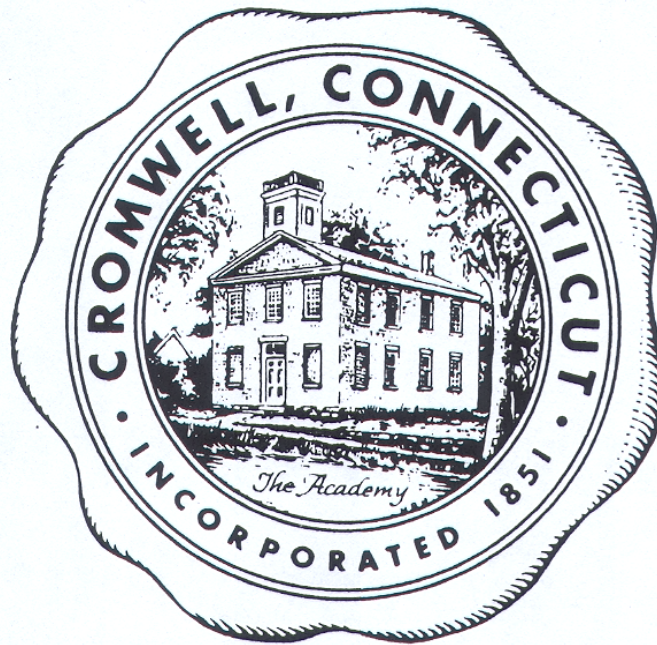


# **Town of Cromwell, Connecticut**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2014**



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**of the**

**TOWN OF CROMWELL,  
CONNECTICUT**

**Fiscal Year Ended June 30, 2014**

**Prepared by:**

**Finance Department  
Marianne Sylvester  
Finance Director**



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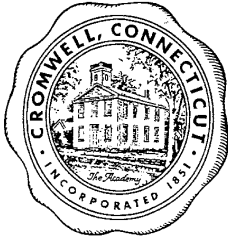
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## **Introductory Section**





# Town of Cromwell

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NATHANIEL WHITE BUILDING  
41 WEST STREET  
CROMWELL, CONNECTICUT 06416

December 11, 2014

Mr. Jonathan Sistare  
Town Manager  
Town of Cromwell, Connecticut

The Comprehensive Annual Financial Report (CAFR) of the Town of Cromwell for the fiscal year ended June 30, 2014 is hereby submitted. The purpose of this report is to provide citizens, council members, board members, investors, grantor agencies and other interested parties with reliable information about the Town of Cromwell. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town. The intent is to provide reasonable assurance that the financial statements are free of any material misstatements.

The Town is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments and Non-Profit Organizations. The Town is also required to undergo a Single Audit under Public Act 91-401 of the State of Connecticut. Information related to these single audits will be issued separately.

McGladrey LLP, have issued an unmodified ("clean") opinion on the Town of Cromwell's financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follow the independent auditor's report and provides a narrative overview of the basic financial statements. The MD&A is intended to complement this transmittal letter and should be read in conjunction with it.

This report includes all of the funds and accounts of the Town. It includes all activities controlled or dependent on the Town, which are identified as general, special revenue, capital project, trust and agency fund, and general capital asset and general long-term debt account. The Cromwell Board of Education (grades K through 12) and the Cromwell Water Pollution Control Authority are considered departments of the Town and therefore, these activities are included in this report. The Cromwell Fire/Water District and the Mattabassett District are governmental entities having operations within the Town, but are separate legal entities. Their operations have therefore not been included in the Town's financial statements.

The Town provides a full range of municipal services including public safety (police, animal control and civil preparedness), public works (roads, building and grounds, solid waste management, engineering, motor pool and building inspections), health, sanitation, zoning compliance, senior citizen services, youth services, social services, recreation, library, education and schools and general government

administrative service. As a separate legal entity, the Cromwell Fire District provides fire, ambulance and water services.

### **Economic Condition and Outlook**

The Town comprises 13.5 square miles in the approximate geographical center of the State. It is 14 miles south of Hartford and 28 miles northeast of New Haven. The Connecticut River forms the eastern boundary of the Town. A major north/south highway, Interstate 91, with two Cromwell exits, runs through the Town. Also, Connecticut Routes 99, 372 and 3 bisect the Town. The Central Connecticut Expressway (Route 9) also enhances the Town's location as it connects I-95 in Old Saybrook, I-91 in Cromwell and I-84, the State's major east/west highway, in New Britain. Given the Town's location and accessibility to major roadways, the Town contributes a great deal of its residents to the area's labor force. On June 30, 2014, 94.5% of the Town's available labor force was employed. This compares favorably to the area rate of 93.5% and the State rate of 93.6%. The Town's per capita income was \$43,611 and its median household income was \$80,134, as reported by in the State of Connecticut Fiscal Indicators report and the Connecticut Economic Resource Center (CERC).

The Town's position as a residential community is illustrated by the fact that approximately 67.9% of the October 2012 grand list was residential. The percentage of the 2011 grand list was 69.8%. Permits for twenty-nine new residential units were issued this year compared to thirty-seven in 2013. In the last ten years, the average number of new units per year is thirty-six. The Town has several subdivisions in various stages of completion. Thirteen out of fifteen residential subdivisions are 50% or more complete. Sydney Lane, Eager Lane, Reed Builders' Thomas Court, Northbrook Estates, Mountain View Estates, Bender Homes' Mystique Lane, Mountain View Estates, Pasco Hill, and Congress Drive each have one lot remaining. Newbury Lane, with 21 units, was completed in fiscal year 2013-14. Also, a large active adult subdivision continues development on Willowbrook Road (fifty-two units), with thirty-five units completed. Residential activity is rounded out with Northwoods Estates, Cannata's Main Street development, Woodside Estates, Fairway View Estates, and Derek Construction on North & Ledge Road with a combined total of fifty units completed out of ninety-five.

As a percentage of the grand list, industrial and commercial property values are at 17.7% compared to 17.6% the previous year. Progress on the Coles Brook Industrial Park continues with seven units completed and an eighth unit started, including three units along County Line Drive (northern boundary). The current (active) project covers 13 acres out of 70 acres planned as a commercial park. The Town received three Small Town Economic Assistance Program (STEAP) grants from the State of Connecticut over the past nine years to provide the environmental study, supplement the infrastructure in this area, and facilitate commercial development for the Town. Cobblestone Plaza on Route 372 has a third site cleared for development. A storage facility on Alcap Ridge is 75% complete. Two new commercial unit permits were issued in 2013-14. The Cromwell Fire District began and completed a facility at 105 Coles Road during the fiscal year. Several commercial properties have proposed interior and/or exterior improvements for the upcoming fiscal year and four commercial improvement projects were completed. The Mattabassett District improvements are continuing with construction expected to be complete sometime in 2015.

With the residential component of the grand list consistently around 70%, regulatory boards and commissions, to the extent possible, are evaluating the impact their decisions have on the grand list. Diversification of the grand list is considered as part of the Town's economic development initiatives. The balance of the grand list amounts to 14.4%, as compared to 12.6% for the 2011 grand list.

## **Major Initiatives**

### **For the Year:**

Major initiatives tend to be measured by large expenditures and/or project size and are usually thought of in terms of capital projects. However, presented below are the highlights of the Town's special programmatic and service initiatives followed by the explanation of capital initiatives.

### **Programs and Services:**

#### **Administration:**

In November 2011, the Town approved a change in the form of government from First Selectman/Board of Selectmen to Town Manager/Town Council, effective November 6, 2013. Jonathan Sistare started as the Town's first Town Manager in November 2013.

#### **Finance Department:**

Received a credit rating upgrade from Standard and Poor's Rating Agency from AA to AAA. Awarded the Town's twenty-fourth consecutive Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

#### **Police:**

Continued participation in State grant programs for drug enforcement and education, specialized traffic control and community policing projects. Continued upgrade to emergency communication system.

#### **Health Department:**

Participated in Public Health Emergency Preparedness (PHEP) to protect the citizens in the event of a biological emergency. Each year the Mass Dispensing Area, MDA 36, consisting of Cromwell, Middletown, Middlefield, and Durham, participates in drills, exercises and planning to perfect the delivery of vaccine and vaccination to the community. The free radon-testing program provided carbon monoxide test kits on a cost-share/donation basis to town residents. Continued to monitor a mosquito control program.

#### **Library:**

The Cromwell Belden Public Library migrated to a new state of the art integrated computer system. The system is a major method to share materials among libraries by patrons or librarians. It also provides some downloadable books and e-mail notifications of when items are due.

#### **Recreation:**

Operated and/or supported fifty-two programs for both children and adults in the Town.

#### **Economic Development Commission:**

The EDC sponsors quarterly "Cromwell Works", a networking event at the Town Hall where local businesses can meet and network and also meet with elected officials at the local and State levels and Town staff. The last event was on Wednesday, September 24, 2014.

#### **Human Services:**

Continued all services to the seniors and youth of the Town. Support services and referrals to citizens of Cromwell were provided as needed. A State grant was received to support an increased level of transportation services to the Town's senior and handicapped citizens for a seventh year.

**Capital Projects:****Public Works:**

Construction continued on Town-wide infrastructure improvements.

**Education:**

Bond funds, from the spring 2013, are providing for improvements to the Edna C. Stevens Elementary School, with the emphasis on replacing the boiler with a more efficient system using natural gas. This project includes the extension of the natural gas line from Main Street to the school on Court Street. Improvements are also being made to the Middle School gymnasium walls. These projects will be completed in the fall 2014.

## **Financial Information**

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from losses, theft, or misuse to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

**Single Audit**

As a recipient of Federal financial assistance both directly and as passed through the State, the Town is responsible for maintaining an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. The same applies to financial assistance provided directly by the State.

As a part of the Town's single audits, tests are made to determine the adequacy of the internal control structure, including that portion related to Federal and State financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The single audits for the fiscal year ended June 30, 2014 will be issued as separate reports. They will be filed with the Town Clerk for public inspection and will be filed with appropriate Federal and State agencies.

**Budgeting Controls**

In addition to internal accounting controls, the Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget for the General Fund approved at the annual Town Meeting and as may be amended by the Boards of Selectmen/Town Council, Board of Finance or a Special Town Meeting during the fiscal year. The General Fund level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the departmental level. The Town maintains annual budgets for other funds, such as the Sewer Usage Fund, Sewer Assessment Fund, Sidewalk Fund, and the Dog Fund, as approved by State Statute or Special Town Meeting. The Town also maintains project length budgets for all capital projects approved by Special Town Meetings.

To aid in budgetary control, the Town maintains an encumbrance accounting system to record obligations by line item for all budgets. Verification of funds availability is required prior to the issuance of purchase orders, which are recorded as encumbrances in the budgetary accounting system. Those encumbrances for goods and services that have not been received on June 30 of each year are reported as reservations of fund balance. Valid charges in the next fiscal year are paid from these encumbrances.

As demonstrated by the statements and schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management.

### **General Fund Balance**

The unassigned, or available, General Fund fund balance increased by \$1,094,920, or 16.7%, during the fiscal year. This amount, \$7,634,146, is equivalent to about 61 days of operating expenditures and is 16.72% of the adopted 2015 budget. A favorable result from budgetary operations, as well as other financing sources and uses, resulted in a net increase in fund balance. FEMA reimbursements for Winter Storm Nemo provided an additional \$83,881 to the Town. The Town also received a \$100,000 payment to be made annually going forward, resulting from an agreement with the Mattabassett District. Additional uses of funds included \$128,000 for Town capital and non-recurring (CNR) projects and \$193,760 for Board of Education CNR projects.

The Town of Cromwell's General Fund fund balance has historically been used to fund large capital projects and prefund reimbursement-type grant opportunities. During fiscal 2014, there were additional appropriations from fund balance, totaling \$821,760. A total of \$128,000 was transferred to the Capital/Nonrecurring Fund for various capital projects/equipment, including police vehicles, tasers, and improvements to the Parks Maintenance garage. The Board of Finance established a capital fund for the Board of Education with \$193,760 from the Education operating budget surplus. In June 2014, \$500,000 was appropriated to pre-fund the 3<sup>rd</sup> STEAP grant for improvements to the northern tier infrastructure. Additionally the fund balance allowed for up to \$51,000 in the fiscal 2014 budget to offset small capital items included in the operating budget and \$161,500 was committed by the Board of Finance toward the 2015 budget accounts for small capital items and to offset some of the increase debt service. This is in keeping with the Board of Finance's historical practices and philosophy.

### **Debt Administration**

On June 30, 2014, the Town had a number of debt issues outstanding. Bonded indebtedness was \$26,320,000 with a final maturity date of June 2030. All the bonds are general obligations of the Town. However, sewer assessments collectable are dedicated to pay the sewer bonds outstanding. These were paid in full as of June 30, 2014. Bonds that are authorized but unissued total \$3,909,310. The School Roof Replacement/Asbestos project accounts for 80% of this amount. It is anticipated that this additional authorized amount for the school project will not be needed. The balance of the authorized but unissued amount is a result of other Town infrastructure and facility improvement projects authorized in May 2008, April 2010, and new projects authorized in the spring 2013.

In January 2014, Standard & Poor's credit rating agency upgraded the Town of Cromwell's credit rating from AA to a solid AAA.

According to State Statutes, total Town indebtedness may not exceed seven times the annual receipts from taxation or \$286,559,168 on June 30, 2014. There are also sub-limits by category for bonds. In total, bonded indebtedness on June 30, 2014 was 13.2% of statutory capacity.

On June 30, 2014, the ratio of bonded indebtedness to assessed value (grand list) was 2.09%. The amount of bonded indebtedness per capita was \$1,872.

## **Relevant Policies and Practices**

### **Fund Balance Policy**

The Board of Selectmen approved a policy providing guidelines for budgeting decisions and to insure adequate reserves are established and maintained to fund operations by providing sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. This policy further established pertinent classifications of the established reserves and the level of authority necessary for each classification. This policy also discusses the importance of maintaining an appropriate level of fund balance, taking into consideration the Town's operating characteristics, diversity of tax base, reliability on non-tax revenue sources, working capital needs, impact on bond rating, local and economic outlooks, emergency and disaster risk and other contingent issues. In accordance with prudent budgeting practices, the unassigned fund balance will not be used on a routine or one-time basis to lower taxes or offset normal operating expenditures.

### **Economic Development Incentive Guidelines**

The Board of Selectmen approved guidelines to encourage the strategic growth and expansion of business, consistent with the Town of Cromwell's Plan of Conservation and Development (POCD). The objective of these guidelines are to stimulate local economic conditions to strengthen existing businesses and develop growth in strategic industries, provide for high quality, long term growth of the tax base, preserve and create jobs for local residents and accomplish community goals as stated in the current POCD. The Board of Selectmen, upon the recommendation of the First Selectman, must approve all incentives to new and existing businesses.

### **Debt Management and Capital Planning**

The Town Council approved a Debt Management and Capital Planning policy to be used in assessing and long range planning of the Town's capital needs, the determination of appropriate funding methods, and the management of debt and capital assets at a portfolio level. The policy outlines basic objectives for debt issuance and acceptable uses, as well as decision analysis for capital planning, oversight and monitoring. The Town of Cromwell established a Long Range Capital Planning committee in March 2007, consisting of two members from the Town Council, two members from the Board of Finance, the Town Manager, and the Finance Director.

This policy is used in conjunction with the existing Capital/Non-Recurring program, which is for capital or non-recurring requests not funded through the operating budget and in excess of \$10,000.

**Policies were reviewed and updated based on changes to the Town Charter and resulting form of government. Any necessary revisions were approved on June 16, 2014. Additional policies, including the Fund Balance and Economic Development Incentive Guidelines will be reviewed and updated in fiscal year 2014-15.**

### **Independent Audit**

The Town Charter requires an annual audit of books of account, financial records and transactions of all administrative departments of the Town by independent certified public accountants selected by the Town Council. This requirement has been complied with and the auditor's report has been included in this report.



## **Certificate of Achievement**

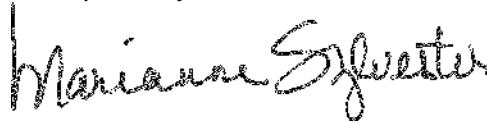
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Cromwell, Connecticut for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This was the twenty-fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **Acknowledgments**

The preparation of this comprehensive annual financial report on a timely basis was made possible by the efficient and dedicated service of the entire staff of the Finance Department, to whom I extend my sincere appreciation. I should also thank you, the Town Council, and the Board of Finance for the interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully Submitted,

A handwritten signature in black ink that reads "Marianne Sylvester". The signature is written in a cursive, flowing style.

Marianne Sylvester  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

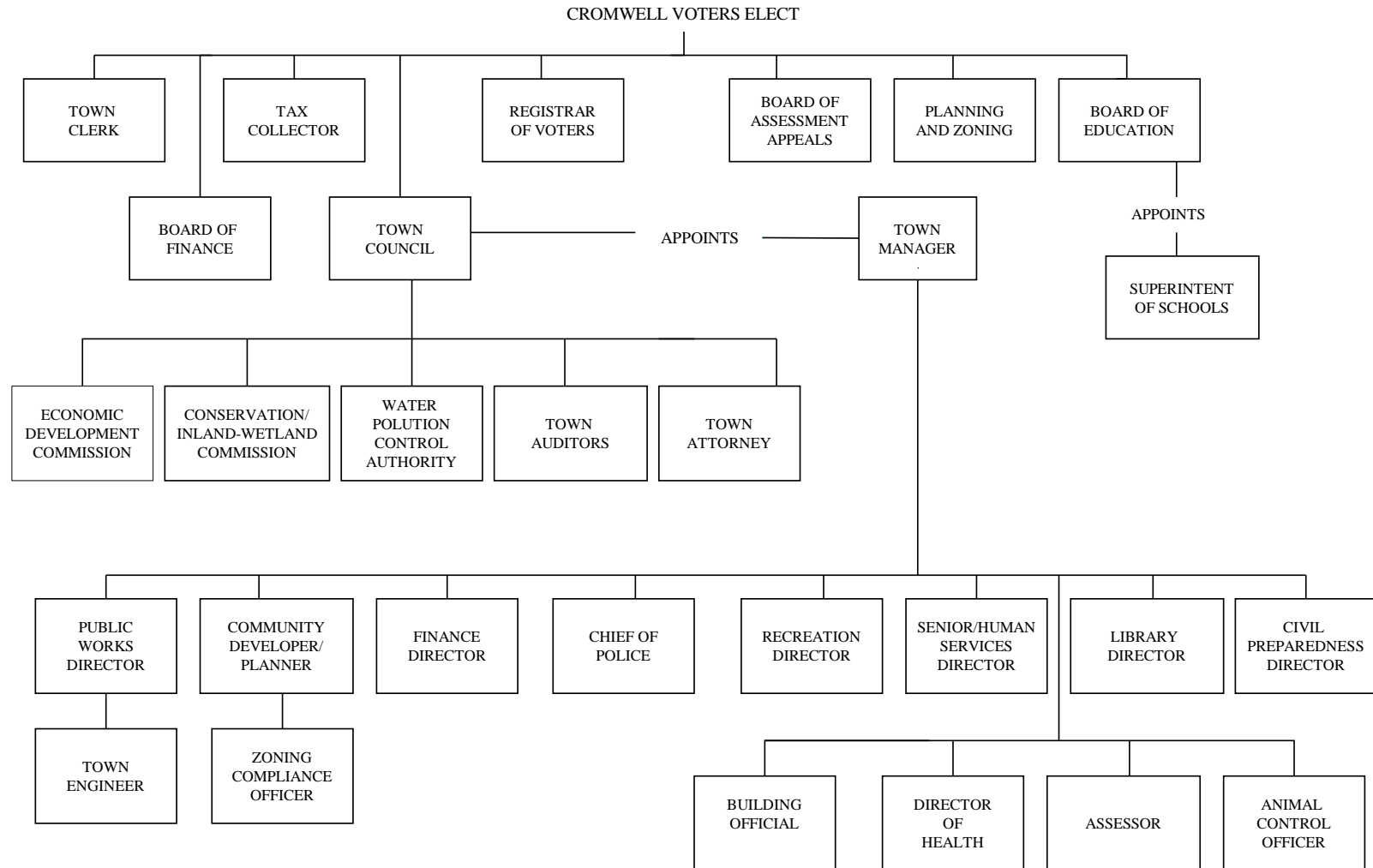
**Town of Cromwell  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# ORGANIZATIONAL CHART



# **PRINCIPAL ELECTED OFFICIALS AND ADMINISTRATORS AS OF JUNE 30, 2014**

Mayor  
Town Clerk  
Tax Collector

Enzo Faienza  
Darlene DiProto  
Douglas Sienna

## **TOWN COUNCIL**

Richard R. Newton  
Mertie Terry  
Allan D. Spotts

Shirley Banik  
Al Waters  
Frank C. Emanuele Jr.

## **BOARD OF FINANCE**

John Henehan, Chairman  
Julius Neto  
Joseph E. Corlis

Bob Milardo  
Ed Widders  
Amanda Thomas

## **BOARD OF EDUCATION**

Michael J. Camilleri, Chairman  
Paul M. Sousa  
Jeffrey Mattrulo  
Christine Trousdale  
Lauren Griffin

Julie Fitts Ritter  
Phil Gagnon  
Jay V. Fletcher  
Gaia McDermott

Superintendent of Schools

Dr. Paula Talty

## **ADMINISTRATION**

Town Manager

Jonathan Sistare

Animal Control Officer  
Assessor  
Building Official  
Chief of Police  
Developer/Planner  
Director of Finance  
Director of Human Services/Senior Ctr.  
Director of Public Works  
Director of Recreation  
Library Director  
Town Engineer  
Zoning Officer

Cheryl Gagnon  
Shawna Baron  
David Jolley  
Anthony Salvatore  
Stuart Popper  
Marianne Sylvester  
Joy Hollister  
Vacant  
Susan Schein  
Eileen Branciforte  
Jonathan Harriman  
Frederic Curtin

**Financial Section**





## **Independent Auditor's Report**

To the Board of Finance  
Town of Cromwell, 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 Cromwell, Connecticut (the "Town") as of and for the year ended June 30, 2014, 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 of material misstatement.

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

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

### **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3–10, the schedules of funding progress and employer contributions, the schedule of changes in the Town's net pension liabilities and related ratios on pages 49-50 and the General fund budgetary comparison information on pages 51-65 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.

### *Supplementary 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 introductory section, combining and individual fund financial statements and other schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections, as listed in the table of contents, 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 11, 2014 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.



New Haven, Connecticut  
December 11, 2014



**TOWN OF CROMWELL, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2014**

This discussion and analysis of the Town of Cromwell, Connecticut's (the Town) financial performance is provided by management as an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to X.

**Financial Highlights**

- The General Fund reported a fund balance this year of \$7.8 million, or 17.4% of fiscal year 2014 actual operating revenues, with unassigned General Fund fund balance at \$7.6 million or 16.9% of revenues.
- Net position of our governmental activities increased slightly, by \$159,946, reflecting a decrease in debt and other liabilities over the prior year (see Table 1).
- Standard & Poor's credit rating agency increased the credit rating for the Town of Cromwell from AA to AAA in January 2014.
- The Town's long-term debt outstanding experienced a net decrease of approximately \$1.8 million during the fiscal year. General obligation debt decreased by \$2.4 million, with a \$600,000 increase from other long-term liabilities (OPEB obligations and compensated absences).
- The Town's General Fund revenues received for the fiscal year exceeded the operating expenses on a budget basis by \$1.5 million.
- Total cost of all of the Town's programs was \$52.9 million with no program changes this year.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

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

In the statement of net position and the statement of activities, the Town reports governmental activities as the Town's basic services, including education, public safety, public works, culture and recreation, human services and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.

### **Fund Financial Statements**

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

- *Governmental Funds (Exhibits III, IV and V)* – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are greater or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds (Exhibits VI, VII and VIII)* – The Town's activities related to the internal service fund for employee dental insurance are reported in these exhibits. This fund receives payments from the Town, including the Board of Education, and the Fire District, as well as employee and retiree contributions to pay claims made for dental procedures.
- *Fiduciary Funds (Exhibits IX and X)* – The Town is the trustee, or fiduciary, for its employees' pension plans. The Town also holds funds as the agent for the School Activity Fund and for contractor bonds. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is

responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### **Government-Wide Financial Analysis**

The Town's net position increased from a year ago, from \$100.6 million to \$100.7 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**Table 1**  
**Summary Statement of Net Position**

	<b>Governmental Activities</b>	
	<b>June 30, 2014</b>	<b>June 30 , 2013</b>
Current and other assets	<b>\$ 20,470,684</b>	<b>\$ 20,868,475</b>
Capital assets, net of accumulated depreciation	<b>116,651,840</b>	<b>117,755,910</b>
<b>Total assets</b>	<b>137,122,524</b>	<b>138,624,385</b>
Deferred Outflows of Resources		
Deferred charge on refunding	<b>279,555</b>	<b>354,107</b>
Long-term debt outstanding	<b>33,462,409</b>	<b>35,310,907</b>
Other liabilities	<b>3,071,145</b>	<b>3,086,047</b>
<b>Total liabilities</b>	<b>36,533,554</b>	<b>38,396,954</b>
Deferred Inflows of Resources		
Advance property tax collections	<b>127,041</b>	<b>-</b>
Net Position		
Net investment in capital assets	<b>90,349,694</b>	<b>91,271,301</b>
Restricted for:		
Perpetual care:		
Expendable	<b>3,825</b>	<b>3,061</b>
Nonexpendable	<b>56,237</b>	<b>56,269</b>
Unrestricted	<b>10,331,728</b>	<b>9,250,907</b>
<b>Total net position</b>	<b>\$ 100,741,484</b>	<b>\$ 100,581,538</b>

The Town's total net position for governmental activities shows an increase over fiscal year 2013. The unrestricted portion of the Town's net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – shows an increase from \$9.25 million at June 30, 2013 to \$10.3 million at the end of this year. This increase in the net position can be attributed to a reduction in the Town's long-term debt outstanding. Net investment in capital assets has decreased year-over-year just less than \$1 million reflecting the infrastructure and facility improvements being undertaken and the associated debt, as well as depreciation.

Long-term debt outstanding is reflective of the pay-down of existing debt combined with an increase in the liability for other post-employment benefits (OPEB) of \$343,812 and the compensated absences liability of \$193,698. The Town approved the establishment of a trust fund to offset the OPEB liability, and has made contributions to this fund for two years with continued contributions included in the 2014-15 budget.

**Table 2**  
**Summary Statement of Activities Year Ended June 30,**

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
<b>Revenues</b>		
Program Revenues:		
Charges for services	\$ 3,525,387	\$ 3,665,721
Operating grants and contributions	9,695,887	9,055,543
Capital grants and contributions	529,426	206,751
General Revenues:		
Property taxes	38,905,611	38,233,934
Grants and contributions not restricted to specific purposes	244,792	230,094
Unrestricted investment earnings	46,556	38,321
Other general revenues	96,112	89,711
<b>Total revenues</b>	<b>53,043,771</b>	<b>51,520,075</b>
<b>Program expenses</b>		
General government	5,557,370	5,578,265
Public Safety	3,484,220	3,451,918
Public Works	7,687,149	7,507,231
Culture and Recreation	1,001,837	1,018,166
Human Services	595,427	610,927
Education	33,609,091	32,074,662
Interest on long-term debt	948,731	1,164,077
<b>Total program expenses</b>	<b>52,883,825</b>	<b>51,405,246</b>
<b>Increase in net position</b>	<b>159,946</b>	<b>114,829</b>
<b>Net Position, beginning</b>	<b>100,581,538</b>	<b>100,466,709</b>
<b>Net Position, ending</b>	<b>\$ 100,741,484</b>	<b>\$ 100,581,538</b>

The Town's total revenue was \$53.0 million. The total cost of all programs and services was \$52.9 million. Our analysis below considers the operations of governmental activities.

### **Governmental Activities**

On the revenue side, there was a decrease in charges for services, year over year, since the Town benefitted from extraordinary building permits fee revenue in the previous year. Revenue from operating grants and capital grants reflect an increase due to an increase in State Aid for roads and education, along with State grant reimbursements for capital projects. Income from property taxes, which comprises 72% of Town revenues, exceeded the original budget by approximately \$480,000 and surpassed fiscal year 2013 collections by over \$670,000. Comparing total General Fund expenditures (actual) to budget resulted in a savings of \$865,745. Year over year, total expenditures for governmental activities increased by 2.9%, with expenditures for education

reflecting the greatest increase. According to the Town's Charter, all Departments must finish the year within budget and this was accomplished. Some of the savings in comparing expenditures to the original budget were in General Government (\$503,240), including Employee Benefits (\$257,196), Public Works (\$149,737), Culture and Recreation (\$66,262), Public Safety (\$59,171), and Human Services (\$48,016).

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

**Table 3**  
**Governmental Activities**

	<b>Total Cost of Service</b>		<b>Net Cost of Service</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Education	\$ 33,609,091	\$ 32,074,662	\$ 23,825,826	\$ 22,930,053
General Government	5,557,370	5,578,265	4,861,547	4,880,835
Public Works	7,687,149	7,507,231	5,080,403	4,834,745
Public Safety	3,484,220	3,451,918	3,021,262	3,319,842
Culture and Recreation	1,001,837	1,018,166	837,075	917,206
All Others	1,544,158	1,775,004	1,507,012	1,594,550
<b>Total</b>	<b>\$ 52,883,825</b>	<b>\$ 51,405,246</b>	<b>\$ 39,133,125</b>	<b>\$ 38,477,231</b>

## **Town Funds Financial Analysis**

### **Governmental Funds**

The Board of Finance presented the fiscal 2014 budget to the Annual Town Meeting in three parts. The Town budget was \$14,519,703 or 3.3% more than the Town Meeting approved budget for 2013. Bonded Debt budget of \$3,214,699 represented a decrease of \$526,427 or 14.1%. The Education budget was \$26,505,257, an increase of 2.2%. In total, the total proposed budget, \$44,239,659, was 1.14% more than the previous year. The increase in the overall budget was primarily due to increased contractual obligations. The Annual Town Meeting was adjourned to referendum, at which time all three components of budget were approved. The Board of Finance then set the mill rate at 30.75, an increase of 3.69 mills. No existing programs were cut.

Total revenues and transfers for the year, based on generally accepted accounting principles were \$48,880,228. Expenditures and encumbrances on the same basis were \$47,639,057. The difference of \$1,241,171 increased fund balance at fiscal year end to \$7.8 million. Tax collections, primarily for prior years' taxes and liens plus supplemental motor vehicles, exceeded budgeted amounts by nearly \$480,000. Additional revenue was received as a result of the FEMA reimbursement for Winter Storm NEMO, an agreement with the Mattabassett District, and unanticipated State aid. Staffing changes resulted in savings in salaries and benefits.

The Town's General Fund Balance of \$7.8 million reported on Exhibit III in the Basic Financial Statements consists of \$7.6 million as Unassigned Fund Balance. The Board of Finance committed \$161,500 to support the 2014-15 budget. The Capital Projects Fund Balance, shown in Exhibit III, reflects a decrease as projects were completed. The Sewer Usage Fund saw an increase in fund balance due to increased revenues from fees.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

At June 30, 2014, the Town had \$196.0 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and sewer lines (see Table 4). This amount is consistent with the previous year, reflecting the completion various projects and the shift in the allocation from Construction in Progress to the appropriate asset classifications.

**Table 4**  
**Capital Assets (Net of Depreciation)**

	Governmental Activities (in millions)	
	2014	2013
Land	\$ 8.2	\$ 8.2
Buildings	77.9	77.3
Furniture, equipment and improvements	8.4	8.6
Infrastructure	99.7	97.2
Construction in progress	1.8	2.4
Total	<u>\$ 196.0</u>	<u>\$ 193.7</u>

For the year, the major changes include:

**Buildings** – Net increase due to the completion of some improvements to Town facilities

**Furniture, equipment, and improvements** – Depreciation resulted in a slight decrease in this area.

**Infrastructure** – Improvements offset by depreciations resulted in a net increase in this area.

**Construction in progress** – Town infrastructure and two small school facility projects are the primary assets in this classification at this time.

The Town's fiscal year 2014-15 capital/non-recurring requests include items such as replacement police vehicles, three public works vehicles, dam inspections and improvements, and library technology upgrades. Other larger capital items, such as infrastructure and facility improvements, are considered as part of the Town's Long Range Capital Improvement program for inclusion in possible future bond issues.

More detailed information about the Town's capital assets is presented in Note 1 and Note 4 to the financial statements.

## ***Long-Term Debt***

At June 30, 2014 the Town had \$28.4 million in bonds and notes outstanding versus \$30.8 million last year – a decrease of 7.8% or \$2.4 million (see Table 5).

**Table 5**  
**Outstanding Debt**

	<b>Governmental</b>	
	<b>Activities (in millions)</b>	
	<b>2014</b>	<b>2013</b>
General Obligation Bonds	<b>\$ 28.4</b>	<b>\$ 30.8</b>

The Town did not issue new debt during fiscal year 2013-2014, however it did receive an upgrade in its general obligation bond rating from Standard & Poor's rating agency from AA to AAA in January 2014.

The State limits the amount of general obligation debt that towns can issue based on a formula determined under State Statutes based on type of debt and tax base. When the Town's outstanding general obligation debt is calculated in accordance with this formula it is significantly below this \$291 million State imposed limit.

Other long-term obligations include other post-employment benefits (OPEB) and compensated absences (accrued vacation pay and sick leave). More detailed information about the Town's long-term liabilities is presented in Note 6 to the financial statements.

## **Economic Factors and Next Year's Budgets and Rates**

The Town's Board of Finance considered many factors when setting the fiscal year 2015 budget tax rate. One of those factors is the economy. The unemployment rate in the Town for June 2014 stands at 5.5% versus 6.7% one year ago. This compares favorably with the Hartford Labor Market area's unemployment rate of 6.5% and the State rate of 6.4%.

According to the Connecticut Economic Resource Center (CERC), Per Capita Income in Cromwell for 2014 was \$43,611 compared to the county rate of \$39,493 and the State rate of \$36,891. Median Household Income was \$80,134 for Cromwell versus \$76,659 for the county and \$69,519 for the State. The percent of families below poverty level was 3.4% for the Town. The county percentage was 5.9% and the State's was 10.0%, based on 2012 information.

A General Fund budget of \$45,652,375 was approved by referendum. This budget was \$1,412,716, or 3.19% higher than the 2014 adopted budget. Debt service increased over the prior year by \$509,416, or 15.8%. The General Government budget increased by \$89,487 or 0.6%. The Education portion increased by \$813,813, or 3.1%. In order to fund this budget, the Board of Finance took the collection rate factor into consideration, maintaining it at 98.75%, and a 1.16% increase in the grand list. They also used \$161,500 of available fund balance to offset a portion of the increase in debt service and support the small capital items included in the operating budget. The Board of Finance set the mill rate at 31.18 mills. This reflects an increase

of 0.43 mils, or 1.4%. There were no new programs added for fiscal year 2014-15 and all existing programs were funded.

### **Contacting the Town's Financial Management**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Cromwell, 41 West Street, Cromwell, Connecticut 06416 or visit [www.cromwellct.com](http://www.cromwellct.com).



## **Basic Financial Statements**



**Statement of Net Position**  
**June 30, 2014**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 17,310,927
Receivables, net of allowances for collection losses:	
Property taxes	411,479
Assessments/user charges	546,510
Intergovernmental	93,182
Other	227,609
Inventories	36,221
Net pension assets	3,315
Restricted cash	1,841,441
Capital assets not being depreciated	9,984,468
Capital assets being depreciated, net	106,667,372
<b>Total assets</b>	<b>137,122,524</b>
<b>Deferred Outflows of Resources</b>	
Deferred charge on refunding	279,555
<b>Liabilities</b>	
Accounts payable and other payables	1,529,076
Accrued interest payable	94,009
Unearned Revenue	1,448,060
Long-term liabilities:	
Due within one year	3,285,236
Due in more than one year	30,177,173
<b>Total liabilities</b>	<b>36,533,554</b>
<b>Deferred Inflows of Resources</b>	
Advance property tax collections	127,041
<b>Net Position</b>	
Net investment in capital assets	90,349,694
Restricted for:	
Perpetual care:	
Expendable	3,825
Nonexpendable	56,237
Unrestricted	10,331,728
<b>Total net position</b>	<b>\$ 100,741,484</b>

See Notes to Financial Statements.

Town of Cromwell, Connecticut

Exhibit II

Statement of Activities  
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ (5,557,370)	\$ 695,823	\$ -	\$ -	\$ (4,861,547)
Public safety	(3,484,220)	409,662	53,296	-	(3,021,262)
Public works	(7,687,149)	1,800,683	276,637	529,426	(5,080,403)
Culture and recreation	(1,001,837)	150,762	14,000	-	(837,075)
Human services	(595,427)	10,859	26,287	-	(558,281)
Education	(33,609,091)	457,598	9,325,667	-	(23,825,826)
Interest on long-term debt	(948,731)	-	-	-	(948,731)
	<u>(52,883,825)</u>	<u>3,525,387</u>	<u>9,695,887</u>	<u>529,426</u>	<u>(39,133,125)</u>
		General revenues:			
		Property taxes			38,905,611
		Grants and contributions not restricted to specific programs			244,792
		Unrestricted investment earnings			46,556
		Other			96,112
		Total general revenues			<u>39,293,071</u>
		Change in net position			159,946
		Net position - beginning			100,581,538
		Net position - ending			<u>\$ 100,741,484</u>

See Notes to Financial Statements.

**Balance Sheet - Governmental Funds**  
**June 30, 2014**

	General	Sewer Usage	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 9,009,530	\$ 2,923,282	\$ 5,757,069	\$ 1,321,584	\$ 19,011,465
Receivables, net					
Property taxes	411,479	-	-	-	411,479
Assessments/user charges	-	240,782	305,728	-	546,510
Intergovernmental	-	-	51,126	42,056	93,182
Other	225,184	2,425	-	-	227,609
Prepays/Inventories	-	-	-	36,221	36,221
<b>Total assets</b>	<b>\$ 9,646,193</b>	<b>\$ 3,166,489</b>	<b>\$ 6,113,923</b>	<b>\$ 1,399,861</b>	<b>\$ 20,326,466</b>
<b>Liabilities</b>					
Accounts and other payables	1,314,317	83,976	94,214	23,569	\$ 1,516,076
Due to other funds	-	-	-	1,000	1,000
Unearned Revenue	51,427	1,262,714	-	133,919	1,448,060
<b>Total liabilities</b>	<b>1,365,744</b>	<b>1,346,690</b>	<b>94,214</b>	<b>158,488</b>	<b>2,965,136</b>
<b>Deferred Inflows of Resources</b>					
Advance property tax collections	127,041	-	-	-	127,041
Unavailable resources- other	306,576	129,889	356,855	-	793,320
<b>Total deferred inflows of resources</b>	<b>433,617</b>	<b>129,889</b>	<b>356,855</b>	<b>-</b>	<b>920,361</b>
<b>Fund Balances</b>					
Nonspendable	-	-	-	92,458	92,458
Restricted	-	-	3,708,587	364,039	4,072,626
Committed	161,500	1,689,910	437,976	784,876	3,074,262
Assigned	51,186	-	1,516,291	-	1,567,477
	7,634,146	-	-	-	7,634,146
<b>Total fund balances</b>	<b>7,846,832</b>	<b>1,689,910</b>	<b>5,662,854</b>	<b>1,241,373</b>	<b>16,440,969</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,646,193</b>	<b>\$ 3,166,489</b>	<b>\$ 6,113,923</b>	<b>\$ 1,399,861</b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures, however, the statement of net assets includes those capital assets among the assets of the Town as a whole.	116,651,840
Other long-term assets are not available and therefore not recognized in the funds.	793,320
Net pension asset	3,315
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(33,182,854)
Internal Service funds are used by management to charge the costs of risk management to individual funds are included in governmental activities in the statement of net position	128,903
Accrued interest payable not recorded in the funds.	(94,009)

Net position of governmental activities \$ 100,741,484

See Notes to Financial Statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**  
**For the Year Ended June 30, 2014**

	General	Sewer Usage	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 38,862,600	\$ -	\$ -	\$ -	\$ 38,862,600
Intergovernmental	7,973,832	-	511,220	2,024,696	10,509,748
Charges for services	1,029,872	1,554,604	55,373	448,745	3,088,594
Income on investments	32,753	2,732	9,210	1,861	46,556
Other	469,947	-	27,126	11,530	508,603
<b>Total revenues</b>	<b>48,369,004</b>	<b>1,557,336</b>	<b>602,929</b>	<b>2,486,832</b>	<b>53,016,101</b>
<b>Expenditures</b>					
Current:					
General government	5,225,911	-	-	-	5,225,911
Public safety	3,246,224	-	-	75,179	3,321,403
Public works	3,968,601	1,427,671	5,801	-	5,402,073
Culture and recreation	889,989	-	-	42,070	932,059
Human services	513,998	-	-	32,444	546,442
Education	29,649,940	-	-	2,022,291	31,672,231
Debt service	3,214,697	-	52,180	-	3,266,877
Capital outlay	-	-	3,175,970	13,977	3,189,947
<b>Total expenditures</b>	<b>46,709,360</b>	<b>1,427,671</b>	<b>3,233,951</b>	<b>2,185,961</b>	<b>53,556,943</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,659,644</b>	<b>129,665</b>	<b>(2,631,022)</b>	<b>300,871</b>	<b>(540,842)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	511,224	-	862,672	82,023	1,455,919
Transfers out	(929,696)	(15,000)	(220,586)	(290,637)	(1,455,919)
<b>Total other financing sources (uses)</b>	<b>(418,472)</b>	<b>(15,000)</b>	<b>642,086</b>	<b>(208,614)</b>	<b>-</b>
<b>Change in fund balances</b>	<b>1,241,172</b>	<b>114,665</b>	<b>(1,988,936)</b>	<b>92,257</b>	<b>(540,842)</b>
<b>Fund Balances, beginning of year</b>	<b>6,605,660</b>	<b>1,575,245</b>	<b>7,651,790</b>	<b>1,149,116</b>	<b>16,981,811</b>
<b>Fund Balances, end of year</b>	<b>\$ 7,846,832</b>	<b>\$ 1,689,910</b>	<b>\$ 5,662,854</b>	<b>\$ 1,241,373</b>	<b>\$ 16,440,969</b>

See Notes to Financial Statements.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2014**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (540,842)
--	--------------

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

Loss on disposal	(16,558)
Capital outlay	3,039,206
Depreciation expense	(4,126,718)
<b>Total</b>	<b>(1,104,070)</b>

Changes in receivables that impact revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in these receivables are as follows:

Property taxes receivable	43,011
Special assessments and collections	(40,041)
Intergovernmental receivable	18,206
Sewer assessment and usage charges	6,888
Net pension asset	(55)
<b>Total</b>	<b>28,009</b>

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

Issuance of general obligation bonds	
Principal repayments:	
Bonds refunded	
Bond principal payments	2,165,000
Amortization of bond premiums	221,008
Amortization of deferred charge on refunding	(74,552)
	<b>2,311,456</b>

Net income of certain activities of internal service funds is reported with governmental activities	(3,787)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The change in these expenses are as follows:

Other post-employment benefits	(343,812)
Compensated absences	(193,698)
Accrued interest	6,690
	<b>(530,820)</b>

Change in net position of governmental activities	<b>\$ 159,946</b>
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See Notes to Financial Statements.

**Statement of Net Position - Proprietary Funds**  
**June 30, 2014**

	Governmental Activities
	Internal Service Fund
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 140,903
	<hr/>
<b>Liabilities</b>	
Claims payable	12,000
	<hr/>
<b>Net Position</b>	
Unrestricted	\$ 128,903
	<hr/> <hr/>

See Notes to Financial Statements.



**Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds**  
**For the Year Ended June 30, 2014**

	Governmental Activities
	Internal Service Fund
<b>Operating Revenues</b>	
Charges for services	\$ 339,687
<b>Total operating revenues</b>	<u>339,687</u>
<b>Operating Expenses</b>	
Benefits provided	343,474
<b>Total operating expenses</b>	<u>343,474</u>
<b>Net loss</b>	(3,787)
<b>Net Position</b> , beginning	<u>132,690</u>
<b>Net Position</b> , ending	<u>\$ 128,903</u>

See Notes to Financial Statements.

**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended June 30, 2014**

	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 339,687
Payments to suppliers	(344,611)
<b>Net cash used in operating activities</b>	<b>(4,924)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(4,924)</b>
Cash and cash equivalents, beginning	145,827
Cash and cash equivalents, ending	<u>\$ 140,903</u>
<b>Reconciliation of Operating Loss to Net</b>	
<b>Cash Used in Operating Activities</b>	
Operating loss	\$ (3,787)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Decrease in accounts payable	(1,137)
<b>Net cash used in operating activities</b>	<b><u>\$ (4,924)</u></b>

See Notes to Financial Statements.

**Statement of Fiduciary Net Position - Fiduciary Funds**  
**June 30, 2014**

	Trust Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 1,561,681	\$ 636,682
Investments:		
Asset and mortgage backed securities	212,338	-
Corporate bonds	1,596,545	-
Government bonds	3,442,776	-
Foreign bonds	72,576	-
Mutual Funds	108,841	-
Common stock	13,414,732	-
Due from other funds	-	1,000
<b>Total investments</b>	<b>18,847,808</b>	<b>1,000</b>
<b>Total assets</b>	<b>20,409,489</b>	<b>637,682</b>
<b>Liabilities</b>		
Due to student groups and agencies	-	637,682
<b>Net position restricted for pensions</b>	<b>\$ 20,409,489</b>	<b>\$ -</b>

See Notes to Financial Statements.

**Statement of Changes in Fiduciary Net Position - Pension Trust Fund**  
**For the Year Ended June 30, 2014**

	Trust Funds
<b>Additions</b>	
Contributions:	
Employer	\$ 663,086
Plan members	239,118
<b>Total contributions</b>	<u>902,204</u>
<b>Investment Gain</b>	
Net appreciation in fair value of investments	<u>2,810,192</u>
Less investment expense	<u>(208,146)</u>
<b>Net investment gain</b>	<u>2,602,046</u>
	<u>3,504,250</u>
<b>Deductions</b>	
Benefits	645,164
Administrative expenses	<u>3,038</u>
<b>Total deductions</b>	<u>648,202</u>
<b>Change in net position</b>	2,856,048
<b>Net Position Restricted for Pensions, beginning of year</b>	<u>17,553,441</u>
<b>Net Position Restricted for Pensions, end of year</b>	<u>\$ 20,409,489</u>

See Notes to Financial Statements.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### **Note 1. Summary of Significant Accounting Policies**

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

Reporting Entity: The Town of Cromwell implemented the revised Charter that was approved by voters in 2011. The changes were effective November 2013, and resulted in a change in the form of government to Town Council/Mayor, with a Town Manager as the chief administrative officer, and a Board of Finance. The legislative power of the Town is vested in the Town Council, except as otherwise provided in the Town Charter. The Town Council must approve ordinances after a public hearing. The Board of Finance is responsible for presenting fiscal operating budgets for approval by referendum.

The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

The Town provides the following services: general government, public safety, public works and highways, parks, recreation, library, health and human services and education.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the 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 criteria provided by the Codification, Section 2100 has been considered and there are no agencies or entities which should be presented by the Town.

#### Accounting Standards Adopted in the Current Year:

*GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*, was implemented as July 1, 2013. This statement clarified the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. As a result of the adoption of this standard, deferred amounts on refundings were required to be reclassified to Deferred Outflows of Resources. In addition, amounts previously classified as unavailable revenue were reclassified as deferred inflows of resources.

*GASB Statement No. 67, Financial Reporting for Pension Plans an amendment of GASB Statement No. 25*, issued in June 2012, was effective for the Town as of July 1, 2013. This Statement replaces the requirements of *Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and *Statement No. 50, Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of *Statements 25 and 50* remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The implementation of this statement did not have a material impact on the Town's financial statements.

*GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees*, became effective on July 1, 2013. This statement provides guidance to governments that extend and receive nonexchange financial guarantees. The implementation of this statement had no impact on the Town's financial statements.

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

Government-Wide and Fund Financial Statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

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

The various funds included in the financial statements are described below:

Governmental Funds: Governmental funds are those through which most governmental functions typically are financed.

The *General Fund* is the primary operating fund of the Town. This fund is used to account for and report all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

*Special Revenue Funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed for expenditure for specific activities other than debt service or capital projects.

*Capital Project Funds* account for and report all financial resources that are restricted, committed or assigned to expenditure for capital outlay.

*Permanent Funds* are used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

Fiduciary Funds: Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and/or other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

*Trust Funds* accounts for the Town of Cromwell Retirement System and its OPEB plan.

*Agency Funds* are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The School Activity Fund and the Contractor Bond Fund are the Town's agency funds.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Proprietary Fund: Proprietary funds are used to account for activities that are similar to those found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following is the Town's proprietary fund:

*Internal Service Fund* – is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Town on a cost-reimbursement basis.

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

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

Property taxes when levied for, intergovernmental revenues, when eligibility requirements are met, charges for services, licenses and interest associated with the current fiscal period are all considered to be measurable and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when cash is received.

Agency funds use the accrual basis of accounting, but have no measurement focus since they report only assets and liabilities.

The Town reports the following major governmental funds:

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

The *Sewer Usage Fund* accounts for and reports the revenues restricted and committed to expenditures for the operations and maintenance of the Town's sewer system. Revenue is derived primarily from sewer use charges to residents of the Town.

The *Capital Projects Fund* accounts for and reports financial resources that are restricted, committed or assigned to be used for the acquisition or construction of major capital facilities and or infrastructure. Legal authorization for expenditures is provided by specific appropriations, bond ordinances and/or intergovernmental grant agreements.

Additionally, the Town reports the following fund types:

*Internal Service Fund* is used to account for the dental self-insured activities of the Town, and Cromwell Fire and Water District employees.

The *Trust Funds* accounts for the activities of the Town general employees, which accumulates resources for pension and OPEB benefit payments to qualified Town employees.

The *Agency Funds* account for resources held by the Town in a purely custodial capacity. The Town maintains two agency funds, the School Activity Fund and the Contractor Bond Fund.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Accounting 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

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

Investments: State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and certain other investments as described in Note 2.

Investments for the Town are reported at fair value using quoted market prices.

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

Property Taxes: Property taxes are assessed as of October 1 and are levied the following July 1. Property tax bills are payable in two installments, July 1 and January 1, except for motor vehicles, which are due and payable July 1. Assessments for real and personal property, including motor vehicles, are computed at 70% of the market value.

Property taxes receivable not expected to be collected during the available period are reflected as a deferred revenue in the fund financial statements. Interest on delinquent taxes accrues at a rate of 1.5% per month.

Liens are placed upon delinquent real estate accounts on June 30th in accordance with the provisions of the Connecticut General Statutes.

At the time the annual budget is adopted, the Board of Finance establishes the tax rate to be levied on the taxable property for the ensuing year.

Allowance for Doubtful Accounts: Accounts receivable including property taxes receivable for the primary government are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based on past collection history and on analysis of creditor's ability to pay. An amount of \$756,000 has been established as an allowance for uncollectible taxes.

Inventories and Prepaid Items: All inventories are stated at the lower of cost or market, determined on the first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.



## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings and improvements	10-50
Public domain infrastructure	10-65
Vehicles and equipment	3-20

Capital outlay (assets) are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

**Compensated Absences:** Employees are paid by prescribed formula for absence due to vacation or sickness. Employees are generally not paid for vacation leave not taken, and vacation leave must be taken not later than the end of the next calendar year. Sick leave may be accumulated up to 120 days.

Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are due. The liability for the remainder of the vested sick leave and vacation leave, and an estimate of the nonvested portion expected to be paid in future periods, is accounted for in the government-wide statement of net position. The vesting method using current pay rates was used to calculate the liability.

**Restricted Assets:** At June 30, 2014, the Town had approximately \$1,841,000 in restricted assets. The amount relates to unspent bond proceeds. The restricted assets are offset with general obligation bonds leaving no effect on fund balance in the governmental activities.

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

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. Bond principal payments are recorded as expenditures. 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.

Encumbrances: Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as an assigned fund balance as they do not constitute either expenditures or liabilities.

All other General Fund appropriations lapse at year-end.

Pension Accounting:

*Pension Trust Funds:*

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

*Governmental Funds/Governmental Activities:*

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net pension obligation (asset), the cumulative difference between annual pension cost and the Town's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. The pension obligation (asset) is recorded as a noncurrent liability (asset) in the government-wide financial statements. The General Fund typically is used to pay these obligations.

*Funding Policy:*

The Town funds the contributions to its defined benefit pension plan based on an actuarial valuation, which amount is included in the budget.

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

Other Post Employment Obligations (OPEB) Accounting: Employer contributions are recognized in the period in which the contributions are due, and the Town provides the contributions.

*Governmental Funds/Governmental Activities:*

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the Town's contributions to the plan since July 1, 2008, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45.

The OPEB obligation (OPEB) is recorded as a noncurrent liability in the government-wide financial statements.

*Funding Policy:*

The Town makes annual contributions based on management's decisions. The General Fund is typically used to pay these obligations.

Net Position: In the government-wide financial statements, net position is classified in the following categories:

*Net Investment in Capital Assets* - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

*Restricted Net Position* – These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

*Unrestricted Net Position* - This category represents the net position of the Town, which are not restricted for any project or other purpose. A deficit will require future funding.

Fund Balance: In the fund financial statements, the Town reported the following governmental fund balances:

- **Nonspendable Fund Balance** – These amounts cannot be spent either because they are not in spendable form, or because they are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** – These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- **Committed Fund Balance** – This represents amounts constrained, prior to year-end, for a specific purpose by a government using its highest level of decision-making authority (Board of Finance) in the form of an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until similar action is taken to remove or revise the limitation.
- **Assigned Fund Balance** – Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Under the Town's adopted policy, the Finance Director has the authority to assign amounts for a specific purpose.
- **Unassigned Fund Balance** – The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

Related Organizations: The Cromwell Fire District and its Water Division is a self-sustaining, non-profit, quasi-municipal water utility operating under legislative sanction from the State. As such, it issues bonds in its own name to finance its expansion programs and must retire these bonds, as well as pay all operating and maintenance costs, from the revenues obtained from the sale of water and from its tax assessing powers. The Fire District also provides fire fighting service to the Town of Cromwell.

Cromwell, along with the Town of Berlin, the City of New Britain, and the City of Middletown, is a member of the Mattabassett District, which was organized under a special act of the 1961 session of the Connecticut General Assembly with separate and distinct powers. The City of Middletown was accepted as the fourth member in March 2014. The sole function of the District is to provide sewer treatment services. A fifteen person Board of Directors is appointed by the member towns with New Britain appointing the majority of members, five (5); Middletown appoints four (4); and Berlin and Cromwell appoint three (3). The Board of Directors is responsible for hiring, firing, purchasing, administration, budget adoption and fiscal operations. The District may issue bonds in its own name. The District levies its annual assessment, which the Town is obligated to pay. The Town is responsible for pro-rata share of the debt, should the District default on its bonds and notes, although the moral obligation to pay these debts will remain with the District. The possibility of the District defaulting on its debt liabilities is remote. The Town has no direct interest in assets or liabilities of the District.

#### **Note 2. Cash, Cash Equivalents and Investments**

Deposits: The Town's deposit policy and custodial credit risk policy follows State Statutes. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Investments: The Town's custodial credit risk policy for investments is to follow State Statutes. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund.

The investments in the Pension Fund are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

Interest rate risk: The Town and the Pension Plan have a policy that limits investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates. The Town and the Pension Plan structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Concentrations: The Town does have a policy that limits the amounts invested in any one issuer. The Town maintains a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 2. Cash, Cash Equivalents and Investments (Continued)

##### Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government 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. As of June 30, 2014, approximately \$16,502,000 of the Town's bank balance of approximately \$19,926,000 was uninsured and uncollateralized.

Investments: Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk.

Cash, cash equivalents and investments of the Town consist of the following at June 30, 2014:

##### **Cash and Cash Equivalents**

Deposits with financial institutions	\$ 19,521,388
State of Connecticut Short-Term Investment Fund	1,829,343
<b>Total cash and cash equivalents</b>	<u>21,350,731</u>

##### **Investments**

Pension Trust Funds:	
Asset and mortgage backed securities	212,338
Corporate bonds	1,596,545
Government bonds	3,442,776
Foreign bonds	72,576
Mutual Funds	108,841
Common stock	13,414,732
<b>Total pension investments</b>	<u>18,847,808</u>
<b>Total cash, cash equivalents and investments</b>	<u>\$ 40,198,539</u>

Cash and investments are classified in the accompanying financial statements as follows:

##### **Statement of Net Position**

Cash and cash equivalents	\$ 17,310,927
Restricted cash	1,841,441
	<u>19,152,368</u>

##### **Fiduciary Funds**

Cash and cash equivalents	2,198,363
Investments	18,847,808
	<u>21,046,171</u>
<b>Total cash, cash equivalents and investments</b>	<u>\$ 40,198,539</u>

# Town of Cromwell, Connecticut

## Notes to Financial Statements

### Note 2. Cash, Cash Equivalents and Investments (Continued)

**Interest rate risk:** This is the risk that changes in market interest rates will adversely affect the fair value of an investment. The interest rate applies primarily to the Town's Pension Trust Fund. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the Town's debt type investments to this risk using the segmented time distribution model is as follows:

	Fair Value	Investment Maturities (in Years)			
		Less than 1 year	1-5 Years	5-10 Years	Over 10 Years
Asset and mortgage backed	\$ 212,338	\$ -	\$ -	\$ 212,338	\$ -
Corporate bonds	1,596,545	-	491,520	1,105,025	-
Government bonds	3,442,776	318,207	2,390,776	428,837	304,956
Foreign bonds	72,576	-	72,576	-	-
Pooled fixed income	1,829,343	1,829,343	-	-	-
<b>Totals</b>	<b>\$ 7,153,578</b>	<b>\$ 2,147,550</b>	<b>\$ 2,954,872</b>	<b>\$ 1,746,200</b>	<b>\$ 304,956</b>

**Credit Risk:** Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes. Presented below is the actual credit rating as required for each debt type investment.

	Asset and Mortgage Backed	Corporate Bonds	Government Bonds	Foreign Bonds	Pooled Fixed Income
AAA	\$ -	\$ -	\$ -	\$ -	\$ -
AAA <sub>m</sub>	-	-	-	-	1,829,343
AA+	-	207,426	116,325	-	-
AA	-	128,814	-	-	-
AA-	-	146,106	-	11,989	-
A+	-	93,420	-	11,920	-
A	-	267,134	-	30,071	-
A-	-	119,762	-	18,596	-
BBB+	-	61,792	-	-	-
BBB	-	12,258	-	-	-
B+	-	92,490	-	-	-
BB	-	197,739	-	-	-
BB-	-	173,951	-	-	-
BB+	-	95,653	-	-	-
Unrated	212,338	-	3,326,450	-	-
	<b>\$ 212,338</b>	<b>\$ 1,596,545</b>	<b>\$ 3,442,775</b>	<b>\$ 72,576</b>	<b>\$ 1,829,343</b>

# Town of Cromwell, Connecticut

## Notes to Financial Statements

### Note 3. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,189,549	\$ 1,460	\$ -	\$ 8,191,009
Construction in progress	2,411,630	2,702,332	3,320,503	1,793,459
Total capital assets, not being depreciated	10,601,179	2,703,792	3,320,503	9,984,468
Capital assets, being depreciated:				
Buildings and improvements	75,590,065	421,584	-	76,011,649
Improvements other than buildings	1,726,657	134,139	-	1,860,796
Furniture and equipment	8,592,533	526,296	709,307	8,409,522
Infrastructure	97,175,326	2,573,898	-	99,749,224
Total capital assets being depreciated	183,084,581	3,655,917	709,307	186,031,191
Less accumulated depreciation for:				
Buildings	20,222,528	1,715,126	-	21,937,654
Improvements other than buildings	785,866	27,536	-	813,402
Furniture and equipment	6,710,538	434,615	692,749	6,452,404
Infrastructure	48,210,918	1,949,441	-	50,160,359
Total accumulated depreciation	75,929,850	4,126,718	692,749	79,363,819
Total capital assets, being depreciated, net	107,154,731	(470,801)	16,558	106,667,372
Governmental activities capital assets, net	\$ 117,755,910	\$ 2,232,991	\$ 3,337,061	\$ 116,651,840

Depreciation expense was charged to functions/programs of the government as follows:

<b>Governmental Activities:</b>	
General government	\$ 135,741
Public safety	140,863
Public works	2,260,150
Culture and recreation	68,059
Human services	30,586
Education	1,491,319
<b>Total depreciation expense – governmental activities</b>	<b>\$ 4,126,718</b>

# Town of Cromwell, Connecticut

## Notes to Financial Statements

### Note 3. Capital Assets (Continued)

Construction Commitments: The Town has active construction projects as of June 30, 2014. At year end the Town's commitments with contractors are as follows:

Project	Expenditures and Encumbrances To Date	Remaining Balance
Road Improvement	\$ 5,053,822	\$ 2,178
2010 Roads/infrastructure	3,046,000	-
STEAP Industrial Park	742,377	202,623
STEAP Historical (Riverfront)	72,846	127,154
Police Communication System	850,000	-
School Improvements	690,485	90,515
Town Infrastructure	2,103,724	812,276
<b>Total</b>	<b>\$ 12,559,254</b>	<b>\$ 1,234,746</b>

The commitments are being financed through Federal and State grants, general obligation bonds, short-term debt and fund balance.

### Note 4. Interfund Receivables, Payables and Transfers

As of June 30, 2014, interfund balances that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
Nonmajor Governmental Funds	\$ 1,000	\$ -
Fiduciary Funds	-	1,000
	<b>\$ 1,000</b>	<b>\$ 1,000</b>

The balances above resulted from the time lag between the dates that payments occur between funds for various activities.

Interfund transfers during the year ended June 30, 2014 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 511,224	\$ 929,696
Sewer Usage	-	15,000
Capital Projects	862,672	220,586
Non-Major Governmental Funds	82,023	290,637
<b>Total</b>	<b>\$ 1,455,919</b>	<b>\$ 1,455,919</b>

Transfers to other funds from the General Fund represent monies used to fund projects and programs accounted for in the Capital Projects Fund and Non-Major Governmental Funds in accordance with budget authorizations.

Transfers into the General Fund are primarily transfers from the Capital Projects Fund to return unspent funds from completed projects.



# Town of Cromwell, Connecticut

## Notes to Financial Statements

### Note 5. Unearned Revenue/Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue and deferred inflows of resources reported in the governmental funds and governmental activities were as follows:

	Unavailable Revenues	Unearned Revenues
<b>General Fund</b>		
Property taxes- unavailable	\$ 306,576	\$ -
Advance property tax collections	127,041	
Other	-	51,427
<b>Sewer Usage</b>		
Sewer usage	129,889	-
<b>Capital Projects</b>		
Special assessments and collections	305,729	-
Grants	51,126	-
<b>Nonmajor Governmental Fund</b>		
Grant drawdowns prior to meeting all eligibility requirements	-	133,919
<b>Total</b>	<b>\$ 920,361</b>	<b>\$ 185,346</b>

### Note 6. Long-Term Debt

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Bonds payable:</b>					
General obligation bonds	\$ 28,485,000	\$ -	\$ (2,165,000)	\$ 26,320,000	\$ 2,700,000
Unamortized premium on bonds	2,324,150	-	(221,008)	2,103,142	-
	<u>30,809,150</u>	<u>-</u>	<u>(2,386,008)</u>	<u>28,423,142</u>	<u>2,700,000</u>
<b>Other long-term liabilities:</b>					
OPEB obligations	3,467,152	760,812	(417,000)	3,810,964	-
Compensated absences	<u>1,034,605</u>	<u>290,438</u>	<u>(96,740)</u>	<u>1,228,303</u>	<u>585,236</u>
<b>Total governmental activities, long-term liabilities</b>	<b>\$ 35,310,907</b>	<b>\$ 1,051,250</b>	<b>\$ (2,899,748)</b>	<b>\$ 33,462,409</b>	<b>\$ 3,285,236</b>

# Town of Cromwell, Connecticut

## Notes to Financial Statements

### Note 6. Long-Term Debt (Continued)

A schedule of long-term debt as of June 30, 2013 is presented as follows:

Description	Principal Amount Payable
Bonds:	
\$7,700,000 of Refunding bonds issued March 15, 2004, maturing June 30, 2021, at interest rates ranging from 1.5 to 4.05%	\$ 3,575,000
\$914,000 of School bonds issued June 1, 2008, maturing June 1, 2023, at interest rates ranging from 3.5 to 4.13%	541,548
\$5,056,000 of Town Infrastructure bonds issued June 1, 2008, maturing June 1, 2023, at interest rates ranging from 3.5 to 4.13%	3,025,911
\$710,000 of Athletic Facilities bonds issued June 1, 2008, maturing June 1, 2023, at interest rates ranging from 3.5 to 4.13%	422,541
\$3,684,000 of School Improvements bonds issued June 8, 2010 maturing June 1, 2030, at interest rates ranging from 0.5% to 5.0%	2,937,050
\$3,046,000 of Town Infrastructure bonds issued June 8, 2010, maturing June 1, 2030, at interest rates ranging from 2.75% to 5.0%	2,432,950
\$598,000 of School Improvements bonds issued April 18, 2013 maturing June 15, 2013 at interest rates ranging from 0.52% to 2.15%.	598,000
\$3,787,000 of Town Improvements and Equipment bonds issued April 18, 2013, maturing June 15, 2013 at an interest rates ranging from 0.52% to 2.15%.	3,787,000
\$9,690,000 of Refunding bonds issued April 18, 2013, maturing April 15, 2023 at interest rates ranging from 0.37% to 2.15%	9,000,000
	<u>\$ 26,320,000</u>

Year Ending June 30,	Principal	Interest	Total
2015	\$ 2,700,000	\$ 1,024,114	\$ 3,724,114
2016	2,810,000	922,951	3,732,951
2017	2,800,000	816,841	3,616,841
2018	2,785,000	713,081	3,498,081
2019	2,785,000	604,056	3,389,056
2020-2024	10,430,000	1,430,049	11,860,049
2025-2029	1,675,000	264,734	1,939,734
2030	335,000	13,400	348,400
	<u>\$ 26,320,000</u>	<u>\$ 5,789,226</u>	<u>\$ 32,109,226</u>

## Town of Cromwell, Connecticut

### Notes to Financial Statements

#### Note 6. Long-Term Debt (Continued)

Prior Year Defeasance: In prior years, the Town has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Town's government-wide financial statements. As of June 30, 2014, the amount of defeased debt outstanding, but removed from the Town's government-wide financial statements was approximately \$13,105,000.

Debt Service: All debt service expenditures were funded by the General Fund except for \$52,180 which were recorded as expenditures in the Capital Projects Fund.

Overlapping Debt: As explained in Note 1, the Cromwell Fire District (including the Water Division) and the Mattabasset District have been empowered by the State of Connecticut to issue bonds in their own name. The Fire and Mattabasset Districts had overlapping debt in the amount of \$6,085,000 and \$5,577,352 as of June 30, 2014, respectively.

Debt Limitation: The Town's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 93,628,244	\$ 17,493,309	\$ 76,134,935
Schools	187,256,489	17,034,015	170,222,474
Sewers	156,047,074	5,577,352	150,469,722
Urban renewal	135,240,797	-	135,240,797
Pension deficit	124,837,659	-	124,837,659

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$291,287,871.

Authorized But Unissued: A summary of bonds authorized but unissued is presented below:

	Amount Authorized	Bonds Issued	Grants Received	Authorized But Unissued
Town Infrastructure and Facility Improvements	\$ 5,311,000	\$ 5,056,000	\$ -	\$ 255,000
Recreation Athletic Facilities	825,000	710,000	-	115,000
School Roof Replacement/Asbestos Project	7,167,000	3,684,000	2,602,676	880,324
Public Safety Improvements	1,085,000	910,000	-	175,000
Town Infrastructure & Facility Improvements	2,916,000	2,518,000	-	398,000
Public Works Equipment Acquisition	475,000	359,000	-	116,000
School Improvements	781,000	598,000	-	183,000
	<u>\$ 18,560,000</u>	<u>\$ 13,835,000</u>	<u>\$ 2,602,676</u>	<u>\$ 2,122,324</u>

Compensated Absences: Included in the Long-Term Obligations in the government-wide statement of net position is the estimated obligation for employee compensated absences in the amount of \$1,228,303 as of June 30, 2014. The general fund has typically been used to liquidate the liability for compensated absences.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 7. Risk Management

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

The Town currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a, et seq., of Connecticut General Statutes, for workers' compensation first dollar coverage.

The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30, and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

The Town established a self insurance fund in 2011, the Dental Insurance Fund (Internal Service Fund). The Dental Insurance Fund is used to account for dental insurance coverage of Town and Cromwell Fire and Water District employees. Anthem, a fully qualified, third party administrator, is the current administrator of the program and calculates the liability at year-end. As employee claims are processed and certified for payment by the third party administrator, payment is made out of the Dental Insurance Fund. The Town examines the coverage on a yearly basis to determine adequate coverage and minimize risk. A schedule of changes in the claims liability for the year ended June 30, 2014 is presented below:

Fiscal Year Ended	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
June 30, 2014	\$ 13,137	\$ 305,736	\$ (306,873)	\$ 12,000
June 30, 2013	16,016	320,725	(323,604)	13,137

#### Note 8. Employee Retirement Systems and Pension Plans

Plan Description: The Town of Cromwell is the administrator of a single-employer public employee retirement system (PERS) established and administered by the town to provide benefits that covers the employees of the Town, except full-time policemen (covered by the State of Connecticut Municipal Employees Retirement Fund) and certified teachers (covered by the State of Connecticut Teachers' Retirement System). The PERS is considered to be part of the Town of Cromwell's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The Plan was established by Town Meeting. The PERS does not issue a standalone report. Benefits and refunds of post-employment defined plans are recognized when due and payable in accordance with the terms of the Plan. The Town's General Fund contributes an amount as recommended by their Actuary to fund the net pension obligations.

The Town provides all employees retirement benefits through a single-employer, contributory, defined benefit plan. Under the plan, all full-time employees are eligible except for police officers and teachers. Employees are 100 percent vested after ten years of service. The retirement benefit is calculated at 1-1/2% of average annual compensation during the highest three consecutive years of service multiplied by years of credited service. Normal retirement age is sixty-two or five years of participation in the plan, whichever is later. If an employee leaves covered employment or dies before 10 years of service, accumulated employee contributions and related investment earnings are refunded.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

Benefits and contributions are established by the Town, via negotiated contracts, and may be amended only by the approval of the Board of Selectmen, and as agreed upon with the appropriate bargaining unit.

The general administration and management of the Town pension plan and the responsibility for carrying out the provision of the plan shall be placed in the Town Retirement Board. This board shall be made up of five members consisting of the following officials of the Town of Cromwell: Mayor, Town Manager, Town Finance Director/Town Treasurer; the Business Manager from the Board of Education; and the Executive Director of the Cromwell Fire District.

The membership of the plan consisted of the following at July 1, 2013 the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	62
Terminated Plan members entitled to benefits but not yet receiving them	16
Terminated Plan members entitled to a refund but have elected to defer receipt	23
Current Plan members	<u>174</u>
Total	<u><u>275</u></u>

Summary of Significant Accounting Policies, Plan Changes and Plan Asset Matters: Basis of Accounting: PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized when due; investment income is recognized when earned. Expenses (benefits, administration and refunds of contributions) are recognized when incurred.

Method Used to Value Investments: All funds are invested in Wells Fargo Securities and are reported at fair value.

Funding Policy: Each participant is required to contribute 2.5% of their salary to the PERS. The Town's funding policy provides for periodic employer contributions at actuarially determined amounts that are sufficient to accumulate assets to pay benefits when due. Contributions and benefits are defined and may be amended by ordinance approved by the Town Meeting. Administrative costs are financed through General Fund appropriations.

#### Annual Pension Cost and Net Pension Asset

The Town's annual pension cost and net pension asset for the Plan for the year ended June 30, 2014 were as follows:

Annual required contribution	\$ 663,086
Adjustment to annual required contribution	308
Interest on net pension asset	<u>(253)</u>
Annual pension cost	663,141
Contributions made	<u>663,086</u>
Decrease in net pension asset	55
Net pension asset, July 1, 2013	<u>(3,370)</u>
Net pension asset, June 30, 2014	<u><u>\$ (3,315)</u></u>

**Town of Cromwell, Connecticut**

**Notes to Financial Statements**

**Note 8. Employee Retirement Systems and Pension Plans (Continued)**

**Trend Information**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
6/30/12	\$ 711,802	100.0%	\$ (4,221)
6/30/13	733,610	99.9%	(3,370)
6/30/14	663,141	99.9%	(3,315)

The following is a summary of certain significant actuarial assumptions and other information (GASB 27):

Valuation Date	7/01/13
Actuarial Method	Projected Unit Credit Cost Method
Amortization Method	Level Dollar Amount
Remaining Amortization Period	20 years – Open
Asset Value Method	Expected actuarial value plus/minus 20% of the difference between market value
Actuarial Assumptions:	
Investment Rate of Return	7.5%
Projected Salary Increases	5.0%
Inflation Rate	3.5%

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/13	\$ 18,806,575	\$ 18,841,336	\$ 34,761	99.8%	\$ 8,985,670	0.4%

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing overtime relative to AALs for benefits.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

Trust Funds  
Schedule of Plan Net Position  
June 30, 2014

	Pension Trust	OPEB Trust Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,431,843	\$ 129,838	\$ 1,561,681
Investments:			
Asset and mortgage backed securities	212,338	-	212,338
Corporate bonds	1,596,545	-	1,596,545
Government bonds	3,442,776	-	3,442,776
Foreign bonds	72,576	-	72,576
Mutual Funds	-	108,841	108,841
Common stock	13,414,732	-	13,414,732
<b>Total investments</b>	<b>18,738,967</b>	<b>108,841</b>	<b>18,847,808</b>
<b>Total assets</b>	<b>20,170,810</b>	<b>238,679</b>	<b>20,409,489</b>
<b>Liabilities</b>			
Accounts Payable	-	-	-
<b>Plan net position held in trust</b>	<b>\$ 20,170,810</b>	<b>\$ 238,679</b>	<b>\$ 20,409,489</b>

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 8. Employee Retirement Systems and Pension Plans (Continued)

Trust Funds  
Schedule of Changes in Plan Net Position  
June 30, 2014

	Pension Trust	OPEB Trust Fund	Total
<b>Additions</b>			
Contributions:			
Employer	\$ 532,919	\$ 130,167	\$ 663,086
Plan members	239,118	-	239,118
<b>Total contributions</b>	<b>772,037</b>	<b>130,167</b>	<b>902,204</b>
<b>Investment Gain</b>			
Net appreciation in fair value of investments	2,796,595	13,597	2,810,192
Interest and dividends	-	-	-
	2,796,595	13,597	2,810,192
Less investment expense	(208,146)	-	(208,146)
<b>Net investment gain</b>	<b>2,588,449</b>	<b>13,597</b>	<b>2,602,046</b>
	<b>3,360,486</b>	<b>143,764</b>	<b>3,504,250</b>
<b>Deductions</b>			
Benefits	645,164	-	645,164
Administrative expenses	1,766	1,272	3,038
<b>Total deductions</b>	<b>646,930</b>	<b>1,272</b>	<b>648,202</b>
<b>Change in plan net position</b>	<b>2,713,556</b>	<b>142,492</b>	<b>2,856,048</b>
<b>Plan Net Position Held in Trust,</b> beginning of year	<b>17,457,254</b>	<b>96,187</b>	<b>17,553,441</b>
<b>Plan Net Position Held in Trust,</b> end of year	<b>\$ 20,170,810</b>	<b>\$ 238,679</b>	<b>\$ 20,409,489</b>

Investments:

Investment policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Town Retirement Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2014.

	Pension Funds
Asset Class	Allocation %
Large Cap Blend	30%
Mid Cap Blend	10%
Small Cap Blend	7%
International Equity	11%
Emerging Markets Equity	2%
REIT Equity	5%
Intermediate Taxable Fixed Income	35%



## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Town: The components of the net pension liability of the Town at June 30, 2014 were as follows:

Net Pension Liability	June 30, 2014
Total Pension Liability	\$ 21,433,009
Plan Fiduciary Net Position	\$ 20,220,850
Net Pension Liability	\$ 1,212,159
Plan Fiduciary Net Position as a percentage of Total Pension Liability	94%

Actuarial Assumptions (GASB 67): The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 3.00%
- Salary Increases: 5.00% (3.5% cost-of living, 1.5% steps)
- Investment Return: 7.5%, compounded annually, net of investment expenses
- Actuarial Funding Method: Entry Age Normal

Mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustments, combined table for non-annuitants and annuitants, projected to the valuation date with Scale AA.

The total pension liability was determined by an actuarial valuation as of July 1, 2013, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2014. There have been no significant changes between the valuation date and the fiscal year end.

Discount Rate: The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

#### Note 8. Employee Retirement Systems and Pension Plans (Continued)

**Assumed Rate of Return:** 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 are developed. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2013, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Real Return - Portfolio
Large Cap Blend	6.30%
Mid Cap Blend	7.30%
Small Cap Blend	8.00%
International Equity	6.80%
Emerging Market Equity	9.80%
REIT Equity	4.50%
Intermediate Table Fixed Income	1.30%
<b>Total Weighted Average Real Return</b>	<b>4.82%</b>
Long-Term Inflation Expectation	3.00%
<b>Long-Term Expected Nominal Return</b>	<b>7.82%</b>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate:** The following presents the net pension liability of the Town, calculated using the discount rate of 7.5%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 3,719,633	\$ 1,212,159	\$ (940,393)

**Municipal Employees' Retirement Fund:** Full time policemen participate in the Municipal Employees' Retirement Fund (MERF), a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes benefits, member contribution rates and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Notes to Financial Statements

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**Note 8. Employee Retirement Systems and Pension Plans (Continued)**

Funding Policy – Plan members are required by State Statute to contribute 2 ¼% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The current rate of contribution for the Town is 16.96% of covered payroll. The Town's contribution to MERF for the years ended June 30, 2014, 2013, and 2012 were \$423,789, \$376,967 and \$372,396, respectively, equal to the required contributions for each year.

Connecticut State Teachers' Retirement System: The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not, and is not legally responsible to, contribute to the plan.

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city/town basis.

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$3,184,000 for the year ended June 30, 2014.

**Note 9. Other Post-Employment Benefits**

In addition to providing pension benefits, various Town employee agreements provide for a portion of health insurance coverage or subsidized coverage to retired employees. These benefits are negotiated through union contracts, personnel policies, and/or individual employment agreements.

Post-Retirement Benefits: From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the Town recognizes the cost of postemployment healthcare in the year when the employee services are received, disclosed the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Plan Description and Funding Policy: The Town provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2013. The post-retirement plan does not issue stand-alone financial reports.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

#### Note 9. Other Post-Employment Benefits (Continued)

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Projected Unit Credit Method.

Membership in the plan consisted of the following at July 1, 2013, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	52
Active plan members	400
<b>Total</b>	<b>452</b>

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Town's contributions represent payments made for premiums for insured individuals on a pay-as-you-go method.

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/12	\$ 851,110	\$ 298,530	35%	\$ 3,120,472
6/30/13	751,880	405,200	54%	3,467,152
6/30/14	760,812	417,000	55%	3,810,964

#### OPEB Obligation

Annual required contribution (ARC)	\$ 808,500
Interest on net pension obligation	156,022
Adjustment to ARC	203,710
Annual OPEB cost	760,812
Contributions made	417,000
Increase in net OPEB liability	343,812
Net OPEB obligation, beginning of year	3,467,152
Net OPEB obligation, end of year	\$ 3,810,964

#### Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll (Total)	UAAL as a Percentage of Payroll Covered
7/1/2013	\$ 96,200	\$ 6,196,300	\$ 6,100,100	1.58%	\$ 24,434,000	25%

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing overtime relative to AALs for benefits.

## Town of Cromwell, Connecticut

### Notes to Financial Statements

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#### Note 9. Other Post-Employment Benefits (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation Date:	July 1, 2013
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level dollar, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount rate	5%
Salary increase rate	N/A
Inflation rate	None
Health cost trend rates	Average annual healthcare cost trend rates are assumed to be as follows:

Year	Decrease
2013	9%
2014	8.5%
2015	8%
2016	7.5%
2017	7%
2018	6.5%
2019	6%
2020	5.5%
2021 and beyond	5%

#### Note 10. Litigation and Contingencies

The Town of Cromwell, its officers, employees, boards and commissions are defendants in a number of lawsuits. It is the opinion of Town Officials that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position.

The government participates in various federal grant programs, which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

# Town of Cromwell, Connecticut

## Notes to Financial Statements

### Note 11. Fund Balance

The Town follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which established accounting and financial reporting standards for governmental funds.

Below is a table of fund balance categories and classifications at June 30, 2014 for the Town governmental funds:

	General Fund	Sewer Usage	Capital Projects	Nonmajor Governmental Funds
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory/Prepaid	\$ -	\$ -	\$ -	\$ 36,221
Permanent Fund Principal	-	-	-	56,237
<b>Total nonspendable</b>	-	-	-	92,458
<b>Restricted:</b>				
Social Services	-	-	-	60,683
Parks and Recreation	-	-	200,000	47,474
Education	-	-	613,978	90,207
Economic Development	-	-	1,403,209	2,233
Public works	-	-	1,375,324	14,542
Public Health	-	-	-	4,186
Library	-	-	-	52,658
Public Safety	-	-	116,076	42,256
Other capital projects	-	-	-	49,693
Other purposes	-	-	-	107
Capital Outlay	-	-	-	-
<b>Total restricted</b>	-	-	3,708,587	364,039
<b>Committed:</b>				
Capital Outlay	-	-	182,848	-
Public Safety	-	-	184,242	297,132
Social Services	-	-	-	-
Education	-	-	-	-
Economic Stabilization	161,500	-	9,600	1,529
Parks and Recreation	-	-	10,000	-
Planning and Zoning	-	-	-	453,854
Public Works	-	1,689,910	51,286	32,361
<b>Total committed</b>	161,500	1,689,910	437,976	784,876
<b>Assigned:</b>				
Human Service	-	-	8,011	-
General Government	5,968	-	1,690	-
Recreation	756	-	-	-
Public Safety	9,823	-	101,502	-
Education	-	-	-	-
Public works*	34,639	-	1,405,088	-
<b>Total assigned</b>	51,186	-	1,516,291	-
<b>Unassigned:</b>	7,634,146	-	-	-
<b>Total fund balance</b>	<u>\$ 7,846,832</u>	<u>\$ 1,689,910</u>	<u>\$ 5,662,854</u>	<u>\$ 1,241,373</u>

\* Included in the Capital Projects Fund is approximately \$989,000 of encumbrances for infrastructure improvements.

Notes to Financial Statements

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**Note 12. Governmental Accounting Standards Board (GASB) Statements**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB 68, for which there will be an effect due to the net pension liability:

- ***GASB Statement No. 68, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27***, was issued in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this Statement are effective for fiscal years beginning after June 15, 2014.
- ***GASB Statement No. 69, Government Combinations and Disposals of Government Operations***, was issued in January 2013. This Statement provides guidance for:
  - Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations.
  - Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations.
  - Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based on their acquisition values in a government acquisition.
  - Reporting the disposal of government operations that have been transferred or sold.

The requirements of this Statement are effective for periods beginning after December 15, 2013, and should be applied on a prospective basis.

- ***GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68***. The objective of this Statement is to address an issue regarding application of the transition provisions of *Statement No. 68, Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of *Statement 68*.

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**Required Supplementary  
Information**



**Town of Cromwell, Connecticut**  
**Required Supplementary Information - unaudited**  
**Schedule of Funding Progress and Schedule of Employer Contributions –**  
**Pension Trust Fund and OPEB**  
**June 30, 2014**

**RSI-1**

***Schedule of Funding Progress - Pension***

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/08	13,618,774	13,176,495	(442,279)	103.4%	8,167,574	-5.4%
7/1/09	14,165,480	14,275,253	109,773	99.2%	8,546,104	1.3%
7/1/10	14,992,627	15,223,846	231,219	98.5%	8,558,671	2.7%
7/1/11	16,268,602	16,316,313	47,711	99.7%	8,952,815	0.5%
7/1/12	17,455,804	17,485,193	29,389	99.8%	8,546,748	0.3%
7/1/13	18,806,575	18,841,336	34,761	99.8%	8,985,670	0.4%

***Schedule of Employer Contributions - Pension***

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/05	\$ -	100%
6/30/06	395,213	100%
6/30/07	489,073	100%
6/30/08	508,573	100%
6/30/09	535,942	100%
6/30/10	561,057	100%
6/30/11	684,425	100%
6/30/12	711,591	100%
6/30/13	732,759	100%
6/30/14	663,141	100%

***Schedule of Funding Progress - OPEB***

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll (Total)	UAAL as a Percentage of Payroll Covered
7/1/2007	\$ -	\$ 9,692,991	\$ 9,692,991	0.00%	\$ 20,192,000	48%
7/1/2009	-	8,478,602	8,478,602	0.00%	20,257,000	42%
7/1/2011	-	8,143,800	8,143,800	0.00%	20,594,000	40%
7/1/2013	96,200	6,196,300	6,100,100	1.58%	24,434,000	25%

***Schedule of Employer Contributions - OPEB***

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/09	\$ 1,147,154	13.24%
6/30/10	1,170,761	14.90%
6/30/11	870,192	29.00%
6/30/12	886,430	34.00%
6/30/13	794,800	51.00%
6/30/14	808,500	51.58%

Required Supplementary Information - unaudited  
Schedule of Changes in the Town's Net Position Liability and Related Ratios  
Last Fiscal Year  
June 30, 2014

2014

**Changes in Net Pension Liability****Total Pension Liability**

Service cost	\$ 804,187
Interest on total pension liability	1,522,557
Benefit payments	(766,744)
<b>Net change in total pension liability</b>	<u>1,560,000</u>
Total Pension Liability, beginning	<u>19,873,009</u>
<b>Total pension liability, ending (a)</b>	<u>21,433,009</u>

**Fiduciary Net Position**

Employer contributions	\$ 663,086
Member contributions	239,118
Investment income net of investment expenses	2,629,667
Benefit payments	(766,744)
Administrative expenses	(1,530)
<b>Net change in plan fiduciary net position</b>	<u>2,763,597</u>
Fiduciary Net Position, beginning	<u>17,457,253</u>
<b>Fiduciary net position, ending (b)</b>	<u>20,220,850</u>
<b>Net pension liability, ending = (a) - (b)</b>	<u>\$ 1,212,159</u>

Fiduciary net position as a % of total pension liability 94.34%

Covered payroll \$ 8,974,085

Net pension liability as a % of covered payroll 13.51%

**NOTE: As 2014 is the implementation year, only 2014 information is available.**

Required Supplementary Information - unaudited  
 Schedule of Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual - General Fund  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
<b>Property Taxes</b>				
Current taxes	\$37,907,638	\$37,907,638	\$38,020,688	\$ 113,050
Prior year's levies	165,000	\$165,000	319,249	154,249
Interest and liens	85,000	\$85,000	168,331	83,331
Motor vehicle supplement - current year	225,000	\$225,000	353,652	128,652
Miscellaneous	-	-	680	680
<b>Total property taxes</b>	<b>38,382,638</b>	<b>38,382,638</b>	<b>38,862,600</b>	<b>479,962</b>
<b>Licenses and Permits</b>				
Building Department	140,050	140,050	168,563	28,513
Food licenses	14,000	14,000	17,203	3,203
Gun permits	3,000	3,000	7,077	4,077
Game/peddler permits	300	300	2,255	1,955
Transfer Station	25,000	25,000	22,032	(2,968)
Health Department	8,100	8,100	6,475	(1,625)
<b>Total licenses and permits</b>	<b>190,450</b>	<b>190,450</b>	<b>223,605</b>	<b>33,155</b>
<b>Fines and Forfeitures</b>				
Parking tickets/ACO citations	4,000	4,000	10,136	6,136
<b>Charges for Services</b>				
Conveyance taxes	162,000	162,000	168,154	6,154
Recording fees	92,750	92,750	88,513	(4,237)
Vital statistics	15,630	15,630	18,044	2,414
Police outside services - cruiser use	12,000	12,000	19,920	7,920
Copying	16,425	16,425	15,678	(747)
Police copying and lab fees	1,000	1,000	1,497	497
Library Department	11,000	11,000	11,166	166
Alarm registration and fees	7,000	7,000	12,400	5,400
Youth Service Department	3,520	3,520	2,770	(750)
Senior Services Department	4,500	4,500	1,614	(2,886)
Recreation Department	100,610	100,610	96,291	(4,319)
Communication Tower Income	40,000	40,000	40,000	-
Planning and Zoning	5,000	5,000	2,817	(2,183)
Zoning Board of Appeals	1,000	1,000	918	(82)
Inland-Wetlands	4,500	4,500	1,736	(2,764)
<b>Total charges for services</b>	<b>476,935</b>	<b>476,935</b>	<b>481,518</b>	<b>4,583</b>
<b>Total licenses and permits, fines and forfeitures, and charges for goods and services</b>	<b>671,385</b>	<b>671,385</b>	<b>715,259</b>	<b>43,874</b>

(Continued)

## Required Supplementary Information - unaudited

## Schedule of Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual - General Fund (Continued)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
<b>Intergovernmental Funds</b>				
State of Connecticut:				
Elderly tax relief:				
Circuit Breaker	\$ 73,492	\$ 73,492	\$ 75,968	\$ 2,476
Tax relief - disability	-	-	840	840
Tax relief - veterans	3,500	3,500	4,359	859
State owned property - PILOT	12,782	12,782	14,089	1,307
College and university - PILOT	46,523	46,523	51,355	4,832
Education:				
Adult and Vocational Education	13,631	13,631	13,606	(25)
Education Cost Sharing	4,463,075	4,463,075	4,466,977	3,902
School Transportation	-	-	46,478	46,478
Mohegan/Pequot Grant	37,465	37,465	40,710	3,245
Judicial Department	5,000	5,000	2,316	(2,684)
Senior/Disabled Grant	15,000	15,000	17,980	2,980
Miscellaneous	-	-	50,732	50,732
Municipal Video Grant AT&T	-	-	4,423	4,423
<b>Total intergovernmental revenues</b>	<b>4,670,468</b>	<b>4,670,468</b>	<b>4,789,833</b>	<b>119,365</b>
<b>Use of Money</b>				
Interest on investments	15,000	15,000	32,470	17,470
<b>Miscellaneous Revenues</b>				
Town Clerk	4,100	4,100	1,917	(2,183)
Use of Facilities	1,200	1,200	4,570	3,370
Sewer usage	30,610	30,610	30,610	-
Assessor's Office	2,200	2,200	699	(1,501)
Telecommunication - PILOT	-	-	36,665	36,665
Mattabassett - PILOT	-	-	100,000	100,000
Public Works	300	300	616	316
Police	6,000	6,000	7,226	1,226
Insurance dividends/returns	-	-	25,533	25,533
Other miscellaneous revenue - Town	12,000	12,000	149,553	137,553
Board of Education miscellaneous	2,000	2,000	6,715	4,715
Fire District Fees	45,030	45,030	44,756	(274)
SRO - Board of Education	-	-	16,890	16,890
<b>Total miscellaneous revenues</b>	<b>103,440</b>	<b>103,440</b>	<b>425,750</b>	<b>322,310</b>
<b>Total revenues</b>	<b>43,842,931</b>	<b>43,842,931</b>	<b>44,825,912</b>	<b>982,981</b>

(Continued)

## Required Supplementary Information - unaudited

## Schedule of Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual - General Fund (Continued)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
<b>Other Financing Sources</b>				
Transfers in:				
Capital Projects Fund	-	-	220,586	220,586
Capital Projects Fund (Bond Premium)	-	-	4,254	4,254
Town Aid Road Fund	276,728	276,728	276,637	(91)
Youth Service Grant Fund	14,000	14,000	14,000	-
Outside Services Fund	55,000	55,000	96,081	41,081
<b>Total other financing sources</b>	<b>345,728</b>	<b>345,728</b>	<b>611,558</b>	<b>265,830</b>
<b>Total budgeted revenues and transfers</b>	<b>\$ 44,188,659</b>	<b>\$ 44,188,659</b>	<b>45,437,470</b>	<b>\$ 1,248,811</b>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut "on-behalf" contributions to the Connecticut State Teachers Retirement System for Town teachers are not budgeted

3,184,000

Reclassified to General Fund, as funds were previously reported as Special Revenue Fund, and no longer meet the definition in accordance with GASB 54

258,758

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 48,880,228

## Required Supplementary Information - unaudited

## Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and Actual - General Fund

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT</b>				
<b>First Selectman:</b>				
Salaries	\$ 286,106	\$ 265,950	\$ 245,200	\$ 20,750
Departmental expense	5,000	5,000	4,167	833
Miscellaneous expense	2,000	2,000	-	2,000
Part-time wages	12,160	32,316	32,315	1
Town Guide & annual Reports	500	500	-	500
<b>Total</b>	<b>305,766</b>	<b>305,766</b>	<b>281,682</b>	<b>24,084</b>
<b>Town Clerk:</b>				
Salaries	171,522	172,227	168,725	3,502
Part-time wages	10,509	10,509	10,243	266
Overtime wages	350	350	137	213
Departmental expenses	1,050	1,050	1,043	7
Filing land records	33,500	33,500	18,412	15,088
Vital statistics	250	250	250	-
<b>Total</b>	<b>217,181</b>	<b>217,886</b>	<b>198,810</b>	<b>19,076</b>
<b>Registrar of Voters:</b>				
Salaries	41,092	41,029	37,501	3,528
Departmental expenses	2,300	4,300	3,125	1,175
Election Day expense	8,883	6,883	5,657	1,226
Part-time wages - workers	4,885	4,948	4,948	-
Poll Workers	7,000	7,000	4,612	2,388
<b>Total</b>	<b>64,160</b>	<b>64,160</b>	<b>55,843</b>	<b>8,317</b>
<b>Planning Commission:</b>				
Part-time wages	2,100	2,100	1,438	662
Departmental expenses	560	560	458	102
Contracted Services	1,600	1,600	-	1,600
<b>Total</b>	<b>4,260</b>	<b>4,260</b>	<b>1,896</b>	<b>2,364</b>
<b>Economic Development:</b>				
Professional services	9,150	9,150	4,759	4,391
Economic Development Coordinator	30,000	30,000	22,500	7,500
Departmental expenses	150	150	135	15
Part-time wages	900	900	450	450
Middlesex Expo	1,500	1,500	842	658
<b>Total</b>	<b>41,700</b>	<b>41,700</b>	<b>28,686</b>	<b>13,014</b>

(Continued)



Required Supplementary Information - unaudited  
Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and  
Actual - General Fund (Continued)  
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
<b>Board of Finance:</b>				
Part-time wages	\$ 1,600	\$ 1,600	\$ 1,055	545
Departmental expenses	50	50	15	35
Audit	28,650	28,650	28,650	-
Certificate of Achievement	525	525	505	20
<b>Total</b>	<b>30,825</b>	<b>30,825</b>	<b>30,225</b>	<b>600</b>
<b>Finance Department:</b>				
Salaries	332,457	327,513	324,881	2,632
Part-time Wages	4,631	4,631	1,848	2,783
Contracted Services	14,775	21,075	20,923	152
Bank Account Fees	2,500	1,500	411	1,089
Departmental Expenses	4,500	5,500	5,006	494
<b>Total</b>	<b>358,863</b>	<b>360,219</b>	<b>353,069</b>	<b>7,150</b>
<b>Tax Collector:</b>				
Salaries	155,176	156,916	156,915	1
Part-time Wages	4,500	1,884	177	1,707
Departmental Expenses	2,495	3,995	3,539	456
Tax Refunds	7,000	6,000	3,019	2,981
Overtime Wages	700	1,576	1,576	-
Contracted Services	16,150	15,650	10,657	4,993
<b>Total</b>	<b>186,021</b>	<b>186,021</b>	<b>175,883</b>	<b>10,138</b>
<b>Assessor's Office:</b>				
Salaries	178,495	178,495	175,768	2,727
Part-time wages	796	796	150	646
Overtime wages	300	300	108	192
Contracted services	22,330	22,330	16,164	6,166
Departmental expenses	5,697	5,697	5,502	195
<b>Total</b>	<b>207,618</b>	<b>207,618</b>	<b>197,692</b>	<b>9,926</b>
<b>Treasurer's Office:</b>				
Salaries	33	37	37	-
<b>Total</b>	<b>33</b>	<b>37</b>	<b>37</b>	<b>-</b>

(Continued)

Required Supplementary Information - unaudited  
Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and  
Actual - General Fund (Continued)  
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
<b>Developer Planner:</b>				
Salaries	\$ 109,710	\$ 114,480	\$ 114,478	2
Departmental expenses	1,310	1,310	1,158	152
	<u>111,020</u>	<u>115,790</u>	<u>115,636</u>	<u>154</u>
<b>Development Compliance:</b>				
Salaries	93,037	93,037	93,037	-
Departmental expenses	1,100	1,100	970	130
<b>Total</b>	<u>94,137</u>	<u>94,137</u>	<u>94,007</u>	<u>130</u>
<b>Capital Expenditures Committee:</b>				
Part-time wages	90	90	-	90
<b>Total</b>	<u>90</u>	<u>90</u>	<u>-</u>	<u>90</u>
<b>Board of Assessment Appeals:</b>				
Departmental expenses	250	250	90	160
Part-time wages	3,000	3,000	772	2,228
<b>Total</b>	<u>3,250</u>	<u>3,250</u>	<u>862</u>	<u>2,388</u>
<b>Zoning Board of Appeals:</b>				
Part-time wages	1,200	1,200	411	789
Departmental expenses	285	285	188	97
<b>Total</b>	<u>1,485</u>	<u>1,485</u>	<u>599</u>	<u>886</u>
<b>Inland and Wetlands:</b>				
Part-time wages	1,425	1,425	450	975
Departmental expenses	625	625	358	267
<b>Total</b>	<u>2,050</u>	<u>2,050</u>	<u>808</u>	<u>1,242</u>
<b>Commission to Support People with Disabilities:</b>				
Departmental expenses	400	400	-	400
<b>Total</b>	<u>400</u>	<u>400</u>	<u>-</u>	<u>400</u>

(Continued)

**Required Supplementary Information - unaudited**  
**Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and**  
**Actual - General Fund (Continued)**  
**For the Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
<b>Conservation Commission:</b>				
Departmental expenses	\$ 190	\$ 190	\$ 100	90
Part-time wages	1,200	1,200	300	900
<b>Total</b>	<b>1,390</b>	<b>1,390</b>	<b>400</b>	<b>990</b>
<b>Central Services:</b>				
Legal notices	11,000	11,000	5,807	5,193
Office expense	2,800	2,800	2,347	453
Equipment maintenance	500	500	-	500
Duplicating cost	18,000	18,000	14,943	3,057
Postage	39,000	39,000	37,258	1,742
Computer system maintenance and support	67,000	67,000	64,562	2,438
<b>Total</b>	<b>138,300</b>	<b>138,300</b>	<b>124,917</b>	<b>13,383</b>
<b>Insurance expense:</b>				
Contracted services	11,500	11,500	10,000	1,500
Package policy	176,300	176,300	171,561	4,739
Worker's Compensation Benefit Payments	81,400	81,400	79,928	1,472
Workmen's Compensation	250,300	250,300	207,954	42,346
Deductible	15,000	14,247	8,294	5,953
Town Clerk and Tax Collector liability	1,700	1,700	1,173	527
HR related expenses	5,000	5,753	5,752	1
<b>Total</b>	<b>541,200</b>	<b>541,200</b>	<b>484,662</b>	<b>56,538</b>
<b>Board of Selectmen:</b>				
Part-time wages	4,800	4,800	4,336	464
<b>Total</b>	<b>4,800</b>	<b>4,800</b>	<b>4,336</b>	<b>464</b>
<b>Legal expense:</b>				
Town Attorney	115,000	115,000	89,945	25,055
Probate Court	14,751	14,751	14,520	231
Labor relations	65,000	65,000	38,675	26,325
Evictions	1,500	1,500	555	945
Contracted services	25,000	25,000	10,887	14,113
<b>Total</b>	<b>221,251</b>	<b>221,251</b>	<b>154,582</b>	<b>66,669</b>

(Continued)

## Required Supplementary Information - unaudited

## Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and Actual - General Fund (Continued)

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
<b>Employee benefits:</b>				
Education enhancement	\$10,000	\$10,000	\$0	10,000
Social Security	585,049	585,049	545,685	39,364
Health insurance	1,500,000	1,500,000	1,340,316	159,684
Pension	811,626	811,626	803,599	8,027
Wage adjustment	15,000	9,268	-	9,268
Unemployment Compensation	10,000	10,000	8,756	1,244
Life insurance	13,000	13,000	15,138	(2,138)
Dental plan insurance	75,000	75,000	74,578	422
Employee physicals	1,850	1,850	1,101	749
Sick leave incentive	23,000	5,295	-	5,295
Drug and alcohol testing	2,000	2,000	1,703	297
Shots, vaccines etc.	200	200	-	200
Employee assistance program	3,500	3,500	3,111	389
Long term disability insurance	15,000	15,000	12,787	2,213
Post Retirement Admin Expense	43,500	43,500	43,500	-
Post Retirement Medical Expense	50,000	50,000	27,818	22,182
<b>Total</b>	<b>3,158,725</b>	<b>3,135,288</b>	<b>2,878,092</b>	<b>257,196</b>
<b>Other expenses:</b>				
Inventory	2,500	2,231	1,115	1,116
Middlesex CT Soil & Water	2,072	2,072	2,072	-
Ordinance expense	2,000	2,269	2,269	-
Midstate Regional Planning	9,243	9,266	9,265	1
Cromwell Riverport Festival	10,000	10,000	9,990	10
Chamber of Commerce	568	569	569	1
Community Renewal Team	2,500	2,500	2,500	-
Contingency	5,000	5,000	-	5,000
Lease - Parking Lot	6,000	6,000	6,000	-
Middletown Area Transit	2,500	2,500	2,500	-
Council of Small Towns	925	925	925	-
CRCOG	952	952	952	-
Hazardous Waste Collection	8,000	8,000	6,537	1,463
Rose Garden	450	450	-	450
CT Council of Municipalities	8,486	8,486	8,486	-
<b>Total</b>	<b>61,196</b>	<b>61,220</b>	<b>53,180</b>	<b>8,041</b>
<b>Total general government</b>	<b>5,755,721</b>	<b>5,739,143</b>	<b>5,235,904</b>	<b>503,240</b>

(Continued)

Required Supplementary Information - unaudited  
 Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and  
 Actual - General Fund (Continued)  
 For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
<b>PUBLIC SAFETY</b>				
<b>Civil preparedness:</b>				
Part-time wages	\$ 9,000	\$ 9,000	\$ 7,754	1,246
Materials and equipment	500	500	294	206
Capital Items	4,500	3,600	3,127	473
Departmental expenses	2,900	3,800	3,532	268
<b>Total</b>	<b>16,900</b>	<b>16,900</b>	<b>14,707</b>	<b>2,193</b>
<b>Police Department:</b>				
Salaries	2,344,535	2,355,782	2,355,781	1
Part-time wages	7,000	7,000	4,745	2,255
Overtime wages	317,000	317,000	291,737	25,263
Holiday pay	21,476	17,712	13,325	4,387
Departmental expenses	20,000	23,000	22,976	24
Equipment maintenance and replacement	7,000	7,000	6,851	149
Vehicle maintenance	27,000	27,000	24,917	2,083
Gasoline and fluids	78,500	78,500	66,023	12,477
Uniforms	37,500	43,500	43,102	398
Telephone costs	22,500	22,500	21,803	697
Training	25,000	25,000	24,663	337
Communications	46,000	37,000	30,818	6,182
Services rendered, towing	4,500	4,500	3,525	975
Investigation	1,000	1,000	1,000	-
<b>Total</b>	<b>2,959,011</b>	<b>2,966,494</b>	<b>2,911,266</b>	<b>55,228</b>
<b>Animal Control:</b>				
Salary	59,613	60,949	60,949	-
Part-time wages	7,000	7,000	6,168	832
Miscellaneous	50	50	-	50
Overtime wages	2,500	1,164	296	868
<b>Total</b>	<b>69,163</b>	<b>69,163</b>	<b>67,413</b>	<b>1,750</b>
<b>Total public safety</b>	<b>3,045,074</b>	<b>3,052,557</b>	<b>2,993,386</b>	<b>59,171</b>

(Continued)

## Required Supplementary Information - unaudited

## Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and Actual - General Fund (Continued)

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
<b>PUBLIC WORKS</b>				
<b>Public Works administration:</b>				
Salaries	\$ 206,860	\$ 206,860	\$ 180,753	26,107
Departmental expenses	6,500	6,500	5,357	1,143
Uniforms	30,885	30,885	23,147	7,738
<b>Total</b>	<b>244,245</b>	<b>244,245</b>	<b>209,257</b>	<b>34,988</b>
<b>Developmental Services/Engineering</b>				
Salaries	149,816	112,831	87,908	24,923
Departmental expenses	19,100	19,405	19,404	1
Capital expenses	15,000	9,176	7,368	1,808
Contracted services	9,000	51,504	43,118	8,386
<b>Total</b>	<b>192,916</b>	<b>192,916</b>	<b>157,798</b>	<b>35,118</b>
<b>Building inspection:</b>				
Salaries	195,804	196,763	195,669	1,094
Departmental expenses	3,500	3,630	3,630	-
Contract services	1,000	1,000	-	1,000
Part-time wages	2,000	1,870	964	906
<b>Total</b>	<b>202,304</b>	<b>203,263</b>	<b>200,263</b>	<b>3,000</b>
<b>Public Work General Expense:</b>				
Sewer use and assessments	3,750	3,896	3,896	-
Street lights	182,000	188,985	188,985	-
Telephone costs	32,000	25,015	23,616	1,399
Electricity	150,000	150,000	148,011	1,989
Water usage	15,000	14,854	14,416	438
Contract Services	16,500	7,081	4,675	2,406
Natural Gas	50,000	81,419	81,419	-
<b>Total</b>	<b>449,250</b>	<b>471,250</b>	<b>465,018</b>	<b>6,232</b>

(Continued)

## Required Supplementary Information - unaudited

## Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and Actual - General Fund (Continued)

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
<b>Highway Department:</b>				
Salaries	\$ 548,058	\$ 546,399	\$ 546,399	-
Part-time wages	5,000	4,909	4,909	-
Overtime wages	70,500	93,580	93,580	-
Equipment maintenance	5,000	4,573	4,071	502
Gasoline and fuel	70,000	63,827	63,827	-
Supplies	1,500	1,312	1,275	37
Materials	220,000	235,990	235,990	-
Signs	10,000	10,188	10,188	-
Tree work	35,000	31,475	28,000	3,475
Departmental expenses	3,500	2,104	2,104	-
Small equipment	6,000	11,000	10,716	284
Contracted services	175,000	145,590	145,055	535
<b>Total</b>	<b>1,149,558</b>	<b>1,150,947</b>	<b>1,146,114</b>	<b>4,833</b>
<b>Building maintenance:</b>				
Salaries	337,699	310,780	310,780	-
Part-time wages	7,500	6,786	-	6,786
Overtime wages	15,000	42,687	42,687	-
Contract service	77,250	93,905	93,905	-
Supplies	30,000	29,845	29,264	581
Materials	47,000	37,500	29,211	8,289
Equipment maintenance	12,000	5,000	3,985	1,015
Small equipment replacement	2,000	2,000	1,860	140
Capital expenses	10,000	10,000	10,000	-
<b>Total</b>	<b>538,449</b>	<b>538,503</b>	<b>521,692</b>	<b>16,811</b>
<b>Solid waste removal/Recycling Center:</b>				
Salaries	64,115	64,115	64,060	55
Part-time wages	22,448	22,448	21,487	961
Tipping fees	241,300	219,300	198,081	21,219
Materials	1,500	2,800	2,239	561
Contract services	164,747	163,397	139,179	24,218
Overtime wages	10,000	10,000	7,135	2,865
Departmental expenses	1,500	1,500	353	1,147
Equipment maintenance	1,000	1,000	-	1,000
Gasoline and fuel	5,950	5,950	6,174	(224)
Reimbursement program	162,211	162,261	162,246	15
<b>Total</b>	<b>674,771</b>	<b>652,771</b>	<b>600,954</b>	<b>51,817</b>

(Continued)

## Required Supplementary Information - unaudited

## Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and Actual - General Fund (Continued)

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
<b>Parks and grounds:</b>				
Salaries	\$ 239,012	\$ 218,031	\$ 218,031	-
Part-time wages	19,500	31,550	30,785	765
Overtime wages	21,100	19,248	19,161	87
Gasoline and fuel	16,700	22,745	22,745	-
Materials	18,000	17,254	17,254	-
Contract services	18,500	23,984	23,983	1
Equip. repair/maintenance	5,000	5,003	5,003	-
Small equipment	3,500	3,500	3,400	100
Other Capital	6,800	6,797	6,792	5
<b>Total</b>	<b>348,112</b>	<b>348,112</b>	<b>347,154</b>	<b>958</b>
<b>Vehicle Maintenance:</b>				
Salaries	133,350	134,531	134,531	-
Part-time wages	5,500	1,268	1,268	-
Overtime wages	8,250	13,062	13,062	-
Contracted services	55,000	48,274	52,294	(4,020)
Equipment maintenance	75,000	85,097	85,097	-
Departmental expense	1,000	907	907	-
Supplies	1,000	775	775	-
Materials	500	-	-	-
Gasoline and fuel	29,410	26,782	26,782	-
Small equipment	1,000	-	-	-
<b>Total</b>	<b>310,010</b>	<b>310,696</b>	<b>314,716</b>	<b>(4,020)</b>
<b>Total Public Works</b>	<b>4,109,615</b>	<b>4,112,703</b>	<b>3,962,966</b>	<b>149,737</b>
<b>CULTURE AND RECREATION</b>				
<b>Recreation Department:</b>				
Salaries	157,220	158,693	158,693	-
Part-time wages	124,748	124,747	96,394	28,353
Therapeutic Recreation	22,000	22,000	10,643	11,357
Contracted Services	34,946	34,946	24,492	10,454
Program subsidy	5,725	5,725	4,925	800
Equipment and supplies	5,565	5,565	3,456	2,109
Revenue/expense	22,110	22,110	19,675	2,435
Capital items	12,000	12,000	9,330	2,670
Departmental expenses	5,900	5,900	5,119	781
<b>Total</b>	<b>390,214</b>	<b>391,686</b>	<b>332,727</b>	<b>58,959</b>
<b>Cromwell Historical Society</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>	<b>-</b>
<b>Cromwell Grenadiers</b>	<b>500</b>	<b>476</b>	<b>-</b>	<b>476</b>

(Continued)



## Required Supplementary Information - unaudited

## Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and Actual - General Fund (Continued)

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
<b>Belden Library:</b>				
Salaries	\$ 307,575	\$ 311,175	\$ 311,174	1
Part-time wages	120,806	120,806	116,295	4,511
Department expenses	8,600	8,600	8,400	200
Equipment maintenance	850	850	443	407
Duplicating costs	900	900	899	1
Program subsidies	2,200	2,200	2,197	3
Internet access	1	1	-	1
Operation and material	64,067	1,702	-	1,702
Contracted services	33,000	33,000	33,000	-
Adult Books & Materials	-	3,020	3,019	1
Children's Books & Materials	-	8,993	8,993	-
Adult Magazines	-	9,121	9,121	-
Young Adult Books & Magazines	-	794	794	-
Reference Books	-	15,157	15,157	-
Adult Popular Materials	-	25,280	25,280	-
Capital items	2,000	2,000	2,000	-
<b>Total</b>	<b>539,999</b>	<b>543,599</b>	<b>536,772</b>	<b>6,827</b>
<b>Memorial Day</b>	<b>\$2,500</b>	<b>\$2,500</b>	<b>\$2,500</b>	<b>-</b>
<b>Total culture and recreation</b>	<b>941,213</b>	<b>946,261</b>	<b>879,999</b>	<b>66,262</b>
<b>HUMAN SERVICES</b>				
<b>Health Department:</b>				
Part-time wages	13,977	13,976	13,550	426
Mental Health Clinic	2,500	2,500	2,500	-
Departmental expenses	2,900	1,359	717	642
Public Health Nursing	8,000	3,485	3,485	-
Salaries	81,839	76,840	76,839	1
Rushford Center	2,500	2,500	2,500	-
Sexual Assault Crisis	1,200	1,200	1,200	-
Region 2 Board	737	737	737	-
Kuhn Center	4,125	4,125	4,125	-
Substance abuse council	500	500	500	-
Mosquito Control	34,000	45,056	44,775	281
<b>Total</b>	<b>152,278</b>	<b>152,278</b>	<b>150,928</b>	<b>1,350</b>
<b>Human Services Administration:</b>				
Salaries	104,019	103,933	84,417	19,516
Part-time wages	-	487	487	-
ADA Compliance	250	250	-	250
Departmental expenses	1,200	1,200	595	605
Emergency Basic Needs	1,000	1,000	977	23
EDDY Center	500	500	500	-
<b>Total</b>	<b>106,969</b>	<b>107,370</b>	<b>86,976</b>	<b>20,394</b>

(Continued)

Required Supplementary Information - unaudited  
Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and  
Actual - General Fund (Continued)  
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
<b>Youth Services:</b>				
Part-time wages	17,515	17,515	14,914	2,601
Departmental expenses	2,340	2,340	1,396	944
Program subsidy	5,216	4,716	2,772	1,944
Salaries	\$72,108	\$72,108	\$72,108	-
Revenue/expense	3,520	4,020	3,232	788
General supplies	3,406	3,406	1,553	1,853
<b>Total</b>	<b>104,105</b>	<b>104,105</b>	<b>95,975</b>	<b>8,130</b>
<b>Senior Services:</b>				
Salaries	\$46,661	\$47,132	\$47,177	(45)
Part-time wages	13,540	13,740	13,941	(201)
Department expenses	2,800	2,800	2,435	365
Program subsidies	16,200	16,000	13,621	2,379
Revenue/expense	4,500	4,500	1,439	3,061
<b>Total</b>	<b>83,701</b>	<b>84,172</b>	<b>78,613</b>	<b>5,559</b>
<b>Transportation Services:</b>				
Salaries	\$39,702	\$39,833	\$39,833	-
Part-time wages	47,911	47,866	36,900	10,966
Overtime wages	1,200	1,200	328	872
Departmental expenses	2,500	2,500	2,320	180
Contract services	350	350	-	350
Vehicle maintenance	2,500	2,500	2,474	26
Gasoline and fuel	19,840	19,840	19,651	189
<b>Total</b>	<b>114,003</b>	<b>114,089</b>	<b>101,506</b>	<b>12,583</b>
<b>Total Human Services</b>	<b>561,056</b>	<b>562,014</b>	<b>513,998</b>	<b>48,016</b>
<b>EDUCATION</b>				
<b>Board of Education</b>	<b>26,505,257</b>	<b>26,505,257</b>	<b>26,465,940</b>	<b>39,317</b>
<b>BONDED DEBT</b>				
Bonds - principal	2,115,000	2,115,000	2,115,000	-
Bonds - interest	1,099,699	1,099,699	1,099,697	2
<b>Total Debt Services</b>	<b>3,214,699</b>	<b>3,214,699</b>	<b>3,214,697</b>	<b>2</b>
<b>Total expenditures</b>	<b>44,132,635</b>	<b>44,132,634</b>	<b>43,266,890</b>	<b>865,745</b>

(Continued)

Required Supplementary Information - unaudited  
Schedule of Expenditures, Encumbrances and Other Financing Uses - Budgetary Basis - Budget and  
Actual - General Fund (Continued)  
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
<b>OTHER FINANCING USES</b>				
<b>Operating transfers out:</b>				
Dog Transfer Fund	14,524	14,524	14,524	-
Sidewalk Fund	5,000	5,000	5,000	-
Road Improvement Fund	25,000	25,000	25,000	-
STEAP Fund	-	500,000	500,000	-
Heart & Hypertension Fund	62,500	62,500	62,500	-
Capital Projects Funds	-	322,672	322,672	-
<b>Total other financing uses</b>	<u>107,024</u>	<u>929,696</u>	<u>929,696</u>	<u>-</u>
<b>Total budgeted operations</b>	<u><b>\$ 44,239,659</b></u>	<u><b>\$ 45,062,330</b></u>	44,196,586	<u><b>\$ 865,745</b></u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut "on-behalf" payments to the Connecticut State Teachers Retirement System for Town teachers are not budgeted			3,184,000	
Reclassified to General Fund, as funds were previously reported as Special Revenue Fund, and no longer meet the definition in accordance with GASB 54				
			<u>258,471</u>	
Total expenditures and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit IV				
			<u><u>\$ 47,639,057</u></u>	

## Required Supplementary Information - unaudited

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis -

## Sewer Usage Fund

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
<b>Revenues</b>				
User Charges	\$ 1,444,981	\$ 1,444,981	\$ 1,552,079	\$ 107,098
Income on investments	3,500	3,500	2,732	(768)
Other	-	-	2,525	2,525
<b>Total revenues</b>	<u>1,448,481</u>	<u>1,448,481</u>	<u>1,557,336</u>	<u>108,855</u>
<b>Expenditures</b>				
Regular wages	382,991	383,894	383,139	755
Part-time wages	14,369	26,919	25,070	1,849
Overtime wages	51,570	63,570	63,402	168
Department expenses	27,000	27,000	18,680	8,320
Outside services	79,630	95,880	89,473	6,407
Vehicle maintenance	7,000	7,000	5,714	1,286
Gasoline and fuel	12,950	16,308	16,308	-
Equipment repair and maintenance	22,000	22,000	18,735	3,265
Liability and property insurance	41,580	41,580	34,807	6,773
Materials and supplies	25,000	25,000	19,753	5,247
Utilities and oil	31,400	32,022	32,022	-
Payments for Sewer Treatment	507,058	507,058	506,037	1,021
Meter and pump station repairs	27,000	27,000	21,605	5,395
Prior year obligations	2,500	2,500	-	2,500
Damage claims	100	100	-	100
Employee benefits	278,054	247,372	192,926	54,446
<b>Total expenditures</b>	<u>1,510,202</u>	<u>1,525,203</u>	<u>1,427,671</u>	<u>97,532</u>
<b>Other Financing Sources (Uses)</b>				
Transfer out	(15,000)	(15,000)	(15,000)	-
<b>Net change in fund balances</b>	<u>\$ (76,721)</u>	<u>\$ (91,722)</u>	<u>114,665</u>	<u>\$ 206,387</u>
<b>Fund Balance, beginning of year</b>			<u>1,575,245</u>	
<b>Fund Balance, end of year</b>			<u>\$ 1,689,910</u>	

See Notes to Required Supplementary Information

## Town of Cromwell, Connecticut

**Note to Required Supplementary Information - unaudited**

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**Note 1. Budgets and Budgetary Accounting**

Budgetary Information: An annual budget is legally adopted for the General Fund. The budget is prepared on a budgetary basis.

An annual Town budget is adopted in accordance with Charter requirements. The First Selectman compiles the budget requests from the Town departments and agencies, with the exception of the Board of Education, and presents the budget to the Board of Selectmen. The Board of Selectmen reviews and deliberates on the budget and submits it for consideration to the Board of Finance. The Board of Education submits its budget estimates directly to the Board of Finance. The Finance Board, after its review process, presents a recommended budget for Town Meeting approval. The Town Charter provides the manner and timetable by which the budget process is initiated for approval by Town Meeting.

The legal level of control is on the department level for the General Fund. The Board of Finance by resolution and only upon the recommendation of a majority of the entire Board of Selectman may make supplemental appropriations not to exceed one percent of the total annual appropriation of the fiscal year. Additional appropriations of more than one percent require Town Meeting approval. Additional appropriations for the fiscal year amounted to approximately \$823,000.

The Town also establishes a legal budget on an annual basis for the Sewer Usage Fund, which is a major governmental fund, and the Dog Fund and the Sidewalk Fund. Legal level of control for these budgets is on the Fund level.

For budgetary purposes, encumbrances are recognized as a valid and proper charge against an appropriation in the year in which the purchase order, contract or other commitment is issued, and accordingly encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year.

Unencumbered appropriations for the General Fund and the above Special Revenue Funds lapse at the end of the year.

Budgets for Special Revenue Funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies.

Legal authorization for Capital Projects expenditures is provided by specific appropriations, bond ordinances and/or intergovernmental grant agreements. Such appropriations do not lapse until the project is complete.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balance as they do not constitute either expenditures or liabilities.

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**Supplemental Combining and Individual  
Fund Financial Statements and Other Schedules**





**General Fund**



**Town of Cromwell, Connecticut**

**Balance Sheet**

**General Fund**

**June 30, 2014 and 2013**

	2014
<b>Assets</b>	
Cash and cash equivalents	\$ 9,009,530
Property taxes receivable, net	411,479
Accounts receivable	225,184
<b>Total assets</b>	<b>\$ 9,646,193</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>	
Liabilities:	
Accounts payable and accrued liabilities	\$ 1,314,317
Unearned revenues	51,427
<b>Total liabilities</b>	<b>1,365,744</b>
Deferred Inflows of Resources:	
Advance property tax collections	127,041
Unavailable revenues	306,576
<b>Total deferred inflows of resources</b>	<b>433,617</b>
Fund Balance:	
Nonspendable	-
Committed	161,500
Assigned	51,186
Unassigned	7,634,146
<b>Total fund balance</b>	<b>7,846,832</b>
<b>Total liabilities, deferred inflows and fund balance</b>	<b>\$ 9,646,193</b>

Town of Cromwell, Connecticut

Report of the Tax Collector

General Fund

For the Year Ended June 30, 2014

Grand List Year	Uncollected Taxes July 1, 2013	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collected	Collections	Uncollected Taxes June 30, 2014
		Additions	Deductions				
2012	\$ 38,808,143	\$ 8,139	\$ 54,401	\$ 4,079	\$ 38,757,802	\$ 38,440,234	\$ 317,568
2011	379,984	2,956	57,352	10,902	314,686	256,240	58,446
2010	153,796	1,946	3,593	7,045	145,104	45,122	99,982
2009	84,776	206	1,751	471	82,760	6,068	76,692
2008	71,903	-	39	47	71,817	414	71,403
2007	68,803	-	39	-	68,764	-	68,764
2006	62,238	-	-	-	62,238	425	61,813
2005	62,110	-	-	-	62,110	-	62,110
2004	65,412	-	-	-	65,412	-	65,412
2003	57,564	-	-	-	57,564	-	57,564
2002	52,204	-	-	-	52,204	-	52,204
2001	18,628	-	-	-	18,628	-	18,628
2000	17,849	-	-	-	17,849	-	17,849
1999	16,884	-	-	-	16,884	-	16,884
1998	12,169	-	-	-	12,169	-	12,169
	<u>\$ 39,932,463</u>	<u>\$ 13,247</u>	<u>\$ 117,175</u>	<u>\$ 22,544</u>	<u>\$ 39,805,991</u>	<u>\$ 38,748,503</u>	<u>\$ 1,057,488</u>

**Nonmajor  
Governmental Funds**

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes. The Special Revenue Funds utilize the modified accrual basis of accounting.

Fund	Funding Source	Function
Town Aid Road	State grant	General town road maintenance
Youth Services Grant	State grant	Town's Youth Services Department
Town Improvement Program	State grant	Project or improvements as determined by the Board of Selectmen
Sidewalk Program	Town and voluntary contributions of citizens	Repairs and rebuilding of the present system and for the expansion of the system
Public Donations Grant	Donations	Various departments
Dog License	Licenses and fees	Animal control program
School Cafeteria	Sale of food and grants	School Lunch and breakfast programs
Educational Grants	State and Federal	Special education programs
Open Space	Funds from developers	Reserving open space or acquiring additional land for recreational or agricultural purposes
Picnic Facilities Revolving	Receipt of fees	Town's picnic facilities
Drug Awareness and Education	State and local grants	Accounts for various monies
Drug Asset Forfeiture	Federal program	Account for monies received from sale of assets acquired during drug related arrests
Police Heart and Hypertension Reserve	Town appropriation - committed	Expense for a police officer on this type of leave
River Landing Park	Court judgment	Park improvements
Public Health Emergency Prep	State grant	Emergency assistance
Police Grant Fund	Grant	Public safety programs
Police Communications Revolving Fund	Receipt of fees	Improvements to the police communication tower
Police Public Safety Grant	Grant	Public safety programs
Humanities Grant	Grant	Human services programs

### **Permanent Funds**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes as categorized by the fund title. The Town's permanent funds include the Cemetery Trust Fund and Pitruzzello Scholarship Fund. The Cemetery Trust Fund accounts for the principal amounts bequeathed to the Town with the stipulation that only the interest thereon may be expended on the care and maintenance of the cemetery. The Pitruzzello Scholarship Fund accounts for the principal amounts bequeathed to the Town with the stipulation that only the interest thereon may be expended annually for two scholarships to the Cromwell High School graduating class.

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Town of Cromwell, Connecticut

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

	Special Revenue Funds		
	Town Aid Road	Youth Services Grant	Town Improvement Program
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 47,446
Intergovernmental receivable	-	-	-
Inventory	-	-	-
<b>Total assets</b>	<u>-</u>	<u>-</u>	<u>47,446</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Unearned revenue	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>			
Nonspendable	-	-	-
Restricted	-	-	47,446
Committed	-	-	-
<b>Total fund balance</b>	<u>-</u>	<u>-</u>	<u>47,446</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,446</u>



Special Revenue Funds

Sidewalk Program	Public Donations Grant	Dog License	School Cafeteria	Educational Grants	Open Space
\$ 57,011	\$ 170,574	\$ 27,031	\$ 50,164	\$ 116,771	\$ 453,854
-	445	797	40,043	771	-
-	-	-	36,221	-	-
57,011	171,019	27,828	126,428	117,542	453,854
\$ -	\$ 1,130	\$ 8,585	\$ -	\$ 8,273	\$ -
-	-	-	-	-	-
24,650	-	-	-	109,269	-
24,650	1,130	8,585	-	117,542	-
-	-	-	36,221	-	-
-	169,889	19,243	90,207	-	-
32,361	-	-	-	-	453,854
32,361	169,889	19,243	126,428	-	453,854
\$ 57,011	\$ 171,019	\$ 27,828	\$ 126,428	\$ 117,542	\$ 453,854

(Continued)

Town of Cromwell, Connecticut

Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds  
June 30, 2014

	Special Revenue Funds					
	Picnic Facilities Revolving	Drug Awareness and Education	Drug Asset Forfeiture	Police Heart and Hypertension Reserve	River Landing Park	Public Health Emergency Prep
<b>Assets</b>						
Cash and cash equivalents	\$ 1,529	\$ 4,695	\$ 8,129	\$ 77,382	\$ 17,571	\$ 4,578
Accounts receivable	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
<b>Total assets</b>	<u>1,529</u>	<u>4,695</u>	<u>8,129</u>	<u>77,382</u>	<u>17,571</u>	<u>4,578</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 1,003	\$ -	\$ -	\$ 4,578
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>1,003</u>	<u>-</u>	<u>-</u>	<u>4,578</u>
<b>Fund Balances</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	4,695	7,126	-	17,571	-
Committed	1,529	-	-	77,382	-	-
<b>Total fund balance</b>	<u>1,529</u>	<u>4,695</u>	<u>7,126</u>	<u>77,382</u>	<u>17,571</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,529</u>	<u>\$ 4,695</u>	<u>\$ 8,129</u>	<u>\$ 77,382</u>	<u>\$ 17,571</u>	<u>\$ 4,578</u>

Special Revenue Funds					Permanent Fund		Total Nonmajor Governmental Funds
Police Grant Fund	Police Communications Revolving Fund	Police Public Safety Grant	Humanities Grant	Total	Cemetery Trust	Pitruzzello Scholarship	
\$ -	\$ 219,750	\$ 1,124	\$ 2,913	\$ 1,260,522	\$ 10,062	\$ 51,000	\$ 1,321,584
-	-	-	-	42,056	-	-	42,056
-	-	-	-	36,221	-	-	36,221
-	219,750	1,124	2,913	1,338,799	10,062	51,000	\$ 1,399,861
\$ -	\$ -	\$ -	\$ -	23,569	\$ -	\$ -	\$ 23,569
-	-	-	-	-	-	1,000	1,000
-	-	-	-	133,919	-	-	133,919
-	-	-	-	157,488	-	1,000	158,488
-	-	-	-	36,221	6,237	50,000	92,458
-	-	1,124	2,913	360,214	3,825	-	364,039
-	219,750	-	-	784,876	-	-	784,876
-	219,750	1,124	2,913	1,181,311	10,062	50,000	1,241,373
\$ -	\$ 219,750	\$ 1,124	\$ 2,913	\$ 1,338,799	\$ 10,062	\$ 51,000	\$ 1,399,861

Town of Cromwell, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2014

	Special Revenue Funds		
	Town Aid Road	Youth Services Grant	Town Improvement Program
<b>Revenues</b>			
Intergovernmental revenues	\$ 276,637	\$ 14,000	\$ -
Charges for services	-	-	-
Income on investments	-	-	68
Miscellaneous	-	-	-
<b>Total revenues</b>	<b>276,637</b>	<b>14,000</b>	<b>68</b>
<b>Expenditures</b>			
Current:			
Public safety	-	-	-
Culture and recreation	-	-	-
Human services	-	-	-
Education	-	-	-
Capital outlay	-	-	9,477
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>9,477</b>
<b>Revenues over (under) expenditures</b>	<b>276,637</b>	<b>14,000</b>	<b>(9,409)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
	(276,637)	(14,000)	-
<b>Total other financing sources (uses)</b>	<b>(276,637)</b>	<b>(14,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(9,409)</b>
<b>Fund Balances, beginning of year</b>	<b>-</b>	<b>-</b>	<b>56,855</b>
<b>Fund Balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 47,446</b>

Special Revenue Funds

Sidewalk Program	Public Donations Grant	Dog License	School Cafeteria	Educational Grants	Open Space
\$ -	\$ 57,456	\$ -	\$ 305,978	\$ 1,308,628	\$ -
-	-	6,987	440,708	-	-
76	-	27	-	-	590
-	-	-	-	-	11,530
76	57,456	7,014	746,686	1,308,628	12,120
-	2,779	16,621	-	-	-
-	41,070	-	-	-	-
-	27,050	-	-	-	-
-	-	-	713,663	1,308,628	-
-	-	-	-	-	-
-	70,899	16,621	713,663	1,308,628	-
76	(13,443)	(9,607)	33,023	-	12,120
5,000	-	14,523	-	-	-
-	-	-	-	-	-
5,000	-	14,523	-	-	-
5,076	(13,443)	4,916	33,023	-	12,120
27,285	183,332	14,327	93,405	-	441,734
\$ 32,361	\$ 169,889	\$ 19,243	\$ 126,428	\$ -	\$ 453,854

(Continued)

Town of Cromwell, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

	Special Revenue Funds					
	Picnic Facilities Revolving	Drug Awareness and Education	Drug Asset Forfeiture	Police Heart and Hypertension Reserve	River Landing Park	Public Health Emergency Prep
<b>Revenues</b>						
Intergovernmental revenues	\$ -	\$ -	\$ 1,670	\$ -	\$ -	\$ 28,252
Charges for services	1,050	-	-	-	-	-
Income on investments	-	-	11	103	28	-
Miscellaneous	-	-	-	-	-	-
<b>Total revenues</b>	<b>1,050</b>	<b>-</b>	<b>1,681</b>	<b>103</b>	<b>28</b>	<b>28,252</b>
<b>Expenditures</b>						
Current:						
Public safety	-	1,131	2,628	-	-	28,252
Culture and recreation	1,000	-	-	-	-	-
Human services	-	-	-	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	-	-	4,500	-
<b>Total expenditures</b>	<b>1,000</b>	<b>1,131</b>	<b>2,628</b>	<b>-</b>	<b>4,500</b>	<b>28,252</b>
<b>Revenues over (under) expenditures</b>	<b>50</b>	<b>(1,131)</b>	<b>(947)</b>	<b>103</b>	<b>(4,472)</b>	<b>-</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	62,500	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,500</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>50</b>	<b>(1,131)</b>	<b>(947)</b>	<b>62,603</b>	<b>(4,472)</b>	<b>-</b>
<b>Fund Balances, beginning of year</b>	<b>1,479</b>	<b>5,826</b>	<b>8,073</b>	<b>14,779</b>	<b>22,043</b>	<b>-</b>
<b>Fund Balances, end of year</b>	<b>\$ 1,529</b>	<b>\$ 4,695</b>	<b>\$ 7,126</b>	<b>\$ 77,382</b>	<b>\$ 17,571</b>	<b>\$ -</b>

Special Revenue Funds						Permanent Funds		Total Nonmajor Governmental Funds
Police Grant Fund	Police Communications Revolving Fund	Police Public Safety Grant	Humanities Grant	Total	Cemetery Trust	Pitruzzello Scholarship		
\$ 23,768	\$ -	\$ -	\$ 8,307	\$ 2,024,696	\$ -	\$ -	\$ 2,024,696	
-	-	-	-	448,745	-	-	448,745	
-	226	-	-	1,129	13	719	1,861	
-	-	-	-	11,530	-	-	11,530	
23,768	226	-	8,307	2,486,100	13	719	2,486,832	
23,768	-	-	-	75,179	-	-	75,179	
-	-	-	-	42,070	-	-	42,070	
-	-	-	5,394	32,444	-	-	32,444	
-	-	-	-	2,022,291	-	-	2,022,291	
-	-	-	-	13,977	-	-	13,977	
23,768	-	-	5,394	2,185,961	-	-	2,185,961	
-	226	-	2,913	300,139	13	719	300,871	
-	-	-	-	82,023	-	-	82,023	
-	-	-	-	(290,637)	-	-	(290,637)	
-	-	-	-	(208,614)	-	-	(208,614)	
-	226	-	2,913	91,525	13	719	92,257	
-	219,524	1,124	-	1,089,786	10,049	49,281	1,149,116	
\$ -	\$ 219,750	\$ 1,124	\$ 2,913	\$ 1,181,311	\$ 10,062	\$ 50,000	\$ 1,241,373	

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**Other Schedules**



**Town of Cromwell, Connecticut**

**Schedule of Revenues, Expenditures and Changes in Fund Balance**

**Public Donations Grant Fund**

**For the Year Ended June 30, 2014**

	Balance July 1, 2013	Revenues	Expenditures	Balance June 30, 2014
Library Donations	\$ 5,105	\$ 7,675	\$ 5,483	\$ 7,297
Senior Donations	12,551	4,559	773	16,337
Transportation	6,132	3,629	4,288	5,473
Designated Senior Center	5,975	-	975	5,000
Youth Services	16,020	11,259	12,709	14,570
Emergency Fuel	-	1,633	583	1,050
Emergency Food	130	-	130	-
Park and Recreation	25,108	6,500	6,538	25,070
Handicapped Donations	1	-	-	1
Human Service Donations	5,966	16,985	7,592	15,359
Police Department	10,156	2,651	2,739	10,068
Carbon Monoxide Program	4,226	-	40	4,186
Riverport Festival	11,433	-	6,600	4,833
Operational fuel	5	-	-	5
CT Clean Energy	3,645	-	-	3,645
Rose Garden	208	-	-	208
Flag Fund	2,239	243	-	2,482
Charter Revision	82	-	-	82
Inland/Wetlands	4,382	-	-	4,382
Town Historic Preservation	1,933	-	-	1,933
Library Building	500	-	-	500
Dog Park	19,434	2,322	20,009	1,747
Economic Development	300	-	-	300
	47,801	-	2,440	45,361
<b>Total</b>	<b>\$ 183,332</b>	<b>\$ 57,456</b>	<b>\$ 70,899</b>	<b>\$ 169,889</b>

**Town of Cromwell, Connecticut**

**Schedule of Expenditures Compared With Appropriations**

**Sidewalk Fund**

**For the Year Ended June 30, 2014**

	Original Appropriation	Adjustments	Amended Appropriation	Expenditures	Uncommitted Balance
General Repairs	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations

Dog License Fund

For the Year Ended June 30, 2014

	Original Appropriation	Adjustments	Amended Appropriation	Expenditures	Uncommitted Balance
Office expense	\$ 1,200	\$ -	1,200	\$ 989	\$ 211
Training/workshops	1,000	-	1,000	955	45
Contract services	11,124	-	11,124	7,790	3,334
Vehicle maintenance	1,500	-	1,500	421	1,079
Fuel and fluids	3,000	-	3,000	2,708	292
Uniforms	1,200	-	1,200	1,197	3
Veterinarian fees	4,000	-	4,000	1,627	2,373
Equipment, purchase and repair	1,000	-	1,000	934	66
<b>Total</b>	<b>\$ 24,024</b>	<b>\$ -</b>	<b>\$ 24,024</b>	<b>\$ 16,621</b>	<b>\$ 7,403</b>

Town of Cromwell, Connecticut

Schedule of Expenditures and Encumbrances Compared With Appropriations  
Capital Projects Fund  
For the Year Ended June 30, 2014

	Appropriations				Expenditures				
	Balance July 1, 2013	Current Year	Adjustments	Balance June 30, 2014	Balance July 1, 2013	Current Year	Balance June 30, 2014	Encumbrances	Balance
Capital and Nonrecurring Expenditures	\$ 5,107,533	\$ 168,800	\$ (35,589)	\$ 5,240,744	\$ 4,642,022	\$ 310,868	\$ 4,952,890	\$ 80,391	\$ 207,463
Sewer Assessment	-	94,980	-	94,980	-	80,102	80,102	-	14,878
High School Building Project	21,811,000	-	-	21,811,000	20,923,154	-	20,923,154	-	887,846
LOCIP Projects	1,636,160	83,658	-	1,719,818	1,619,363	98,971	1,718,334	1,484	-
New 3-5 School Project	28,214,000	-	-	28,214,000	27,768,533	-	27,768,533	-	445,467
Sewer Capital and Nonrecurring Expenditures	1,289,829	15,000	(8,730)	1,296,099	1,029,224	14,897	1,044,121	36,351	215,627
Geer Street Improvements	212,843	-	-	212,843	212,843	-	212,843	-	-
State Bond Grant	450,000	-	-	450,000	276,776	-	276,776	-	173,224
CMS Asbestos Removal Fund	754,288	-	-	754,288	754,288	-	754,288	-	-
Roads Main Street Improvement Fund	5,056,000	-	-	5,056,000	4,960,608	60,753	5,021,361	32,457	2,182
School Security Fund	1,151,000	-	-	1,151,000	1,150,999	-	1,150,999	-	1
Park Improvement Fund	710,000	-	-	710,000	710,000	-	710,000	-	-
Downtown Historical Development	450,000	-	-	450,000	313,142	9,314	322,456	-	127,544
CMS Roof Replacement	7,167,000	-	(61,294)	7,105,706	7,105,706	-	7,105,706	-	-
2010 Roads/Infrastructure	3,046,000	-	-	3,046,000	1,997,689	1,040,466	3,038,155	7,845	-
ARRA Grant	187,950	-	-	187,950	187,950	-	187,950	-	-
Public Safety Improvements	1,085,000	-	-	1,085,000	798,653	148,318	946,971	760	137,269
School Improvements	781,000	-	-	781,000	6,591	141,279	147,870	500,085	133,045
Town Infrastructure	2,916,000	-	-	2,916,000	914,007	1,028,979	1,942,986	157,636	815,378
Industrial Park Development Fund	945,000	500,000	-	1,445,000	626,452	-	626,452	115,930	702,618
Public Works Equipment	475,000	-	-	475,000	219,218	183,950	403,168	-	71,832
BOE - CNR	-	193,760	-	193,760	-	116,054	116,054	55,760	21,946
	<u>\$ 83,445,603</u>	<u>\$ 1,056,198</u>	<u>\$ (105,613)</u>	<u>\$ 84,396,188</u>	<u>\$ 76,217,218</u>	<u>\$ 3,233,951</u>	<u>\$ 79,451,169</u>	<u>\$ 988,699</u>	<u>\$ 3,956,320</u>

Reconciliation to Prior Year Ending Balance  
for Expenditures

Ending Balance of Expenditures June 30, 2013	\$ 76,277,649
Adjustment for Sewer Assessment ending balance	(60,431)
Beginning Balance of Expenditures July 1, 2014	<u>\$ 76,217,218</u>

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Town of Cromwell, Connecticut

**Schedule of Expenditures and Encumbrances Compared With Appropriations**  
**Capital and Nonrecurring Expenditure Fund**  
**For the Year Ended June 30, 2014**

	Appropriations			Balance June 30, 2014
	Balance July 1, 2013	Current Year	Adjustments	
CLOSED PROJECTS #77080-77150	\$ 809,058	\$ -	\$ -	\$ 809,058
ENG/CONTROL POINTS SURVEY	10,000	-	-	10,000
CLOSED PROJECTS #77152-77155	277,768	-	-	277,768
CLOSED PROJECTS #77156-77172	1,385,683	-	-	1,385,683
CLOSED PROJECTS #77173-77175	55,876	-	-	55,876
STORAGE BLDG FOR EQUIPMENT	75,000	-	-	75,000
CLOSED PROJECTS #77177-77190	528,357	-	-	528,357
GIS & CONTROL POINTS 09/10	33,000	-	-	33,000
CLOSED PROJECTS #77192-77194	169,059	-	-	169,059
HOUSING ZONE REG GRANT	20,000	-	-	20,000
CLSED PROJECT #77196-77203	676,058	-	-	676,058
FINANCE SERVER	13,000	-	(243)	12,757
2012 REVALUATION	240,000	-	-	240,000
DUI GRANT 11/12	21,254	-	-	21,254
TAX SOFTWARE	40,000	-	-	40,000
HANDICAP ACCESS VEHICLE	60,000	-	-	60,000
TOWN HALL FLOORING	33,000	-	(129)	32,871
POLICE MOBILE RADIOS	30,000	-	-	30,000
CRIME SCENE VEHICLE	6,288	-	-	6,288
POLICE VEHICLES 11/12	80,000	-	(5,500)	74,500
PD COMPUTERS	30,000	-	-	30,000
GYM WALL MATS	10,000	-	-	10,000
MASON DUMP TRUCK W/PLOW	51,032	-	-	51,032
PICK-UP TRUCK W/FLOW	33,476	-	-	33,476
DUI GRANT 12/13	45,159	-	(18,152)	27,007
POLICE VEHICLE (TOTALED)	43,000	-	-	43,000
POLICE VEHICLE (TOTALED)	42,500	-	-	42,500
POLICE VEHICLES 12-13	42,000	-	-	42,000
BULLET-PROOF VESTS	17,000	-	-	17,000
FINGERPRINT MACHINE	20,287	-	(5,833)	14,454
ANIMAL CONTROL VAN	30,600	-	-	30,600
BRICK SEALING-TOWN HALL	50,000	-	(19,375)	30,625
BRICK SEALING-POLICE	20,000	-	13,901	33,901
PICK-UP TRUCK W/UTILITY BODY	36,000	-	(143)	35,857
AUDIO-VIDEO EQUIP-PD	31,078	-	(63)	31,015
POLICE VEHICLE (TOTALED)	42,000	-	-	42,000
POLICE TASERS	-	24,000	(17)	23,983
POLICE VEHICLES 2013-2014	-	84,000	-	84,000
BLDG IMPROV-PARKS GARAGE	-	20,000	(35)	19,965
DUI GRANT 13/14	-	40,800	-	40,800
<b>Total</b>	<b>\$ 5,107,533</b>	<b>\$ 168,800</b>	<b>\$ (35,589)</b>	<b>\$ 5,240,744</b>



		Expenditures					
Balance		Current	Balance		Encumbrances	Uncommitted	
July 1, 2013		Year	June 30, 2014			Balance	
809,058	\$	-	\$ 809,058	\$	-	\$	-
7,272		-	7,272		2,728		-
277,768		-	277,768		-		-
1,385,683		-	1,385,683		-		-
55,876		-	55,876		-		-
73,523		-	73,523		-		1,477
528,357		-	528,357		-		-
22,493		10,338	32,831		169		-
169,059		-	169,059		-		-
10,400		-	10,400		9,600		-
676,058		-	676,058		-		-
12,757		-	12,757		-		-
94,238		8,665	102,903		32,474		104,623
21,254		-	21,254		-		-
3,157		1,443	4,600		35,000		400
60,000		-	60,000		-		-
32,871		-	32,871		-		-
30,000		-	30,000		-		-
6,288		-	6,288		-		-
73,552		52	73,604		-		896
30,000		-	30,000		-		-
-		10,000	10,000		-		-
51,032		-	51,032		-		-
33,476		-	33,476		-		-
17,622		9,385	27,007		-		-
42,801		-	42,801		-		199
39,326		2,790	42,116		-		384
-		41,376	41,376		-		624
750		14,255	15,005		-		1,995
-		14,454	14,454		-		-
-		28,552	28,552		420		1,628
22,300		8,325	30,625		-		-
11,400		22,501	33,901		-		-
35,857		-	35,857		-		-
7,794		23,221	31,015		-		-
-		41,706	41,706		-		294
-		23,983	23,983		-		-
-		-	-		-		84,000
-		19,965	19,965		-		-
-		22,013	22,013		-		18,787
\$ 4,642,022	\$	303,024	\$ 4,945,046	\$	80,391	\$	215,307

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations

Sewer Assessment Fund

For the Year Ended June 30, 2014

	Original Appropriation	Expenditures	Uncommitted Balance
Legal fees	\$ 5,000	\$ 343	\$ 4,657
Construction	30,000	22,121	7,879
Postage	400	140	260
Legal Notices	800	533	267
Printing	200	-	200
Sewer bonds - principal	50,000	50,000	-
Sewer bonds - interest	2,180	2,180	-
Data Processing	2,000	1,965	35
Contracted Services	4,300	2,820	1,480
Prior Year Refunds	100	-	100
<b>Total</b>	<b>\$ 94,980</b>	<b>\$ 80,102</b>	<b>\$ 14,878</b>

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations

Local Capital Improvement Fund

For the Year Ended June 30, 2014

	Appropriations			Expenditures			Encumbrances	Uncommitted Balance
	Balance July 1, 2013	Adjustments	Balance June 30, 2014	Balance July 1, 2013	Current Year	Balance June 30, 2014		
Coles Rd Phase I Improv - Constr	\$ 164,625	\$ -	\$ 164,625	\$ 163,259	\$ -	\$ 163,259	\$ 1,366	\$ -
Christian Hill Rd Reconstruction	82,264	-	82,264	82,264	-	82,264	-	-
Christian Hill Bridge Reconstr.	586,744	-	586,744	586,744	-	586,744	-	-
Evergreen/Copperknoll Drainage	383,364	-	383,364	383,364	-	383,364	-	-
Coles Rd - Rights-of-Way	42,996	-	42,996	42,996	-	42,996	-	-
Willowbrook Road	42,035	-	42,035	42,035	-	42,035	-	-
Culvert Project	230,000	-	230,000	230,000	-	230,000	-	-
New Lane	104,132	83,658	187,790	88,701	98,971	187,672	118	-
<b>Total</b>	<b>\$ 1,636,160</b>	<b>\$ 83,658</b>	<b>\$ 1,719,818</b>	<b>\$ 1,619,363</b>	<b>\$ 98,971</b>	<b>\$ 1,718,334</b>	<b>\$ 1,484</b>	<b>\$ -</b>

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations

Park Improvements

For the Year Ended June 30, 2014

	Appropriations			Expenditures			Encumbrances	Uncommitted Balance
	Balance July 1, 2013	Adjustments	Balance June 30, 2014	Balance July 1, 2013	Current Year	Balance June 30, 2014		
Bonding, Insur., Financing	\$ 11,652	\$ -	\$ 11,652	\$ 11,652	\$ -	\$ 11,652	\$ -	\$ -
General Repairs	339,507	-	339,507	338,653	854	339,507	-	-
Construction	358,841	-	358,841	358,841	-	358,841	-	-
<b>Total</b>	<b>\$ 710,000</b>	<b>\$ -</b>	<b>\$ 710,000</b>	<b>\$ 709,146</b>	<b>\$ 854</b>	<b>\$ 710,000</b>	<b>\$ -</b>	<b>\$ -</b>

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations**  
**2010 Roads/Infrastructure Fund**  
**For the Year Ended June 30, 2014**

	Appropriations			Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2013	Adjustments	Balance June 30, 2014	Balance July 1, 2013	Current Year	Balance June 30, 2014		
Legal and Financing Expenses	\$ 34,454	\$ -	\$ 34,454	\$ 34,454	\$ -	\$ 34,454	\$ -	\$ -
Project Planning & Design	-	-	-	-	-	-	-	-
General Repair	284,187		284,187	348,404	2,464	350,868	2,001	(68,682)
Construction	1,238,366	-	1,238,366	1,241,066	-	1,241,066	-	(2,700)
Construction Phase II	1,488,993	-	1,488,993	373,765	1,038,002	1,411,767	5,844	71,382
<b>Total</b>	<b>\$ 3,046,000</b>	<b>\$ -</b>	<b>\$ 3,046,000</b>	<b>\$ 1,997,689</b>	<b>\$ 1,040,466</b>	<b>\$ 3,038,155</b>	<b>\$ 7,845</b>	<b>\$ -</b>

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations

2008 Road Bond Projects

For the Year Ended June 30, 2014

	Appropriations			Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2013	Adjustments	Balance June 30, 2014	Balance July 1, 2013	Current Year	Balance June 30, 2014		
Legal and Financing Expenses	\$ 25,000	\$ -	\$ 25,000	\$ 23,129	\$ -	\$ 23,129	\$ -	\$ 1,871
Project Planning & Design	846,084	-	846,084	845,776	-	845,776	-	308
General Repair	363,383	-	363,383	363,382	-	363,382	-	1
Construction	3,821,533	-	3,821,533	3,728,321	60,753	3,789,074	32,457	2
<b>Total</b>	<b>\$ 5,056,000</b>	<b>\$ -</b>	<b>\$ 5,056,000</b>	<b>\$ 4,960,608</b>	<b>\$ 60,753</b>	<b>\$ 5,021,361</b>	<b>\$ 32,457</b>	<b>\$ 2,182</b>

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations

Sewer CNR Fund

For the Year Ended June 30, 2014

	Appropriations			Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2013	Adjustments	Balance June 30, 2014	Balance July 1, 2013	Current Year	Balance June 30, 2014		
User Charge Study	\$ 16,500	\$ -	\$ 16,500	\$ 16,500	\$ -	\$ 16,500	\$ -	\$ -
Consulting - Pipeline	8,950	-	8,950	8,950	-	8,950	-	-
Sewer Benefit Assessment Study	28,600	-	28,600	28,600	-	28,600	-	-
Sewer Line Rehabilitation	314,775	-	314,775	314,775	-	314,775	-	-
Backhoe/Loader	57,881	-	57,881	57,881	-	57,881	-	-
Pickup Truck w/Plow	37,839	-	37,839	37,839	-	37,839	-	-
Video Camera on Tractor	24,847	-	24,847	24,847	-	24,847	-	-
Phase II Pipeline Rehab	237,869	-	237,869	237,869	-	237,869	-	-
Dump Truck w/Plow	172,373	-	172,373	172,373	-	172,373	-	-
Pickup Truck w/Plow	40,620	-	40,620	40,620	-	40,620	-	-
Garage Generator	19,575	-	19,575	19,575	-	19,575	-	-
Generator and Transfer Switch	30,000	(8,730)	21,270	21,270	-	21,270	-	-
Phase IV Pipeline Rehab	300,000	-	300,000	48,125	14,897	63,022	25,353	211,625
Pumpstation Rehab	-	15,000	15,000	-	-	-	10,998	4,002
<b>Total</b>	<b>\$ 1,289,829</b>	<b>\$ 6,270</b>	<b>\$ 1,296,099</b>	<b>\$ 1,029,224</b>	<b>\$ 14,897</b>	<b>\$ 1,044,121</b>	<b>\$ 36,351</b>	<b>\$ 215,627</b>

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations

CMS Roof Replacement Fund

For the Year Ended June 30, 2014

	Appropriations			Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2013	Adjustments	Balance June 30, 2014	Balance July 1, 2013	Current Year	Balance June 30, 2014		
Legal and Financing Expenses	\$ 50,000	\$ (1,757)	\$ 48,243	\$ 48,243	\$ -	\$ 48,243	\$ -	\$ -
Arch/Engineering	665,170	(5,828)	659,342	659,342	-	659,342	-	-
General Repair	1,952,278	(53,708)	1,898,570	1,898,571	-	1,898,571	-	(1)
Construction	4,499,552	(1)	4,499,551	4,499,550	-	4,499,550	-	1
<b>Total</b>	<b>\$ 7,167,000</b>	<b>\$ (61,294)</b>	<b>\$ 7,105,706</b>	<b>\$ 7,105,706</b>	<b>\$ -</b>	<b>\$ 7,105,706</b>	<b>\$ -</b>	<b>\$ -</b>



**Town of Cromwell, Connecticut**

**Schedule of Expenditures Compared With Appropriations**

**Public Safety Improvements**

**For the Year Ended June 30, 2014**

	Appropriations			Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2013	Adjustments	Balance June 30, 2014	Balance July 1, 2013	Current Year	Balance June 30, 2014		
Legal and Financing Expenses	\$ 75,000	\$ -	\$ 75,000	\$ 10,028	\$ -	\$ 10,028	\$ -	\$ 64,972
Police Communications System	850,000	-	850,000	628,625	148,318	776,943	760	72,297
Emergency Generator	160,000	-	160,000	160,000	-	160,000	-	-
<b>Total</b>	<b>\$ 1,085,000</b>	<b>\$ -</b>	<b>\$ 1,085,000</b>	<b>\$ 798,653</b>	<b>\$ 148,318</b>	<b>\$ 946,971</b>	<b>\$ 760</b>	<b>\$ 137,269</b>

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations

Town Infrastructure

For the Year Ended June 30, 2014

	Appropriations			Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2013	Adjustments	Balance June 30, 2014	Balance July 1, 2012	Current Year	Balance June 30, 2013		
Legal and Financing Expenses	\$ 75,000	\$ -	\$ 75,000	\$ 27,837	\$ -	\$ 27,837	\$ -	\$ 47,163
General Repairs	140,000	-	140,000	15,387	4,740	20,127	-	119,873
Construction/Project Costs	1,500,000	-	1,500,000	19,754	694,952	714,706	157,636	627,658
Purchase Option	852,000	-	852,000	851,029	-	851,029	-	971
Lighting/Air Handlers	349,000	-	349,000	-	329,287	329,287	-	19,713
<b>Total</b>	<b>\$ 2,916,000</b>	<b>\$ -</b>	<b>\$ 2,916,000</b>	<b>\$ 914,007</b>	<b>\$ 1,028,979</b>	<b>\$ 1,942,986</b>	<b>\$ 157,636</b>	<b>\$ 815,378</b>

**Town of Cromwell, Connecticut**

**Schedule of Expenditures Compared With Appropriations**

**School Improvements**

**For the Year Ended June 30, 2014**

	Appropriations			Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2013	Adjustments	Balance June 30, 2014	Balance July 1, 2012	Current Year	Balance June 30, 2013		
Legal and Financing Expenses	\$ 75,000	\$ -	\$ 75,000	\$ 6,591	\$ -	\$ 6,591	\$ -	\$ 68,409
General Repairs	200,000	-	200,000	-	15,254	15,254	167,324	17,422
Construction/Project Costs	506,000	-	506,000	-	126,025	126,025	332,761	47,214
<b>Total</b>	<b>\$ 781,000</b>	<b>\$ -</b>	<b>\$ 781,000</b>	<b>\$ 6,591</b>	<b>\$ 141,279</b>	<b>\$ 147,870</b>	<b>\$ 500,085</b>	<b>\$ 133,045</b>

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations

Public Works Equipment

For the Year Ended June 30, 2014

	Appropriations			Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2013	Adjustments	Balance June 30, 2014	Balance July 1, 2013	Current Year	Balance June 30, 2014		
Legal and Financing Expenses	\$ 75,000	\$ -	\$ 75,000	\$ 3,968	\$ -	\$ 3,968	\$ -	\$ 71,032
Lighting/Air Handlers	400,000		400,000	215,250	183,950	399,200	-	800
<b>Total</b>	<u>\$ 475,000</u>	<u>\$ -</u>	<u>\$ 475,000</u>	<u>\$ 219,218</u>	<u>\$ 183,950</u>	<u>\$ 403,168</u>	<u>\$ -</u>	<u>\$ 71,832</u>

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations  
Capital and Nonrecurring Expenditure Fund  
For the Year Ended June 30, 2014

	Appropriations				Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2013	Current Year	Adjustments	Balance June 30, 2014	Balance July 1, 2013	Current Year	Balance June 30, 2014		
One to One Digital Devices	\$ -	\$ 125,000	\$ -	\$ 125,000	\$ -	\$ 114,575	\$ 114,575	\$ -	\$ 10,425
Team Locker Room Expansion	-	68,760	-	68,760	-	1,479	1,479	55,760	11,521
<b>Total</b>	<b>\$ -</b>	<b>\$ 193,760</b>	<b>\$ -</b>	<b>\$ 193,760</b>	<b>\$ -</b>	<b>\$ 116,054</b>	<b>\$ 116,054</b>	<b>\$ 55,760</b>	<b>\$ 21,946</b>

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**Fiduciary Funds**

### **Agency Funds**

Agency Funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations.

- The School Activity Fund is an agency fund established to receive student funds and other program funds to promote the education and activities of students.
- The Contractor Bond Fund is an agency fund established to receive cash bonds posted by contractors, developers and others.



**Town of Cromwell, Connecticut**

**Combining Statement of Changes in Assets and Liabilities - Agency Funds  
For the Fiscal Year Ended June 30, 2014**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Student Activity Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 290,953	\$ 1,817,584	\$ 1,835,283	\$ 273,254
Due from other funds	1,000	-	-	1,000
<b>Total</b>	<u>\$ 291,953</u>	<u>\$ 1,817,584</u>	<u>\$ 1,835,283</u>	<u>\$ 274,254</u>
<b>Liabilities</b>				
Due to student groups	<u>\$ 291,953</u>	<u>\$ 1,817,584</u>	<u>\$ 1,835,283</u>	<u>\$ 274,254</u>
<b>Contractor Bond Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	<u>\$ 274,316</u>	<u>\$ 167,690</u>	<u>\$ 78,578</u>	<u>\$ 363,428</u>
<b>Liabilities</b>				
Deposits	<u>\$ 274,316</u>	<u>\$ 167,690</u>	<u>\$ 78,578</u>	<u>\$ 363,428</u>
<b>Total All Funds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 565,269	\$ 1,985,274	\$ 1,913,861	\$ 636,682
Due from other funds	1,000	-	-	1,000
<b>Total</b>	<u>\$ 566,269</u>	<u>\$ 1,985,274</u>	<u>\$ 1,913,861</u>	<u>\$ 637,682</u>
<b>Liabilities</b>				
Due to student groups	\$ 291,953	\$ 1,817,584	\$ 1,835,283	\$ 274,254
Deposits	274,316	167,690	78,578	363,428
	<u>\$ 566,269</u>	<u>\$ 1,985,274</u>	<u>\$ 1,913,861</u>	<u>\$ 637,682</u>

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## ***Statistical Section - unaudited***

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- Financial trends information is intended to assist users in understanding and assessing how financial position has changed over time.
- Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the ability to generate own-source revenues (property taxes, charges for services, etc.).
- Debt capacity information is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- Demographic and economic information is intended 1) to assist users in understanding the socioeconomic environment, and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- Operating information is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

TABLE 1

## TOWN OF CROMWELL, CONNECTICUT

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(unaudited)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental activities:										
Net investment in capital										
assets	\$ 90,349,694	\$ 91,271,301	\$ 92,786,514	\$ 90,389,434	\$ 84,057,785	\$ 79,977,008	\$ 85,059,583	\$ 82,378,615	\$ 36,043,985	\$ 25,548,448
Restricted	60,062	59,330	59,279	10,018	9,995	9,963	9,818	9,435	8,578	8,578
Unrestricted	10,331,728	9,250,907	7,620,916	9,151,471	10,030,130	15,051,100	11,225,727	11,008,614	9,755,896	15,043,750
Total governmental activities net position	<u>\$ 100,741,484</u>	<u>\$ 100,581,538</u>	<u>\$ 100,466,709</u>	<u>\$ 99,550,923</u>	<u>\$ 94,097,910</u>	<u>\$ 95,038,071</u>	<u>\$ 96,295,128</u>	<u>\$ 93,396,664</u>	<u>\$ 45,808,459</u>	<u>\$ 40,600,776</u>

## Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.
- (3) The Town began to report retroactive infrastructure in accordance with GASB Statement No. 34 in fiscal year 2007.

\*Restated

TABLE 2

## TOWN OF CROMWELL, CONNECTICUT

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(unaudited)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenses:										
General government	\$ 5,557,370	\$ 5,578,265	\$ 5,018,686	\$ 4,745,753	\$ 4,811,384	\$ 5,285,460	\$ 4,562,542	\$ 4,695,839	\$ 4,615,416	\$ 4,123,566
Public safety	3,484,220	3,451,918	3,346,263	3,266,290	3,279,017	3,408,597	3,260,989	3,013,542	2,797,759	2,714,155
Public works	7,687,149	7,507,231	7,781,074	7,084,009	6,977,469	7,111,663	8,003,018	6,382,470	4,493,904	4,233,837
Culture and recreation	1,001,837	1,018,166	1,015,892	980,589	943,176	953,776	891,399	834,362	826,518	812,198
Human services	595,427	610,927	609,527	586,961	569,523	537,251	575,713	713,822	553,963	601,867
Education	33,609,091	32,074,662	31,961,198	31,258,609	31,361,305	29,777,145	34,619,609	26,229,542	24,560,513	22,133,614
Interest on long-term debt	948,731	1,164,077	1,275,276	1,377,511	1,360,078	1,328,827	1,112,299	1,172,456	1,239,540	1,204,056
Total governmental activities expenses	<u>52,883,825</u>	<u>51,405,246</u>	<u>51,007,916</u>	<u>49,299,722</u>	<u>49,301,952</u>	<u>48,402,719</u>	<u>53,025,569</u>	<u>43,042,033</u>	<u>39,087,613</u>	<u>35,823,293</u>
Program revenues										
Charges for services:										
General government	695,823	697,430	518,033	449,200	382,977	299,032	854,887	595,733	657,272	679,088
Public safety	409,662	64,938	318,768	370,556	522,910	476,715	637,783	755,766	349,725	312,041
Public works	1,800,683	2,327,371	1,837,469	1,750,064	1,405,812	1,156,948	1,462,064	1,559,931	1,795,900	1,396,876
Culture and recreation	150,762	54,089	118,897	122,853	84,122	140,564	100,254	93,652	96,787	74,847
Human services	10,859	5,186	7,679	5,779	23,530	11,173	20,251	21,066	20,331	14,920
Education	457,598	516,707	595,128	563,268	549,279	506,655	476,431	494,215	496,230	437,674
Operating grants and contributions	9,695,887	9,055,543	9,265,156	8,646,431	8,176,723	7,572,422	14,256,021	6,241,001	5,803,038	4,884,441
Capital grants and contributions	529,426	206,751	87,739	2,705,585	1,062,700	518,969	2,044,768	2,065,425	3,762,315	8,223,673
Total governmental activities program revenues	<u>13,750,700</u>	<u>12,928,015</u>	<u>12,748,869</u>	<u>14,613,736</u>	<u>12,208,053</u>	<u>10,682,478</u>	<u>19,852,459</u>	<u>11,826,789</u>	<u>12,981,598</u>	<u>16,023,560</u>
Net (expense) revenue:										
Governmental activities	<u>(39,133,125)</u>	<u>(38,477,231)</u>	<u>(38,259,047)</u>	<u>(34,685,986)</u>	<u>(37,093,899)</u>	<u>(37,720,241)</u>	<u>(33,173,110)</u>	<u>(31,215,244)</u>	<u>(26,106,015)</u>	<u>(19,799,733)</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	38,905,611	38,233,934	37,080,402	36,897,559	35,599,902	35,450,949	32,944,028	32,518,744	29,915,084	28,562,193
Grants and contributions not restricted to specific purposes	244,792	230,094	384,656	246,964	269,056	392,954	492,989	545,691	473,611	477,263
Unrestricted investment earnings	46,556	38,321	34,986	71,930	42,838	291,346	747,671	968,895	772,028	529,869
Other general revenues	96,112	89,711	1,674,789	2,922,546	241,942	327,935	88,129	133,167	152,975	130,340
Total general revenues and other changes in net position	<u>39,293,071</u>	<u>38,592,060</u>	<u>39,174,833</u>	<u>40,138,999</u>	<u>36,153,738</u>	<u>36,463,184</u>	<u>34,272,817</u>	<u>34,166,497</u>	<u>31,313,698</u>	<u>29,699,665</u>
Changes in net position:										
Governmental activities	<u>\$ 159,946</u>	<u>\$ 114,829</u>	<u>\$ 915,786</u>	<u>\$ 5,453,013</u>	<u>\$ (940,161)</u>	<u>\$ (1,257,057)</u>	<u>\$ 1,099,707</u>	<u>\$ 2,951,253</u>	<u>\$ 5,207,683</u>	<u>\$ 9,899,932</u>

## Notes:

(1) Schedule prepared on the accrual basis of accounting.

TABLE 3

## TOWN OF CROMWELL, CONNECTICUT

FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(unaudited)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund										
Nonspendable	\$ -	\$ -	\$ 5,758	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	161,500	51,000	70,000	37,600	-	-	-	-	-	-
Assigned	51,186	15,434	8,146	9,830	-	-	-	-	-	-
Unassigned	7,634,146	6,539,226	4,834,817	4,242,189	-	-	-	-	-	-
Reserved	-	-	-	-	24,160	408,567	670,645	604,962	220,011	118,728
Unreserved	-	-	-	-	4,197,025	4,853,401	5,068,728	3,955,418	3,211,369	3,756,242
Total general fund	<u>\$ 7,846,832</u>	<u>\$ 6,605,660</u>	<u>\$ 4,918,721</u>	<u>\$ 4,289,619</u>	<u>\$ 4,221,185</u>	<u>\$ 5,261,968</u>	<u>\$ 5,739,373</u>	<u>\$ 4,560,380</u>	<u>\$ 3,431,380</u>	<u>\$ 3,874,970</u>
Nonspendable	\$ 92,458	\$ 95,162	\$ 92,587	\$ 45,464	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,072,626	6,056,630	3,859,611	4,295,655	-	-	-	-	-	-
Committed	2,912,762	2,718,022	2,700,839	3,306,672	-	-	-	-	-	-
Assigned	1,516,291	1,659,841	1,616,171	1,595,934	-	-	-	-	-	-
Unassigned	-	(153,504)	(213,923)	-	-	-	-	-	-	-
Reserved	-	-	-	-	2,629,299	717,840	462,226	826,846	1,025,991	8,333,904
Unreserved, reported in:										
Special revenue funds	-	-	-	-	2,744,475	2,763,546	2,992,104	3,041,958	2,692,299	2,622,381
Capital projects funds	-	-	-	-	8,935,275	7,285,469	8,401,776	2,052,553	2,150,483	(443,759)
Total all other governmental funds	<u>\$ 8,594,137</u>	<u>\$ 10,376,151</u>	<u>\$ 8,055,285</u>	<u>\$ 9,243,725</u>	<u>\$ 14,309,049</u>	<u>\$ 10,766,855</u>	<u>\$ 11,856,106</u>	<u>\$ 5,921,357</u>	<u>\$ 5,868,773</u>	<u>\$ 10,512,526</u>

Note: Schedule prepared on the modified accrual basis of accounting

TABLE 4

TOWN OF CROMWELL, CONNECTICUT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(unaudited)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenues:										
Property taxes	\$ 38,862,600	\$ 38,277,712	\$ 37,357,669	\$ 36,823,715	\$ 35,645,513	\$ 35,388,867	\$ 33,037,472	\$ 32,427,042	\$ 30,080,756	\$ 28,732,362
Assessments		-	-	-	-	-	-	-	-	-
Intergovernmental	10,509,748	9,523,609	9,945,197	10,959,068	9,533,487	8,459,337	16,106,891	7,046,083	10,049,130	13,569,504
Charges for services	3,088,594	3,261,535	3,096,675	3,143,438	3,012,535	3,245,874	2,710,909	2,963,789	3,353,875	2,961,110
Income on investments	46,556	38,335	34,986	71,930	42,838	291,346	747,671	968,895	772,028	529,869
Miscellaneous	508,603	490,742	972,120	817,179	241,942	327,935	698,318	525,207	342,385	316,056
Total revenues	53,016,101	51,591,933	51,406,647	51,815,330	48,476,315	47,713,359	53,301,261	43,931,016	44,598,174	46,108,901
Expenditures:										
General government	5,225,911	5,187,874	5,063,775	4,911,295	4,674,278	4,683,572	4,399,214	4,366,962	4,406,214	3,979,972
Public safety	3,321,403	3,319,469	3,153,617	3,052,028	3,087,717	3,155,691	3,004,349	2,814,468	2,652,078	2,486,708
Public works	5,402,073	5,303,360	5,640,953	5,111,350	5,049,682	5,156,629	5,710,333	4,473,302	4,419,490	4,120,319
Culture and recreation	932,059	941,065	938,222	897,512	880,079	884,401	865,790	837,541	768,616	685,319
Human services	546,442	565,727	549,850	546,407	508,953	507,753	546,047	502,107	544,579	506,584
Education	31,672,231	30,328,029	30,460,100	29,616,635	29,389,356	28,299,582	33,903,173	25,338,328	23,277,163	21,174,288
Debt services:										
Principal		2,570,000	2,590,000	2,703,589	2,566,147	2,480,000	2,065,000	2,070,000	2,255,000	1,970,000
Interest	3,266,877	2,053,521	1,318,438	1,485,189	1,209,630	1,262,537	1,070,897	1,147,284	1,214,634	1,301,251
Capital outlay	3,189,947	2,431,475	2,251,030	8,488,214	5,574,413	3,701,700	1,351,682	1,199,440	10,147,743	14,680,916
Total expenditures	53,556,943	52,700,520	51,965,985	56,812,219	52,940,255	50,131,865	52,916,485	42,749,432	49,685,517	50,905,357
Excess of revenue over (under) expenditures	(540,842)	(1,108,587)	(559,338)	(4,996,889)	(4,463,940)	(2,418,506)	384,776	1,181,584	(5,087,343)	(4,796,456)
Other financing sources (uses):										
Transfers in	1,455,919	564,388	1,026,429	1,522,014	1,645,662	1,640,559	2,070,601	1,802,375	1,313,301	1,189,240
Transfers out	(1,455,919)	(564,388)	(1,026,429)	(1,522,014)	(1,645,662)	(1,640,559)	(2,070,601)	(1,802,375)	(1,313,301)	(1,189,240)
Proceeds from sale of bonds	-	1,933,149	-	-	6,730,000	-	6,728,966	-	-	-
Bond issuance costs		-	-	-	-	-	-	-	-	-
Premium on bonds		-	-	-	235,350	-	-	-	-	-
Payment to refunded bond escrow agent		-	-	-	-	-	-	-	-	-
Capital leased issued		-	-	-	-	1,051,850	-	-	-	-
Total other financing sources (uses)	-	1,933,149	-	-	6,965,350	1,051,850	6,728,966	-	-	-
Net change in fund balance	(\$540,842)	\$824,562	(\$559,338)	(\$4,996,889)	\$2,501,410	(\$1,366,656)	\$7,113,742	\$1,181,584	(\$5,087,343)	(\$4,796,456)
Debt service as a percentage of noncapital expenditures	6.49%	9.20%	7.86%	8.67%	7.97%	8.06%	6.08%	7.74%	8.78%	9.03%

Note: Schedule prepared on the modified accrual basis of accounting



TABLE 5

## TOWN OF CROMWELL, CONNECTICUT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(unaudited)

FISCAL YEAR	.....REAL PROPERTY.....			PERSONAL PROPERTY	MOTOR VEHICLE	LESS TAX-EXEMPT PROPERTY	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE	ESTIMATED ACTUAL TAXABLE VALUE	TAXABLE ASSESSED VALUE AS A PERCENTAGE OF ACTUAL TAXABLE VALUE
	RESIDENTIAL	COMMERCIAL	INDUSTRIAL							
2014	\$ 855,174,540	\$ 185,381,618	\$ 122,244,440	\$ 85,231,700	\$ 106,322,210	\$ 97,046,655	\$ 1,257,307,853	30.75	\$ 1,796,154,076	70.00%
2013	988,568,681	212,238,580	134,511,819	80,652,960	105,985,220	110,139,555	1,411,817,705	27.06	2,016,882,436	70.00%
2012	979,848,650	210,697,220	133,948,310	77,960,740	99,133,353	109,326,488	1,392,261,785	26.80	1,988,945,407	70.00%
2011	968,599,140	213,545,750	133,498,360	74,082,420	95,397,097	107,479,838	1,377,642,929	26.84	1,968,061,327	70.00%
2010	968,542,060	202,408,170	132,414,570	70,375,760	94,041,439	106,859,314	1,360,922,685	26.16	1,944,175,264	70.00%
2009	944,635,890	200,866,770	146,837,660	67,170,530	97,246,781	105,522,818	1,351,234,813	26.21	1,930,335,447	70.00%
2008	731,664,379	141,127,660	106,908,960	63,958,910	94,701,141	89,118,346	1,049,242,704	31.14	1,498,918,149	70.00%
2007	716,773,690	139,994,380	101,649,340	60,273,720	93,504,635	85,918,830	1,026,276,935	31.29	1,466,109,907	70.00%
2006	708,454,630	136,519,980	104,890,420	55,836,730	87,332,370	88,657,180	1,004,376,950	29.60	1,434,824,214	70.00%
2005	677,206,250	135,380,340	95,997,800	48,052,990	79,354,510	78,660,030	957,331,860	29.00	1,367,616,943	70.00%

Source: Town of Cromwell Office of Tax Assessor

Note: (1) Assessed value is 70% of actual value.

TABLE 6

## TOWN OF CROMWELL, CONNECTICUT

DIRECT AND OVERLAPPING  
PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(rate per \$1,000 of assessed value)  
(unaudited)

Fiscal Year	Operating Millage	Debt Service Millage	School Millage	Total Town Millage	Overlapping Rates	
					Fire District	Total Direct & Overlapping Rates
2014	10.09	2.23	18.42	30.75	2.10	32.85
2013	8.70	2.31	16.05	27.06	1.89	28.95
2012	8.52	2.40	15.88	26.80	1.89	28.69
2011	8.45	2.62	15.76	26.84	1.80	28.64
2010	7.79	2.73	15.64	26.16	1.80	27.96
2009	8.14	2.82	15.25	26.21	1.80	28.01
2008	9.71	2.93	18.50	31.14	2.10	33.24
2007	9.38	3.05	18.86	31.29	2.10	33.39
2006	8.88	3.37	17.35	29.60	1.90	31.50
2005	9.08	3.31	16.61	29.00	1.90	30.90

Source:

Note 1: The Mattabassett District is funded by the Sewer Usage Fund for the annual operation and maintenance portion of their budget.

Note 2: Revaluation occurred in 2007 and 2012, impacting the mill rates for fiscal years 2009 and 2014.

Note 3: This schedule was broken out to display components of the total direct rate starting 2010.

TABLE 7

## TOWN OF CROMWELL, CONNECTICUT

 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (unaudited)

TAXPAYERS	2014			2005		
	TAXABLE ASSESSED VALUE AS OF OCTOBER 1, 2012	RANK	PERCENTAGE OF TOTAL TOWN TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE AS OF OCTOBER 1, 2003	RANK	PERCENTAGE OF TOTAL TOWN TAXABLE ASSESSED VALUE
Covenant Home Inc.	\$ 21,520,330	1	1.71%	\$ -	-	-
Covenant Home Inc. (Covenant Village)	-	-	-	12,133,910	1	1.27%
Algonquin Gas Trans Co.	15,467,430	2	1.23%	9,185,620	2	0.96%
Connecticut Light & Power	11,964,960	3	0.95%	5,207,520	8	0.54%
Shaner Hotel Group Properties (Radisson)	10,089,770	4	0.80%	7,707,340	3	0.81%
Infinity Cromwel Properties (Wal-Mart)	9,767,680	5	0.78%	7,036,810	4	0.74%
Main Street Equity	7,734,250	6	0.62%	-	-	-
IRNM Fee Cromwell LLC	7,121,090	7	0.57%	-	-	-
Tournament Players Club	6,456,620	8	0.51%	-	-	-
R A Cromwell, LLC	6,388,980	9	0.51%	6,020,000	5	0.63%
Shunpike-West Limited Partnership	6,240,230	10	0.50%	4,909,690	9	0.51%
Cromwell Square Partners, Ltd.	-	-	-	5,670,000	6	0.59%
New Fairfield Post Road, LLC (Shopping)	-	-	-	5,336,700	7	0.56%
Champion Skating Center, Inc.	-	-	-	4,656,490	10	0.49%
	<u>\$ 102,751,340</u>		<u>8.17%</u>	<u>\$ 67,864,080</u>		<u>7.10%</u>

Source: Town of Cromwell Assessor's Office.

TABLE 8

## TOWN OF CROMWELL, CONNECTICUT

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(unaudited)

FISCAL YEAR ENDED JUNE 30,	TAX RATE IN MILLS	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY				TOTAL COLLECTIONS TO DATE		
		TAXES LEVIED FOR THIS FISCAL YEAR	AMOUNT	PERCENTAGE OF LEVY	COLLECTION IN SUBSEQUENT YEARS	AMOUNT	PERCENTAGE OF LEVY	
2014	30.75	\$ 38,809,552	\$ 38,491,271	99.18%	\$ -	\$ 38,491,271	99.18%	
2013	27.06	\$ 38,242,374	\$ 37,862,390	99.01%	\$ 252,882	\$ 38,115,272	99.67%	
2012	26.80	\$ 37,316,375	\$ 36,967,505	99.07%	\$ 220,191	\$ 37,187,696	99.66%	
2011	26.84	\$ 36,870,036	\$ 36,484,059	98.95%	\$ 296,954	\$ 36,781,013	99.76%	
2010	26.16	\$ 35,490,099	\$ 35,217,856	99.23%	\$ 163,782	\$ 35,381,638	99.69%	
2009	26.21	\$ 35,337,213	\$ 35,011,177	99.08%	\$ 229,356	\$ 35,240,533	99.73%	
2008	31.14	\$ 32,893,111	\$ 32,669,608	99.32%	\$ 131,330	\$ 32,800,938	99.72%	
2007	31.29	\$ 32,363,161	\$ 32,070,032	99.09%	\$ 195,964	\$ 32,265,996	99.70%	
2006	29.60	\$ 29,968,290	\$ 29,719,320	99.17%	\$ 142,940	\$ 29,862,260	99.65%	
2005	29.00	\$ 28,290,518	\$ 28,089,034	99.29%	\$ 79,675	\$ 28,168,709	99.57%	

Source: Tax Collector's Report: Comprehensive annual financial report

\*The numbers above have been revised from prior years to accurately reflect the collection in subsequent years.

TABLE 9

## TOWN OF CROMWELL, CONNECTICUT

 RATIOS OF OUTSTANDING DEBT BY TYPE  
 LAST TEN FISCAL YEARS  
 (unaudited)

FISCAL YEAR	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF ACTUAL PROPERTY VALUE	PERCENTAGE OF PERSONAL INCOME	DEBT PER CAPITA
2014	\$ 26,320,000	\$ -	\$ 26,320,000	1.47%	4.29%	1,872
2013	28,485,000	-	28,485,000	1.41%	4.70%	2,018
2012	27,625,000	889,864	28,514,864	1.43%	4.58%	1,982
2011	30,215,000	946,243	31,161,243	1.58%	4.89%	2,163
2010	32,980,000	1,000,204	32,980,000	1.70%	6.38%	2,378
2009	28,660,000	1,051,850	28,660,000	1.48%	5.61%	2,081
2008	31,150,000	-	31,150,000	2.08%	6.20%	2,275
2007	26,535,000	-	26,535,000	1.81%	6.03%	1,938
2006	28,605,000	-	28,605,000	1.99%	6.62%	2,113
2005	30,860,000	-	30,860,000	2.26%	7.21%	2,285

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

TABLE 10

## TOWN OF CROMWELL, CONNECTICUT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2014  
(unaudited)

GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE	ESTIMATED SHARES OF DIRECT AND OVERLAPPING DEBT
Overlapping debt:			
Cromwell Fire District*	\$ 6,085,000	100%	\$ 6,085,000
Mattabassett*	5,577,352	100%	5,577,352
Total overlapping debt	11,662,352		11,662,352
Town direct debt	26,320,000		26,320,000
Total			\$ 37,982,352

\*The \$6,085,000 represents the outstanding general obligation bonds for the Fire District as of June 30, 2014. These bonds are retired from General Fund appropriations which are primarily financed from taxation. They are included as overlapping debt with the Town as they will impact the same tax base as the Town's debt. As well, the Mattabassett District incurred debt through a DEEP Clean Water Fund (CWF) Loan for the design of a Nitrogen Upgrade. As a member of the Mattabassett District, the Town of Cromwell is assessed a pro-rata share of the debt which is included as overlapping debt in the amount of \$5,577,352 as of June 30, 2014.

TABLE 11

## TOWN OF CROMWELL, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

June 30, 2014  
(unaudited)

Total tax collections (including fire district)						\$ 41,612,553
	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>	
Debt Limitation						
2-1/4 times base	\$ 93,628,244	\$ -	\$ -	\$ -	\$ -	-
4-1/2 times base	-	187,256,489	-	-	-	-
3-3/4 times base	-	-	156,047,074	-	-	-
3-1/4 times base	-	-	-	135,240,797	-	-
3 times base	-	-	-	-	-	124,837,659
Total debt limitation	93,628,244	187,256,489	156,047,074	135,240,797	-	124,837,659
Indebtedness:						
Long-term debt						
outstanding	10,349,309	15,970,691	-	-	-	-
Overlapping debt	6,085,000	-	5,577,352	-	-	-
Bonds authorized	-	-	-	-	-	-
and unissued	1,059,000	1,063,324	-	-	-	-
Total Indebtedness	17,493,309	17,034,015	5,577,352	-	-	-
Deductions:						
School Building						
Grants receivable	-	-	-	-	-	-
Net indebtedness	17,493,309	17,034,015	5,577,352	-	-	-
Debt limitation in						
	\$ 76,134,935	\$ 170,222,474	\$ 150,469,722	\$ 135,240,797	\$	124,837,659

Note 1: In no case shall total indebtedness exceed \$291,287,871 or seven times annual receipts from taxation.

TABLE 12

## TOWN OF CROMWELL, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(unaudited)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limitation	\$ 291,022,753	\$ 286,559,168	\$ 281,084,951	\$ 275,077,180	\$ 266,833,357	\$ 264,235,650	\$ 247,204,692	\$ 240,950,647	\$ 244,113,967	\$ 215,002,123
Total net debt applicable to limit	40,104,676	40,486,360	32,602,147	37,208,816	40,083,816	47,200,370	49,405,181	42,277,117	43,979,156	48,963,010
Legal debt margin	\$ 250,918,077	\$ 246,072,808	\$ 248,482,804	\$ 237,868,364	\$ 226,749,541	\$ 217,035,280	\$ 197,799,511	\$ 198,673,530	\$ 200,134,811	\$ 166,039,113
Total net debt applicable to the limit as a percentage of debt limit	13.78%	14.13%	11.60%	13.53%	15.02%	17.86%	19.99%	17.55%	18.02%	22.77%

Note: See Table 11 for calculation of current year debt limitation



TABLE 13

## TOWN OF CROMWELL, CONNECTICUT

 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN CALENDAR YEARS  
 (unaudited)

CALENDAR YEAR	POPULATION (1)	PER CAPITA INCOME (2)	PERSONAL INCOME	MEDIAN HOUSEHOLD INCOME (2)	MEDIAN AGE (2)	SCHOOL ENROLLMENT (3)	UNEMPLOYMENT RATE (4)
2014	14,059	\$ 43,611	\$ 613,127,049	\$ 80,134	44	1,969	5.6%
2013	14,116	42,900	605,576,400	81,718	43	1,971	6.7%
2012	13,940	43,249	602,891,060	83,670	45	1,992	6.8%
2011	13,968	44,206	617,469,408	73,665	44	2,018	7.3%
2010	13,869	37,265	516,828,285	75,773	44	2,043	8.1%
2009	13,775	37,059	510,481,128	74,891	43	2,024	6.7%
2008	13,693	36,689	502,370,223	73,365	43	2,020	4.8%
2007	13,690	32,153	440,174,570	68,914	43	2,004	4.2%
2006	13,540	31,928	432,305,120	66,670	*	2,019	4.5%
2005	13,508	31,704	428,257,632	64,772	42	1,940	4.2%

\* Information not available or attainable.

(1) Source: State of Connecticut Health Department, except 2013 and 2014 which is a CERC estimate.

(2) Source: State of Connecticut Fiscal Indicators - CERC (estimate used for 2005 and 2006)

(3) Source: Superintendent of Schools

(4) Source: Connecticut Labor Department

TABLE 14

TOWN OF CROMWELL, CONNECTICUT  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO  
 (unaudited)

EMPLOYER	NATURE OF BUSINESS	2014			2005		
		EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT
Wal-Mart	Department Store	320	1	3.30%	220	3	3.58%
Adelbrook Behavioral & Developmental Scs. (formerly The Children's Home)	Residential School	300	2	2.60%	175	7	2.85%
Stop & Shop	Supermarket	245	3	3.71%	250	1	4.07%
Covenant Village	Retirement Village	227	4	3.30%	230	2	3.74%
Haven Health Center	Convalescent Home	175	5	3.30%	160	9	2.60%
Safe Home Security	Home Security	150	6	1.40%	N/A	N/A	N/A
Apple Rehab Cromwell	Rehabilitation Services	135	7	1.50%	N/A	N/A	N/A
Aerospace Techniques/GKN	Aircraft Parts	130	8	1.20%	N/A	N/A	N/A
Lowe's	Home Supply Store	130	8	2.30%	N/A	N/A	N/A
Cromwell Crown Plaza Hotel & Conference Center	Hotel/Conference Center	120	9	2.50%	195	5	3.17%
Cromwell Growers	Landscaping/Florist	105	10	1.35%	N/A	N/A	N/A
Apria Healthcare	Healthcare/Medical Equipment	N/A	N/A	N/A	200	4	3.25%
Millane Nurseries	Nurseries	N/A	N/A	N/A	150	10	2.44%
Seagroatt Wholesale Florist	Florist/Supplies/Manufacturer	N/A	N/A	N/A	170	8	2.77%
K-Mart	Department Store	N/A	N/A	N/A	185	6	3.01%

Source: Town of Cromwell, Town Planner

TABLE 15

## TOWN OF CROMWELL, CONNECTICUT

FUL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (unaudited)

<u>FUNCTION/PROGRAM</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General government	36	36	35	35	35	35	35	35	36	35
Police	36	36	36	36	36	35	35	34	32	32
Fire	11	9	9	9	9	9	9	9	4	4
Refuse collection	2	2	2	2	2	2	2	2	2	2
Other public works	31	31	32	32	32	32	31	31	31	31
Parks and recreation	2	2	2	2	2	2	2	2	2	2
Library	17	17	17	17	17	17	17	17	18	18
Education	306	311	313	310	317	316	315	315	315	290
TOTAL	441	444	446	443	450	448	446	445	440	414

Source: Cromwell Town and Board of Education Payroll Records

TABLE 16

## TOWN OF CROMWELL, CONNECTICUT

OPERATING INDICATORS BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (unaudited)

<u>FUNCTION/PROGRAM</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General government: (1)										
Building permits issued	853	916	930	785	666	689	729	813	746	865
Building inspections conducted										
Police: (2)										
Physical arrests	492	399	428	443	437	478	806	525	573	657
Parking violations	113	61	104	144	246	202	222	291	336	353
Traffic violations	901	570	558	601	481	540	1647	514	546	681
Other public works: (3)										
Street resurfacing (miles)	2.73	2.00	1.73	6.00	1.68	1.80	0.93	0.33	5.73	0.62
Potholes repaired	*	*	*	*	*	*	*	*	*	*
Parks and recreation:										
Athletic field permits issued	*	*	*	*	*	*	*	*	*	*
Library: (4)										
Volumes in collection	83,647	83,423	82,536	81,990	80,120	78,557	78,581	77,418	74,364	71,905
Total volumes borrowed	101,772	99,038	105,223	105,252	102,003	105,019	108,674	100,711	99,354	104,267

Source: (1) Town of Cromwell Building Inspector  
 (2) Town of Cromwell Police Department Records (per calendar year)  
 (3) Town of Cromwell Public Works Department (per calendar year)  
 (4) Town of Cromwell Librarian

Notes: \* Information is not available.

TABLE 17

TOWN OF CROMWELL, CONNECTICUT  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(unaudited)

<u>FUNCTION/PROGRAM</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Police: (1)										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Patrol units	15	15	14	14	14	14	14	14	14	14
Other public works: (2)										
Streets (miles)	56.7	56.35	56.35	56	54.79	54.79	54.79	54	53.22	53.22
Highways (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Streetlights**	1166	1164	1163	1153	1153	1153	1153	1152	1146	1135
Traffic signals**	15	15	15	15	15	15	15	15	14	*
Parks and Recreation (3)										
Acreage***	200	156.9	156.9	156.9	156.9	156.9	156.4	156.4	156.4	156.4
Playgrounds	2	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	15	15	15	15	15	15	15	15	15	14
Soccer/football fields	14	10	10	10	10	12	12	12	12	12
Community centers	1	1	1	1	1	1	1	1	1	1

Source: (1) Town of Cromwell Police Department Records  
(2) Town of Cromwell Public Works Department  
(3) Town of Cromwell Recreation Department

Notes: \* Information is not available.

\*\* Street lights and traffic signals are not owned by the Town.

\*\*\*Acreage does not include any fields that are maintained by the Board of Education.

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