	(796,000)	(845,750)	(845,750)	-
Appropriation of fund balance	-	200,592	-	(200,592)
Total other financing sources (uses)	<u>(796,000)</u>	<u>(645,158)</u>	<u>(835,750)</u>	<u>(190,592)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	820,937	<u>\$ 820,937</u>
Fund balance - beginning			<u>2,865,764</u>	
Fund balance - ending			<u>\$ 3,686,701</u>	

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

TOWN OF OLD SAYBROOK, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 1,661,426	\$ 184,198	\$ 209,179
Investments, at fair value:			
Certificates of deposit	-	67,808	-
Bond mutual funds	-	23,294	-
Equity mutual funds	123,479	205,940	76,810
Corporate bonds	1,678,011	-	-
U.S. Government securities	2,293,474	-	-
U.S. Government agency securities	1,252,790	-	-
Common stock	13,494,174	-	-
Other	-	31,071	-
Total assets	<u>20,503,354</u>	<u>512,311</u>	<u>\$ 285,989</u>
LIABILITIES			
Accounts payable	-	-	\$ 2,021
Due to others	-	-	62,762
Due to student groups	-	-	221,206
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 285,989</u>
NET POSITION			
Held in trust for pension benefits and other purposes	<u>\$ 20,503,354</u>	<u>\$ 512,311</u>	

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

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

	Pension Trust Funds	Private Purpose Trust Fund - Scholarship Fund
ADDITIONS		
Contributions:		
Employer	\$ 555,132	\$ -
Plan members	351,423	-
Private donations	-	122,449
Total contributions	<u>906,555</u>	<u>122,449</u>
Investment earnings:		
Net change in the fair value of investments	466,729	(26,939)
Interest and dividends	442,132	13,463
Total investment earnings	<u>908,861</u>	<u>(13,476)</u>
Less: investment fee expense	184,952	-
Net change in investments	<u>723,909</u>	<u>(13,476)</u>
Total additions	<u>1,630,464</u>	<u>108,973</u>
DEDUCTIONS		
Benefit payments	1,355,303	-
Awards expense	-	15,115
Administrative expenses	-	1,244
Total deductions	<u>1,355,303</u>	<u>16,359</u>
Change in net position	275,161	92,614
Net position - beginning	<u>20,228,193</u>	<u>419,697</u>
Net position - ending	<u>\$ 20,503,354</u>	<u>\$ 512,311</u>

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

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Old Saybrook, 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 1854. The Town covers 18.3 square miles and is located in Middlesex County. The Town operates under a Town Meeting/Board of Selectman/Board of Finance form of government and provides a full range of services including public safety (police and fire), public works, sanitation, parks and recreation, health and social services, planning and zoning, and education.

The legislative power of the Town is with the Board of Selectman and Town Meeting. The Board of Selectman may enact, amend or repeal ordinance and resolutions. The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes and is responsible for presenting fiscal operating budgets for Town Meeting approval.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations which by nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has determined that there are no agencies or entities, which should be presented within the Town's financial statements based on these criteria.

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. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

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

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 nonmajor funds.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2015

NOTE A - 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 capital projects fund is used to account for the revenues and expenditures associated with the Town's various multi-year capital projects funded primarily by debt issuances.

Capital Nonrecurring Fund - This fund accounts for the financial revenues to be used for major capital asset construction and/or purchases funded substantially by grants and General Fund appropriations.

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

Pension Trust Funds - These funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plans. The Town utilizes these funds to account for activities of the following plans: Town Pension Trust Fund and the Fire Company #1 Pension Trust Fund.

Private Purpose Trust Fund - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. As the designated trustee or agent, the Town utilizes the assets of the private purpose trust funds in capacity stipulated in the related trust agreement.

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 of various student activity groups, land use performance bonds and other purposes. The student activities fund accounts for monies generated by student activities in the Town's school system. The land use performance bond fund accounts for monies received to ensure that driveways and lawns are installed to correct specifications for new construction.

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 prepared using the economic resources measurement focus and the accrual basis of accounting. Agency Funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2015

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

Measurement Focus and Basis of Accounting *(Continued)*

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases 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 during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when the cash is received.

The pension 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 assets and liabilities.

Implementation of Accounting Standards

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

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

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2015

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

Implementation of Accounting Standards *(Continued)*

The Town has reported the following cumulative effect of applying GASB Statement No. 68 as an adjustment of beginning net position as of July 1, 2014.

	Governmental Activities
Net position - beginning, as originally reported	\$ 74,133,788
Adjustment to remove net pension obligation (asset) previously recognized under GASB Statement No. 27	(1,059,742)
Adjustment to record net pension liabilities and related deferred outflows of resources under GASB Statement No. 68	(4,311,063)
Net position - beginning, as adjusted	\$ 68,762,983

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

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

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America of United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital projects fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

Allowable investment under the pension funds' investment policy consist of investment grade corporate bonds as rated by Standard and Poor's, government bonds issued and guaranteed by the U.S. Treasury and U.S. Agencies, Federally insured certificates of deposit and equities consisting of stocks and mutual funds. Funds may also be invested in the high yield sector (bonds below investment grade) provided the investment is made in professional money managers are employed to manage the assets allocated to them. The Board of Selectman, as trustee of the pension plans, is responsible for overall investment policy. Any change in investment manager or individual security purchase must have their approval. The pension committee acts as advisor to the Board of Selectmen.

Investments for the Town are reported at fair value (generally based on quoted market price).

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2015

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

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

Restricted Cash & Cash Equivalents and Investments

The restricted cash, cash equivalents and investments are for performance bonds and endowment purposes. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the Town calls the bond for nonperformance. The endowment amounts are reflected in net position as restricted for other purposes. Endowment investment income is approved for expenditure by the individual Boards responsible for each fund.

Property Taxes

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments, July 1 and the following January 1. Motor vehicle and personal property taxes are billed in July and are due in one installment, July 1. Supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due and liens are filed on delinquent real estate taxes within one year. The Town establishes an allowance for doubtful accounts based on historical collection experience and other factors. The Town has established an allowance for uncollectible taxes and interest of \$11,000 and \$4,000, respectively, as of June 30, 2015.

In the fund financial statements, all property taxes receivable which have not been collected within 60 days of June 30 have been recorded as deferred inflow of resources, since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected during the 60 day period have been recorded as revenue.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 for vehicles, machinery and equipment, \$20,000 for improvements and \$100,000 for infrastructure and an estimated useful life greater than one year. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	40-100
Building improvements	20-100
Land improvements	20-100
Machinery and equipment	5-20
Vehicles	10-20
Infrastructure	20-75
Intangible assets	30-50

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2015

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

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

Unearned Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned.

Deferred Outflows/Inflows of Resources

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

Deferred outflows of resources consists of deferred charges on refundings and deferred pension expenses. Deferred charges on refunding are reported in the government-wide statement of net position. This amount is being amortized to interest expense using the effective-interest method over the life of the related bonds. Deferred pension expenses are also reported in the government-wide statement of net position. This amount is amortized as a component of pension expense on a systematic and rational basis.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and such amounts will not be recognized as an inflow of resources (revenue) until that time. The Town recognizes deferred inflows of resources in the governmental funds balance sheet for unavailable revenue. Unavailable revenues from property taxes and interest thereon are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences and Employee Retirement Obligations

Employees accumulate by a prescribed formula for absence due to vacation and sickness based upon the various union contracts and the Town's personnel policies. The eligibility for sick pay in some instances does vest. The General Fund is the primary source to liquidate compensated absences. Expenses to be paid in the future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources; for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable 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. Issuance cost, whether or not withheld from the actual debt proceeds received, are expensed as incurred.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2015

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

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

Long-term Obligations *(Continued)*

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

Net Position and Fund Balances

The statement of net position presents the Town's assets, deferred outflows of resources, and liabilities, with net position as the residual of these elements. Net position 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 amounts 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. None of the Town's restricted net position is restricted through enabling legislation.

Unrestricted net position - This component of net position is the net amount of assets, liabilities, and deferred outflows of resources which do not meet the definition of the preceding two categories.

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

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

Restricted - Constraints 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 be only used for specific purposes pursuant to constraints imposed by formal action of the Town Council (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.

Assigned - Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Charter.

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 OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2015

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

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

Net Position and Fund Balances *(Continued)*

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board of Finance has provided otherwise in its commitment or assigned actions.

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".

Advances between funds, as reported in the fund financial statements, are offset by a restricted fund balance designation (non-spendable) in the General Fund and by a restricted, committed, or assigned fund balance designation of other governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2015

NOTE A - 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 of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures funding the fiscal year. Accordingly, actual results could differ from those estimates.

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE

Budgetary Information

The General Fund is the only fund for which an annual budget is legally adopted. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements, in accordance with provision of its Town Charter:

- Each board, commission, department, agency or officer of the Town shall, on or before January 15th of each year, submit to the First Selectman a detailed estimate of the expenditures to be made by said board, commission, department, agency or officer for the Town's fiscal year beginning July 1st of the year, together with a statement of revenues (other than tax revenues) which are estimated to be collected by such board, commission, department, agency or officer for said ensuing fiscal year; provided; however, that said submission by the Board of Education shall be on or before March 1st of each year, rather than January 15th thereof. For those boards, commissions, departments, agencies and officials which provide programs and services, budgets shall be accompanied by a statement or statements, in narrative form, describing such programs or services, which have been accomplished or expected to be accomplished during its present fiscal year, and those such programs and services which are expected to be accomplished in the ensuing fiscal year.
- The First Selectman shall compile all general governmental budgets, excluding the Board of Education, no later than February 15th of each year, and present to the Board of Selectmen a consolidated proposed budget.
- On or before March 1st of each year, the Board of Selectman and Board of Education shall present its completed budget to the Board of Finance. Following the receipt of said budget from the Board of Selectmen, the Board of Finance will present the proposed General Government Budget. Also, prior to April 1st, the Board of Finance will hold a public hearing at which time the Board of Education will present the proposed Board of Education Budget. Following such public hearings and at least two (2) weeks before the Annual Town Budget Meeting, the Board of Finance shall hold a public hearing, at which time it will present a proposed Town Budget, together with the statement of anticipated revenues and estimated mill rate based upon such proposed Town Budget. The Board of Finance may hold additional public hearings, if it deems necessary. At any of the public hearings referred to in this section, any elector or taxpayer may be heard regarding the proposed budget for the next ensuing fiscal year.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2015

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

Budgetary Information *(Continued)*

- The Annual Budget Meeting shall be held not less than one month prior to the beginning of the next ensuing fiscal year for the purpose of action upon the budget, in accordance with the provisions of Section 7-388 of the General Statutes of the State of Connecticut, as amended.
- The Town Clerk shall prepare and have available in her office a mandatory petition at least 14 days prior to the first Annual Budget Meeting, if, at least 24 hours prior to such meeting, at least 100 persons entitled to vote at such meeting have signed such petition (or petition confirming to the requirements of Section 7-7 of the General Statutes of Connecticut on the same question), then the question of the adoption of said proposed Annual Budget shall be decided by a “yes” or “no” vote on the voting machines in accordance with the same provisions of Section 7-7 of the General Statutes of Connecticut. In the event that a proposed budget shall be rejected, then the same procedure shall be established with regard to any subsequent budget meeting for that fiscal year; provided, however, that such mandatory petition shall be available 5 days prior to any subsequent meeting.
- The Board of Finance shall lay a tax on the grand list in accordance with General Statutes 7-344 only after both the General Government and Board of Education budgets have been approved, provided that, in any fiscal year shall begin without a budget having been approved, the Board of Finance shall be authorized to lay such tax on the grand list as the Board deems advisable in accordance with General Statutes 7-344.
- Budgetary control is maintained at the department level. However, the Board of Finance may transfer between budget items and between departments, thus amending the budget, as long as total expenditures are not exceeded. Any transfers to one line item totaling \$25,000 or more for the year must be approved by Town Meeting.
- The Board of Education is authorized under state law to transfer unexpended balances from one account to another within its total line appropriation.
- There were additional appropriations of \$200,592 approved during the year.
- Classification of certain revenues and expenditures under accounting principles generally accepted in the United States of America (“GAAP”) differ from classifications used for budgetary purposes.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

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

Budgetary Information (Continued)

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

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Uses, Net</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 43,332,801	\$ 41,676,114	\$ (835,750)	\$ 820,937
"On-behalf" payments - State Teachers' Retirement Fund (see Note J)	2,892,966	2,892,966	-	-
Capital lease proceeds not recorded for budgetary purposes	-	512,910	512,910	-
Reimbursement for certain grant costs recorded as a reduction to expenditures for budgetary purposes	587,272	587,272	-	-
Certain transfers recorded as revenues for budgetary purposes	(25,000)	(195,604)	(170,604)	-
GAAP basis	<u>\$ 46,788,039</u>	<u>\$ 45,473,658</u>	<u>\$ (493,444)</u>	<u>\$ 820,937</u>

Expenditures Which Exceed Appropriations

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

<u>Department Amount</u>	<u>Amount</u>
Public Safety	\$ 113,355
Debt Service	14,361

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

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

Deficit Fund Balance

The Administration Fund (nonmajor governmental fund) has a deficit fund balance of 7,402 as of June 30, 2015, which does not constitute a violation of statutory provisions.

The deficit is expected to be eliminated through future revenue sources or transfers in from the General Fund.

Donor-restricted endowments

The Town has received certain endowments for the perpetual care of the Upper Cemetery. The amounts are reflected in net position as restricted for perpetual care. Investment income is approved for expenditure by the board of the benefiting activity. There was \$1,184 of appreciation available for appropriation at June 30, 2015.

Capital Projects Authorizations

The following is a summary of certain capital projects as of June 30, 2015:

<u>Capital Project</u>	<u>Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balances</u>
Wastewater Management System	\$ 42,171,200	\$ 7,489,400	\$ 34,681,800
Emergency Communications	2,816,000	2,714,174	101,826
Police Building Project	11,195,000	10,204,399	990,601
School Renovations Projects	3,281,000	1,927,999	1,353,001
Turf Field	1,200,000	843,380	356,620
Total	<u>\$ 60,663,200</u>	<u>\$ 23,179,352</u>	<u>\$ 37,483,848</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2015

NOTE C - CASH DEPOSITS AND INVESTMENTS

Cash Deposits – 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’s policy provides for uninsured demand and time deposits with banks and savings and loan institutions to be collateralized as prescribed in the Connecticut general statutes, as described below. In addition, in order to anticipate market changes and provide for a level of security for all funds, all public deposits shall be held in qualified public depositories. As of June 30, 2015, \$17,870,970 of the Town’s bank balance of \$18,466,731 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 16,083,873
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	1,787,097
	<u>\$ 17,870,970</u>

All of the Town’s deposits were in qualified public institutions as defined by Connecticut general statutes. Under these statutes, 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.

A reconciliation of the Town’s cash and cash equivalents as of June 30, 2015 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents (includes restricted)	\$ 16,853,472
Statement of fiduciary net position:	
Cash and cash equivalents	2,054,803
	<u>18,908,275</u>
Add: certificates of deposit considered as cash deposits for disclosure purposes	291,748
Less: cash equivalents considered investments for disclosure purposes	(1,587,598)
	<u>\$ 17,612,425</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE C - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments

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

Government-wide statement of net position:		
Investments (includes restricted)	\$	1,301,618
Statement of fiduciary net position:		
Investments		19,246,851
		20,548,469
Add: cash equivalents considered investments for disclosure purposes		1,587,598
Less: certificates of deposit considered as cash deposits for disclosure purposes		(291,748)
	\$	21,844,319

As of June 30, 2015, the Town's investments consisted of the following:

Investment type	Credit Rating	Fair Value	Investment Maturities (In Years)			
			Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities:						
Corporate bonds	A	\$ 839,383	\$ -	\$ 455,403	\$ 326,237	\$ 57,743
Corporate bonds	AA	402,637	-	216,661	100,358	85,618
Corporate bonds	AAA	82,442	-	-	-	82,442
Corporate bonds	BBB	353,549	-	131,750	162,356	59,443
U.S. Government securities	N/A	2,530,171	315,323	981,070	960,337	273,441
U.S. Government agency securities	AA	1,531,895	76,201	121,021	16,139	1,318,534
Money market mutual funds	Unrated	1,587,598	1,587,598	-	-	-
		7,327,675	\$ 1,979,122	\$ 1,905,905	\$ 1,565,427	\$ 1,877,221
Other investments:						
Equity mutual funds	Unrated	417,084				
Bond mutual funds	Unrated	23,294				
Common stock	Unrated	14,045,195				
Other	Unrated	31,071				
		\$ 21,844,319				

Because 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 OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2015

NOTE C - 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.

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those already limited by Connecticut state statutes. Connecticut state statutes permit no Town to invest in: (1) obligations of the United States, including its instrumentalities and agencies; (2) 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 services; (3) in shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money markets and mutual funds (with constant or fluctuating net assets values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase fully collateralized by such obligations; (4) 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. Other provisions if the statutes cover specific municipal funds with particular investment authority. The provisions of the statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, the investments of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable pension plan.

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's investments were not exposed to custodial credit risk as of June 30, 2015. The Town does not have a policy that addresses custodial credit risk.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. More than 5% of the Town's investments are in corporate bonds, common stock, U.S. Government securities and U.S. Government agency securities. However, these investments are not subject to concentration of credit risk disclosure as they are considered to be diversified investments by nature.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE D - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 11,763,330	\$ 3,000,000	\$ -	\$ -	\$ 14,763,330
Construction in progress	7,474,512	10,016,830	-	(3,734,551)	13,756,791
Total capital assets, not being depreciated	<u>19,237,842</u>	<u>13,016,830</u>	<u>-</u>	<u>(3,734,551)</u>	<u>28,520,121</u>
Capital assets, being depreciated:					
Land improvements	5,231,946	-	-	-	5,231,946
Buildings	34,170,413	-	-	-	34,170,413
Building improvements	28,877,472	1,025,819	-	-	29,903,291
Machinery and equipment	3,176,462	-	-	2,714,174	5,890,636
Vehicles	4,883,114	-	-	590,905	5,474,019
Infrastructure	45,102,342	-	-	429,472	45,531,814
Total capital assets, being depreciated	<u>121,441,749</u>	<u>1,025,819</u>	<u>-</u>	<u>3,734,551</u>	<u>126,202,119</u>
Less accumulated depreciation and amortization for:					
Land improvements	3,923,038	98,171	-	-	4,021,209
Buildings	21,286,051	430,897	-	-	21,716,948
Building improvements	3,605,955	510,048	-	-	4,116,003
Machinery and equipment	1,966,912	177,731	-	-	2,144,643
Vehicles	3,302,970	150,321	-	-	3,453,291
Infrastructure	12,217,125	566,711	-	-	12,783,836
Total accumulated depreciation and amortization	<u>46,302,051</u>	<u>1,933,879</u>	<u>-</u>	<u>-</u>	<u>48,235,930</u>
Total capital assets, being depreciated, net	<u>75,139,698</u>	<u>(908,060)</u>	<u>-</u>	<u>3,734,551</u>	<u>77,966,189</u>
Governmental activities capital assets, net	<u>\$ 94,377,540</u>	<u>\$ 12,108,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,486,310</u>

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

Governmental Activities:	
General government	\$ 834,869
Public safety	190,336
Public works	156,747
Culture and recreation	100,247
Education	<u>651,680</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 1,933,879</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE E - INTERFUND RECEIVABLES AND PAYABLES

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

Receivable Fund	Payable Fund	Amount
Governmental Funds:		
General Fund	Capital Projects Fund	\$ 148,932
	Other Governmental Funds	125,756
		<u>\$ 274,688</u>

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

NOTE F - INTERFUND TRANSFERS

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

Transfers In	Transfers Out	Amount
Governmental Funds		
General Fund	Other Governmental Funds	\$ 10,000
Capital Projects Fund	General Fund	231,312
Capital Nonrecurring Fund	General Fund	630,000
Other Governmental Funds	Capital Projects Fund	60,491
	General Fund	155,042
		<u>215,533</u>
Total transfers		<u>\$ 1,086,845</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 revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE G - SHORT-TERM LIABILITIES

The Town is using interim funding during the construction of the Clean Water Project. Clean Water Project 116C was converted from interim financing to long-term financing during the year ended June 30, 2015.

Short-term debt activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Interim Funding Obligation:				
Clean Water Fund Project #116C	\$ 4,388,279	\$ 864,275	\$ (5,252,554)	\$ -
Clean Water Fund Project #673C	-	354,579	-	354,579
	<u>\$ 4,388,279</u>	<u>\$ 1,218,854</u>	<u>\$ (5,252,554)</u>	<u>\$ 354,579</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE H - LONG-TERM LIABILITIES

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

Governmental Activities	Beginning Balance (As Adjusted)	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 31,501,000	\$ 3,000,000	\$ (2,036,000)	\$ 32,465,000	\$ 2,510,000
Unamortized premium	848,717	56,196	(72,801)	832,112	-
Total bonds payable	32,349,717	3,056,196	(2,108,801)	33,297,112	2,510,000
Other liabilities:					
Clean water fund loan	-	5,433,576	(157,792)	5,275,784	240,664
Capital lease obligations	272,190	512,910	(313,495)	471,605	179,533
Compensated absences	924,049	-	(61,292)	862,757	172,551
Net pension liability - Town	6,744,480	3,454,653	-	10,199,133	-
Net pension liability - Fire	735,868	62,441	-	798,309	-
Net OPEB obligation	2,448,110	422,894	-	2,871,004	-
	<u>\$ 43,474,414</u>	<u>\$ 12,942,670</u>	<u>\$ (2,641,380)</u>	<u>\$ 53,775,704</u>	<u>\$ 3,102,748</u>

The above liabilities have typically been liquidated by the General Fund and collections from taxpayers for the sewer project.

General Obligation Bonds and Notes Payable

A summary of general obligation bonds and notes payable outstanding at June 30, 2015 are as follows:

Purpose of Bonds	Date of Issue	Original Issue	Interest Rates	Maturity Date	Amount Outstanding
Governmental Activities					
Bonds Payable					
General Obligation Bonds	12/2014	\$ 3,000,000	1.25% - 4.0%	12/2034	\$ 3,000,000
General Obligation Refunding Bonds	12/2013	2,340,000	2.0% - 4.0%	07/2023	2,230,000
General Obligation Bonds	11/2013	15,676,000	2.0% - 4.0%	11/2033	10,790,000
General Obligation Refunding Bonds	10/2010	9,355,000	1.5% - 4.0%	08/2026	1,025,000
General Obligation Refunding Bonds	03/2009	5,650,000	2.0% - 4.25%	07/2023	3,395,000
General Obligation Refunding Bonds	05/2008	4,460,000	3.0% - 4.5%	02/2021	1,047,000
					<u>21,487,000</u>
School Bonds					
General Obligation Bonds	11/2013	15,676,000	2.0% - 4.0%	11/2033	4,310,000
General Obligation Refunding Bonds	10/2010	9,355,000	1.5% - 4.0%	08/2026	6,000,000
General Obligation Refunding Bonds	05/2008	4,460,000	3.0% - 4.5%	02/2021	668,000
					<u>10,978,000</u>
					<u>\$ 32,465,000</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE H - LONG-TERM LIABILITIES (Continued)

General Obligation Bonds and Notes Payable (Continued)

<u>Purpose of Note</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Governmental Activities					
Notes Payable					
Clean Water Loan - 116-CGO	11/2014	\$ 1,926,891	2.0%	10/2033	\$ 1,870,934
Clean Water Loan - 116-CSA	11/2014	3,506,685	2.0%	10/2033	3,404,850
					\$ 5,275,784

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

<u>Year ending</u> <u>June 30:</u>	<u>Governmental Activities</u>				
	<u>Bonds Payable</u>		<u>Notes Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 2,510,000	\$ 1,026,726	\$ 240,664	\$ 103,317	\$ 3,880,707
2017	2,525,000	953,081	245,522	98,460	3,822,063
2018	2,540,000	879,230	250,478	93,504	3,763,212
2019	2,535,000	800,650	255,533	88,448	3,679,631
2020	2,530,000	720,319	260,691	83,291	3,594,301
2021-2025	10,305,000	2,393,253	1,384,540	335,368	14,418,161
2026-2030	5,430,000	1,178,529	1,530,026	189,883	8,328,438
2031-2035	4,090,000	330,440	1,108,330	38,227	5,566,997
	\$ 32,465,000	\$ 8,282,228	\$ 5,275,784	\$ 1,030,498	\$ 47,053,510

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 \$283,298,141 as of June 30, 2015. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2015.

Authorized, Unissued Bonds

As of June 30, 2015, the Town had authorized but unissued bonds totaling \$35,782,119 for various ongoing construction projects.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE H - LONG-TERM LIABILITIES (Continued)

Capital Leases

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

	Governmental Activities
Cost Basis	\$ 1,265,460
Less: accumulated amortization	41,357
	\$ 1,224,103

Amortization expense relative to leased property under capital leases totaled \$23,946 for the year ended June 30, 2015 and is included in depreciation and amortization expense disclosed in Note D.

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

Year ending June 30:	Governmental Activities
2016	\$ 182,622
2017	182,622
2018	88,812
2019	22,195
Total minimum lease payments	476,251
Less: amount representing interest	4,646
Present value of minimum lease payments	\$ 471,605

NOTE I - FUND BALANCE

The various components of fund balance at June 30, 2015 are as follows:

	General Fund	Capital Projects Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
Permanent fund principal	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Restricted for:					
Donor restrictions	-	-	-	1,184	1,184
Performance bonds	143,100	-	-	-	143,100
Capital purposes	-	2,802,048	-	-	2,802,048
Committed to:					
Dog fund	27,519	-	-	-	27,519
Animal control fund	2,136	-	-	-	2,136
Capital purposes	-	845,556	1,249,328	-	2,094,884
General government	-	-	-	1,152,586	1,152,586
Public safety	-	-	-	192,235	192,235
Culture and recreation	-	-	-	267,472	267,472
Health and welfare	-	-	-	181,244	181,244
Education	-	-	-	382,252	382,252
Unassigned	3,513,946	(525,092)	-	(7,402)	2,981,452
	\$ 3,686,701	\$ 3,122,512	\$ 1,249,328	\$ 2,174,571	\$ 10,233,112

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2015

NOTE J - EMPLOYEE RETIREMENT PLANS

DEFINED BENEFIT PLANS

Plan Description

The Town administers two single employer, defined benefit pension plans (Town of Old Saybrook Retirement Plan and Town of Old Saybrook Fire Company #1 Retirement Plan). The Fire Company Plan covers the Town's volunteer firefighters. The Town Plan, adopted on July 1, 1967 by actions of the Board of Selectman, covers all other eligible employees. The Pension and Benefits Board makes recommendations for plan provisions which are approved by the Board of Selectman. The pension plans are included in the financial statements pension trust funds since the assets may be used to pay benefits or refunds of any plan member or beneficiary. Separate, stand-alone reports are not issued.

Summary of Significant Accounting Policies

The Plans 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 reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Short-term investments are reported at cost, which approximates fair value. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Town, with the assistance of a valuation service. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Investment policy – The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the Pension and Benefits Board. It is the policy of the Town's Pension and Benefits Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Concentrations – The Plans' investments were not subject to concentration risk as of June 30, 2015 as none of the amounts invested with one issuer represented more than 5.0% of the total assets for each pension plan. The Plan's investments that are explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments, which are excluded from the concentration of credit risk disclosure requirements.

Rate of return – For the year ended June 30, 2015, the annual money-weighted rate of return on the Town Plan's and the Fire Plan's pension plan investments, net of pension plan investment expense, was 3.95% for both plans. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Administrative costs – Administrative costs of the Plans are funded through investment earnings of the Plans.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Plan Membership

Membership of the Plans consisted of the following as of at the date of the latest actuarial valuations:

	Town Plan	Fire Company Plan
Active participants	117	72
Terminated vested and other inactive participants	12	17
Retirees and beneficiaries receiving benefits	72	13
	201	102

Benefit Provisions

Town Plan

The plan's membership is open to substantially all Town employees with the exception of certified teachers and administrative personnel at the Board of Education. Administrative costs are financed from investment earnings.

The plan's normal retirement date of any police participant is the first day of the month coinciding with or next following the earlier of the member's 60th birthday or the attainment of 25 years of credited service. For any non-police participant, the normal retirement date shall be the first day of the month coinciding with or next following the earlier of the member's 62nd birthday and the completion of 5 years of credited service. The plan's early retirement date of any participant who is 55 years of age and has completed at least 15 years of credited service is the first day of any month on or after such date in which the participant elects to terminate employment and retire prior to his or her normal retirement date.

The retirement benefits at normal retirement:

Police participants with 25 or more years of credited service – 2% of participant's final average earnings multiplied by such participant's years of credited service. The maximum multiple for credited service is 35 years.

Police participants retiring prior to age 62 and have not completed 25 years of credited service:

- *Benefit payable prior to attainment of age 62* – 2% of participant's final average earnings multiplied by such participant's years of credited service. The maximum multiple for credited service is 35 years.
- *Benefit payable after attainment of age 62* – 1.5% of participant's final average earnings multiplied by such participant's years of credited service. The maximum multiple for credited service is 35 years.

Non-Police participants – 1.5% of participant's final average earnings multiplied by such participant's years of credited service prior to July 1, 1988 plus 2% of participant's final average earnings multiplied by such participant's years of credited service after June 30, 1988. The maximum multiple for credited service is 35 years.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2015

NOTE J - EMPLOYEE RETIREMENT PLANS *(Continued)*

DEFINED BENEFIT PLANS *(Continued)*

Benefit Provisions *(Continued)*

Town Plan *(Continued)*

The retirement benefits at early retirement:

Early retirement benefits are computed in accordance with the benefits under normal retirement date but shall be reduced by one-half percent (1/2%) for each month by which such participant's early retirement date precedes his or her normal retirement date.

Fire Company Plan

The plan covers substantially all active volunteers of the Old Saybrook Fire Company #1. In order to be eligible for the plan, the employee must complete one year of service. Administrative costs are financed from investment earnings.

The retirement benefits at normal retirement:

The plan's normal retirement date of members in the plan is the first day of the month coinciding with or next following the member's 65th birthday. The normal retirement benefit received annually is as follows:

- Effective July 1, 2014 - \$270 multiplied by years of credited service up to a maximum of 30 years.
- For members who retire after July 1, 2003 but prior to July 1, 2014 - \$215 multiplied by years of credited service up to a maximum of 25 years.
- For members who retire prior to July 1, 2003 - \$174 multiplied by years of credited service up to a maximum of 25 years.

The retirement benefits at early retirement:

The plan's early retirement date of any member who is 55 years of age and has completed at least 15 years of credited service is the first day of any subsequent month after election to retire by not later than his normal retirement date. Such benefit will be reduced by 6% per year for each year that early retirement date precedes normal retirement date.

Contributions

Employer – Recommended contributions to each of the plans are determined each year as part of the actuarial valuation using the entry age normal cost method. For the year ended June 30, 2015, employer contributions to the Town Plan represented approximately 9.45% of covered payroll.

Employee – Members enrolled in the Town Plan are required to contribute 5% of earnings to the plan. Members enrolled in the Fire Plan are not required to contribute to the plan.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Net Pension Liability

The components of the Town's net pension liability for each of its Plans as of June 30, 2015, were as follows:

	Town Plan	Fire Company Plan
Total pension liability	\$ 29,842,612	\$ 1,658,184
Plan fiduciary net position	19,643,479	859,875
Town's net pension liability	\$ 10,199,133	\$ 798,309
Plan fiduciary net position as a percentage of the total pension liability	65.8%	51.9%

The components of the change in the net pension liability for both of the Town's Plans for the year ended June 30, 2015, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Town Plan			
Balance as of June 30, 2014	\$ 26,185,702	\$ 19,438,199	\$ 6,747,503
Changes for the year:			
Service cost	1,012,863	-	1,012,863
Interest	1,638,943	-	1,638,943
Actuarial (gains) losses	2,289,279	-	2,289,279
Contributions - employer	-	437,437	(437,437)
Contributions - employee	-	351,423	(351,423)
Net investment income	-	700,595	(700,595)
Benefit payments, including refunds	(1,284,175)	(1,284,175)	-
Administrative expense	-	-	-
Net changes	3,656,910	205,280	3,451,630
Balance as of June 30, 2015	\$ 29,842,612	\$ 19,643,479	\$ 10,199,133
Fire Plan			
Balance as of June 30, 2014	\$ 1,525,862	\$ 789,994	\$ 735,868
Changes for the year:			
Service cost	38,203	-	38,203
Interest	122,335	-	122,335
Actuarial (gains) losses	42,912	-	42,912
Contributions - employer	-	117,695	(117,695)
Contributions - employee	-	-	-
Net investment income	-	23,314	(23,314)
Benefit payments, including refunds	(71,128)	(71,128)	-
Administrative expense	-	-	-
Net changes	132,322	69,881	62,441
Balance as of June 30, 2015	\$ 1,658,184	\$ 859,875	\$ 798,309

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Net Pension Liability (Continued)

Actuarial assumptions - The total pension liabilities for the Town Plan and Fire Company Plan were determined by actuarial valuations as of July 1, 2014 and July 1, 2013, respectively, using the following actuarial assumptions, applied to all periods included in the measurement:

Town		
Inflation		3.00%
Salary increases	Graded salary growth with an ultimate rate of 3.50%	
Investment rate of return		8.00%
Discount rate		5.68%
Fire		
Inflation		3.00%
Salary increases	N/A	
Investment rate of return		8.00%
Discount rate		8.00%

Mortality rates for the Town Plan were based on RP-2000 Combined Healthy Mortality Table, with generational projection per Scale AA. Mortality Rates for the Fire Plan were based on RP-2000 Combined Mortality Table with Blue Collar adjustment, with static projection of future mortality improvements to 2019 per Scale AA.

The long-term expected rate of returns on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in each of the plan's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-term Expected Real Rate of Return</u>	
	<u>Town</u>	<u>Fire Company</u>	<u>Town</u>	<u>Fire Company</u>
	<u>Plan</u>	<u>Plan</u>	<u>Plan</u>	<u>Plan</u>
Cash	3%	3%	0.50%	0.50%
Core fixed income	27%	27%	2.20%	2.20%
Broad US Equities	61%	61%	6.12%	6.12%
Developed Foreign Equities	9%	9%	6.29%	6.29%

Discount rate - The discount rates used to measure the total pension liability for the Town Plan and the Fire Plan was 5.68% and 8.00%, respectively. 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.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2015

NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Net Pension Liability (Continued)

Town Plan - Based on those assumptions, the plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. Therefore, the discount rate for calculating the total pension liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. The municipal bond rate of 3.80% used in the discount rate was determined from Bond Buyer General Obligation 20-Year Municipal Bond Index. The discount rate was reduced to 5.68% from the 6.34% used in the prior year.

Fire Company Plan - 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 each 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 each Plan, calculated using the discount rate disclosed above, as well as what the Town's net pension liability would be for each of the Plans if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount	1% Increase
Town Plan - Net pension liability	\$ 13,835,102	\$ 10,199,133	\$ 7,168,070
Fire Company Plan - Net pension liability	1,004,726	798,309	622,753

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2015, the Town recognized pension expense of \$1,381,054 for the Town Plan and \$146,766 for the Fire Company Plan. At June 30, 2015, the Town reported deferred outflows of resources related to each of the Plans from the following sources:

	Deferred Outflows of Resources	
	Town Plan	Fire Plan
Differences between expected and actual experience	\$ 241,216	\$ -
Change of assumptions	1,599,185	-
Net difference between projected and actual earnings on pension plan investments	670,635	33,370
Total	\$ 2,511,036	\$ 33,370

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Pension Expense and Deferred Outflows of Resources (Continued)

Amounts reported as deferred outflow of resources related to the Town's plans will be recognized as a component of pension expense in future years as follows:

	Town Plan	Fire Company Plan
Year ended June 30,	Deferred Outflows	Deferred Outflows
	of Resources	of Resources
2016	\$ 616,537	\$ 8,342
2017	616,537	8,342
2018	616,537	8,342
2019	616,536	8,344
2020	44,889	-
	\$ 2,511,036	\$ 33,370

State Teachers' Retirement System

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 established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, 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 one hundred percent of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. For the year ended June 30, 2015, plan members of the Town contributed \$819,297 to the plan and covered payroll for the year was \$11,300,648.

The Town has recognized on-behalf payments of \$2,892,966 made by the State of Connecticut into the plan as intergovernmental revenues and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE J - EMPLOYEE RETIREMENT PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

State Teachers' Retirement System (Continued)

The total estimated net pension liability of the TRS as of June 30, 2014 was \$10.141 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$30.0 million or approximately 0.295% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined.

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	3.0%
Salary increases	3.75% - 7.0% (includes inflation)
Investment rate of return	8.5% (includes inflation)
Cost of living adjustments:	
Retirements prior to 9/1/1992	3.0%
Retirements on or after 9/1/1992	2.0%

For healthy retirees and beneficiaries, the RP-2000 Combined Mortality Table projected forward 19 years using scale AA, with a two-year setback for males and females.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21%	7.30%
Developed Non-U.S. Equities	18%	7.50%
Emerging Markets (Non-U.S.)	9%	8.60%
Core Fixed Income	7%	1.70%
Inflation Linked Bonds	3%	1.30%
Emerging Market Bonds	5%	4.80%
High Yield Bonds	5%	3.70%
Real Estate	7%	5.90%
Private Equity	11%	10.90%
Alternative Investment	8%	0.70%
Liquidity Fund	6%	0.40%

TOWN OF OLD SAYBROOK, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2015

NOTE J - EMPLOYEE RETIREMENT PLANS *(Continued)*

DEFINED BENEFIT PLANS *(Continued)*

State Teachers' Retirement System *(Continued)*

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.50%) or 1-percentage-point higher (9.50%) than the current rate:

	1% Decrease (7.50%)	Current Discount (8.50%)	1% Increase (9.50%)
Town proportionate share of the net pension liability	\$28.2 million	\$30.0 million	\$22.9 million

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

NOTE K - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Descriptions

The Town, in accordance with collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees, spouses and beneficiaries. The other post-employment benefit program (OPEB) covers Town, Police and Board of Education retired employees. The percentage contribution of the employees and retirees for these benefits vary and are detailed in the Town's various bargaining agreements. The Town does not issue a separate stand alone financial statement for this program.

At July 1, 2014, plan membership consisted of the following:

Current retirees, beneficiaries, and dependents	59
Current active participants	285
	344

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2015

NOTE K - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Funding Policy

The Town funding and payment of post-employment benefits are accounted for in the General Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of post-employment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

The Town's funding strategy for post-employment obligations are based upon characteristics of benefits on 10 distinct groups of employees established within their respective collective bargaining units and/or contracts. Full-time employees of the Town or Board of Education who retire from the Town are eligible if they meet the following criteria:

Town of Old Saybrook

- Town Hall/Dispatchers/Non-Union: Age 62 with 15 years of service
- Non-Union Town Administrators: Age 62 with 15 years of service
- Highway - hired prior to July 1, 2004: Age 60 with 15 years of service;
- Highway - hired after July 1, 2004: Age 60 with 18 years of service
- Police: The earlier of the following:
 - Age 50 with 25 years of service
 - Age 60 with 20 years of service
 - Age 65

Board of Education

- Administrators - hired prior to July 1, 2002: 12 years of service
- Administrators - hired after July 1, 2002: 15 years of service
- CILU Secretaries and Nurses: 15 years of service
- Custodians: Age 55 with 15 years of service
- Teachers: Age 57 (the eligibility for teachers is an estimate based upon the State of Connecticut's eligibility of 35 years as a teacher assuming employment begins at an estimated age of 22, a teacher becomes eligible 35 years later, or age 57)

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), which is an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities over a period not no exceed thirty years. The Town's annual OPEB cost and net OPEB obligation are primarily attributable to an implicit rate subsidy, whereby retirees are considered to be receiving a benefit from the Town for access to insurance rates offered to the Town's active employees.

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2015

NOTE K - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation.

Annual required contribution	\$ 988,000
Interest on net OPEB obligation	171,368
Adjustment to annual required contribution	<u>(148,474)</u>
Annual OPEB cost (expense)	1,010,894
Contributions made	<u>588,000</u>
Increase in net OPEB obligation	422,894
Net OPEB obligation, beginning of year	<u>2,448,110</u>
Net OPEB obligation, end of year	<u><u>\$ 2,871,004</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2015, 2014 and 2013 are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2013	\$ 938,527	55.1%	\$ 2,051,462
2014	936,648	57.7%	2,448,110
2015	1,010,894	58.2%	2,871,004

Funding Status and Funding Progress

The funding status of the plan as of July 1, 2014 (the date of the most recent actuarial valuation) was as follows:

<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(A)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL) -</u> <u>Entry Age Actuarial</u> <u>Cost Method (B)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(B-A)</u>	<u>Funded</u> <u>Ratio</u> <u>(A/B)</u>	<u>Covered</u> <u>Payroll</u> <u>(C)</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered</u> <u>Payroll</u> <u>((B-A)/C)</u>
\$ -	\$ 9,241,000	\$ (9,241,000)	0.0%	\$17,993,000	51.36%

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

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2015

NOTE K - OTHER POST-EMPLOYMENT BENEFITS (OPEB) *(Continued)*

Actuarial Methods and Assumptions

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

Valuation date:	July 1, 2014
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Percent
Remaining amortization period:	30 years - closed
Asset valuation method:	N/A
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation rate	2.70%
Discount rate	6.00%
Healthcare cost trend rate	7.00% initial 4.60% final

NOTE L - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. Neither the Town nor its insurers have settled any claims, which exceed the Town's insurance coverage form amounts in the prior year.

Retrospectively Rated Policy

The commercial insurance carried for workers' compensation is a retrospectively rated policy for which the Town's contribution is based on the Town's loss experience. It is not possible to estimate the possible loss.

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction of insurance coverage from amounts held in prior years.

NOTE M - COMMITMENTS AND CONTINGENCIES

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

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

TOWN OF OLD SAYBROOK, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2015

NOTE N - RECENTLY ISSUED ACCOUNTING STANDARDS

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - PENSION (UNAUDITED)
TOWN PENSION PLAN
JUNE 30, 2015

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 1,012,863	\$ 763,535
Interest	1,638,943	1,613,662
Differences between expected and actual experience	300,049	-
Changes of assumptions	1,989,230	720,919
Benefit payments, including refunds	<u>(1,284,175)</u>	<u>(1,104,947)</u>
Net change in total pension liability	3,656,910	1,993,169
Total pension liability - beginning	<u>26,185,702</u>	<u>24,192,533</u>
Total pension liability - ending	<u>29,842,612</u>	<u>26,185,702</u>
Plan fiduciary net position		
Contributions - employer	437,437	411,211
Contributions - members	351,423	335,120
Net investment income	700,595	3,113,027
Benefit payments, including refunds	<u>(1,284,175)</u>	<u>(1,117,286)</u>
Administrative expense	-	<u>(3,840)</u>
Net change in plan fiduciary net position	205,280	2,738,232
Plan fiduciary net position - beginning	<u>19,438,199</u>	<u>16,699,967</u>
Plan fiduciary net position - ending	<u>19,643,479</u>	<u>19,438,199</u>
Town's net pension liability	<u>\$ 10,199,133</u>	<u>\$ 6,747,503</u>
Plan fiduciary net position as a percentage of total pension liability	65.82%	74.23%
Covered employee payroll	\$ 4,627,012	\$ 4,542,061
Town's net pension liability as a percentage of covered employee payroll	220.43%	148.56%

Notes to Schedule:

Benefit Changes None noted

Assumption Changes None noted

Note: The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - PENSION (UNAUDITED)
TOWN PENSION PLAN
JUNE 30, 2015

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 758,105	\$ 712,919
Contributions in relation to the actuarially determined contribution	<u>437,437</u>	<u>411,211</u>
Contribution deficiency (excess)	<u>\$ 320,668</u>	<u>\$ 301,708</u>
Covered employee payroll	\$ 4,627,012	\$ 4,542,061
Contributions as a percentage of covered employee payroll	9.45%	9.05%
Annual money-weighted rate of return, net of investment expense	3.95%	16.86%

Notes to Schedule:

Valuation Date July 1, 2014 July 1, 2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Remaining amortization period	20 years remaining as of valuation date
Asset valuation method	80% to 120% of Market Value
Inflation	3.00%
Investment rate of return	8.00%
Salary increases	Graded salary growth with an ultimate rate of 3.50%
Retirement age	Police - Earlier of age 60 or 25 years of service All Others - Age 62 with 5 years participation
Mortality	RP-2000 Combined Healthy Mortality Table, with generational projection per Scale AA

Note: The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - PENSION (UNAUDITED)
FIRE COMPANY PENSION PLAN
JUNE 30, 2015

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 38,203	\$ 35,373
Interest	122,335	114,655
Effect of plan changes	42,912	-
Benefit payments, including refunds	<u>(71,128)</u>	<u>(43,132)</u>
Net change in total pension liability	132,322	106,896
Total pension liability - beginning	<u>1,525,862</u>	<u>1,418,966</u>
Total pension liability - ending	<u>1,658,184</u>	<u>1,525,862</u>
Plan fiduciary net position		
Contributions - employer	117,695	74,213
Contributions - members	-	-
Net investment income	23,314	103,528
Benefit payments, including refunds	<u>(71,128)</u>	<u>(43,132)</u>
Administrative expense	-	-
Net change in plan fiduciary net position	69,881	134,609
Plan fiduciary net position - beginning	<u>789,994</u>	<u>655,385</u>
Plan fiduciary net position - ending	<u>859,875</u>	<u>789,994</u>
Town's net pension liability	<u>\$ 798,309</u>	<u>\$ 735,868</u>
Plan fiduciary net position as a percentage of total pension liability	51.86%	51.77%
Covered employee payroll	Not applicable	Not applicable
Town's net pension liability as a percentage of covered employee payroll	Not applicable	Not applicable

Notes to Schedule:

Benefit Changes None noted

Assumption Changes None noted

Note: The Town began to report the schedule of net pension liability when it implemented GASB Statement No. 67 in fiscal year 2014.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - PENSION (UNAUDITED)
FIRE COMPANY PENSION PLAN
JUNE 30, 2015

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 117,695	\$ 74,213
Contributions in relation to the actuarially determined contribution	<u>117,695</u>	<u>74,213</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	Not applicable	Not applicable
Contributions as a percentage of covered employee payroll	Not applicable	Not applicable
Annual money-weighted rate of return, net of investment expense	3.95%	16.86%

Notes to Schedule:

Valuation Date	July 1, 2013	July 1, 2013
-----------------------	--------------	--------------

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Remaining amortization period	20 years remaining as of valuation date
Asset valuation method	80% to 120% of Market Value
Inflation	3.00%
Investment rate of return	8.00%
Salary increases	N/A
Retirement age	65
Mortality	RP-2000 Combined Healthy Mortality Table with Blue Collar adjustment, with static projections of future mortality improvements to 2019 per Scale AA

Note: The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 67 in fiscal year 2014.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (UNAUDITED)
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
(Dollar amounts in thousands)

	2015
Town's proportion of the net pension liability	0.296%
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	29,971
Total	\$ 29,971
Town's covered payroll	\$ 11,301
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%
Plan fiduciary net position as a percentage of the total pension liability	61.51%

Notes to Schedule:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2014
Reporting Date	June 30, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	22.4 years
Asset valuation method	4 year smoothed market
Investment rate of return	8.50%
Salary increases	3.75% - 7.00%, including inflation
Inflation	3.00%

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

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULES OF FUNDING PROGRESS (UNAUDITED)
JUNE 30, 2015

Other Post-Employment Benefits Program						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2008	\$ -	\$ 10,041,000	\$ (10,041,000)	0.0%	Not applicable	Not applicable
July 1, 2010	-	9,668,000	(9,668,000)	0.0%	Not applicable	Not applicable
July 1, 2012	-	10,117,000	(10,117,000)	0.0%	16,534,000	61.2%
July 1, 2014	-	9,241,000	(9,241,000)	0.0%	17,993,000	51.4%

See accompanying Independent Auditor's Report.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PROPERTY TAXES				
General property taxes	\$ 40,029,331	\$ 40,029,331	\$ 40,341,353	\$ 312,022
Interest and lien and fees	100,000	100,000	171,682	71,682
Telecommunications tax	60,000	60,000	68,934	8,934
Total property taxes	<u>40,189,331</u>	<u>40,189,331</u>	<u>40,581,969</u>	<u>392,638</u>
INTERGOVERNMENTAL REVENUES				
Education equalization grant	652,677	652,677	681,702	29,025
Municipal revenue sharing	43,937	43,937	43,937	-
Town aid road fund	247,536	247,536	247,093	(443)
Local capital improvement program	67,503	67,503	-	(67,503)
Grant in lieu of taxes	60,747	60,747	60,806	59
Elderly tax relief	70,000	70,000	75,256	5,256
Mashantucket Pequot funds	18,093	18,093	18,009	(84)
Miscellaneous state revenues	15,617	15,617	19,411	3,794
Total intergovernmental revenues	<u>1,176,110</u>	<u>1,176,110</u>	<u>1,146,214</u>	<u>(29,896)</u>
CHARGES FOR SERVICES				
Board of selectman	1,000	1,000	2,915	1,915
Town clerk fees	340,000	340,000	397,703	57,703
Assessor	500	500	190	(310)
Building department	260,000	260,000	263,191	3,191
Land use	30,000	30,000	21,150	(8,850)
Zoning board of appeals	10,000	10,000	8,600	(1,400)
Planning commission	1,000	1,000	-	(1,000)
Inland wetlands	1,000	1,000	1,000	-
Police department	12,000	12,000	6,494	(5,506)
Transfer station	100,000	100,000	79,343	(20,657)
Library fees and fines	5,000	5,000	5,333	333
Parks and recreation	180,000	180,000	258,831	78,831
Miscellaneous	60,000	60,000	479,996	419,996
Total charges for services	<u>1,000,500</u>	<u>1,000,500</u>	<u>1,524,746</u>	<u>524,246</u>
INVESTMENT EARNINGS	<u>60,000</u>	<u>60,000</u>	<u>79,872</u>	<u>19,872</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	10,000	10,000
Appropriation of fund balance	-	200,592	-	(200,592)
Total other financing sources	<u>-</u>	<u>200,592</u>	<u>10,000</u>	<u>(190,592)</u>
Total revenues and other financing sources	<u>\$ 42,425,941</u>	<u>\$ 42,626,533</u>	<u>\$ 43,342,801</u>	<u>\$ 716,268</u>

See accompanying Independent Auditor's Report.

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Over (Under)</u>
GENERAL GOVERNMENT				
Selectman	\$ 279,770	\$ 279,770	\$ 272,193	\$ (7,577)
Accounting	162,835	162,835	164,745	1,910
Tax collector	143,557	143,557	143,301	(256)
Computer network	65,224	65,224	62,241	(2,983)
Treasurer	58,138	58,138	58,190	52
Town clerk	191,916	191,916	183,277	(8,639)
Vital statistics	1,350	1,350	766	(584)
Architecture review board	3,152	3,152	2,288	(864)
Assessor	171,213	171,213	171,805	592
Tree warden	14,000	14,000	14,000	-
Town hall	368,141	368,141	367,256	(885)
Registrars	62,700	62,700	58,225	(4,475)
Building department	152,334	152,334	149,813	(2,521)
Land use department	277,250	277,250	275,283	(1,967)
Zoning commission	25,987	25,987	49,699	23,712
Zoning board of appeals	8,393	8,393	13,890	5,497
Board of finance	59,100	59,100	54,591	(4,509)
Assessment appeals	8,400	8,400	6,356	(2,044)
Planning commission	14,938	14,938	12,291	(2,647)
Pension benefits retirees	35,870	35,870	56,366	20,496
Conservation commission	4,003	4,003	3,466	(537)
Economic development commission	31,928	31,928	32,444	516
Ethics commission	950	950	-	(950)
Inland wetlands	9,453	9,453	4,245	(5,208)
Contingency	20,000	20,000	19,016	(984)
Labor and personnel	70,000	70,000	40,200	(29,800)
Insurance	746,000	746,000	740,763	(5,237)
Legal	35,000	35,000	29,987	(5,013)
Payments to political subdivisions	145,000	145,000	141,149	(3,851)
Retiree health insurance	271,000	271,000	228,493	(42,507)
Retirement costs	-	18,621	18,621	-
Employee benefits	2,285,000	2,285,000	2,192,693	(92,307)
Total general government	<u>5,722,602</u>	<u>5,741,223</u>	<u>5,567,653</u>	<u>(173,570)</u>
PUBLIC SAFETY				
Fire department	279,052	279,052	287,396	8,344
Fire marshal	108,018	108,018	115,308	7,290
Police department	3,131,458	3,131,458	3,247,899	116,441
Emergency management	190,750	190,750	189,866	(884)
Marine patrol	55,250	55,250	38,254	(16,996)
Harbor management	24,600	24,600	23,590	(1,010)
Animal control	25,000	25,000	25,170	170
Total public safety	<u>3,814,128</u>	<u>3,814,128</u>	<u>3,927,483</u>	<u>113,355</u>

(Continued)

TOWN OF OLD SAYBROOK, CONNECTICUT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL – BUDGETARY BASIS – GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC WORKS				
Water pollution control	\$ 258,904	\$ 258,904	\$ 239,726	\$ (19,178)
Transfer station	592,916	592,916	557,505	(35,411)
Public works	948,387	948,387	946,919	(1,468)
Engineering	50,000	50,000	51,135	1,135
Rubbish	18,000	18,000	19,111	1,111
Traffic and street lights	140,000	140,000	148,256	8,256
Water system	489,248	489,248	520,336	31,088
Total culture and recreation	<u>2,497,455</u>	<u>2,497,455</u>	<u>2,482,988</u>	<u>(14,467)</u>
CULTURE AND RECREATION				
Acton public library	728,939	728,939	712,841	(16,098)
Parks and recreation department	382,581	382,581	381,800	(781)
Saybrook Point - golf	56,050	56,050	60,920	4,870
Saybrook Point - pavilion	9,000	9,000	8,810	(190)
Fort Saybrook/Exchange club parks	5,600	5,600	6,471	871
Open space maintenance	11,000	11,000	9,045	(1,955)
Hepburn cultural arts center	47,000	47,000	60,471	13,471
North cove historic district	3,346	3,346	1,374	(1,972)
Total culture and recreation	<u>1,243,516</u>	<u>1,243,516</u>	<u>1,241,732</u>	<u>(1,784)</u>
HEALTH AND WELFARE				
Youth and family services	211,413	211,413	210,364	(1,049)
Health district	157,535	157,535	156,757	(778)
Social services	81,266	81,266	81,727	461
Public health nursing	42,653	42,653	42,424	(229)
Total health and welfare	<u>492,867</u>	<u>492,867</u>	<u>491,272</u>	<u>(1,595)</u>
BOARD OF EDUCATION	<u>24,066,941</u>	<u>24,066,941</u>	<u>24,030,276</u>	<u>(36,665)</u>
CAPITAL OUTLAY	<u>417,988</u>	<u>550,209</u>	<u>545,905</u>	<u>(4,304)</u>
DEBT SERVICE	<u>3,374,444</u>	<u>3,374,444</u>	<u>3,388,805</u>	<u>14,361</u>
OTHER FINANCING USES				
Transfers out	796,000	845,750	845,750	-
Total other financing uses	<u>796,000</u>	<u>845,750</u>	<u>845,750</u>	<u>-</u>
Total expenditures	<u>\$ 42,425,941</u>	<u>\$ 42,626,533</u>	<u>\$ 42,521,864</u>	<u>\$ (104,669)</u>
				<i>(Concluded)</i>

See accompanying Independent Auditor's Report.

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

Grand List Year	Balance Uncollected June 30, 2014	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2015
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
2013	\$ -	\$ 40,461,783	\$ 66,715	\$ 224,776	\$ -	\$ 40,303,722	\$ 39,955,171	\$ 93,873	\$ 40,049,044	\$ 348,551
2012	347,165	-	443	1,981	-	345,627	237,194	51,958	289,152	108,433
2011	65,695	-	75	770	-	65,000	31,929	12,507	44,436	33,071
2010	34,807	-	-	72	-	34,735	5,177	3,717	8,894	29,558
2009	28,653	-	-	-	22,704	5,949	738	621	1,359	5,211
2008	5,146	-	-	-	-	5,146	140	181	321	5,006
2007	4,445	-	-	-	-	4,445	97	161	258	4,348
2006	4,218	-	-	-	-	4,218	92	172	264	4,126
2005	4,088	-	-	-	-	4,088	89	184	273	3,999
2004	3,888	-	-	-	-	3,888	85	193	278	3,803
2003	3,675	-	-	-	-	3,675	80	199	279	3,595
2002	3,272	-	-	-	-	3,272	88	233	321	3,184
2001	3,121	-	-	-	-	3,121	85	239	324	3,036
2000	3,011	-	-	-	-	3,011	93	275	368	2,918
1999	2,928	-	-	-	-	2,928	80	256	336	2,848
1998	4,427	-	-	4,427	-	-	-	-	-	-
	<u>\$ 518,539</u>	<u>\$ 40,461,783</u>	<u>\$ 67,233</u>	<u>\$ 232,026</u>	<u>\$ 22,704</u>	<u>\$ 40,792,825</u>	<u>\$ 40,231,138</u>	<u>\$ 164,769</u>	<u>\$ 40,395,907</u>	<u>\$ 561,687</u>

See accompanying Independent Auditor's Report.

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

Total cash collections for the year ended					
June 30, 2015:					
Taxes	\$	40,231,138			
Interest and lien fees		<u>164,769</u>			
Total		40,395,907			
Reimbursement for revenue loss:					
Tax relief for elderly (CGS 12-129d)		<u>75,256</u>			
Base	\$	<u>40,471,163</u>			
		General		Urban	Pension
		Purposes	Schools	Renewal	Deficit
Debt limitation:					
2-1/4 times base	\$	91,060,117	\$ -	\$ -	\$ -
4-1/2 times base		-	182,120,234	-	-
3-3/4 times base		-	-	151,766,861	-
3-1/4 times base		-	-	-	131,531,280
3 times base		-	-	-	121,413,489
Total debt limitation		<u>91,060,117</u>	<u>182,120,234</u>	<u>151,766,861</u>	<u>131,531,280</u>
Indebtedness:					
Bonds payable		21,487,000	10,978,000	-	-
State of Connecticut Clean Water Fund					
Project loan obligations		-	-	5,630,363	-
Authorized but unissued debt		-	619,000	35,163,119	-
Total indebtedness		<u>21,487,000</u>	<u>11,597,000</u>	<u>40,793,482</u>	<u>-</u>
Less: Assessment and grants receivable (1)		-	-	(30,664,574)	-
Less: School construction grants receivable (2)		-	(619,000)	-	-
Net indebtedness		<u>21,487,000</u>	<u>10,978,000</u>	<u>10,128,908</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	\$	<u>69,573,117</u>	<u>\$ 171,142,234</u>	<u>\$ 141,637,953</u>	<u>\$ 131,531,280</u>
Total capacity of borrowing (7 times base)	\$	283,298,141			
Total present indebtedness		<u>42,593,908</u>			
Margin for additional borrowing	\$	<u>240,704,233</u>			

(1) Anticipated grants and special assessments to be paid by the benefitting users' within the decentralized wastewater management district.

(2) The Town anticipates receiving State of Connecticut grant progress payments in the amount of \$619,000 during the construction of the projects.

See accompanying Independent Auditor's Report.

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF OLD SAYBROOK, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	Nonmajor Special Revenue Funds							
	Federal and State School Grant Fund	School Cafeteria Fund	Connecticard Fund	Law Enforcement Forfeiture Fund	Insurance Fund	Youth and Family Grants Fund	Parks and Recreation Development Fund	
ASSETS								
Cash and cash equivalents	\$ 12,503	\$ 33,589	\$ 32,801	\$ 23,514	\$ 20,092	\$ 39,820	\$ 59,493	\$ 1,704
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	-	30,622	-	-	-	-	-	-
Other	-	18,703	-	-	-	-	-	-
Total assets	<u>\$ 12,503</u>	<u>\$ 82,914</u>	<u>\$ 32,801</u>	<u>\$ 23,514</u>	<u>\$ 20,092</u>	<u>\$ 39,820</u>	<u>\$ 59,493</u>	<u>\$ 1,704</u>
LIABILITIES								
Accounts payable	\$ 1,804	\$ 9,157	\$ -	\$ -	\$ -	\$ 10,129	\$ 1,225	\$ -
Due to other funds	-	-	-	-	5	-	360	-
Unearned revenue	10,699	9,720	-	-	-	-	-	-
Total liabilities	<u>12,503</u>	<u>18,877</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>10,129</u>	<u>1,585</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	64,037	32,801	23,514	20,087	29,691	57,908	1,704
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>64,037</u>	<u>32,801</u>	<u>23,514</u>	<u>20,087</u>	<u>29,691</u>	<u>57,908</u>	<u>1,704</u>
Total liabilities and fund balances	<u>\$ 12,503</u>	<u>\$ 82,914</u>	<u>\$ 32,801</u>	<u>\$ 23,514</u>	<u>\$ 20,092</u>	<u>\$ 39,820</u>	<u>\$ 59,493</u>	<u>\$ 1,704</u>

(Continued)

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

	Nonmajor Special Revenue Funds							
	Shellfish Commission Fund	D.A.R.E. Program Fund	Parks and Recreation Program Fund	Emergency Management Fund	Police Outside Services Fund	Police Explorer Program Fund	Parks and Recreation Community Program Fund	Action Public Library Fund
ASSETS								
Cash and cash equivalents	\$ 694	\$ 10,328	\$ 95,789	\$ 17,734	\$ 62,510	\$ 5,393	\$ 15,762	\$ 56,351
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	9,818	21,993
Receivables:								
Grants and contracts	-	-	-	67,100	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total assets	<u>\$ 694</u>	<u>\$ 10,328</u>	<u>\$ 95,789</u>	<u>\$ 84,834</u>	<u>\$ 62,510</u>	<u>\$ 5,393</u>	<u>\$ 25,580</u>	<u>\$ 78,344</u>
LIABILITIES								
Accounts payable	\$ -	\$ 120	\$ 16,271	\$ -	\$ 2,805	\$ -	\$ 4,300	\$ 3,073
Due to other funds	-	-	-	67,100	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>120</u>	<u>16,271</u>	<u>67,100</u>	<u>2,805</u>	<u>-</u>	<u>4,300</u>	<u>3,073</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	694	10,208	79,518	17,734	59,705	5,393	21,280	75,271
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>694</u>	<u>10,208</u>	<u>79,518</u>	<u>17,734</u>	<u>59,705</u>	<u>5,393</u>	<u>21,280</u>	<u>75,271</u>
Total liabilities and fund balances	<u>\$ 694</u>	<u>\$ 10,328</u>	<u>\$ 95,789</u>	<u>\$ 84,834</u>	<u>\$ 62,510</u>	<u>\$ 5,393</u>	<u>\$ 25,580</u>	<u>\$ 78,344</u>

(Continued)

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

	Nonmajor Special Revenue Funds						
	Youth and Family Services Fund	Retirees' Healthcare Fund	Katrina Relief Fund	Gateway Fund	Board of Education Fund	Administration Fund	Probate Court Fund
ASSETS							
Cash and cash equivalents	\$ 153,052	\$ 29,196	\$ 1	\$ 13,417	\$ 326,205	\$ 34,671	\$ 22,341
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Investments	-	1,067,860	-	-	-	-	-
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total assets	<u>\$ 153,052</u>	<u>\$ 1,097,056</u>	<u>\$ 1</u>	<u>\$ 13,417</u>	<u>\$ 326,205</u>	<u>\$ 34,671</u>	<u>\$ 22,341</u>
LIABILITIES							
Accounts payable	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 316
Due to other funds	-	-	-	-	-	42,073	-
Unearned revenue	-	-	-	-	7,990	-	-
Total liabilities	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,990</u>	<u>42,073</u>	<u>316</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	151,552	1,097,056	1	13,417	318,215	-	22,025
Unassigned	-	-	-	-	-	(7,402)	-
Total fund balances	<u>151,552</u>	<u>1,097,056</u>	<u>1</u>	<u>13,417</u>	<u>318,215</u>	<u>(7,402)</u>	<u>22,025</u>
Total liabilities and fund balances	<u>\$ 153,052</u>	<u>\$ 1,097,056</u>	<u>\$ 1</u>	<u>\$ 13,417</u>	<u>\$ 326,205</u>	<u>\$ 34,671</u>	<u>\$ 22,341</u>

(Continued)

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Concluded)
JUNE 30, 2015

	<u>Nonmajor Special Revenue Funds</u>			<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Senior Housing Grant</u>	<u>Police Program Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>	<u>Upper Cemetery Fund</u>	
ASSETS					
Cash and cash equivalents	\$ 1	\$ 114,474	\$ 1,181,435	\$ -	\$ 1,181,435
Restricted cash and cash equivalents	-	-	-	6,184	6,184
Investments	-	-	1,099,671	-	1,099,671
Receivables:					
Grants and contracts	-	-	97,722	-	97,722
Other	-	-	18,703	-	18,703
Total assets	<u>\$ 1</u>	<u>\$ 114,474</u>	<u>\$ 2,397,531</u>	<u>\$ 6,184</u>	<u>\$ 2,403,715</u>
LIABILITIES					
Accounts payable	\$ -	\$ 24,279	\$ 74,979	\$ -	\$ 74,979
Due to other funds	-	16,218	125,756	-	125,756
Unearned revenue	-	-	28,409	-	28,409
Total liabilities	<u>-</u>	<u>40,497</u>	<u>229,144</u>	<u>-</u>	<u>229,144</u>
FUND BALANCES					
Nonspendable	-	-	-	5,000	5,000
Restricted	-	-	-	1,184	1,184
Committed	1	73,977	2,175,789	-	2,175,789
Unassigned	-	-	(7,402)	-	(7,402)
Total fund balances	<u>1</u>	<u>73,977</u>	<u>2,168,387</u>	<u>6,184</u>	<u>2,174,571</u>
Total liabilities and fund balances	<u>\$ 1</u>	<u>\$ 114,474</u>	<u>\$ 2,397,531</u>	<u>\$ 6,184</u>	<u>\$ 2,403,715</u>

(Concluded)

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

	Nonmajor Special Revenue Funds							
	Federal and State School Grant Fund	School Cafeteria Fund	Connecticard Fund	Law Enforcement Forfeiture Fund	Insurance Fund	Youth and Family Grants Fund	Parks and Recreation Development Fund	
REVENUES								
Intergovernmental	\$ 470,639	\$ 205,033	\$ 14,262	\$ -	\$ -	\$ 65,077	\$ -	\$ -
Charges for services	-	386,043	-	-	-	126,325	-	-
Contributions	-	-	-	4,024	19,830	-	-	4,204
Interest income	-	-	3	-	-	-	-	-
Total revenues	<u>470,639</u>	<u>591,076</u>	<u>14,265</u>	<u>4,024</u>	<u>19,830</u>	<u>191,402</u>	<u>-</u>	<u>4,204</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	938	-	-	-	2,862
Culture and recreation	-	-	1,703	-	-	-	35,519	-
Health and welfare	-	-	-	-	176,602	182,114	-	-
Education	470,639	614,702	-	-	-	-	-	-
Total expenditures	<u>470,639</u>	<u>614,702</u>	<u>1,703</u>	<u>938</u>	<u>176,602</u>	<u>182,114</u>	<u>35,519</u>	<u>2,862</u>
Excess (deficiency) of revenues over expenditures	-	(23,626)	12,562	3,086	(156,772)	9,288	(35,519)	1,342
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	155,042	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,042</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(23,626)	12,562	3,086	(1,730)	9,288	(35,519)	1,342
Fund balances - beginning	<u>-</u>	<u>87,663</u>	<u>20,239</u>	<u>20,428</u>	<u>21,817</u>	<u>20,403</u>	<u>93,427</u>	<u>362</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 64,037</u>	<u>\$ 32,801</u>	<u>\$ 23,514</u>	<u>\$ 20,087</u>	<u>\$ 29,691</u>	<u>\$ 57,908</u>	<u>\$ 1,704</u>

(Continued)

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

	Nonmajor Special Revenue Funds							
	Shellfish Commission Fund	D.A.R.E. Program Fund	Parks and Recreation Program Fund	Emergency Management Fund	Police Outside Services Fund	Police Explorer Program Fund	Parks and Recreation Community Program Fund	
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ 67,100	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	327,032	-	220,659	-	-	-
Contributions	-	11,975	-	-	-	643	-	25,400
Interest income	-	-	-	-	-	-	8,608	114
Total revenues	<u>-</u>	<u>11,975</u>	<u>327,032</u>	<u>67,100</u>	<u>220,659</u>	<u>643</u>	<u>8,608</u>	<u>25,514</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	53,461	210,436	678	-	-
Culture and recreation	-	-	325,835	-	-	-	4,300	23,106
Health and welfare	-	6,561	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>6,561</u>	<u>325,835</u>	<u>53,461</u>	<u>210,436</u>	<u>678</u>	<u>4,300</u>	<u>23,106</u>
Excess (deficiency) of revenues over expenditures	-	5,414	1,197	13,639	10,223	(35)	4,308	2,408
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	60,491	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	5,414	1,197	74,130	10,223	(35)	4,308	2,408
Fund balances - beginning	<u>694</u>	<u>4,794</u>	<u>78,321</u>	<u>(56,396)</u>	<u>49,482</u>	<u>5,428</u>	<u>16,972</u>	<u>72,863</u>
Fund balances - ending	<u>\$ 694</u>	<u>\$ 10,208</u>	<u>\$ 79,518</u>	<u>\$ 17,734</u>	<u>\$ 59,705</u>	<u>\$ 5,393</u>	<u>\$ 21,280</u>	<u>\$ 75,271</u>

(Continued)

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

	Nonmajor Special Revenue Funds						
	Youth and Family Services Fund	Retirees' Healthcare Fund	Katrina Relief Fund	Gateway Fund	Board of Education Fund	Administration Fund	Probate Court Fund
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 5,738	\$ 10,000	\$ -
Charges for services	-	-	-	9,000	235,478	47,424	26,613
Contributions	65,979	-	-	-	-	-	-
Interest income	-	29,332	1	-	-	-	-
Total revenues	<u>65,979</u>	<u>29,332</u>	<u>1</u>	<u>9,000</u>	<u>241,216</u>	<u>57,424</u>	<u>26,613</u>
EXPENDITURES							
Current:							
General government	-	-	5,676	24,030	-	68,965	20,596
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Health and welfare	39,998	-	-	-	-	-	-
Education	-	-	-	-	164,719	-	-
Total expenditures	<u>39,998</u>	<u>-</u>	<u>5,676</u>	<u>24,030</u>	<u>164,719</u>	<u>68,965</u>	<u>20,596</u>
Excess (deficiency) of revenues over expenditures	25,981	29,332	(5,675)	(15,030)	76,497	(11,541)	6,017
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(10,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balances	25,981	29,332	(5,675)	(15,030)	76,497	(21,541)	6,017
Fund balances - beginning	<u>125,571</u>	<u>1,067,724</u>	<u>5,676</u>	<u>28,447</u>	<u>241,718</u>	<u>14,139</u>	<u>16,008</u>
Fund balances - ending	<u>\$ 151,552</u>	<u>\$ 1,097,056</u>	<u>\$ 1</u>	<u>\$ 13,417</u>	<u>\$ 318,215</u>	<u>\$ (7,402)</u>	<u>\$ 22,025</u>

(Continued)

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

	<u>Nonmajor Special Revenue Funds</u>			<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Senior Housing Grant</u>	<u>Police Program Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>	<u>Upper Cemetery Fund</u>	
REVENUES					
Intergovernmental	\$ 32,290	\$ 89,042	\$ 959,181	\$ -	\$ 959,181
Charges for services	-	657	1,379,231	-	1,379,231
Contributions	-	30,958	163,013	-	163,013
Interest income	-	-	38,058	-	38,058
Total revenues	<u>32,290</u>	<u>120,657</u>	<u>2,539,483</u>	<u>-</u>	<u>2,539,483</u>
EXPENDITURES					
Current:					
General government	28,431	-	147,698	-	147,698
Public safety	-	155,915	424,290	-	424,290
Culture and recreation	-	-	390,463	-	390,463
Health and welfare	-	-	405,275	-	405,275
Education	-	-	1,250,060	-	1,250,060
Total expenditures	<u>28,431</u>	<u>155,915</u>	<u>2,617,786</u>	<u>-</u>	<u>2,617,786</u>
Excess (deficiency) of revenues over expenditures	3,859	(35,258)	(78,303)	-	(78,303)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	215,533	-	215,533
Transfers out	-	-	(10,000)	-	(10,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>205,533</u>	<u>-</u>	<u>205,533</u>
Net change in fund balances	3,859	(35,258)	127,230	-	127,230
Fund balances - beginning	<u>(3,858)</u>	<u>109,235</u>	<u>2,041,157</u>	<u>6,184</u>	<u>2,047,341</u>
Fund balances - ending	<u>\$ 1</u>	<u>\$ 73,977</u>	<u>\$ 2,168,387</u>	<u>\$ 6,184</u>	<u>\$ 2,174,571</u>

(Concluded)

FIDUCIARY FUNDS

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
JUNE 30, 2015

	Town Pension Trust Fund	Fire Company #1 Pension Trust Fund	Total Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 1,591,029	\$ 70,397	\$ 1,661,426
Investments, at fair value:			
Equity mutual funds	118,305	5,174	123,479
Corporate bonds	1,607,702	70,309	1,678,011
U.S. Government securities	2,197,377	96,097	2,293,474
U.S. Government agency securities	1,200,298	52,492	1,252,790
Common stock	12,928,768	565,406	13,494,174
Total assets	<u>19,643,479</u>	<u>859,875</u>	<u>20,503,354</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 19,643,479</u>	<u>\$ 859,875</u>	<u>\$ 20,503,354</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Town Pension Trust Fund	Fire Company #1 Pension Trust Fund	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 437,437	\$ 117,695	\$ 555,132
Plan members	351,423	-	351,423
Total contributions	<u>788,860</u>	<u>117,695</u>	<u>906,555</u>
Investment earnings:			
Net increase in the fair value of investments	451,732	14,997	466,729
Interest and dividends	427,833	14,299	442,132
Total investment earnings	879,565	29,296	908,861
Less: investment fee expense	178,970	5,982	184,952
Net increase in investments	<u>700,595</u>	<u>23,314</u>	<u>723,909</u>
Total additions	<u>1,489,455</u>	<u>141,009</u>	<u>1,630,464</u>
DEDUCTIONS			
Benefit payments	1,284,175	71,128	1,355,303
Total deductions	<u>1,284,175</u>	<u>71,128</u>	<u>1,355,303</u>
Change in net position	205,280	69,881	275,161
Net position - beginning	<u>19,438,199</u>	<u>789,994</u>	<u>20,228,193</u>
Net position - ending	<u>\$ 19,643,479</u>	<u>\$ 859,875</u>	<u>\$ 20,503,354</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2015

	Connecticut Public Health Nurses Fund	Public Health Nurses Estate Bequest Fund	Mary E. Johnson Trust	Endrich Donation Trust	Total Private- Purpose Trust Funds
ASSETS					
Cash and cash equivalents	\$ 45,284	\$ 38,021	\$ 4,202	\$ 96,691	\$ 184,198
Investments, at fair value:					
Certificates of deposit	-	67,808	-	-	67,808
Bond mutual funds	-	-	23,294	-	23,294
Equity mutual funds	-	-	189,201	16,739	205,940
Other	-	-	29,106	1,965	31,071
Total assets	<u>45,284</u>	<u>105,829</u>	<u>245,803</u>	<u>115,395</u>	<u>512,311</u>
NET POSITION					
Held in trust	<u>\$ 45,284</u>	<u>\$ 105,829</u>	<u>\$ 245,803</u>	<u>\$ 115,395</u>	<u>\$ 512,311</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE-PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Connecticut Public Health Nurses Fund	Public Health Nurses Estate Bequest Fund	Mary E. Johnson Trust	Endrich Donation Trust	Total Private- Purpose Trust Funds
ADDITIONS					
Private Donations	\$ 6,515	\$ -	\$ -	\$ 115,934	\$ 122,449
Total contributions	<u>6,515</u>	<u>-</u>	<u>-</u>	<u>115,934</u>	<u>122,449</u>
Investment earnings:					
Net change in the fair value of investments	-	-	(26,400)	(539)	(26,939)
Interest and dividends	-	67	13,396	-	13,463
Total investment earnings (losses)	<u>-</u>	<u>67</u>	<u>(13,004)</u>	<u>(539)</u>	<u>(13,476)</u>
Total additions	<u>6,515</u>	<u>67</u>	<u>(13,004)</u>	<u>115,395</u>	<u>108,973</u>
DEDUCTIONS					
Awards expense	-	7,115	8,000	-	15,115
Administrative expenses	1,244	-	-	-	1,244
Total deductions	<u>1,244</u>	<u>7,115</u>	<u>8,000</u>	<u>-</u>	<u>16,359</u>
Change in net position	5,271	(7,048)	(21,004)	115,395	92,614
Net position - beginning	<u>40,013</u>	<u>112,877</u>	<u>266,807</u>	<u>-</u>	<u>419,697</u>
Net position - ending	<u>\$ 45,284</u>	<u>\$ 105,829</u>	<u>\$ 245,803</u>	<u>\$ 115,395</u>	<u>\$ 512,311</u>

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2015

	<u>Student Activities</u>	<u>Land Use</u>	<u>BOE Flexible Spending</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and cash equivalents	\$ 144,396	\$ 63,821	\$ 962	\$ 209,179
Investments at fair value:				
Equity mutual funds	76,810	-	-	76,810
Total assets	<u>\$ 221,206</u>	<u>\$ 63,821</u>	<u>\$ 962</u>	<u>\$ 285,989</u>
LIABILITIES				
Due to student groups	\$ 221,206	\$ -	\$ -	\$ 221,206
Accounts payable	-	61,800	962	62,762
Due to others	-	2,021	-	2,021
Total liabilities	<u>\$ 221,206</u>	<u>\$ 63,821</u>	<u>\$ 962</u>	<u>\$ 285,989</u>

See accompanying Independent Auditor's Report.

TOWN OF OLD SAYBROOK, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance, July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2015</u>
Student Activities				
Assets				
Cash and cash equivalents	\$ 255,913	\$ 526,575	\$ 638,092	\$ 144,396
Investments	90,854	3,643	17,687	76,810
Total assets	<u>\$ 346,767</u>	<u>\$ 530,218</u>	<u>\$ 655,779</u>	<u>\$ 221,206</u>
Liabilities				
Due to student groups	\$ 346,767	\$ 530,218	\$ 655,779	\$ 221,206
Total liabilities	<u>\$ 346,767</u>	<u>\$ 530,218</u>	<u>\$ 655,779</u>	<u>\$ 221,206</u>
Land Use				
Assets				
Cash and cash equivalents	\$ 71,597	\$ 72,957	\$ 80,733	\$ 63,821
Total assets	<u>\$ 71,597</u>	<u>\$ 72,957</u>	<u>\$ 80,733</u>	<u>\$ 63,821</u>
Liabilities				
Due to others	\$ 71,597	\$ 70,936	\$ 80,733	\$ 61,800
Accounts payable	-	2,021	-	2,021
Total liabilities	<u>\$ 71,597</u>	<u>\$ 72,957</u>	<u>\$ 80,733</u>	<u>\$ 63,821</u>
BOE Flexible Spending				
Assets				
Cash and cash equivalents	\$ (2,189)	\$ 61,767	\$ 58,616	\$ 962
Total assets	<u>\$ (2,189)</u>	<u>\$ 61,767</u>	<u>\$ 58,616</u>	<u>\$ 962</u>
Liabilities				
Due to others	\$ (2,189)	\$ 61,767	\$ 58,616	\$ 962
Total liabilities	<u>\$ (2,189)</u>	<u>\$ 61,767</u>	<u>\$ 58,616</u>	<u>\$ 962</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 325,321	\$ 661,299	\$ 777,441	\$ 209,179
Investments	90,854	3,643	17,687	76,810
Total assets	<u>\$ 416,175</u>	<u>\$ 664,942</u>	<u>\$ 795,128</u>	<u>\$ 285,989</u>
Liabilities				
Due to student groups	\$ 346,767	\$ 530,218	\$ 655,779	\$ 221,206
Accounts payable	-	2,021	-	2,021
Due to others	69,408	132,703	139,349	62,762
Total liabilities	<u>\$ 416,175</u>	<u>\$ 664,942</u>	<u>\$ 795,128</u>	<u>\$ 285,989</u>

See accompanying Independent Auditor's Report.

TREND INFORMATION

TOWN OF OLD SAYBROOK, CONNECTICUT
NET POSITION BY COMPONENT (UNAUDITED)
LAST TEN YEARS

	Fiscal Year Ended									
	2015	2014	2013	2012	2011	(1) 2010	2009	2008	2007	2006
Net investment in capital assets	\$ 70,659,511	\$ 73,491,897	\$ 73,450,395	\$ 72,485,608	\$ 71,489,201	\$ 71,058,251	\$ 69,795,993	\$ 67,354,554	\$ 66,255,782	\$ 62,778,645
Restricted for:							1,035,102	1,881,926	3,509,207	
Endowments:										
Nonspendable	5,000	5,000	4,246	4,246	4,246	4,246	-	-	-	-
Expendable	1,184	1,184	1,938	-	-	-	-	-	-	-
Marina partnership bonds	143,100	-	-	-	-	-	-	-	-	-
Grant programs	-	45,436	45,207	617	28,825	21,986	-	-	-	-
Katrina relief	-	5,676	617	85,544	25,474	28,535	-	-	-	-
Public safety	-	20,428	20,473	79,961	33,906	41,539	-	-	-	-
Education	-	87,663	99,944	57,967	81,371	56,693	-	-	-	-
Capital projects	-	11,278,350	-	-	-	-	-	-	-	-
Unrestricted (deficit)	(4,633,590)	(10,801,846)	2,987,774	4,215,192	6,204,842	6,577,999	6,637,832	7,974,955	5,785,427	8,690,934
Total net position	\$ 66,175,205	\$ 74,133,788	\$ 76,610,594	\$ 76,929,135	\$ 77,867,865	\$ 77,789,249	\$ 77,468,927	\$ 77,211,435	\$ 75,550,416	\$ 71,469,579

(1) Net position components restated in accordance with the provisions of GASB 54.

TOWN OF OLD SAYBROOK, CONNECTICUT
CHANGES IN NET POSITION (UNAUDITED)
LAST TEN YEARS

	Fiscal Year Ended									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities:										
General government	\$ 8,523,938	\$ 5,804,868	\$ 5,688,414	\$ 5,056,781	\$ 4,970,484	\$ 4,427,458	\$ 4,242,112	\$ 4,076,667	\$ 3,064,253	\$ 2,945,856
Public safety	5,719,303	6,914,030	5,601,550	5,287,936	4,573,192	4,130,680	4,162,448	3,791,256	3,632,988	3,399,269
Public works	4,172,963	4,593,980	4,766,882	3,855,772	3,462,070	3,414,762	2,959,787	2,989,405	2,314,150	1,677,493
Health and welfare	1,732,442	1,390,968	476,756	699,129	730,089	541,121	765,531	518,905	517,753	1,584,095
Culture and recreation	896,547	1,776,547	2,168,920	1,891,907	1,811,064	1,945,916	1,718,629	1,667,456	1,527,720	1,268,931
Education	30,449,433	28,574,507	27,281,159	26,588,199	25,732,893	24,583,728	24,110,427	26,903,656	20,968,386	20,262,667
Interest expense	1,297,377	742,876	614,735	570,586	763,780	921,275	981,833	1,025,684	1,015,730	850,190
Total Expenses	52,792,003	49,797,776	46,598,416	43,950,310	42,043,572	39,964,940	38,940,767	40,973,029	33,040,980	31,988,501
Program revenues:										
Governmental activities:										
Charges for services										
General government	868,610	735,558	677,540	811,498	618,550	714,595	550,294	782,577	722,325	770,152
Public safety	227,810	341,722	331,737	228,142	162,982	55,094	52,664	29,374	57,735	4,840
Public works	457,597	296,358	134,212	122,290	104,952	111,949	103,700	696,209	105,720	457,912
Health and welfare	591,196	180,536	153,858	126,426	53,501	-	-	-	-	80,782
Culture and recreation	126,325	352,384	279,980	399,070	441,336	461,146	358,773	398,212	327,686	205,439
Education	621,521	624,090	715,839	623,735	531,551	568,298	1,118,550	526,716	531,471	-
Operating grants and contributions	5,515,673	6,023,340	6,009,824	5,029,489	4,743,986	3,997,476	3,484,430	7,402,602	3,670,782	1,581,363
Capital grants and contributions	957,995	29,654	343,327	326,453	224,024	300,517	264,500	918,015	2,833,607	655,232
Total program revenues	9,366,727	8,583,642	8,646,317	7,667,103	6,880,882	6,209,075	5,932,911	10,753,705	8,249,326	3,755,720
Net expenses:										
Governmental activities	(43,425,276)	(41,214,134)	(37,952,099)	(36,283,207)	(35,162,690)	(33,755,865)	(33,007,856)	(30,219,324)	(24,791,654)	(28,232,781)
General revenues:										
Governmental activities:										
Property taxes	40,543,368	37,995,840	36,386,749	34,830,615	34,654,101	33,272,869	32,632,001	30,784,939	29,292,790	27,347,677
Grants and contributions not restricted to specific programs	174,391	582,478	701,025	383,106	427,790	566,911	422,744	405,594	454,753	983,881
Investment income	119,739	197,271	134,348	130,756	159,415	236,407	210,573	689,900	780,802	391,262
Gain (loss) on sale of assets	-	(38,261)	411,436	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	28,191
Total general revenues	40,837,498	38,737,328	37,633,558	35,344,477	35,241,306	34,076,187	33,265,318	31,880,433	30,528,345	28,751,011
Changes in net position	\$ (2,587,778)	\$ (2,476,806)	\$ (318,541)	\$ (938,730)	\$ 78,616	\$ 320,322	\$ 257,462	\$ 1,661,109	\$ 5,736,691	\$ 518,230