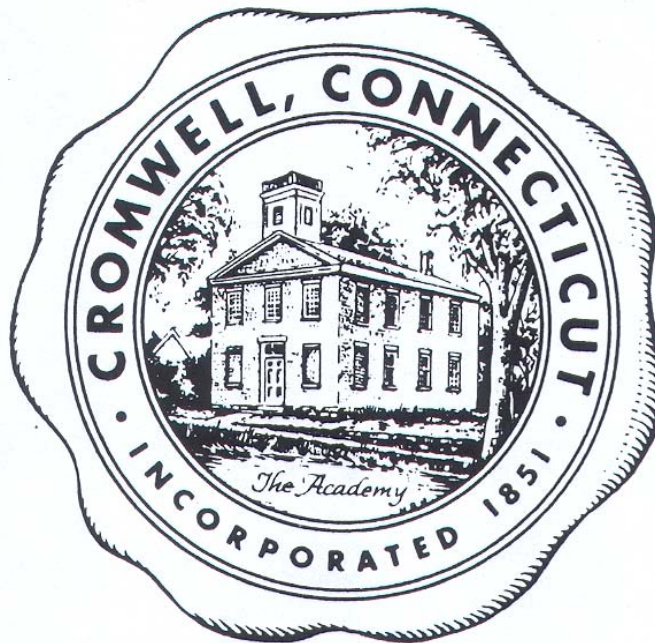


Town of Cromwell, Connecticut



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

**TOWN OF CROMWELL,
CONNECTICUT**

Fiscal Year Ended June 30, 2016

Prepared by:

**Finance Department
Marianne Sylvester
Finance Director**

Contents

I. Introductory Section - unaudited		
	Letter of Transmittal	i-vii
	GFOA Certificate of Achievement	viii
	Organizational Chart	ix
	Principal Elected Officials	x

II. Financial Section		
	Independent Auditor's Report	1-2
	Management's Discussion and Analysis - Unaudited	3-10

Basic Financial Statements

<u>Exhibit</u>	Government-Wide Financial Statements:	
I.	Statement of net position	11
II.	Statement of activities	12
	Fund Financial Statements:	
III.	Balance sheet – governmental funds	13
IV.	Statement of revenues, expenditures and changes in fund balances – governmental funds	14
V.	Reconciliation of the statement of revenues, expenditures and changes in fund balance of governmental funds to the statement of activities	15
VI.	Statement of net position – proprietary funds	16
VII.	Statement of revenues, expenses and changes in fund net position – proprietary funds	17
VIII.	Statement of cash flows – proprietary funds	18
IX.	Statement of fiduciary net position – fiduciary funds	19
X.	Statement of changes in fiduciary net position – pension trust fund	20
	Notes to financial statements	21-60

Contents

Required Supplementary Information - Unaudited

Exhibit

RSI-1	Schedule of funding progress and schedule of employer contributions – OPEB	61
RSI-2	Schedule of investment returns – defined benefit plan	62
RSI-3	Schedule of employer contributions – defined benefit plan	63
RSI-4	Schedule of changes in the Town's net pension liability and related ratios – defined benefit plan	64
RSI-5	Schedule of contributions – MERS pension plan and schedule of the Town's proportionate share of the net pension liability – MERS	65
RSI-6	Schedule of the Town's proportionate share of the net pension liability – teachers' retirement plan	66
RSI-7	Schedule of revenues and other financing sources – budgetary basis – budget and actual – general fund	67-69
RSI-8	Schedule of expenditures, encumbrances and other financing uses – budgetary basis – budget and actual – general fund	70-80
RSI-9	Schedule of revenues, expenditures and changes in fund balance – budget and actual – budgetary basis – sewer usage fund	81
RSI-10	Note to required supplementary information	82

Supplemental Combining and Individual Fund Financial Statements and Other Schedules

General Fund

Balance sheet	83
Report of the tax collector	84

Nonmajor Governmental Funds

Combining balance sheet	86-89
Combining statement of revenues, expenditures and changes in fund balances	90-93
Schedule of revenues, expenditures and changes in fund balance – budget and actual – budgetary basis – sewer usage fund	94
Schedule of revenues, expenditures and changes in fund balance – budget and actual – budgetary basis – dog license fund	95

Other Schedules

Public Donations Grant Fund: Schedule of revenues, expenditures and changes in fund balance	97
Sidewalk Fund: Schedule of expenditures compared with appropriations	98
Dog License Fund: Schedule of expenditures compared with appropriations	99
Capital Projects Fund: Schedule of expenditures and encumbrances compared with appropriations	100
Capital and Nonrecurring Expenditure Fund: Schedule of expenditures and encumbrances compared with appropriations	102-105
Sewer Assessment Fund: Schedule of expenditures compared with appropriations	106
Local Capital Improvement Fund: Schedule of expenditures compared with appropriations	107

Contents

Supplemental Combining and Individual Fund Financial Statements and Other Schedules, Continued

Other Schedules, Continued

State Bond Grant Projects:	
Schedule of expenditures compared with appropriations	108
2010 Roads/Infrastructure Fund:	
Schedule of expenditures compared with appropriations	109
2008 Road Bond Projects:	
Schedule of expenditures compared with appropriations	110
Sewer CNR Fund:	
Schedule of expenditures compared with appropriations	111
Public Safety Improvements:	
Schedule of expenditures compared with appropriations	112
Town Infrastructure:	
Schedule of expenditures compared with appropriations	113
School Improvements:	
Schedule of expenditures compared with appropriations	114
Public Works Equipment:	
Schedule of expenditures compared with appropriations	115
Capital and Nonrecurring BOE Expenditure Fund:	
Schedule of expenditures compared with appropriations	116
2016 Infrastructure:	
Schedule of expenditures compared with appropriations	117
River Road:	
Schedule of expenditures compared with appropriations	118
Willowbrook Road:	
Schedule of expenditures compared with appropriations	119

Fiduciary Fund

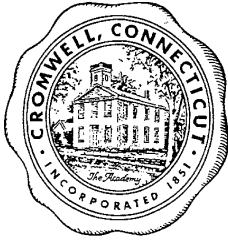
Combining statement of changes in assets and liabilities – agency funds	121
---	-----

III. Statistical Section – Unaudited

Table

1	Net position by component	123
2	Changes in net position	124
3	Fund balances, governmental funds	125
4	Changes in fund balances, governmental funds	126
5	Assessed value and estimated actual value of taxable property	127
6	Direct and overlapping property tax rates	128
7	Principal property taxpayers	129
8	Property tax levies and collections	130
9	Ratios of outstanding debt by type	131
10	Direct and overlapping governmental activities debt	132
11	Schedule of debt limitation	133
12	Legal debt margin information	134
13	Demographic and economic statistics	135
14	Principal employers	136
15	Full-time equivalent town government employees by function/program	137
16	Operating indicators by function/program	138
17	Capital asset statistics by function/program	139

Introductory Section



Town of Cromwell

NATHANIEL WHITE BUILDING
41 WEST STREET
CROMWELL, CONNECTICUT 06416

December 15, 2016

Mr. Anthony J. Salvatore, Sr.
Town Manager
Town of Cromwell, Connecticut

The Comprehensive Annual Financial Report (CAFR) of the Town of Cromwell for the fiscal year ended June 30, 2016 is hereby submitted. The purpose of this report is to provide citizens, 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 Uniform Guidance, 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.

RSM have issued an unmodified ("clean") opinion on the Town of Cromwell's financial statements for the year ended June 30, 2016. 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, 2016, 95.1% of the Town's available labor force was employed. This compares favorably to the Hartford labor market area rate of 93.9% and the State rate of 94.1%. The Town's per capita income was \$39,178 and its median household income was \$80,028, as reported by in the Connecticut Economic Resource Center (CERC).

The Town's position as a residential community is illustrated by the fact that approximately 66.6% of the October 2014 grand list was residential. The percentage of the 2013 grand list was 66.8%. Permits for fifteen new residential units were issued this year compared to twenty-one in 2015. In the last ten years, the average number of new units per year is 31. The Town has several subdivisions in various stages of completion. Twelve out of thirteen residential subdivisions are 50% or more complete. Residential development continues with the approval of a zone district change and approval of a master plan for 166 multi-family units at the 8.75 acre former Nike Site on Country Squire Drive.

As a percentage of the grand list, industrial and commercial property values are at 17.3% compared to 17.7% the previous year. Progress on the Coles Brook Industrial Park continues. 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. Additional improvements were made to widen the road during fiscal year 2015-16. Northeast Quality Service LLC, a global supplier and manufacturer of components and assemblies, has completed the Brownfield cleanup and renovation of the 100,000 square foot building on 6.1 acres at 14 Alcap Ridge. The manufacturing firm now occupies about 50% of the building and the rest of the building is available for lease. New development continues along the very busy Berlin Road (State Route 372) with construction and opening of a new 11,000 square foot medical office building at 1 Willowbrook Road.

The TPC River Highlands golf course completed the reconstruction of portions of the golf course and extensive improvements have been made to the surrounding areas. Dunkin Donuts at 24 Shunpike Road added additional parking and completed landscaping improvements. McDonalds at 30 Shunpike Road also completed façade, building and site improvements. The trend towards redevelopment of existing commercial properties, continues with the purchase of the SBC Shopping Center at 199 Shunpike Road for \$2,450,000. It is also important that the Town continues to attract smaller businesses. Over the past year many new small businesses have opened in Cromwell, including Flashback Two Vintage Furnishings at 332 Main Street, Kyhi Sushi (a Japanese restaurant) at 34 Shunpike Road, Next Level Fitness at 199 Shunpike Road (SBC Shopping Center), Pinewood

Landscaping LLC at 302 Main Street, and Renewal Windows by Anderson of Southern New England at 800 Corporate Row.

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.
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:

A Charter Revision Committee was established to review the existing Town Charter as required by State Statute.

Finance Department:

Awarded the Town's twenty-sixth 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. The Police Department is working with the Public Works Department to erect a carport for the patrol vehicles.

Health Department:

Participated in Public Health Emergency Preparedness (PHEP) to protect the citizens in the event of a biological emergency. 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 architectural design for the library expansion project was identified as part of the Town Capital Improvement Program with the intention of moving forward with an expansion of the library, partially funded by a State grant.

Recreation:

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

Planning and Development Department:

The Planning and Zoning Commission amended the Zoning Regulations to encourage a broader mix of housing types and a variety of related uses in the Industrial, commercial and residential zone districts. Residential development continues to be strong with the Commission approving an application for 166 luxury apartment units. Commercial development continues to also be strong with the approval of a new Advanced Auto Parts Store on Berlin Road and the opening of a new 12,000 square foot medical office and retail building at 1 Willowbrook Road. The town's national franchises are doing well and expanding and renovating their existing facilities including: the Dunkin Donuts and McDonald's on Shunpike Road.

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 continues to support increased transportation services to the Town's senior and handicapped citizens for a ninth year.

Capital Projects:

Public Works:

Construction continued on Town-wide infrastructure improvements.

Education:

Conducted public meetings to share information regarding facility conditions, in particular the Edna C. Stevens School (Pre-K – Grade 2) and the Cromwell Middle School. A facilities study was prepared by Drummey Rosane Anderson and discussions were held for consideration of new or major renovations of these schools within the next five to ten years.

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, 2016 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 referendum and as may be amended by the Town Council and 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 at 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 License Fund, as approved by State Statute or Special Town Meeting. The legal level of control for these budgets is on the Fund level. The Town also maintains project length budgets for all capital projects.

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 \$33,303, or 0.4%, during the fiscal year. This amount, \$7,764,001, is equivalent to about 59 days of operating expenditures and is 16.06% of the adopted 2017 budget. Favorable results from budgetary operations resulted in an operating surplus. Unanticipated revenue from tax collections resulted in approximately \$351,000 in excess of budget. Staffing changes, lower insurance premiums, and a mild winter resulted in lower than anticipated expenditures. During FY2016, General Fund fund balance was used to acquire capital assets.

The Town of Cromwell's General Fund fund balance has historically been used to fund large capital projects and prefund reimbursement-type grant opportunities. Additional uses of funds included an additional \$70,000 for Town capital and non-recurring (CNR) projects and \$61,818 for Board of Education capital projects. The Town also used \$350,000 for the acquisition of streetlights and \$275,000 for the purchase of riverfront property.

The Board of Finance also committed \$872,400 toward the 2017 budget to fund the Capital/Nonrecurring Fund for 2016-17 requests. This is in keeping with the Board of Finance's historical practices and philosophy.

Debt Administration

On June 30, 2016, the Town had four debt issues outstanding. Bonded indebtedness was \$20,855,000 with a final maturity date of June 2030. All the bonds are general obligations of the Town. Bonds that are authorized but unissued total \$5,372,324. The Willowbrook Road Improvement project accounts for 60% of this amount. It is anticipated that the Town's portion of Willowbrook Road Improvements will be self-funded. 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 AAA with a stable outlook.

According to State Statutes, total Town indebtedness may not exceed seven times the annual receipts from taxation or \$306,281,301 on June 30, 2016. There are also sub-limits by category for bonds. In total, bonded indebtedness on June 30, 2016 was 12.1% of statutory capacity.

On June 30, 2016, the ratio of bonded indebtedness to assessed value (grand list) was 1.61%. The amount of bonded indebtedness per capita was \$1,481.

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, as necessary.

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

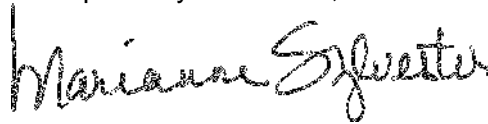
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Cromwell, Connecticut for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the twenty-sixth 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 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 style with a large initial 'M'.

Marianne Sylvester
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

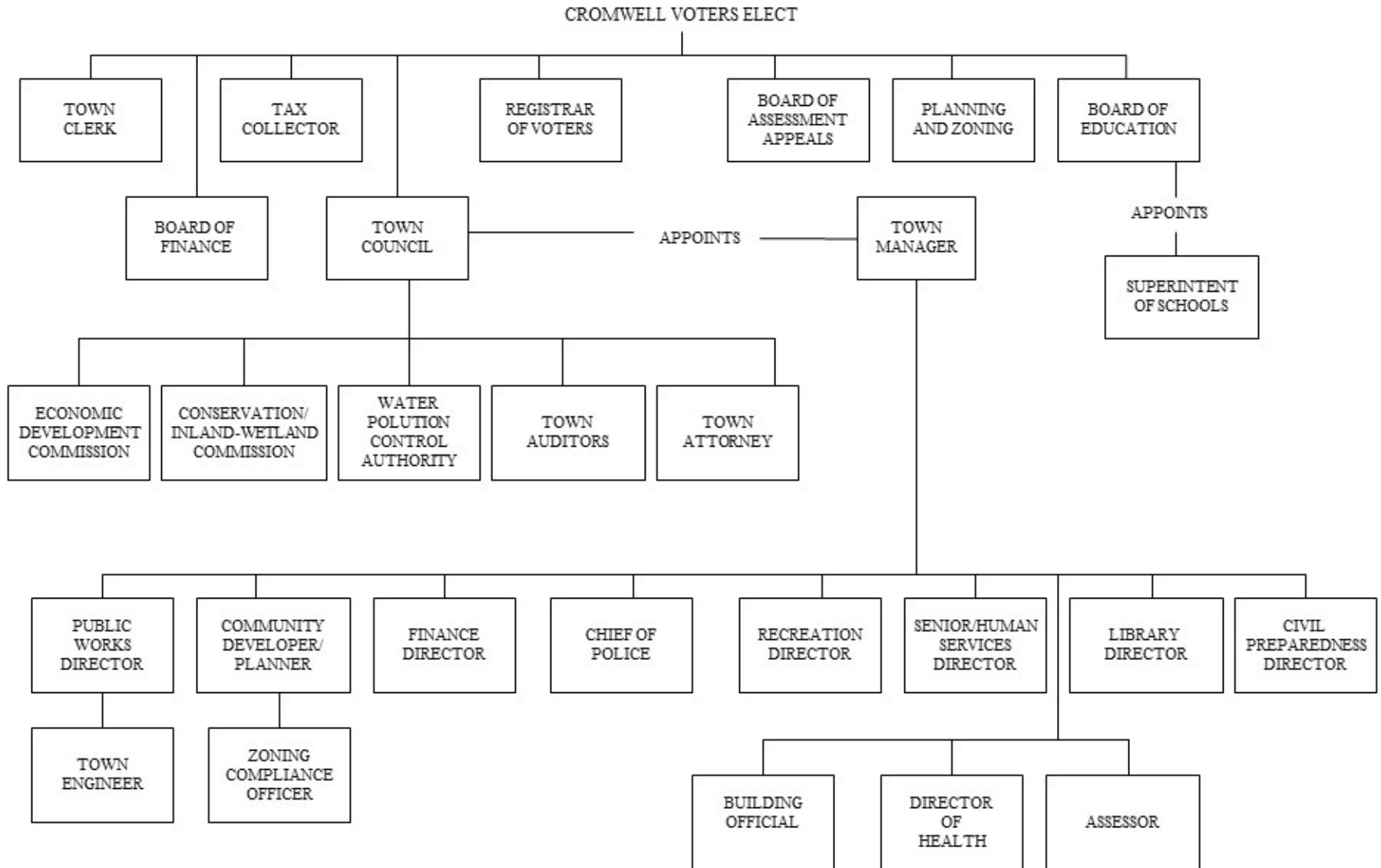
**Town of Cromwell
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

ORGANIZATIONAL CHART



**PRINCIPAL ELECTED OFFICIALS
and ADMINISTRATORS
as of JUNE 30, 2016**

Mayor
Town Clerk
Tax Collector

Enzo Faienza
Joan Ahlquist
Douglas Sienna

TOWN COUNCIL

Richard R. Newton
Samantha Slade
Al Waters

Frank C. Emanuele Jr.
Edward B. Wenners
Thomas Tokarz

BOARD OF FINANCE

John Henehan, Chairman
Julius Neto, Vice-Chairman
Joseph E. Corlis

Bob Milardo
Amanda Drew
Allan Spotts

BOARD OF EDUCATION

Michael J. Camilleri, Chairman
Paul M. Sousa
Jeffrey Mattrulo
Megan Midgley
John Flanders

Julie Fitts Ritter
Celine Kelleher
Jay V. Fletcher
Scott Lamberson

Superintendent of Schools

Dr. Paula Talty

ADMINISTRATION

Town Manager
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

Anthony J. Salvatore
Cheryl Gagnon
Shawna Baron
David Jolley
Denise LaMontagne
Stuart Popper
Marianne Sylvester
Joy Hollister
Louis Spina
Susan Schein
Eileen Branciforte
Jonathan Harriman
Fred Curtin

Financial Section



RSM US LLP

Independent Auditor's Report

To the Town Council
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, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cromwell, Connecticut as of June 30, 2016, 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, the schedule of employer contributions and the schedule of funding progress – OPEB, the pension related schedules as listed in the table of contents, the General fund budgetary comparison information and the Sewer Usage fund budgetary comparison information 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 15, 2016 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
December 15, 2016

**TOWN OF CROMWELL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2016**

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, 2016. 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 \$8.7 million, or 17.9% of budgeted fiscal year 2017 General Fund revenues, with unassigned General Fund fund balance at \$7.8 million or 16.1% of revenues.
- The Town's revenues received for the fiscal year exceeded the operating expenses. General Fund fund balance was used to support capital expenditures and projects during the fiscal year.
- Net position of our governmental activities increased by \$625,156 over the prior year (see Table 1).
- A net decrease of \$629,817 in long-term liabilities is due a decrease of \$2.8 million in the Town's general obligation debt offset by a \$2.1 million increase in net pension liabilities.
- Total cost of all of the Town's programs was \$55.4 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 assets 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 outflows, deferred inflows and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in to it. The Town's net position, the difference between assets and deferred outflows and liabilities and deferred inflows, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other 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 assets 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 assets and changes in fiduciary net assets. These activities are excluded from the Town's other financial statements because the

Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's combined net position increased from a year ago, from \$98.5 million to \$99.1 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**

	Governmental Activities	
	June 30, 2016	June 30, 2015
Current and other assets	\$ 21,353,824	\$ 21,063,332
Capital assets, net of accumulated depreciation	112,709,344	114,835,025
Total assets	134,063,168	135,898,357
Deferred Outflows of Resources:		
Deferred pension expense	3,708,391	3,304,727
Deferred charge on refunding	198,304	205,004
	3,906,695	3,509,731
Long-term debt outstanding	33,947,124	34,576,941
Other liabilities	3,098,704	3,612,734
Total liabilities	37,045,828	38,189,675
Deferred Inflows of Resources:		
Deferred pension credit	1,763,675	2,450,083
Advance property tax collections	44,543	277,669
	1,808,218	2,727,752
Net Position:		
Net investment in capital assets	90,372,051	90,158,279
Restricted for:		
Perpetual care:		
Expendable	4,813	4,267
Nonexpendable	56,237	56,237
Unrestricted	8,682,716	8,271,878
Total net position	\$ 99,115,817	\$ 98,490,661

The Town's total net position for governmental activities increased by \$625,156. The unrestricted portion of the Town's net position – the part of net assets 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 \$8.3 million at June 30, 2015 to \$8.7 million at the end of this year. While total assets decreased slightly, total liabilities also decreased slightly; deferred outflows and inflows of resources however resulted in a positive impact on the Town's net position. Net investment in capital assets also increased slightly year-over-year by just over \$200,000 reflecting the infrastructure and facility improvements being undertaken net of the associated debt and depreciation and the acquisition of property.

Long-term debt outstanding is reflective of the pay-down of existing debt combined with an increase in the liability for net pension liability, other post-employment benefits (OPEB), and the compensated absences liability.

Table 2
Summary Statement of Activities Year Ended June 30,

	Governmental Activities	
	2016	2015
Revenues		
Program Revenues:		
Charges for services	\$ 4,087,859	\$ 4,049,389
Operating grants and contributions	9,486,370	9,871,178
Capital grants and contributions	880,759	343,140
General Revenues:		
Property taxes	41,105,060	40,220,941
Grants and contributions not restricted to specific purposes	152,474	242,913
Unrestricted investment earnings	74,416	45,660
Other general revenues	253,690	193,413
Total revenues	56,040,628	54,966,634
Program expenses		
General government	5,688,367	5,472,277
Public Safety	4,233,769	3,584,653
Public Works	7,819,385	8,199,804
Culture and Recreation	1,060,721	1,015,493
Human Services	623,442	606,338
Education	35,274,601	34,400,356
Interest on long-term debt	715,187	881,704
Total program expenses	55,415,472	54,160,625
Increase in net position	625,156	806,009
Net Position, beginning	98,490,661	97,684,652
Net Position, ending	\$ 99,115,817	\$ 98,490,661

The Town's total revenue was \$56.0 million. The total cost of all programs and services was \$55.4 million. Our analysis below considers the operations of governmental activities.

Governmental Activities

On the revenue side, income from property taxes, which comprises 73.3% of Town revenues, exceeded the original budget by approximately \$351,000 and surpassed fiscal year 2015 collections by over \$884,000. There was a slight increase in charges for services and a decrease in operating grants from education. State grant reimbursements for capital grants increased in fiscal year 2016 due to construction associated with a Connecticut Small Town Economic Assistance Program (STEAP) grant. Year over year, total expenditures for governmental activities increased by 2.3%. According to the Town's Charter, all Departments must finish the year within budget and this was accomplished. Comparing total General Fund expenditures (actual) to budget resulted in a savings of \$1,099,975. Some of the savings in comparing

operating expenditures to the original budget were in General Government (\$298,396), including Employee Benefits (\$133,112), Public Safety (\$216,798), Public Works (\$436,541), Culture and Recreation (\$52,106), Human Services (\$34,110), and Education (\$47,788).

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**

	Total Cost of Service		Net Cost of Service	
	2016	2015	2016	2015
Education	\$ 35,274,601	\$ 34,400,356	\$ 25,534,912	\$ 24,279,991
General Government	5,688,367	5,472,277	5,115,691	4,771,413
Public Works	7,819,385	8,199,804	4,522,163	5,529,569
Public Safety	4,233,769	3,584,653	3,493,753	3,018,437
Culture and Recreation	1,060,721	1,015,493	994,148	852,021
All Others	1,338,629	1,488,042	1,299,817	1,445,487
Total	\$ 55,415,472	\$ 54,160,625	\$ 40,960,484	\$ 39,896,918

Town Funds Financial Analysis

Governmental Funds

The Board of Finance presented the fiscal 2016 budget to the Annual Town Referendum in three parts. The Town budget was \$15,585,538 or 6.7% more than the Town Meeting approved budget for 2015. This budget as presented at referendum included Capital/Non-Recurring items, for the first time. Bonded Debt budget of \$3,882,952 represented an increase of \$158,837 or 4.3%. The Education budget was \$28,275,237, an increase of 3.5%. In total, the total proposed budget, \$47,743,727, was 3.5% more than the previous year. The change in the procedure for representing the Capital/Non-Recurring items, totaling \$785,393, increased the Town budget. Additionally, the increase in the overall budget was due to increased contractual obligations and bonded debt. Changes to the Town Charter brought the annual budget directly to the Annual Town Referendum on the 1st Tuesday in May, at which time all three components of budget were approved. The Board of Finance then set the mill rate at 31.38, an increase of 0.20 mills. No existing programs were cut.

Total revenues and transfers for the year, based on generally accepted accounting principles was \$50,875,043. Expenditures and encumbrances on the same basis were \$51,000,999. The difference of \$125,956 decreased fund balance at fiscal year end to \$8.7 million. Current year tax collections exceeded budgeted by over \$206,000, with prior year’s levies, interest, liens, and supplemental motor vehicle taxes exceeding budget by almost \$144,000. Staffing changes (wages and benefits) and savings in utilities and gasoline resulted in a \$1 million savings in expenditures.

The Town’s General Fund Balance of \$8.7 million reported on Exhibit III in the Basic Financial Statements consists of \$7.8 million as Unassigned Fund Balance. The Board of Finance committed \$872,400 for capital and non-recurring requests to support the 2016-17 budget. The Capital Projects Fund fund balance, shown in Exhibit III, reflects an increase as funding for additional projects, such as the Willowbrook Road reconstruction project and “Raymond Place” infrastructure improvement project, was put into place. The Sewer Usage and other NonMajor Governmental Funds saw slight increases in fund balances from a surplus of revenues over expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the Town had \$112.8 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)			
	2016		2015	
	Net	Acquisition	Net	Acquisition
Land	\$ 8.6	\$ 8.6	\$ 8.2	\$ 8.2
Buildings	52.5	78.8	54.2	78.7
Furniture, equipment and improvements	2.3	8.2	2.7	9.7
Infrastructure	46.9	100.9	48.4	100.5
Construction in progress	2.5	2.5	1.3	1.3
Total	\$ 112.8	\$ 199.0	\$ 114.8	\$ 198.4

For the year, the major changes include:

Land – Increase due to acquisition of property.

Buildings – Net amount decreased due to depreciation.

Furniture, equipment, and improvements – Net amount decreased due to depreciation.

Infrastructure – Improvements to Town roads were offset by depreciation resulting in a decrease in the value net of depreciation.

Construction in progress – Town infrastructure projects are the primary assets in this classification.

The Town’s fiscal year 2016-17 capital/non-recurring requests include items such as the revaluation of property as required by the State of Connecticut, major overhaul of two dump trucks, replacement of the air conditioner unit at the police department, two zero-turn mowers, a recreation van and two police vehicles. Other larger capital items, such as infrastructure and major 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, 2016, the Town had \$20.9 million in bonds and notes outstanding versus \$23.6 million last year – a decrease of 11.4% or \$2.7 million (see Table 5).

**Table 5
Outstanding Debt**

	Governmental Activities (in millions)	
	2016	2015
General Obligation Bonds	\$ 20.9	\$ 23.6

The Town did not issue new debt during fiscal year 2015-2016, although did a refunding of the 2004 bond issue, resulting in over \$150,000 in present-value savings. The Town of Cromwell holds a AAA general obligation bond rating with Standard & Poor’s rating agency (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 \$306 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 2017 budget tax rate. One of those factors is the economy. The unemployment rate in the Town for June 2016 stands at 4.9% versus 4.7% one year ago. This compares favorably with the State’s and the Hartford Labor Market area’s unemployment rates of 6.1% and 5.9%, respectively.

According to the Connecticut Economic Resource Center (CERC), the most recently reported (2014) Per Capita Income in Cromwell was \$39,178 compared to the county rate of \$40,589 and

the State rate of \$38,480. Median Household Income was \$80,028 for Cromwell versus \$77,931 for the county and \$69,899 for the State.

A General Fund budget of \$48,348,856 was approved by referendum. This budget was \$605,129, or 1.26% higher than the 2016 adopted budget. Debt service decreased over the prior year by \$294,840, or 7.6%, due to a refunding and the paydown of existing debt. The General Government budget increased by \$406,909 or 2.6%. The Education portion increased by \$493,060, or 1.7%. In order to fund this budget, the Board of Finance took the collection rate factor into consideration, maintaining it at 98.75%, and a 2.63% increase in the grand list. They also used \$872,400 of available fund balance for the capital and non-recurring requests included in the budget process this fiscal year. The Board of Finance set the mill rate at 31.38 mills. This reflects a 0% increase (level rate compared to prior year). There were no new programs added for fiscal year 2016-17 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.

Basic Financial Statements

Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 19,517,192
Receivables, net of allowances for collection losses:	
Property taxes	874,322
Assessments/user charges	556,714
Intergovernmental	37,305
Other	173,044
Inventories	16,414
Restricted cash	178,833
Capital assets not being depreciated	11,038,831
Capital assets being depreciated, net	101,670,513
Total assets	<u>134,063,168</u>
Deferred outflows of resources:	
Deferred pension expense	3,708,391
Deferred charge on refunding	198,304
Total deferred outflows of resources	<u>3,906,695</u>
Liabilities	
Accounts payable and other payables	1,474,476
Accrued interest payable	73,837
Unearned revenue	1,550,391
Long-term liabilities:	
Due within one year	3,454,203
Due in more than one year	30,492,921
Total liabilities	<u>37,045,828</u>
Deferred inflows of resources:	
Deferred pension credit	1,763,675
Advance property tax collections	44,543
Total deferred inflows of resources	<u>1,808,218</u>
Net position:	
Net investment in capital assets	90,372,051
Restricted for:	
Perpetual care:	
Expendable	4,813
Nonexpendable	56,237
Unrestricted	8,682,716
Total net position	<u>\$ 99,115,817</u>

See notes to financial statements.

**Balance Sheet - Governmental Funds
June 30, 2016**

	General	Sewer Usage	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 9,453,305	\$ 3,268,918	\$ 5,251,005	\$ 1,618,413	\$ 19,591,641
Receivables, net					
Property taxes	874,322	-	-	-	874,322
Assessments/user charges	-	265,738	290,976	-	556,714
Intergovernmental	-	-	-	37,305	37,305
Other	151,179	8,200	-	13,665	173,044
Prepays/Inventories	-	-	-	16,414	16,414
Due from Other Funds	211,862	-	-	1,535	213,397
Total assets	\$ 10,690,668	\$ 3,542,856	\$ 5,541,981	\$ 1,687,332	\$ 21,462,837
Liabilities					
Accounts and other payables	1,131,901	33,153	223,462	70,960	\$ 1,459,476
Due to other funds	62,798	-	-	151,599	214,397
Unearned revenue	-	1,497,641	-	52,750	1,550,391
Total liabilities	1,194,699	1,530,794	223,462	275,309	3,224,264
Deferred inflows of resources:					
Advance property tax collections	44,543	-	-	-	44,543
Unavailable resources - other	790,489	209,160	290,976	-	1,290,625
Total deferred inflows of resources	835,032	209,160	290,976	-	1,335,168
Fund balances:					
Nonspendable	-	-	-	72,651	72,651
Restricted	-	-	2,737,370	579,757	3,317,127
Committed	872,400	1,801,124	513,577	759,615	3,946,716
Assigned	24,536	1,778	1,776,596	-	1,802,910
Unassigned	7,764,001	-	-	-	7,764,001
Total fund balances	8,660,937	1,802,902	5,027,543	1,412,023	16,903,405
Total liabilities, deferred inflows of resources and fund balances	\$ 10,690,668	\$ 3,542,856	\$ 5,541,981	\$ 1,687,332	

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

Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures, however, the statement of net position includes those capital assets among the assets of the Town as a whole.	112,709,344
Assets that are not available to pay for current period expenditures and , therefore, are deferred inflows in the funds.	1,290,625
Deferred amounts on refunding	198,304
Net deferred inflows/outflows due to pension liabilities	1,944,716
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(33,947,124)
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	90,384
Accrued interest payable not recorded in the funds.	(73,837)
Net position of governmental activities	\$ 99,115,817

See notes to financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2016**

	General	Sewer Usage	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 40,874,985	\$ -	\$ -	\$ -	\$ 40,874,985
Intergovernmental	7,919,803	-	880,759	1,848,676	10,649,238
Charges for services	1,262,791	1,790,199	166,720	526,250	3,745,960
Income on investments	54,934	6,366	10,134	2,982	74,416
Other	226,044	8,220	899	244,571	479,734
Total revenues	50,338,557	1,804,785	1,058,512	2,622,479	55,824,333
Expenditures:					
Current:					
General government	5,401,356	-	-	-	5,401,356
Public Safety	3,526,044	-	-	111,203	3,637,247
Public Works	3,833,988	1,681,853	23,309	14,853	5,554,003
Culture and Recreation	792,032	-	-	192,210	984,242
Human Services	545,338	-	-	26,215	571,553
Education	31,204,449	-	-	2,010,901	33,215,350
Debt Service	3,760,638	-	-	-	3,760,638
Capital Outlay	-	-	1,913,143	9,750	1,922,893
Total expenditures	49,063,845	1,681,853	1,936,452	2,365,132	55,047,282
Excess (deficiency) of revenues over (under) expenditures	1,274,712	122,932	(877,940)	257,347	777,051
Other financing sources (uses):					
Transfers in	536,486	-	2,797,588	64,524	3,398,598
Transfers out	(1,979,076)	(55,000)	(1,073,225)	(291,297)	(3,398,598)
Issuance of refunding bonds	3,125,000	-	-	-	3,125,000
Payment to escrow agent	(3,083,078)	-	-	-	(3,083,078)
Total other financing sources (uses)	(1,400,668)	(55,000)	1,724,363	(226,773)	41,922
Change in fund balances	(125,956)	67,932	846,423	30,574	818,973
Fund balances, beginning of year	8,786,893	1,734,970	4,181,120	1,381,449	16,084,432
Fund balances, end of year	\$ 8,660,937	\$ 1,802,902	\$ 5,027,543	\$ 1,412,023	\$ 16,903,405

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, 2016**

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

Net change in fund balances - total governmental funds	\$ 818,973
--	------------

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.

Capital Outlay	2,128,058
Loss on disposal	(51,580)
Depreciation expense	(4,202,159)
	<u>(2,125,681)</u>

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	230,075
Special assessments and collections	16,464
Sewer assessment and usage charges	(30,244)
	<u>216,295</u>

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 refunding bonds	(3,125,000)
Principal repayments:	
Bond principal payments	5,890,000
Amortization of bond premiums	221,008
Amortization of deferred charge on refunding	(6,700)
	<u>2,979,308</u>

Net loss of certain activities of internal service funds is reported with governmental activities	<u>(21,839)</u>
---	-----------------

Change in net deferred inflows/outflows relating to the net pension liabilities	<u>1,090,072</u>
---	------------------

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:

Net pension liability- MERS	(442,617)
Net pension liability	(1,632,718)
Other post-employment benefits	(171,639)
Compensated absences	(109,217)
Accrued interest	24,219
	<u>(2,331,972)</u>

Change in net position of governmental activities	<u>\$ 625,156</u>
---	-------------------

See notes to financial statements.

Statement of Net Position - Proprietary Funds
June 30, 2016

	<u>Governmental Activities Internal Service Fund</u>
<hr/>	
Assets	
Cash and cash equivalents	<u>\$ 104,384</u>
Liabilities	
Claims payable	<u>14,000</u>
Net position:	
Unrestricted	<u><u>\$ 90,384</u></u>

See notes to financial statements.

**Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2016**

	Governmental Activities
	<u>Internal Service Fund</u>
Operating revenues:	
Charges for services	\$ 336,318
Total operating revenues	<u>336,318</u>
Operating expenses:	
Benefits provided	<u>358,157</u>
Total operating expenses	<u>358,157</u>
Net loss	(21,839)
Net position, beginning	<u>112,223</u>
Net position, ending	<u>\$ 90,384</u>

See notes to financial statements.

**Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2016**

	Governmental Activities
	<u>Internal Service Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 336,318
Payments to suppliers	<u>(359,157)</u>
Net cash used in operating activities	<u>(22,839)</u>
Decrease in cash and cash equivalents	(22,839)
Cash and cash equivalents, beginning	<u>127,223</u>
Cash and cash equivalents, ending	<u><u>\$ 104,384</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (21,839)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Decrease in claims payable	<u>(1,000)</u>
Net cash used in operating activities	<u><u>\$ (22,839)</u></u>

See notes to financial statements.

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2016

	Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 1,422,062	\$ 955,073
Investments:		
Asset and mortgage backed securities	148,378	-
Corporate bonds	1,972,136	-
Government bonds	3,800,021	-
Foreign bonds	36,221	-
Mutual Funds	108,385	-
Common stock	13,854,553	-
Due from other funds	-	1,000
Total investments	<u>19,919,694</u>	<u>1,000</u>
Total assets	<u>21,341,756</u>	<u>956,073</u>
Liabilities		
Due to student groups and agencies	-	956,073
Net position restricted for pensions	<u>\$ 21,341,756</u>	<u>\$ -</u>

See notes to financial statements.

**Statement of Changes in Fiduciary Net Position - Pension Trust Fund
For the Year Ended June 30, 2016**

	Trust Funds
Additions:	
Contributions:	
Employer	\$ 898,458
Plan members	205,530
Total contributions	<u>1,103,988</u>
Investment gain:	
Net appreciation in fair value of investments	<u>145,392</u>
Less investment expense	<u>(209,925)</u>
Net investment gain (loss)	<u>(64,533)</u>
	<u>1,039,455</u>
Deductions:	
Benefits	849,244
Administrative expenses	<u>1,336</u>
Total deductions	<u>850,580</u>
Change in net position	188,875
Net position restricted for pensions, beginning of year	<u>21,152,881</u>
Net position restricted for pensions, end of year	<u><u>\$ 21,341,756</u></u>

See notes to financial statements.

Town of Cromwell, Connecticut

Notes to Financial Statements

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. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of this statement added additional disclosures to Note 2.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68*. This statement completes the suite of pension standards. Statement No. 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statement Nos. 67 and 68). The requirements in Statement No. 73 for reporting pensions generally are the same as in Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The implementation of this statement had no impact on the Town's financial statements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of this statement had no impact on the Town's financial statements.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This standard establishes new criteria to continue amortization cost accounting for certain external investment pools in light of recent changes to money market fund criteria. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. Portfolio quality and monthly shadow pricing are effective for periods beginning after December 15, 2015. The implementation of this statement had no impact on the Town's financial statements.

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.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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, the Contractor Bond Fund, and Health Reimbursement Account are the Town's agency funds.

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.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 three agency funds, the School Activity Fund, the Contractor Bond Fund, and Health Reimbursement Account.

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, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets, deferred outflows/inflows of resources 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 Statutes also provide for investment in shares of the State Short-Term Investment Fund (STIF). This investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board and is regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fair value: The Town uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The Town's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

Level 3: Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

See Note 2 for additional information regarding fair value.

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.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 \$11,484 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. 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 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of 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:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-50
Improvements other than buildings	3-20
Infrastructure	10-65
Furniture 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.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Net pension liability: The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Restricted assets: At June 30, 2016, the Town had approximately \$179,000 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 net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner.

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 a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner. 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 property taxes, interest on property taxes, and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Long-term obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of 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. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan an additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

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.

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.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 firefighting service to the Town of Cromwell.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

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, 2016, approximately \$12,833,000 of the Town's bank balance of approximately \$15,807,000 was uninsured and uncollateralized.

Town of Cromwell, Connecticut

Notes to Financial Statements

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

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, 2016:

Cash and cash equivalents	
Deposits with financial institutions	\$ 15,017,845
State of Connecticut Short-Term Investment Fund	7,055,315
Total cash and cash equivalents	<u>22,073,160</u>
Investments	
Pension trust funds:	
Asset and mortgage backed securities	148,378
Corporate bonds	1,972,136
Government bonds	3,800,021
Foreign bonds	36,221
Mutual Funds	108,385
Common stock	13,854,553
Total pension investments	<u>19,919,694</u>
Total cash, cash equivalents and investments	<u>\$ 41,992,854</u>

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

Statement of net position	
Cash and cash equivalents	\$ 19,517,192
Restricted cash	178,833
	<u>19,696,025</u>
Fiduciary funds	
Cash and cash equivalents	2,377,135
Investments	19,919,694
	<u>22,296,829</u>
Total cash, cash equivalents and investments	<u>\$ 41,992,854</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	\$ 148,378	\$ -	\$ -	\$ -	\$ 148,378
Corporate bonds	1,972,136	53,698	599,078	1,319,360	-
Government bonds	3,800,021	120,274	2,963,752	520,752	195,243
Foreign bonds	36,221	-	36,221	-	-
	<u>\$ 5,956,756</u>	<u>\$ 173,972</u>	<u>\$ 3,599,051</u>	<u>\$ 1,840,112</u>	<u>\$ 343,621</u>

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
AAA	\$ -	\$ 288,406	\$ 3,774,986	\$ -
AAAm	-	-	-	-
AA+	-	98,772	25,035	-
AA	-	217,105	-	-
AA-	-	83,094	-	12,090
A+	-	86,270	-	24,131
A	-	264,315	-	-
A-	-	97,334	-	-
BBB+	-	211,789	-	-
BBB	-	24,234	-	-
BBB-	-	42,393	-	-
B	-	30,000	-	-
B-	-	29,295	-	-
B+	-	98,470	-	-
BB	-	127,940	-	-
BB-	-	132,961	-	-
BB+	-	139,758	-	-
Unrated	148,378	-	-	-
	<u>\$ 148,378</u>	<u>\$ 1,972,136</u>	<u>\$ 3,800,021</u>	<u>\$ 36,221</u>

Town of Cromwell, Connecticut

Notes to Financial Statements

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

Fair value: The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2016:

Investment Instruments Measured at Fair Value

	Fair Value Measurements Using			
	June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Investments by fair value level:				
Stocks	\$ 13,854,553	\$ 13,854,553	\$ -	\$ -
Mutual funds	108,385	108,385	-	-
Debt securities:				
Corporate bonds	1,972,136	869,542	1,102,594	-
Asset and mortgage backed	148,378	148,378	-	-
Municipal bonds	3,800,021	287,489	3,512,532	-
Foreign bonds	36,221	36,221	-	-
Total debt securities	5,956,756	1,341,630	4,615,126	-
Total investments by fair value level	19,919,694	15,304,568	4,615,126	-
Total investments measured at fair value	<u>\$ 19,919,694</u>			

Debt and equity securities: Equity securities, classified in Level 1 of the fair value hierarchy, are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 8,224,559	\$ 399,530	\$ 51,580	\$ 8,572,509
Construction in progress	1,337,483	1,151,135	22,296	2,466,322
Total capital assets, not being depreciated	<u>9,562,042</u>	<u>1,550,665</u>	<u>73,876</u>	<u>11,038,831</u>
Capital assets, being depreciated:				
Buildings and improvements	76,820,197	88,852	-	76,909,049
Improvements other than buildings	1,886,046	9,750	-	1,895,796
Furniture and equipment	9,671,367	136,897	1,604,926	8,203,338
Infrastructure	100,517,039	364,190	-	100,881,229
Total capital assets being depreciated	<u>188,894,649</u>	<u>599,689</u>	<u>1,604,926</u>	<u>187,889,412</u>
Less accumulated depreciation for:				
Buildings	23,674,544	1,744,056	-	25,418,600
Improvements other than buildings	843,623	30,222	-	873,845
Furniture and equipment	6,963,698	557,841	1,604,926	5,916,613
Infrastructure	52,139,801	1,870,040	-	54,009,841
Total accumulated depreciation	<u>83,621,666</u>	<u>4,202,159</u>	<u>1,604,926</u>	<u>86,218,899</u>
Total capital assets, being depreciated, net	<u>105,272,983</u>	<u>(3,602,470)</u>	<u>-</u>	<u>101,670,513</u>
Governmental activities capital assets, net	<u>\$ 114,835,025</u>	<u>\$ (2,051,805)</u>	<u>\$ 73,876</u>	<u>\$ 112,709,344</u>

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

Governmental activities:	
General government	\$ 139,758
Public Safety	260,709
Public Works	2,200,587
Culture and Recreation	75,621
Human Services	22,755
Education	1,502,729
Total depreciation expense – governmental activities	<u>\$ 4,202,159</u>

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, 2016. At year end the Town's commitments with contractors are as follows:

Project	Expenditures and	
	Encumbrances To Date	Remaining Balance
Road Improvement	\$ 5,048,365	\$ 7,635
STEAP Industrial Park	1,335,851	109,149
STEAP Historical (Riverfront)	322,456	127,154
School Improvements	693,930	87,070
Willowbrook Road	210,362	3,039,638
Town Infrastructure	2,849,105	66,895
	<u>\$ 10,460,069</u>	<u>\$ 3,437,541</u>

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, 2016, interfund balances that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 211,862	\$ 62,798
Nonmajor Governmental Funds	1,535	151,599
Agency Funds	1,000	-
	<u>\$ 214,397</u>	<u>\$ 214,397</u>

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, 2016 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 536,486	\$ 1,979,076
Sewer Usage	-	55,000
Capital Projects	2,797,588	1,073,225
Non-Major Governmental Funds	64,524	291,297
	<u>\$ 3,398,598</u>	<u>\$ 3,398,598</u>

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.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 4. Interfund Receivables, Payables and Transfers (Continued)

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

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
General Fund		
Property taxes- unavailable	\$ 790,489	\$ -
Advance property tax collections	44,543	-
Sewer usage		
Sewer usage	209,160	1,497,641
Capital projects		
Special assessments and collections	290,976	-
Nonmajor Governmental Fund		
Grant drawdowns prior to meeting all eligibility requirements	-	52,750
	<u>\$ 1,335,168</u>	<u>\$ 1,550,391</u>

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 23,620,000	\$ 3,125,000	\$ (5,890,000)	\$ 20,855,000	\$ 2,832,000
Unamortized premium on bonds	1,882,134	-	(221,008)	1,661,126	-
	<u>25,502,134</u>	<u>3,125,000</u>	<u>(6,111,008)</u>	<u>22,516,126</u>	<u>2,832,000</u>
Other long-term liabilities					
Net pension liability- MERS	1,667,341	442,617	-	2,109,958	-
Net pension liability	2,292,762	1,632,718	-	3,925,480	-
OPEB obligations	3,860,246	562,339	(390,700)	4,031,885	-
Compensated absences	1,254,458	197,583	(88,366)	1,363,675	622,203
Total governmental activities, long-term liabilities	<u>\$ 34,576,941</u>	<u>\$ 5,960,257</u>	<u>\$ (6,590,074)</u>	<u>\$ 33,947,124</u>	<u>\$ 3,454,203</u>

A schedule of long-term debt as of June 30, 2016 is presented as follows:

Description	Principal Amount Payable
Bonds:	
\$914,000 of School bonds issued June 1, 2008, maturing June 1, 2023, at interest rates ranging from 3.5 to 4.13%	\$ 419,313
\$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%	2,343,456
\$710,000 of Athletic Facilities bonds issued June 1, 2008, maturing June 1, 2023, at interest rates ranging from 3.5 to 4.13%	327,231
\$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%	2,564,961
\$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%	2,125,039
\$598,000 of School Improvements bonds issued April 18, 2013 maturing April 15, 2023 at interest rates ranging from 0.52% to 2.15%.	477,400
\$3,787,000 of Town Improvements and Equipment bonds issued April 18, 2013, maturing April 15, 2023 at an interest rates ranging from 0.52% to 2.15%.	3,022,600
\$9,690,000 of Refunding bonds issued April 18, 2013, maturing April 15, 2023 at interest rates ranging from 0.37% to 2.15%	7,000,000
\$3,125,000 of Refunding bonds issued December 30, 2015, maturing April 15, 2021 at an interest rate of 1.50%	2,575,000
	<u>\$ 20,855,000</u>

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

Year ending June 30:	Principal	Interest	Total
2017	\$ 2,830,000	\$ 758,111	\$ 3,588,111
2018	2,805,000	664,974	3,469,974
2019	2,795,000	567,124	3,362,124
2020	2,775,000	468,324	3,243,324
2021-2025	7,975,000	944,719	8,919,719
2026-2030	1,675,000	199,995	1,874,995
	<u>\$ 20,855,000</u>	<u>\$ 3,603,247</u>	<u>\$ 24,458,247</u>

2015 General Obligation Refunding Bond- In-Substance Defeasance: On December 30, 2015, the Town issued \$3,125,000 of general obligation refunding bonds with an average interest rate of 1.50%, of which the proceeds were used to advance refund the outstanding principal amounts of the general obligation bond of the Town dated 2004 (the "Refunded Bonds"). Net proceeds of \$3,083,078 (after payment of expenses of \$41,921), was placed in an irrevocable trust under an Escrow Agreement dated December 30, 2015 between the Town and the Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of primarily non-callable direct obligations of the United States of America ("Government Obligations"). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption prices of the Refunded Bonds on the date the payments are due.

The Town advance refunded the above bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$147,499, and a cash savings of \$150,951 between the old debt payments and the new debt payments.

At June 30, 2016, there were no amounts in escrow. The balance of the defeased bonds was approximately \$2,530,000 at June 30, 2016. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

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, 2016, the amount of defeased debt outstanding, but removed from the Town's government-wide financial statements was approximately \$10,085,000.

Overlapping debt: As explained in Note 1, the Cromwell Fire District (including the Water Division) and the Mattabassett District have been empowered by the State of Connecticut to issue bonds in their own name. The Fire and Mattabassett Districts had overlapping debt in the amount of \$4,490,000 and \$6,329,125 as of June 30, 2016, 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:

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 6. Long-Term Liabilities (Continued)

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 98,447,562	\$ 17,323,650	\$ 81,123,912
Schools	196,895,124	13,393,674	183,501,450
Sewers	164,079,270	6,329,125	157,750,145
Urban renewal	142,202,034	-	142,202,034
Pension deficit	131,263,416	-	131,263,416

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$306,281,304.

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
Willowbrook Road	3,250,000	-	-	3,250,000
	<u>\$ 21,810,000</u>	<u>\$ 13,835,000</u>	<u>\$ 2,602,676</u>	<u>\$ 5,372,324</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 \$1,363,675 as of June 30, 2016. The general fund has typically been used to liquidate the liability for compensated absences.

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.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 7. Risk Management (Continued)

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, 2016 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, 2016	\$ 15,000	\$ 330,586	\$ (331,586)	\$ 14,000
June 30, 2015	12,000	320,960	(317,960)	15,000

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. 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.

Town of Cromwell, Connecticut

Notes to Financial Statements

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

The membership of the plan consisted of the following at July 1, 2014 the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	60
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	25
Current Plan members	<u>175</u>
	<u>276</u>

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.

Trust Funds

Schedule of Plan Net Position

June 30, 2016

	Pension Trust	OPEB Trust Fund	Total
Assets			
Cash and cash equivalents	\$ 914,914	\$ 507,148	\$ 1,422,062
Investments:			
Asset and mortgage backed securities	148,378	-	148,378
Corporate bonds	1,972,136	-	1,972,136
Government bonds	3,800,021	-	3,800,021
Foreign bonds	36,221	-	36,221
Mutual funds	-	108,385	108,385
Common stock	13,854,553	-	13,854,553
Total investments	<u>19,811,309</u>	<u>108,385</u>	<u>19,919,694</u>
Total assets	<u>20,726,223</u>	<u>615,533</u>	<u>21,341,756</u>
Restricted - plan net position	<u>\$ 20,726,223</u>	<u>\$ 615,533</u>	<u>\$ 21,341,756</u>

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

For the Year Ended June 30, 2016

	Pension Trust	OPEB Trust Fund	Total
Additions			
Contributions:			
Employer	\$ 688,458	\$ 210,000	\$ 898,458
Plan members	205,530	-	205,530
Total contributions	<u>893,988</u>	<u>210,000</u>	<u>1,103,988</u>
Investment gain (loss):			
Net appreciation (depreciation) in fair value of investments	<u>147,912</u>	<u>(2,520)</u>	<u>145,392</u>
Less investment expense	<u>(209,925)</u>	<u>-</u>	<u>(209,925)</u>
Net investment gain	<u>(62,013)</u>	<u>(2,520)</u>	<u>(64,533)</u>
Total additions	<u>831,975</u>	<u>207,480</u>	<u>1,039,455</u>
Deductions			
Benefits	849,244	-	849,244
Administrative expenses	<u>-</u>	<u>1,336</u>	<u>1,336</u>
Total deductions	<u>849,244</u>	<u>1,336</u>	<u>850,580</u>
Change in plan net position	(17,269)	206,144	188,875
Restricted- plan net position, beginning of year	<u>20,743,492</u>	<u>409,389</u>	<u>21,152,881</u>
Restricted- plan net position, end of year	<u><u>\$ 20,726,223</u></u>	<u><u>\$ 615,533</u></u>	<u><u>\$ 21,341,756</u></u>

Town of Cromwell, Connecticut

Notes to Financial Statements

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

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, 2016.

Asset Class:	<u>Pension Funds</u> <u>Allocation %</u>
U.S. Large Cap Core	30%
U.S. Mid Cap Core	10%
U.S. Small Cap Core	7%
International equity	13%
Emerging Market Equity	5%
Taxable fixed income	35%

Rate of return: For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -0.37%. 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, 2016 were as follows:

Net pension liability:	<u>June 30, 2016</u>
Total pension liability	\$ 24,699,381
Plan fiduciary net position	20,773,901
Net pension liability	3,925,480
Plan fiduciary net position as a percentage of total pension liability	84%

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	7/01/14
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

- Inflation: 3.00%
- Salary Increases: 3.00%-6.50% dependent on age
- Investment Return: 7.1%, compounded annually, net of investment expenses
- Actuarial Funding Method: Entry Age Normal

Town of Cromwell, Connecticut

Notes to Financial Statements

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

Mortality rates were based on the RP-2014 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, 2014, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2016. 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 7.1%. 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.

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, 2014, and the final investment return assumption, are summarized in the following table:

Target Allocation and Expected Rate of Return
June 30, 2016

	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
U.S. Large Cap Core	30.00%	6.25%	1.88%
U.S. Mid Cap Core	10.00%	7.25%	0.73%
U.S. Small Cap Core	7.00%	8.00%	0.56%
International equity	13.00%	6.75%	0.88%
REITs	5.00%	5.75%	0.29%
Taxable fixed income	35.00%	1.15%	0.40%
	100.00%		4.74%
Long-term inflation expectation			3.00%
			<u>7.74%</u>

Town of Cromwell, Connecticut

Notes to Financial Statements

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

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 7.10%, 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 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
Net pension liability	\$ 6,874,941	\$ 3,925,480	\$ 1,423,351

For the fiscal year ended June 30, 2016, the recognized pension expense is \$695,536. As of June 30, 2016, deferred outflows of resources and deferred inflows of resources related to pensions are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ -	\$ (1,763,675)	\$ (1,763,675)
Changes of assumptions	1,624,611	-	1,624,611
Net difference between projected and actual earnings on pension plan investments	1,924,326	-	1,924,326
	<u>\$ 3,548,937</u>	<u>\$ (1,763,675)</u>	<u>\$ 1,785,262</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year ending June 30:	
2017	\$ 514,868
2018	514,868
2019	514,866
2020	288,236
2021	(22,872)
Thereafter	(24,704)
	<u>\$ 1,785,262</u>

Town of Cromwell, Connecticut

Notes to Financial Statements

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

Municipal employees' retirement fund

Plan description: Certain employees of the Town participate in a cost-sharing multiple-employer defined benefit pension plan administered by the State of Connecticut Employees' Retirement System (MERS). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries. The plan assets are reported at fair value.

MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

Benefit provisions: Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

Average final compensation: Average of the three highest paid years of service.

Normal form of benefit: life annuity.

Year's breakpoint: With respect to the calendar year in which a member terminates service, \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. For 2014, the breakpoint is \$69,200.

Service retirement allowance:

Condition for allowance: Age 55 and 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Compulsory retirement at age 65 for police and fire members.

Amount of allowance: For members not covered by Social Security: 2% of average final compensation times years of service. For members covered by Social Security: 1-1/2% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service. The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include Workers Compensation and Social Security benefits. If any member covered by Social Security retires before age 62, his/her benefit until he/she reaches age 62 or receives a Social Security disability award is computed as if he/she were not under Social Security.

Disability retirement allowance:

Condition for allowance: 10 years of service and permanently and totally disabled from engaging in any gainful employment in the service of the Municipality.

Amount of allowance: Calculated as a service retirement allowance based on compensation and service to the date of the disability.

Town of Cromwell, Connecticut

Notes to Financial Statements

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

Service connected disability:

Condition for allowance: Totally and permanently disabled from engaging in any gainful employment in the service of the Municipality provided such disability has arisen out of and in the course of his/her employment with the Municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty.

Amount of allowance: Calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including Worker's Compensation benefits) of 50% of compensation at the time of the disability.

Vesting retirement allowance:

Condition for allowance: 5 years of continuous or 15 years of active aggregate service.

Amount of allowance: Calculated as a service retirement allowance on the basis of average final compensation and service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Death benefit:

Condition for benefit: Eligible for service, disability retirement, or vested allowance, and married for at least 12 months preceding death.

Amount of benefit: Computed on the basis of the member's average final compensation and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and the reduced 50% joint and survivor allowance.

Return of deductions: Upon the withdrawal of a member the amount of his accumulated deductions is payable to him/her on demand, with 5% interest from July 1, 1983.

Optional benefits: Prior to the retirement, a member may elect to convert his retirement allowance into a benefit of equivalent actuarial value in accordance with one of the optional forms described below: 1. A reduced retirement allowance payable during his life with the provision that after his death the beneficiary designated by him at the time of his retirement; or 2. A reduced retirement allowance payable during his life with the provision that after his death an allowance of one half of his reduced allowance will be continued for life to the beneficiary designated by him at the time of his retirement; 3. A reduced retirement allowance payable during his life with a guarantee of 120 or 240 monthly payments to the member or his designated beneficiary.

Cost-of-living adjustment: For those retired prior to January 1, 2002: (i) The benefits of disabled retirees, service retirees who have reached age 65, and beneficiaries of deceased retirees who would have reached age 65 are adjusted each July 1. The difference between the actual annual yield of the actuarial value of assets on a calendar year basis to a 6% yield is calculated. This difference is the adjustment applied the following July 1. The minimum adjustment is 3% and the maximum is 5%. (ii) The benefits for all others on the roll are adjusted on January 1, 2002 and on each subsequent July 1. The amount of each adjustment is 2.5%. For those retiring in or after January 1, 2002, benefits are adjusted each July 1. The adjustment is 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

Town of Cromwell, Connecticut

Notes to Financial Statements

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

Contributions by members: For members not covered by Social Security: 5% of compensation. For members covered by the Social Security: 2-1/4% of compensation up to the Social Security taxable wage base plus 5% of compensation, if any, in excess of such base.

By Municipalities: Participating Municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the System not met by member contributions.

Assumptions: The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	7/1/2014
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market with 20% recognition of investment gains and losses
Investment rate return*	8.00%, net of investment related expense
Projected salary increases*	4.25-11.00%
Social Security Wage Base	3.50%
* Includes inflation at 3.25%	
Mortality	The RP2000 Mortality Table for Annuitants and Non-Annuitants (set forward one year for males and set back one year for females). For disabled retirees, the same table is used, adjusted with the male table set forward five years and the female table set forward one year.

The long-term expected rate of return: the long-term expected rate of return on pension plan investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan. The annual money weighted rate of return net of investment expenses measured on monthly inputs was 7.32%.

Town of Cromwell, Connecticut

Notes to Financial Statements

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large cap U.S. equities	16%	5.8%
Developed non-U.S. equities	14%	6.6%
Emerging markets (non-U.S.)	7%	8.3%
Core fixed income	8%	1.3%
Inflation linked bond fund	5%	1.0%
Emerging market bond	8%	3.7%
High yield bonds	14%	3.9%
Real estate	7%	5.1%
Private equity	10%	7.6%
Alternative investments	8%	4.1%
Liquidity fund	3%	0.4%
	100%	

Discount rate: the discount rate used to measure the total pension liability was 8.00 percent. 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 employer contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the Town's proportionate share of the net pension liability of the Town's proportionate share, calculated using the discount rate of 8.00 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate (\$ thousands):

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Town's proportionate share of the net pension liability	\$ 3,948,878	\$ 2,109,958	\$ 577,624

Town of Cromwell, Connecticut

Notes to Financial Statements

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources: At June 30, 2016, the Town reported a liability of \$2,109,958 for its proportionate share of the net pension liability related to its participation in MERS. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The plan assets were measured at fair value. The Town's proportion of the net pension liability was based on its share of contributions to the MERS for fiscal year 2016 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2016, the Town's proportion was 6.9%.

For the year ended June 30, 2016, the Town recognized pension expense of \$538,183. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 159,454
	<u>\$ 159,454</u>

\$517,138 reported as deferred outflows of resources related to pensions resulting from the Town's contributions in fiscal year 2016 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2016.

Amounts reported in deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2017	\$ 10,057
2018	10,057
2019	10,057
2020	129,283
Thereafter	-
	<u>\$ 159,454</u>

Connecticut state teachers' retirement system:

Description of system: Certified personnel within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation. The Town has no liability associated with the State Teachers' Retirement System.

Town of Cromwell, Connecticut

Notes to Financial Statements

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

The System is considered 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 at www.ct.gov.

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System.

For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$3,355,000 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability related to the System.

Benefits provided: The benefits provided to participants by the System are as follows:

Normal benefit: A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

Prorated benefit: A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

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

Contribution requirements: The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z. The Town is not required to contribute to the Plan.

Eligible employees are required to contribute 6.0% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2015/2016 school year, \$883,352 mandatory contributions were deducted from the salaries of the eligible employees who were participants of the System during that school year. The estimated covered payroll for the Town is \$13,300,000.

Town of Cromwell, Connecticut

Notes to Financial Statements

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

Actuarial assumptions: The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following key actuarial assumptions:

Inflation	3.00 percent
Salary increases, including inflation	3.75-7.00 percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.50 percent

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries. The Scale AA projection to 2019 of the RP-2000 mortality rates with two-year setbacks continues to provide a sufficient margin in the assumed rates of mortality to allow for additional improvement in mortality experience. The post-retirement mortality rates are multiplied by 75% for death in active service. The post-retirement mortality rates are set forward ten years for the period after disability retirement.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large cap U.S. equities	21%	5.8%
Developed non-U.S. equities	18%	6.6%
Emerging Markets (non-U.S.)	9%	8.3%
Core fixed income	7%	1.3%
Inflation Linked Bonds	3%	1.0%
Emerging markets bond	5%	3.7%
High Yield bonds	5%	3.9%
Real Estate	7%	5.1%
Private equity	11%	7.6%
Alternative investments	8%	4.1%
Cash	6%	0.4%
	100.00%	

Town of Cromwell, Connecticut

Notes to Financial Statements

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

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

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

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
State's share of NPL associated with the Town	\$ 46,412,300	\$ 36,803,580	\$ 28,636,098

Pension liabilities, pension expense, and deferred inflows/outflows of resources: The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$36,803,580 and 100% of the net pension liability is allocated to the State.

June 30, 2015 is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2016, the Town recognized \$2,948,894 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Note 9. Other Post-Employment Benefits

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.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 9. Other Post-Employment Benefits (Continued)

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, 2015. The post-retirement plan does not issue stand-alone financial reports.

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, 2015, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	33
Active plan members	393
	<u>426</u>

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
6/30/14	\$ 760,812	\$ 417,000	55%	\$ 3,810,964
6/30/15	545,482	496,200	91%	3,860,246
6/30/16	562,339	390,700	69%	4,031,885

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 9. Other Post-Employment Benefits (Continued)

OPEB obligation:

Annual required contribution (ARC)	\$ 608,500
Interest on net pension obligation	193,012
Adjustment to ARC	<u>(239,173)</u>
Annual OPEB cost	562,339
Contributions made	<u>(390,700)</u>
Increase in net OPEB liability	171,639
Net OPEB obligation, beginning of year	<u>3,860,246</u>
Net OPEB obligation, end of year	<u><u>\$ 4,031,885</u></u>

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
07/01/2015	\$ 409,000	\$ 6,405,000	\$ 5,996,000	7%	\$ 22,077,700	27%

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.

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.

Town of Cromwell, Connecticut

Notes to Financial Statements

Note 9. Other Post-Employment Benefits (Continued)

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

Valuation Date:	July 1, 2015
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
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 Balances

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, 2016 for the Town governmental funds:

	General Fund	Sewer Usage	Capital Projects	Nonmajor Governmental Funds
Fund balances				
Nonspendable:				
Inventory/prepaid	\$ -	\$ -	\$ -	\$ 16,414
Permanent fund principal	-	-	-	56,237
Total nonspendable	-	-	-	72,651
Restricted:				
Social Services	-	-	-	82,128
Parks and Recreation	-	-	-	147,554
Education	-	-	80,281	208,926
Economic Development	-	-	1,255,872	2,233
Public Works	-	-	1,384,875	11,630
Public Health	-	-	-	5,909
Library	-	-	-	50,181
Public Safety	-	-	16,342	54,700
Other capital projects	-	-	-	16,496
Total restricted	-	-	2,737,370	579,757
Committed:				
Capital Outlay	872,400	-	-	-
Public Safety	-	-	252,684	313,197
Parks and Recreation	-	-	65,000	6,744
Economic Development	-	-	46,425	17,464
Public Works	-	1,801,124	130,545	-
Planning and Zoning	-	-	-	422,210
Library	-	-	18,923	-
Total committed	872,400	1,801,124	513,577	759,615
Assigned:				
Human Service	-	-	8,045	-
Public Safety	-	-	101,936	-
Parks and Recreation	-	-	-	-
Public Works	24,536	1,778	1,666,615	-
Total assigned	24,536	1,778	1,776,596	-
Unassigned:	7,764,001	-	-	-
Total fund balance	\$ 8,660,937	\$ 1,802,902	\$ 5,027,543	\$ 1,412,023

Significant encumbrances at June 30, 2016 are contained in the above table in the assigned category.

Town of Cromwell, Connecticut

Notes to Financial Statements

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 75, which will most likely have a material impact, though the amount has not yet been determined:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:
 - Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
 - Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
 - Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

- GASB Statement No. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
 - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
 - The gross dollar amount of taxes abated during the period
 - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Town of Cromwell, Connecticut

Notes to Financial Statements

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

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This standard narrows the scope and applicability of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

Town of Cromwell, Connecticut

Notes to Financial Statements

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

- GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

**Required Supplementary
Information – unaudited**

Required Supplementary Information - unaudited
Schedule of Funding Progress - OPEB and Schedule of Employer Contributions - OPEB
Last Eight Fiscal Years

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
07/01/2007	\$ -	\$ 9,693,000	\$ 9,693,000	0.00%	\$ 20,192,000	48%
07/01/2009	-	8,478,600	8,478,600	0.00%	20,257,000	42%
07/01/2011	-	8,143,800	8,143,800	0.00%	20,594,000	40%
07/01/2013	96,200	6,196,300	6,100,100	1.58%	24,434,000	25%
07/01/2015	409,000	6,405,000	5,996,000	6.82%	22,077,700	27%

Schedule of Employer Contributions - OPEB

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
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%
6/30/15	597,900	82.96%
6/30/16	608,500	81.51%

**Required Supplementary Information - unaudited
 Schedule of Investment Returns- Defined Benefit Plan
 Last Three Fiscal Years***

	2016	2015	2014
Annual money-weighted rate of return, net of investment income	-0.37%	1.89%	14.76%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Required Supplementary Information- unaudited
Schedule of Employer Contributions - Defined Benefit Plan
Last Ten Fiscal Years

	<i>Schedule of Contributions - Pension</i>									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 688,375	\$ 704,153	\$ 663,086	\$ 732,759	\$ 711,591	\$ 684,425	\$ 561,057	\$ 535,942	\$ 508,573	\$ 489,073
Contributions in relation to the actuarially determined contribution	688,458	704,153	663,086	732,759	711,591	684,425	561,057	535,942	508,573	489,073
Contribution deficiency (excess)	\$ (83)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered- employee payroll	9,379,937	9,153,162	8,974,085	8,546,748	8,952,815	8,558,671	8,546,104	8,167,574	7,632,619	7,253,847
Contributions as a percentage of covered-employee payroll	7.34%	7.69%	7.39%	8.57%	7.95%	8.00%	6.57%	6.56%	6.66%	6.74%

Required Supplementary Information - unaudited
Schedule of Changes in the Town's Net Pension Liability and Related Ratios- Defined Benefit Plan
Last Three Fiscal Years*

	2016	2015	2014
Changes in Net Pension Liability			
Total pension liability:			
Service cost	\$ 869,728	\$ 844,396	\$ 804,187
Interest on total pension liability	1,671,584	1,642,818	1,522,557
Effect of economic/demographic gains or (losses)	(93,482)	(2,263,343)	-
Effect of assumption changes or inputs	-	2,184,823	-
Benefit payments	(830,072)	(760,080)	(766,744)
Net change in total pension liability	1,617,758	1,648,614	1,560,000
Total pension liability, beginning	23,081,623	21,433,009	19,873,009
Total pension liability, ending (a)	24,699,381	23,081,623	21,433,009
Fiduciary net position:			
Employer contributions	\$ 688,458	\$ 704,153	\$ 663,086
Member contributions	205,530	235,516	239,118
Investment income net of investment expenses	(77,346)	389,952	2,629,667
Benefit payments	(830,072)	(760,080)	(766,744)
Administrative expenses	(1,530)	(1,530)	(1,530)
Net change in plan fiduciary net position	(14,960)	568,011	2,763,597
Fiduciary net position, beginning	20,788,861	20,220,850	17,457,253
Fiduciary net position, ending (b)	20,773,901	20,788,861	20,220,850
Net pension liability, ending = (a) - (b)	\$ 3,925,480	\$ 2,292,762	\$ 1,212,159
Fiduciary net position as a % of total pension liability	84.11%	90.07%	94.34%
Covered payroll	\$ 9,379,937	\$ 9,153,162	\$ 8,974,085
Net pension liability as a % of covered payroll	41.85%	25.05%	13.51%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Required Supplementary Information - unaudited
Schedule of Contributions - MERS Pension Plan
Last Two Fiscal Years***

	2016	2015
Actuarially determined contribution	\$ 517,138	\$ 423,789
Contributions in relation to the actuarially determined Contribution	<u>517,138</u>	<u>423,789</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 2,762,664</u>	<u>\$ 2,762,664</u>
Contributions as a percentage of covered-employee payroll	18.72%	15.34%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Town of Cromwell, Connecticut

**Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability –
Municipal Employees' Retirement System
Last Two Fiscal Years***

	2016	2015
Town's proportion of the net pension liability	6.90%	6.89%
Town's proportionate share of the net pension liability	\$ 3,925,480	\$ 1,667,341
Town's covered-employee payroll	<u>\$ 2,762,664</u>	<u>\$ 2,762,664</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>142.09%</u>	<u>60.35%</u>
System fiduciary net position as a percentage of the total pension liability	<u>92.72%</u>	<u>90.48%</u>

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Required Supplementary Information - unaudited
Schedule of the Town's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan
Last Two Fiscal Years*

	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	36,803,580	34,017,535
Town's covered-employee payroll	13,680,089	13,300,000
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

Required Supplementary Information - Unaudited
Schedule of Revenues and Other Financing Sources - Budgetary Basis - Budget
and Actual - General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Property taxes:				
Current taxes	\$ 39,918,465	\$ 39,918,465	\$ 40,125,122	\$ 206,657
Prior year's levies	185,000	185,000	229,099	44,099
Interest and liens	140,000	140,000	186,557	46,557
Motor vehicle supplement - current year	280,000	280,000	333,090	53,090
Miscellaneous	500	500	1,117	617
Total property taxes	40,523,965	40,523,965	40,874,985	351,020
Licenses and permits:				
Building Department	150,000	150,000	128,325	(21,675)
Food licenses	20,000	20,000	21,505	1,505
Health Department- Plan review	2,600	2,600	325	(2,275)
Gun permits	4,000	4,000	11,141	7,141
Game/peddler permits	500	500	2,495	1,995
Salons, pools and hot tubs	5,500	5,500	-	(5,500)
Transfer Station	75,000	75,000	31,840	(43,160)
Health Department	-	-	7,203	7,203
Total licenses and permits	257,600	257,600	202,834	(54,766)
Fines and forfeitures:				
Parking tickets/ACO citations	5,000	5,000	6,563	1,563
Charges for services:				
Conveyance taxes	160,000	160,000	148,956	(11,044)
Recording fees	93,000	93,000	88,597	(4,403)
Vital statistics	15,800	15,800	17,412	1,612
Police outside services - cruiser use	15,000	15,000	58,689	43,689
Copying	16,500	16,500	15,825	(675)
Police copying and lab fees	1,000	1,000	2,087	1,087
Library Department	9,000	9,000	9,978	978
Alarm registration and fees	5,000	5,000	7,530	2,530
Youth Service Department	4,830	4,830	2,015	(2,815)
Senior Services Department	2,000	2,000	638	(1,362)
Communication Tower Income	40,000	40,000	40,000	-
Planning and Zoning	5,000	5,000	3,560	(1,440)
Zoning Board of Appeals	750	750	1,122	372
Animal Control Municipal Citations	1,000	1,000	825	(175)
Inland-Wetlands	2,000	2,000	450	(1,550)
Total charges for services	370,880	370,880	397,684	26,804
Total licenses and permits, fines and forfeitures, and charges for goods and services	633,480	633,480	607,081	(26,399)

(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, 2016

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Intergovernmental funds:				
State of Connecticut:				
Elderly tax relief:				
Circuit Breaker	\$ 73,000	\$ 73,000	\$ 66,888	\$ (6,112)
Tax relief - disability	500	500	898	398
Tax relief - veterans	4,000	4,000	3,423	(577)
State owned property - PILOT	18,577	18,577	4,498	(14,079)
College and university - PILOT	56,407	56,407	-	(56,407)
Education:				
Adult and Vocational Education	13,802	13,802	14,062	260
Education Cost Sharing	4,556,765	4,556,765	4,581,199	24,434
School Transportation	47,869	47,869	38,897	(8,972)
Mohegan/Pequot Grant	46,177	46,177	39,080	(7,097)
Emergency Management	5,500	5,500	6,317	817
Judicial Department	5,000	5,000	6,588	1,588
Senior/Disabled Grant	15,000	15,000	17,980	2,980
Miscellaneous	20,000	20,000	2,239	(17,761)
Municipal Video Grant AT&T	31,099	31,099	31,099	-
Total intergovernmental revenues	4,893,696	4,893,696	4,813,168	(80,528)
Use of money:				
Interest on investments	28,000	28,000	54,337	26,337
Miscellaneous revenues:				
Town Clerk	3,000	3,000	1,529	(1,471)
School Rentals	2,000	2,000	3,850	1,850
Sewer usage	32,235	32,235	32,340	105
Building Inspection	50	50	20	(30)
Assessor's Office	600	600	575	(25)
Health Dept. Misc.	-	-	2,590	2,590
Telecommunication - PILOT	20,000	20,000	31,874	11,874
Mattabassett - PILOT	100,000	100,000	100,000	-
Public Works	300	300	800	500
Police	6,000	6,000	12,275	6,275
Other miscellaneous revenue - Town	25,000	25,000	66,442	41,442
Recreation Department	-	-	100	100
Board of Education miscellaneous	4,000	4,000	14,179	10,179
Fire District Fees	45,782	45,782	41,248	(4,534)
SRO - Board of Education	58,009	58,009	58,008	(1)
Fund Balance Utilization	1,005,793	1,005,793	-	(1,005,793)
Insurance Dividends	-	-	22,130	22,130
Total miscellaneous revenues	1,302,769	1,302,769	387,960	(914,809)
Total revenues	47,381,910	47,381,910	46,737,531	(644,379)

(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, 2016

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Other financing sources:				
Transfers in:				
Capital Projects Fund	\$ -	\$ -	\$ 72,848	\$ 72,848
Town Aid Road Fund	277,817	277,817	277,297	(520)
Youth Service Grant Fund	14,000	14,000	14,000	-
Outside Services Fund	70,000	70,000	172,341	102,341
Total other financing sources	<u>361,817</u>	<u>361,817</u>	536,486	174,669
Total budgeted revenues and transfers	<u>\$ 47,743,727</u>	<u>\$ 47,743,727</u>	47,274,017	<u>\$ (469,710)</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut "on-behalf" contributions to the Connecticut State Teachers Retirement System for Town teachers are not budgeted	2,977,000
Net effects of refunding	3,125,000
Reclassified to General Fund, as funds were previously reported as Special Revenue Fund, and no longer meet the definition in accordance with GASB 54 Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV	<u>624,026</u>
	<u>\$ 54,000,043</u>

See notes to required supplementary information.

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, 2016

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
General government:				
First selectman:				
Salaries	\$ 251,613	\$ 241,993	\$ 232,577	\$ 9,416
Departmental expense	5,000	8,220	8,270	(50)
Part-time wages	1	1	-	1
HR related expenses	5,000	5,000	3,033	1,967
Other capital expenses	-	6,400	6,395	5
Town Guide and annual reports	2,500	2,500	-	2,500
Total	264,114	264,114	250,275	13,839
Town clerk:				
Salaries	198,320	197,320	179,102	18,218
Overtime wages	200	200	57	143
Departmental expenses	1,300	2,300	2,297	3
Filing land records	25,000	25,000	16,572	8,428
Vital statistics	300	300	294	6
Total	225,120	225,120	198,322	26,798
Registrar of voters:				
Salaries	43,184	48,171	48,171	-
Departmental expenses	3,120	3,284	3,284	-
Election Day expense	10,962	10,445	8,830	1,615
Part-time wages - workers	6,500	4,872	4,872	-
Poll workers	7,700	4,694	4,694	-
Total	71,466	71,466	69,851	1,615
Planning commission:				
Part-time wages	2,100	1,934	1,933	1
Departmental expenses	1,125	1,291	856	435
Total	3,225	3,225	2,789	436
Economic development:				
Professional services	3,000	3,000	395	2,605
Departmental expenses	10,000	10,000	8,190	1,810
Part-time wages	2,400	2,400	975	1,425
Downtown Merch Supp	5,000	5,000	2,412	2,588
Total	20,400	20,400	11,972	8,428
Board of finance:				
Part-time wages	1,600	1,600	1,008	592
Departmental expenses	50	50	16	34
Total	1,650	1,650	1,024	626

(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, 2016

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Finance department:				
Salaries	\$ 342,194	\$ 342,194	\$ 315,591	\$ 26,603
Part-time wages	7,600	3,600	-	3,600
Contracted services	17,460	20,810	20,017	793
Bank account fees	2,000	2,000	1,596	404
Departmental expenses	4,800	4,800	4,467	333
Other capital expenses	2,400	3,050	3,050	-
Total	376,454	376,454	344,721	31,733
Tax collector:				
Salaries	138,757	126,457	124,159	2,298
Part-time wages	2,000	12,800	12,739	61
Departmental expenses	2,835	2,835	2,101	734
Tax refunds	3,000	3,000	2,695	305
Overtime wages	1,000	2,500	1,420	1,080
Contracted services	20,400	20,400	14,681	5,719
Total	167,992	167,992	157,795	10,197
Assessor's Office:				
Salaries	192,859	192,860	192,860	-
Part-time wages	1	1	-	1
Overtime wages	400	399	-	399
Contracted services	22,745	22,745	18,712	4,033
Departmental expenses	5,959	5,959	5,842	117
Total	221,964	221,964	217,414	4,550
Developer planner:				
Salaries	135,089	135,089	135,172	(83)
Departmental expenses	1,580	1,580	1,283	297
	136,669	136,669	136,455	214
Development compliance:				
Salaries	86,340	96,040	96,120	(80)
Departmental expenses	2,230	2,230	1,820	410
Total	88,570	98,270	97,940	330
Board of Assessment Appeals:				
Departmental expenses	250	250	50	200
Part-time wages	1,000	1,000	510	490
Total	1,250	1,250	560	690

(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, 2016

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Zoning Board of Appeals:				
Part-time wages	\$ 1,200	\$ 800	\$ 300	\$ 500
Departmental expenses	335	735	701	34
Total	1,535	1,535	1,001	534
Inland and Wetlands:				
Part-time wages	1,200	950	525	425
Departmental expenses	985	1,235	762	473
Total	2,185	2,185	1,287	898
Commission to Support People with Disabilities:				
Departmental expenses	100	100	-	100
Total	100	100	-	100
Conservation Commission:				
Departmental expenses	1,200	1,200	225	975
Part-time wages	310	310	60	250
Total	1,510	1,510	285	1,225
Central Services:				
Legal notices	11,000	11,000	5,867	5,133
Departmental expenses	2,800	2,800	1,654	1,146
Equipment maintenance	500	500	-	500
Duplicating cost	16,000	16,000	15,282	718
Postage	41,000	41,000	31,935	9,065
Computer system maintenance and support	71,000	71,000	66,973	4,027
Total	142,300	142,300	121,711	20,589
Insurance expense:				
Package policy	195,500	192,162	191,011	1,151
Worker's compensation benefit payments	22,037	24,450	24,450	-
Workmen's compensation	270,000	267,587	252,957	14,630
Deductible	15,000	18,338	18,336	2
Town Clerk and Tax Collector liability	3,810	3,810	2,622	1,188
HR related expenses	50,000	50,000	50,000	-
Total	556,347	556,347	539,376	16,971
Town Council:				
Certificate of Achievement	525	525	505	20
Audit & Endorsements	30,000	30,000	30,000	-
Part-time wages	2,400	2,400	1,524	876
Total	32,925	32,925	32,029	896

(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, 2016

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Legal expense:				
Town Attorney	\$ 90,000	\$ 109,455	\$ 99,775	\$ 9,680
Probate Court	14,080	14,080	14,080	-
Special Counsel	1	16,946	16,945	1
Labor relations	60,000	68,500	60,326	8,174
Evictions	1,000	1,000	1,000	-
Contracted services	10,000	100	40	60
Total	175,081	210,081	192,166	17,915
Employee benefits:				
Education enhancement	10,000	10,000	3,000	7,000
Social Security	608,733	608,733	591,784	16,949
Health insurance	1,483,000	1,406,484	1,333,213	73,271
Pension	833,000	873,000	872,476	524
Wage adjustment	7,500	-	-	-
Unemployment Compensation	8,000	5,800	3,579	2,221
Life insurance	16,100	16,100	15,211	889
Dental plan insurance	75,000	75,990	75,987	3
Employee physicals	1,400	1,400	1,233	167
Sick leave incentive	21,000	21,000	17,604	3,396
Drug and alcohol testing	1,700	2,226	2,225	1
Shots, vaccines etc.	350	350	-	350
Employee assistance program	3,200	3,200	1,630	1,570
Long term disability insurance	13,500	13,500	10,588	2,912
Post retirement admin expense	70,140	70,140	70,140	-
Post retirement medical expense	60,000	60,000	36,141	23,859
Total	3,212,623	3,167,923	3,034,811	133,112
Other expenses:				
Inventory	2,500	2,337	1,229	1,108
CT River Coastal Co	2,072	2,072	2,072	-
Rose garden	450	450	-	450
Ordinance expense	3,000	3,163	3,162	1
Midstate Regional Planning	10,713	10,713	10,712	1
Chamber of Commerce	649	649	649	-
Community Renewal Team	2,500	2,500	2,500	-
Contingency	5,000	4,700	-	4,700
Lease - parking Lot	6,000	6,000	6,000	-
Middletown Area Transit	2,500	2,500	2,500	-
Council of Small Towns (COST)	925	925	925	-
Capital Region Council of Governments	975	975	961	14
Charter revision	2	302	266	36
Arts alliance	500	500	110	390
CT Conference of Municipalities (CCM)	8,486	8,486	8,486	-
Total	46,272	46,272	39,572	6,700
Total general government	5,749,752	5,749,752	5,451,356	298,396

(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, 2016

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Public Safety:				
Emergency Management:				
Part-time wages	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Equipment repair	50	50	-	50
Departmental expenses	2,900	2,900	1,500	1,400
Public Works Supplies	5,000	5,000	2,141	2,859
Total	19,950	19,950	15,641	4,309
Police Department:				
Salaries	2,574,470	2,538,970	2,382,315	156,655
Part-time wages	10,000	10,000	7,490	2,510
Overtime wages	326,573	354,573	354,546	27
Holiday wages	21,476	21,476	8,419	13,057
Vehicle maintenance	27,000	27,000	15,933	11,067
Equipment maintenance and replacement	7,000	7,000	7,067	(67)
Departmental expenses	23,000	23,000	22,098	902
Telephone costs	20,000	20,000	19,820	180
Communications	50,000	49,250	48,373	877
Training/Workshops	25,000	28,600	27,175	1,425
Investigation	1,000	1,000	63	937
Towing services	4,500	4,650	4,831	(181)
Uniforms	39,000	43,500	42,830	670
Gasoline and fuel	61,000	61,000	40,080	20,920
Other capital expenses	10,000	10,000	9,532	468
Total	3,200,019	3,200,019	2,990,572	209,447
Animal Control:				
Salary	63,803	63,803	63,802	1
Part-time wages	7,000	7,000	6,326	674
Overtime wages	2,500	2,500	183	2,317
Miscellaneous	50	50	-	50
Total	73,353	73,353	70,311	3,042
Total public safety	3,293,322	3,293,322	3,076,524	216,798

(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, 2016

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Public Works:				
Public Works Administration:				
Salaries	\$ 207,549	\$ 207,581	\$ 207,580	\$ 1
Departmental expenses	6,700	6,668	2,901	3,767
Other Capital Expenses	1,000	1,000	-	1,000
Uniforms	30,915	30,915	23,937	6,978
Total	246,164	246,164	234,418	11,746
Engineering				
Salaries	170,510	170,510	170,450	60
Departmental expenses	18,170	18,170	13,063	5,107
Contracted services	11,500	11,500	8,551	2,949
Easement expenses	2,500	2,500	1,500	1,000
Total	202,680	202,680	193,564	9,116
Building inspection:				
Salaries	204,897	204,897	193,203	11,694
Departmental expenses	4,000	4,003	4,003	-
Part-time wages	2,500	2,500	2,500	-
Contract services	1,500	1,497	1,267	230
Total	212,897	212,897	200,973	11,924
Public Work general expense:				
Sewer use and assessments	4,376	4,911	4,911	-
Street lights	210,000	210,000	193,379	16,621
Telephone costs	22,000	22,000	18,532	3,468
Electricity	155,000	155,000	127,535	27,465
Water usage	16,000	16,000	15,676	324
Heating oil	4,000	4,000	1,320	2,680
Contract services	16,500	15,965	2,873	13,092
Natural gas	68,500	68,500	32,253	36,247
Total	496,376	496,376	396,479	99,897

(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, 2016

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Highway department:				
Salaries	\$ 598,737	\$ 578,737	\$ 577,751	\$ 986
Part-time wages	7,400	7,400	6,784	616
Overtime wages	94,000	69,000	57,695	11,305
Tree work	35,000	35,000	30,889	4,111
Contracted services	190,000	280,000	206,285	73,715
Equipment maintenance	5,000	5,000	3,388	1,612
Departmental expenses	3,500	3,500	2,214	1,286
General supplies	1,500	1,500	1,412	88
Public works supplies	240,000	195,000	185,681	9,319
Signs	10,000	10,000	9,768	232
Gasoline and fuel	44,000	44,000	36,510	7,490
Small equipment replacement	8,000	8,000	7,627	373
Other capital expenses	10,000	10,000	-	10,000
Total	1,247,137	1,247,137	1,126,004	121,133
Building maintenance:				
Salaries	353,795	350,035	326,103	23,932
Part-time wages	7,500	7,455	-	7,455
Overtime wages	20,000	23,805	23,805	-
Contract service	86,368	86,368	77,378	8,990
Equipment maintenance	12,000	12,000	8,751	3,249
Departmental expenses	1,200	1,200	952	248
General supplies	27,500	27,500	24,880	2,620
Public works supplies	39,500	37,600	27,663	9,937
Small equipment replacement	2,000	3,900	3,745	155
Other capital expenses	16,000	16,000	7,292	8,708
Total	565,863	565,863	500,569	65,294
Solid waste removal/recycling center:				
Salaries	67,124	67,662	67,662	-
Part-time wages	23,475	23,475	21,675	1,800
Overtime wages	8,000	7,462	3,540	3,922
Contract services	150,000	150,000	123,878	26,122
Tipping fees	216,000	216,000	199,091	16,909
Reimbursement program	106,500	106,500	98,432	8,068
Hazardous Waste Col	8,850	8,850	6,999	1,851
Equipment maintenance	1,000	1,000	863	137
Departmental expenses	1,500	1,500	798	702
Supplies	3,000	3,000	289	2,711
Gasoline and fuel	3,503	3,503	2,272	1,231
Other Capital Items	4,500	4,500	3,680	820
Total	593,452	593,452	529,179	64,273

(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, 2016

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Parks and grounds:				
Salaries	\$ 227,493	\$ 227,506	\$ 227,506	\$ -
Part-time wages	45,000	45,000	40,973	4,027
Overtime wages	22,500	22,487	18,331	4,156
Contract services	19,000	19,000	18,941	59
Equipment maintenance	5,000	5,432	5,148	284
Departmental expenses	1,500	1,500	1,338	162
Public works supplies	19,000	19,000	17,576	1,424
Gasoline and fuel	13,278	13,278	12,480	798
Small equipment replacement	4,500	4,500	4,419	81
Other capital expenses	9,000	8,568	8,568	-
Total	366,271	366,271	355,280	10,991
Vehicle maintenance:				
Salaries	139,610	139,610	138,872	738
Part-time wages	10,202	10,202	-	10,202
Overtime wages	15,000	15,000	4,064	10,936
Contracted services	55,000	52,920	42,332	10,588
Equipment maintenance	82,500	82,500	77,750	4,750
Departmental expense	1,000	1,000	386	614
General supplies	500	500	227	273
Materials	1,000	1,000	-	1,000
Gasoline and fuel	23,810	25,890	25,890	-
Small equipment	3,000	3,000	-	3,000
Capital Items	6,500	6,500	6,434	66
Total	338,122	338,122	295,955	42,167
Total public works	4,268,962	4,268,962	3,832,421	436,541
Culture and recreation:				
Recreation Department:				
Salaries	164,376	164,377	164,376	1
Part-time wages	29,152	29,152	20,867	8,285
Contracted services	9,400	7,888	3,280	4,608
Therapeutic Recreation	17,000	18,511	18,691	(180)
Departmental expenses	6,000	6,000	3,619	2,381
Parks and recreation supplies	1,000	1,000	173	827
Other capital expenses	13,000	13,000	1,530	11,470
Program subsidies	25,000	25,000	5,725	19,275
Total	264,928	264,928	218,261	46,667
Cromwell Historical Society	8,000	8,000	8,000	-

(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, 2016

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Belden Library:				
Salaries	\$ 327,311	\$ 327,311	\$ 327,093	\$ 218
Part-time wages	121,649	132,879	132,878	1
Department expenses	9,000	6,152	6,151	1
Equipment maintenance	850	850	394	456
Duplicating costs	900	900	897	3
Program subsidies	3,000	3,000	2,937	63
Internet access	1,000	601	350	251
Contracted services	36,000	36,000	34,370	1,630
Operation and material	65,000	-	-	-
Adult Books & Materials	-	3,613	3,613	-
Children's Books & Materials	-	9,204	9,203	1
Adult Magazines	-	7,000	6,988	12
Young Adult Books & Magazines	-	976	975	1
Reference Books	-	13,822	13,821	1
Adult Popular Materials	-	22,402	22,401	1
Capital items	4,000	4,000	1,200	2,800
Total	568,710	568,710	563,271	5,439
Memorial Day	2,500	2,500	2,500	-
Total culture and recreation	844,138	844,138	792,032	52,106
Human services:				
Health department:				
Salaries	85,564	85,564	85,564	-
Part-time wages	14,557	14,557	13,997	560
Departmental expenses	2,900	1,897	1,471	426
Mosquito Control	44,775	44,775	44,775	-
Region 2 Board	737	737	737	-
Public health nursing	3,050	4,250	4,250	-
Mental health nursing	2,500	2,500	2,500	-
Community health center	1,200	1,200	1,200	-
Sexual assault crisis	1,200	1,200	1,200	-
Rushford center	2,500	2,303	-	2,303
Kuhn Center	4,125	4,125	4,125	-
Substance abuse	500	500	500	-
Total	163,608	163,608	160,319	3,289
Human services administration:				
Salaries	101,239	101,379	101,378	1
Department expenses	1,800	1,800	1,798	2
ADA Compliance	250	90	-	90
Emergency Basic Needs	2,000	2,020	2,018	2
EDDY Center	1,000	1,000	1,000	-
Total	106,289	106,289	106,194	95

(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, 2016

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Youth services:				
Salaries	\$ 75,390	\$ 75,391	\$ 75,390	\$ 1
Part-time wages	18,315	18,314	14,559	3,755
Departmental expenses	2,375	2,375	1,753	622
Supplies	2,500	2,500	799	1,701
Program subsidy	3,500	3,500	1,308	2,192
Revenue/expense	4,460	4,460	1,374	3,086
Total	106,540	106,540	95,183	11,357
Senior services:				
Salaries	49,796	49,880	49,880	-
Part-time wages	18,786	19,169	19,168	1
Department expenses	2,800	2,800	2,755	45
Program subsidies	16,200	15,733	14,443	1,290
Revenue/expense	2,000	2,000	638	1,362
Total	89,582	89,582	86,884	2,698
Transportation services:				
Salaries	42,607	42,631	42,631	-
Part-time wages	49,471	48,691	33,352	15,339
Overtime wages	1,000	976	265	711
Contract services	350	350	-	350
Vehicle maintenance	4,000	4,000	3,989	11
Departmental expenses	2,500	2,500	2,242	258
Gasoline and fuel	13,500	14,280	14,278	2
Total	113,428	113,428	96,757	16,671
Total human services	579,447	579,447	545,337	34,110
Education:				
Board of Education	28,275,237	28,275,237	28,227,449	47,788
Bonded debt:				
Notes payable	150,000	150,000	150,000	-
Bonds - principal	2,810,000	2,840,000	2,840,000	-
Bonds - interest	922,952	892,952	878,716	14,236
Total debt services	3,882,952	3,882,952	3,868,716	14,236
Total expenditures	46,893,810	46,893,810	45,793,835	1,099,975

(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, 2016

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget
Other financing uses:				
Operating transfers out:				
Dog Transfer Fund	\$ 9,524	\$ 9,524	\$ 9,524	\$ -
Sidewalk Fund	5,000	5,000	5,000	-
Road Improvement Fund	50,000	50,000	50,000	-
Capital Projects Funds	785,393	1,542,211	1,542,211	-
Total other financing uses	<u>849,917</u>	<u>1,606,735</u>	<u>1,606,735</u>	<u>-</u>
Total budgeted operations	<u>\$ 47,743,727</u>	<u>\$ 48,500,545</u>	47,400,570	<u>\$ 1,099,975</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 2,977,000

Net effects of refunding 3,125,000

Reclassified to General Fund, as funds were previously reported as Special Revenue Fund, and no longer meet the definition in accordance with GASB 54 623,429

Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 54,125,999

See notes to required supplementary information.

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, 2016

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues:				
User Charges	\$ 1,755,759	\$ 1,755,759	\$ 1,790,199	\$ 34,440
Income on investments	2,800	2,800	6,366	3,566
Other	-	-	8,220	8,220
Total revenues	1,758,559	1,758,559	1,804,785	46,226
Expenditures:				
Regular wages	397,844	397,844	385,211	12,633
Part-time wages	19,898	19,898	15,316	4,582
Overtime wages	55,820	55,820	42,084	13,736
Department expenses	29,700	29,700	19,120	10,580
Outside services	86,140	86,140	76,650	9,490
Vehicle maintenance	8,000	8,000	4,375	3,625
Gasoline and fuel	12,000	12,000	6,960	5,040
Equipment repair and maintenance	22,000	22,000	15,961	6,039
Liability and property insurance	44,000	44,000	35,588	8,412
Materials and supplies	45,000	45,000	37,547	7,453
Utilities and oil	32,750	32,750	29,903	2,847
Payments for Sewer Treatment	803,147	803,147	802,265	882
Meter and pump station repairs	25,000	25,000	13,562	11,438
Prior year obligations	2,500	2,500	-	2,500
Damage claims	100	100	-	100
Employee benefits	265,315	265,315	197,311	68,004
Total expenditures	1,849,214	1,849,214	1,681,853	167,361
Other financing sources (uses):				
Transfer out	(55,000)	(55,000)	(55,000)	-
Net change in fund balances	\$ (145,655)	\$ (145,655)	67,932	\$ 213,587
Fund balance, beginning of year			<u>1,734,970</u>	
Fund balance, end of year			<u>\$ 1,802,902</u>	

See notes to required supplementary information.

Town of Cromwell, Connecticut

Note to Required Supplementary Information - Unaudited

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 Town Manager compiles the budget requests from the Town departments and agencies, with the exception of the Board of Education, and presents the budget to the Town Council. The Town Council 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 Board of Finance, after its review process, presents a recommended budget for approval to referendum. 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 \$756,818.

The Town also establishes a legal budget on an annual basis for the Sewer Usage Fund, which is a major governmental fund, the Sewer Assessment Fund, the Dog License 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.

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

General Fund

Town of Cromwell, Connecticut

Balance Sheet
General Fund
June 30, 2016

	2016
Assets	
Cash and cash equivalents	\$ 9,453,305
Property taxes receivable, net	874,322
Accounts receivable	151,179
Due from other funds	211,862
Total assets	<u><u>\$ 10,690,668</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities:	
Accounts payable and accrued liabilities	\$ 1,131,901
Due to other funds	62,798
Total liabilities	<u><u>1,194,699</u></u>
Deferred inflows of resources:	
Advance property tax collections	44,543
Unavailable revenues	790,489
Total deferred inflows of resources	<u><u>835,032</u></u>
Fund balance:	
Committed	872,400
Assigned	24,536
Unassigned	7,764,001
Total fund balance	<u><u>8,660,937</u></u>
Total liabilities, deferred inflows and fund balance	<u><u>\$ 10,690,668</u></u>

Town of Cromwell, Connecticut

Report of the Tax Collector
 General Fund
 For the Year Ended June 30, 2016

Grand List Year	Uncollected Taxes July 1, 2015	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collected	Collections	Uncollected Taxes June 30, 2016
		Additions	Deductions				
2014	\$ 40,993,792	\$ 86,603	\$ 227,996	\$ 1,989	\$ 40,850,410	\$ 40,500,455	\$ 349,955
2013	303,321	52,461	113,320	-	242,462	95,571	146,891
2012	98,336	620	33,376	665	64,915	(9,037)	73,952
2011	35,995	-	634	3,436	31,925	3,316	28,609
2010	20,235	33	256	9,445	10,567	761	9,806
2009	2,584	-	-	2,795	(211)	(74)	(137)
2008	168	-	-	326	(158)	11	(169)
2007	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2005	(40)	-	-	-	(40)	(40)	-
2004	(38)	-	-	-	(38)	(38)	-
2003	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-
	<u>\$ 41,454,353</u>	<u>\$ 139,717</u>	<u>\$ 375,582</u>	<u>\$ 18,656</u>	<u>\$ 41,199,832</u>	<u>\$ 40,590,925</u>	<u>\$ 608,907</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
Recreation Revolving Fund	Fees	Fund costs for recreation programs
Field Maintenance	Fees	Maintenance fields
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.

This page intentionally left blank.

Town of Cromwell, Connecticut

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2016

	Special Revenue Funds				
	Town Aid Road	Youth Services Grant	Town Improvement Program	Sidewalk Program	Public Donations Grant
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 12,554	\$ 42,114	\$ 177,151
Intergovernmental receivable	-	-	-	-	-
Inventory	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ -	\$ -	\$ 12,554	\$ 42,114	\$ 177,151
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 623
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	24,650	-
Total liabilities	-	-	-	24,650	623
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	12,554	-	176,528
Committed	-	-	-	17,464	-
Total fund balance	-	-	12,554	17,464	176,528
Total liabilities and fund balances	\$ -	\$ -	\$ 12,554	\$ 42,114	\$ 177,151

Special Revenue Funds

Dog License	School Cafeteria	Educational Grants	Open Space	Picnic Facilities Revolving	Drug Awareness and Education	Drug Asset Forfeiture	Police Heart and Hypertension Reserve
\$ 30,455	\$ 173,572	\$ 215,988	\$ 422,210	\$ 2,749	\$ 8,248	\$ 13,017	\$ 106,480
2,190	37,305	-	-	-	-	-	-
-	16,414	-	-	-	-	-	-
-	-	1,535	-	-	-	-	-
<u>\$ 32,645</u>	<u>\$ 227,291</u>	<u>\$ 217,523</u>	<u>\$ 422,210</u>	<u>\$ 2,749</u>	<u>\$ 8,248</u>	<u>\$ 13,017</u>	<u>\$ 106,480</u>
\$ 9,220	\$ 2,896	\$ 38,824	\$ -	\$ -	\$ -	\$ -	\$ 3,940
-	-	150,599	-	-	-	-	-
-	-	28,100	-	-	-	-	-
<u>9,220</u>	<u>2,896</u>	<u>217,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,940</u>
-	16,414	-	-	-	-	-	-
23,425	207,981	-	-	-	8,248	13,017	-
-	-	-	422,210	2,749	-	-	102,540
<u>23,425</u>	<u>224,395</u>	<u>-</u>	<u>422,210</u>	<u>2,749</u>	<u>8,248</u>	<u>13,017</u>	<u>102,540</u>
<u>\$ 32,645</u>	<u>\$ 227,291</u>	<u>\$ 217,523</u>	<u>\$ 422,210</u>	<u>\$ 2,749</u>	<u>\$ 8,248</u>	<u>\$ 13,017</u>	<u>\$ 106,480</u>

(Continued)

Town of Cromwell, Connecticut

**Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2016**

	Special Revenue Funds				
	River Landing Park	Public Health Emergency Prep	Recreation Revolving Fund	Field Maintenance	Police Communications Revolving Fund
Assets					
Cash and cash equivalents	\$ 17,645	\$ -	\$ 101,991	\$ 3,995	\$ 210,657
Accounts receivable	-	3,311	8,164	-	-
Inventory	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 17,645	\$ 3,311	\$ 110,155	\$ 3,995	\$ 210,657
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ 3,311	\$ 12,146	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	3,311	12,146	-	-
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	17,645	-	98,009	-	-
Committed	-	-	-	3,995	210,657
Total fund balance	17,645	-	98,009	3,995	210,657
Total liabilities and fund balances	\$ 17,645	\$ 3,311	\$ 110,155	\$ 3,995	\$ 210,657

Special Revenue Funds			Permanent Fund		Total Nonmajor Governmental Funds
Police Public Safety Grant	Humanities Grant	Total	Cemetery Trust	Pitruzzello Scholarship	
\$ 1,124	\$ 16,413	\$ 1,556,363	\$ 10,105	\$ 51,945	\$ 1,618,413
-	-	50,970	-	-	50,970
-	-	16,414	-	-	16,414
-	-	1,535	-	-	1,535
<u>\$ 1,124</u>	<u>\$ 16,413</u>	<u>\$ 1,625,282</u>	<u>\$ 10,105</u>	<u>\$ 51,945</u>	<u>\$ 1,687,332</u>
\$ -	\$ -	70,960	\$ -	\$ -	\$ 70,960
-	-	150,599	-	1,000	151,599
-	-	52,750	-	-	52,750
-	-	274,309	-	1,000	275,309
-	-	16,414	6,237	50,000	72,651
1,124	16,413	574,944	3,868	945	579,757
-	-	759,615	-	-	759,615
<u>1,124</u>	<u>16,413</u>	<u>1,350,973</u>	<u>10,105</u>	<u>50,945</u>	<u>1,412,023</u>
<u>\$ 1,124</u>	<u>\$ 16,413</u>	<u>\$ 1,625,282</u>	<u>\$ 10,105</u>	<u>\$ 51,945</u>	<u>\$ 1,687,332</u>

Town of Cromwell, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2016

	Special Revenue Funds				
	Town Aid Road	Youth Services Grant	Town Improvement Program	Sidewalk Program	Public Donations Grant
Revenues:					
Intergovernmental revenues	\$ 277,297	\$ 14,000	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Income on investments	-	-	42	138	-
Miscellaneous	-	-	-	-	43,347
Total revenues	277,297	14,000	42	138	43,347
Expenditures:					
Current:					
Public safety	-	-	-	-	3,041
Public works	-	-	-	14,772	81
Culture and recreation	-	-	-	-	11,545
Human services	-	-	-	-	25,127
Education	-	-	-	-	-
Capital outlay	-	-	9,750	-	-
Total expenditures	-	-	9,750	14,772	39,794
Revenues over (under) expenditures	277,297	14,000	(9,708)	(14,634)	3,553
Other financing sources (uses):					
Transfers in	-	-	-	5,000	-
Transfers out	(277,297)	(14,000)	-	-	-
Total other financing sources (uses)	(277,297)	(14,000)	-	5,000	-
Net change in fund balances	-	-	(9,708)	(9,634)	3,553
Fund balances, beginning of year	-	-	22,262	27,098	172,975
Fund balances, end of year	\$ -	\$ -	\$ 12,554	\$ 17,464	\$ 176,528

Special Revenue Funds

Dog License	School Cafeteria	Educational Grants	Open Space	Picnic Facilities Revolving	Drug Awareness and Education	Drug Asset Forfeiture	Police Heart and Hypertension Reserve
\$ -	\$ 248,880	\$ 1,288,046	\$ -	\$ -	1,405	\$ -	\$ -
6,832	519,418	-	-	-	-	-	-
74	-	-	1,207	-	-	36	313
-	-	-	-	875	-	-	-
6,906	768,298	1,288,046	1,207	875	1,405	36	313
15,503	-	-	-	-	-	-	52,348
-	-	-	-	-	-	-	-
-	-	-	37,958	755	-	-	-
-	-	-	-	-	-	-	-
-	722,855	1,288,046	-	-	-	-	-
-	-	-	-	-	-	-	-
15,503	722,855	1,288,046	37,958	755	-	-	52,348
(8,597)	45,443	-	(36,751)	120	1,405	36	(52,035)
9,524	-	-	-	-	-	-	50,000
-	-	-	-	-	-	-	-
9,524	-	-	-	-	-	-	50,000
927	45,443	-	(36,751)	120	1,405	36	(2,035)
22,498	178,952	-	458,961	2,629	6,843	12,981	104,575
\$ 23,425	\$ 224,395	\$ -	\$ 422,210	\$ 2,749	\$ 8,248	\$ 13,017	\$ 102,540

(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, 2016

	Special Revenue Funds				
	River Landing Park	Public Health Emergency Prep	Recreation Revolving Fund	Field Maintenance	Police Communications Revolving Fund
Revenues:					
Intergovernmental revenues	\$ -	\$ 10,311	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Income on investments	49	-	-	-	577
Miscellaneous	-	-	141,564	2,280	56,505
Total revenues	49	10,311	141,564	2,280	57,082
Expenditures:					
Current:					
Public safety	-	10,311	-	-	30,000
Public works	-	-	-	-	-
Culture and recreation	-	-	141,952	-	-
Human services	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	10,311	141,952	-	30,000
Revenues over (under) expenditures	49	-	(388)	2,280	27,082
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	49	-	(388)	2,280	27,082
Fund balances, beginning of year	17,596	-	98,397	1,715	183,575
Fund balances, end of year	\$ 17,645	\$ -	\$ 98,009	\$ 3,995	\$ 210,657

Special Revenue Funds			Permanent Funds		Total Nonmajor Governmental Funds
Police Public Safety Grant	Humanities Grant	Total	Cemetery Trust	Pitruzzello Scholarship	
\$ -	\$ 8,737	\$ 1,848,676	\$ -	\$ -	\$ 1,848,676
-	-	526,250	-	-	526,250
-	-	2,436	28	518	2,982
-	-	244,571	-	-	244,571
-	8,737	2,621,933	28	518	2,622,479
-	-	111,203	-	-	111,203
-	-	14,853	-	-	14,853
-	-	192,210	-	-	192,210
-	1,088	26,215	-	-	26,215
-	-	2,010,901	-	-	2,010,901
-	-	9,750	-	-	9,750
-	1,088	2,365,132	-	-	2,365,132
-	7,649	256,801	28	518	257,347
-	-	64,524	-	-	64,524
-	-	(291,297)	-	-	(291,297)
-	-	(226,773)	-	-	(226,773)
-	7,649	30,028	28	518	30,574
1,124	8,764	1,320,945	10,077	50,427	1,381,449
\$ 1,124	\$ 16,413	\$ 1,350,973	\$ 10,105	\$ 50,945	\$ 1,412,023

Town of Cromwell, Connecticut

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

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues:				
Assessments	\$ -	\$ -	\$ -	\$ -
Income on investments	-	-	138	138
General Fund Subsidy	5,000	5,000	5,000	-
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>5,138</u>	<u>138</u>
Expenditures:				
General repairs	15,000	15,000	14,772	228
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>14,772</u>	<u>228</u>
Net change in fund balances	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>(9,634)</u>	<u>\$ 366</u>
Fund balance, beginning of year			<u>27,098</u>	
Fund balance, end of year			<u>\$ 17,464</u>	

Town of Cromwell, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis -
 Dog License Fund
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for Service	\$ 6,500	\$ 6,500	\$ 6,832	\$ 332
Income on investments	-	-	74	74
General Fund Subsidy	9,524	9,524	9,524	-
Total revenues	16,024	16,024	16,430	406
Expenditures:				
Veterinary Fees	4,000	4,000	1,915	2,085
Contracted Services	11,124	11,124	7,849	3,275
Vehicle Maintenance	1,500	1,500	300	1,200
Equip Repair/Replac.	1,000	1,000	618	382
Departmental Expense	1,200	1,200	1,160	40
Training/Workshops	1,000	1,000	1,000	-
Uniforms	1,200	1,200	900	300
Gasoline/Other Fluids	3,000	3,000	1,761	1,239
Total expenditures	24,024	24,024	15,503	8,521
Other financing sources (uses):				
Transfer out	-	-	-	-
Net change in fund balances	\$ (8,000)	\$ (8,000)	927	\$ 8,927
Fund balance, beginning of year			<u>22,498</u>	
Fund balance, end of year			<u>\$ 23,425</u>	

This page intentionally left blank.

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, 2016**

	Balance July 1, 2015	Revenues	Expenditures	Balance June 30, 2016
Library Donations	\$ 6,245	\$ 7,680	\$ 7,315	\$ 6,610
Senior Donations	15,207	1,643	600	16,250
Transportation	8,258	2,267	1,574	8,951
Designated Senior Center	5,000	-	-	5,000
Youth Services	13,374	6,164	8,720	10,818
Emergency Fuel	2,248	948	-	3,196
Park and Recreation	25,347	5,694	4,230	26,811
Handicapped Donations	1	-	-	1
Human Service Donations	21,399	14,327	14,232	21,494
Drug and achohol program	-	2,031	288	1,743
Police Department	8,886	-	-	8,886
Carbon Monoxide Program	4,165	-	-	4,165
Riverport Festival	4,834	-	-	4,834
Operational fuel	5	-	-	5
CT Clean Energy	440	-	-	440
Rose Garden	208	-	-	208
Flag Fund	2,732	-	-	2,732
Charter Revision	82	-	82	-
Inland/Wetlands	4,382	-	-	4,382
Town Historic Preservation	1,933	-	-	1,933
Library Building	500	-	-	500
Dog Park	3,605	2,593	2,753	3,445
Economic Development	300	-	-	300
Valor Green Memorial	254	-	-	254
Library - Elizabeth Maselli Room	43,570	-	-	43,570
	<u>\$ 172,975</u>	<u>\$ 43,347</u>	<u>\$ 39,794</u>	<u>\$ 176,528</u>

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations
Sidewalk Fund
For the Year Ended June 30, 2016**

	Original Appropriation	Adjustments	Amended Appropriation	Expenditures	Uncommitted Balance
General repairs	\$ 15,000	\$ -	\$ 15,000	\$ 14,772	\$ 228

Town of Cromwell, Connecticut

Schedule of Expenditures Compared With Appropriations

Dog License Fund

For the Year Ended June 30, 2016

	Original Appropriation	Adjustments	Amended Appropriation	Expenditures	Uncommitted Balance
Office expense	\$ 1,200	\$ -	\$ 1,200	\$ 1,160	\$ 40
Training/workshops	1,000	-	1,000	1,000	-
Contract services	11,124	-	11,124	7,849	3,275
Vehicle maintenance	1,500	-	1,500	300	1,200
Fuel and fluids	3,000	-	3,000	1,761	1,239
Uniforms	1,200	-	1,200	900	300
Veterinarian fees	4,000	-	4,000	1,915	2,085
Equipment, purchase and repair	1,000	-	1,000	618	382
	<u>\$ 24,024</u>	<u>\$ -</u>	<u>\$ 24,024</u>	<u>\$ 15,503</u>	<u>\$ 8,521</u>

Town of Cromwell, Connecticut

**Schedule of Expenditures and Encumbrances Compared With Appropriations
Capital Projects Fund
For the Year Ended June 30, 2016**

	Appropriations				Expenditures				
	Balance July 1, 2015	Current Year	Adjustments	Balance June 30, 2016	Balance July 1, 2015	Current Year	Balance June 30, 2016	Encumbrances	Balance
Capital and Nonrecurring Expenditures	\$ 5,682,644	\$ 969,193	\$ (106,860)	\$ 6,544,977	\$ 5,358,666	\$ 672,733	\$ 6,031,399	\$ 42,472	\$ 471,106
Sewer Assessment	57,800	58,000	-	115,800	-	5,542	5,542	-	110,258
LOCIP Projects	354,945	-	50,000	404,945	243,644	87,160	330,804	-	74,141
Sewer Capital and Nonrecurring Expenditures	1,417,340	-	877,297	2,294,637	1,196,257	16,707	1,212,964	56,056	1,025,617
State Bond Grant	450,000	(173,224)	-	276,776	276,776	-	276,776	-	-
Roads Main Street Improvement Fund	5,056,000	-	-	5,056,000	5,045,365	3,000	5,048,365	-	7,635
Downtown Historical Development	450,000	-	-	450,000	322,456	-	322,456	-	127,544
2010 Roads/Infrastructure	3,046,000	-	-	3,046,000	3,046,000	-	3,046,000	-	-
Public Safety Improvements	1,085,000	-	-	1,085,000	1,019,268	-	1,019,268	-	65,732
School Improvements	781,000	-	-	781,000	693,930	-	693,930	-	87,070
Town Infrastructure	2,916,000	-	-	2,916,000	2,569,864	279,242	2,849,106	-	66,894
Industrial Park Development Fund	1,445,000	-	-	1,445,000	918,061	417,789	1,335,850	-	109,150
Public Works Equipment	475,000	-	-	475,000	403,968	-	403,968	-	71,032
2016 Infrastructure	-	5,666,000	-	5,666,000	-	36,500	36,500	-	5,629,500
River Road	-	275,000	-	275,000	-	256,169	256,169	-	18,831
Willobrook Road	-	3,250,000	-	3,250,000	98,916	111,447	210,363	-	3,039,637
BOE - CNR	210,865	61,818	-	272,683	190,048	50,163	240,211	-	32,472
	<u>\$ 23,427,594</u>	<u>\$ 10,106,787</u>	<u>\$ 820,437</u>	<u>\$ 34,354,818</u>	<u>\$ 21,383,219</u>	<u>\$ 1,936,452</u>	<u>\$ 23,319,671</u>	<u>\$ 98,528</u>	<u>\$10,936,619</u>

**Reconciliation to prior year ending balance
for expenditures**

Ending balance of expenditures June 30, 2015	\$ 25,033,184
Adjustment for sewer assessment ending balance	8,730
Adjustment for LOCIP (closed)	(1,614,320)
Beginning balance of expenditures July 1, 2016	<u>\$ 23,427,594</u>

This page intentionally left blank.

Town of Cromwell, Connecticut

**Schedule of Expenditures and Encumbrances Compared With Appropriations
Capital and Nonrecurring Expenditure Fund
For the Year Ended June 30, 2016**

	Appropriations			Balance June 30, 2016
	Balance July 1, 2015	Current Year	Adjustments	
CLOSED PROJECTS #77080-77150	\$ 809,058	\$ -	\$ -	\$ 809,058
ENG/CONTROL POINTS SURVEY	7,272	-	-	7,272
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	32,831	-	-	32,831
CLOSED PROJECTS #77192-77194	169,059	-	-	169,059
HOUSING ZONE REG GRANT	10,400	-	-	10,400
CLOSED PROJECT #77196-77203	676,058	-	-	676,058
FINANCE SERVER	12,757	-	-	12,757
2012 REVALUATION	240,000	-	(110,091)	129,909
DUI GRANT 11/12	21,254	-	-	21,254
TAX SOFTWARE	40,000	-	(30,038)	9,962
HANDICAP ACCESS VEHICLE	60,000	-	-	60,000
TOWN HALL FLOORING	32,871	-	-	32,871
POLICE MOBILE RADIOS	30,000	-	-	30,000
CRIME SCENE VEHICLE	6,288	-	-	6,288
POLICE VEHICLES 11/12	74,500	-	(897)	73,603
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	27,007	-	-	27,007
POLICE VEHICLE (TOTALED)	43,000	-	(199)	42,801
POLICE VEHICLE (TOTALED)	42,500	-	(384)	42,116
POLICE VEHICLES 12-13	42,000	-	(118)	41,882
BULLET-PROOF VESTS	15,817	-	-	15,817
FINGERPRINT MACHINE	14,454	-	-	14,454
ANIMAL CONTROL VAN	30,600	-	(1,349)	29,251
BRICK SEALING-TOWN HALL	30,625	-	-	30,625
BRICK SEALING-POLICE	33,901	-	-	33,901
PICK-UP TRUCK W/UTILITY BODY	35,857	-	-	35,857
AUDIO-VIDEO EQUIP-PD	31,015	-	-	31,015
POLICE VEHICLE (TOTALED)	42,000	-	(294)	41,706
POLICE TASERS	23,983	-	-	23,983
POLICE VEHICLES 2013-2014	84,000	-	-	84,000
BLDG IMPROV-PARKS GARAGE	19,965	-	-	19,965
DUI GRANT 13/14	40,800	-	(13,492)	27,308
POLICE VEHICLES 2014-15	85,680	-	-	85,680
LIBRARY TECHNOLOGY UPGRADES	25,000	-	-	25,000
DAM INSPECTION & MAINTENANCE	30,000	-	-	30,000
MASONRY RESTORATION - TWN HALL&PD	50,000	-	-	50,000
PARKS- 4X4 PICK-UP TRUCK	41,000	-	-	41,000
VEH. MAINT. - HEAVY TRUCK LIFT	42,000	-	-	42,000
TRANSP.-HANDICAP BUS (only if grant rec'd)	65,000	-	-	65,000

		Expenditures			
Balance	Current	Balance	Encumbrances	Uncommitted	
July 1, 2015	Year	June 30, 2016		Balance	
\$ 809,058	\$ -	\$ 809,058	\$ -	\$ -	
7,272	-	7,272	-	-	
277,768	-	277,768	-	-	
1,385,683	-	1,385,683	-	-	
55,876	-	55,876	-	-	
75,000	-	75,000	-	-	
528,357	-	528,357	-	-	
32,831	-	32,831	-	-	
169,059	-	169,059	-	-	
10,400	-	10,400	-	-	
676,058	-	676,058	-	-	
12,757	-	12,757	-	-	
129,909	-	129,909	-	-	
21,254	-	21,254	-	-	
4,600	5,362	9,962	-	-	
60,000	-	60,000	-	-	
32,871	-	32,871	-	-	
30,000	-	30,000	-	-	
6,288	-	6,288	-	-	
73,603	-	73,603	-	-	
30,000	-	30,000	-	-	
10,000	-	10,000	-	-	
51,032	-	51,032	-	-	
33,476	-	33,476	-	-	
27,007	-	27,007	-	-	
42,801	-	42,801	-	-	
42,116	-	42,116	-	-	
41,882	-	41,882	-	-	
15,817	-	15,817	-	-	
14,454	-	14,454	-	-	
29,251	-	29,251	-	-	
30,625	-	30,625	-	-	
33,901	-	33,901	-	-	
35,857	-	35,857	-	-	
31,015	-	31,015	-	-	
41,706	-	41,706	-	-	
23,983	-	23,983	-	-	
74,662	-	74,662	-	9,338	
19,965	-	19,965	-	-	
27,308	-	27,308	-	-	
84,057	-	84,057	-	1,623	
2,701	3,376	6,077	3,004	15,919	
26,220	-	26,220	-	3,780	
48,843	-	48,843	-	1,157	
41,000	-	41,000	-	-	
41,608	-	41,608	-	392	
-	-	-	-	65,000	

(Continued)

Town of Cromwell, Connecticut

**Schedule of Expenditures and Encumbrances Compared With Appropriations
Capital and Nonrecurring Expenditure Fund (Continued)
For the Year Ended June 30, 2016**

	Appropriations			Balance June 30, 2016
	Balance July 1, 2015	Current Year	Adjustments	
AIR/HVAC UPGRADES (PD)	\$ 17,000	\$ -	\$ -	\$ 17,000
DUI GRANT 14-15	45,100	-	-	45,100
JAG GRANT 2015	22,000	-	-	22,000
DISTRACTED DRIVER GRANT	23,800	-	-	23,800
BULLET-PROOF VESTS 2015	9,000	-	-	9,000
PD VEHICLES 2015-16	-	87,393	-	87,393
PD CARPORT 2015-16	-	150,000	-	150,000
PD BODY CAMERAS 15-16	-	30,000	-	30,000
SERVER UPGRADES	-	40,000	-	40,000
PAVEMENT MGMT STUDY	-	30,000	-	30,000
DOWNTOWN DRAINAGE IMPROV.	-	200,000	50,000	250,000
MASON BODY DUMP TRUCK	-	125,000	-	125,000
TOWN HALL ROOF	-	100,000	-	100,000
HVAC SOFTWARE - PD	-	23,000	-	23,000
TOWN MANAGER VEHICLE	-	30,000	-	30,000
PARKS-MOWER (BLOOMFIELD)	-	10,000	-	10,000
LAND PURCHASE-COUNTY LINE DRIVE	-	70,000	-	70,000
CHS FIELD LIGHTING (TOWN CONTRIB.)	-	10,000	-	10,000
DUI GRANT 15-16	-	46,500	-	46,500
2016 DISTRACTED DRIVER	-	17,300	-	17,300
Total	\$ 5,682,644	\$ 969,193	\$ (106,862)	\$ 6,544,975

		Expenditures			
Balance	Current	Balance	Encumbrances	Uncommitted	
July 1, 2015	Year	June 30, 2016		Balance	
\$ 15,730	\$ -	\$ 15,730	\$ -	\$ 1,270	
16,568	9,418	25,986	-	19,114	
16,275	5,465	21,740	-	260	
10,161	4,786	14,947	-	8,853	
-	1,925	1,925	-	7,075	
-	73,336	73,336	2,647	11,410	
-	-	-	-	150,000	
-	-	-	-	30,000	
-	40,000	40,000	-	-	
-	21,405	21,405	-	8,595	
-	214,289	214,289	35,711	-	
-	115,980	115,980	1,109	7,911	
-	83,652	83,652	-	16,348	
-	-	-	-	23,000	
-	28,727	28,727	-	1,273	
-	10,000	10,000	-	-	
-	23,575	23,575	-	46,425	
-	10,000	10,000	-	-	
-	16,499	16,499	-	30,001	
-	4,938	4,938	-	12,362	
<u>\$ 5,358,665</u>	<u>\$ 672,733</u>	<u>\$ 6,031,398</u>	<u>\$ 42,471</u>	<u>\$ 471,106</u>	

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations
Sewer Assessment Fund
For the Year Ended June 30, 2016**

	Original Appropriation	Expenditures	Uncommitted Balance
Legal fees	\$ 10,000	\$ -	\$ 10,000
Construction	40,000	2,478	37,522
Postage	400	52	348
Legal notices	800	283	517
Printing	200	-	200
Data processing	2,000	1,350	650
Contracted services	4,500	1,379	3,121
Prior year refunds	100	-	100
	<u>\$ 58,000</u>	<u>\$ 5,542</u>	<u>\$ 52,458</u>

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations
Local Capital Improvement Fund
For the Year Ended June 30, 2016**

	Appropriations			Expenditures			Encumbrances	Uncommitted Balance
	Balance	Adjustments	Balance	Balance	Current	Balance		
	July 1, 2015		June 30, 2016	July 1, 2015	Year	June 30, 2016		
New Lane	\$ 187,672	\$ -	\$ 187,672	\$ 187,672	\$ -	\$ 187,672	\$ -	\$ -
Raymond Place	45,000	-	45,000	33,750	11,250	45,000	-	-
County Line Road #1	100,000	-	100,000	22,222	34,766	56,988	-	43,012
County Line Road #2	22,273	-	22,273	-	-	-	-	22,273
Downtown Drainage	-	50,000	50,000	-	41,144	41,144	-	8,856
	<u>\$ 354,945</u>	<u>\$ 50,000</u>	<u>\$ 404,945</u>	<u>\$ 243,644</u>	<u>\$ 87,160</u>	<u>\$ 330,804</u>	<u>\$ -</u>	<u>\$ 74,141</u>

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations
State Bond Grant Projects
For the Year Ended June 30, 2016**

	Appropriations			Expenditures			Encumbrances	Uncommitted Balance
	Balance	Adjustments	Balance	Balance	Current	Balance		
	July 1, 2015		June 30, 2016	July 1, 2015	Year	June 30, 2016		
Skate board park	\$ 67,000	\$ -	\$ 67,000	\$ 67,000	\$ -	\$ 67,000	\$ -	\$ -
Playground equipment	25,000	-	25,000	25,000	-	25,000	-	-
Little league concession stand	125,000	-	125,000	125,000	-	125,000	-	-
Pierson park bleachers	33,000	-	33,000	33,000	-	33,000	-	-
Dead Man's Swamp	200,000	(173,224)	26,776	26,776	-	26,776	-	-
	<u>\$ 450,000</u>	<u>\$ (173,224)</u>	<u>\$ 276,776</u>	<u>\$ 276,776</u>	<u>\$ -</u>	<u>\$ 276,776</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations
2010 Roads/Infrastructure Fund
For the Year Ended June 30, 2016**

	Appropriations			Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2015	Adjustments	Balance June 30, 2016	Balance July 1, 2015	Current Year	Balance June 30, 2016		
Legal and financing expenses	\$ 34,454	\$ -	\$ 34,454	\$ 34,454	\$ -	\$ 34,454	\$ -	\$ -
Project planning & design	-	-	-	-	-	-	-	-
General repair	350,868	-	350,868	350,868	-	350,868	-	-
Construction	1,241,066	-	1,241,066	1,241,066	-	1,241,066	-	-
Construction phase II	1,419,612	-	1,419,612	1,419,612	-	1,419,612	-	-
	<u>\$ 3,046,000</u>	<u>\$ -</u>	<u>\$ 3,046,000</u>	<u>\$ 3,046,000</u>	<u>\$ -</u>	<u>\$ 3,046,000</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations
2008 Road Bond Projects
For the Year Ended June 30, 2016**

	Appropriations			Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2015	Adjustments	Balance June 30, 2016	Balance July 1, 2015	Current Year	Balance June 30, 2016		
Legal and financing expenses	\$ 25,000	\$ -	\$ 25,000	\$ 23,129	\$ -	\$ 23,129	\$ -	\$ 1,871
Project planning & design	846,084	-	846,084	845,777	-	845,777	-	307
General repair	363,383	-	363,383	363,382	-	363,382	-	1
Construction	3,821,533	-	3,821,533	3,813,077	3,000	3,816,077	-	5,456
	<u>\$ 5,056,000</u>	<u>\$ -</u>	<u>\$ 5,056,000</u>	<u>\$ 5,045,365</u>	<u>\$ 3,000</u>	<u>\$ 5,048,365</u>	<u>\$ -</u>	<u>\$ 7,635</u>

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations
Sewer CNR Fund
For the Year Ended June 30, 2016**

	Appropriations			Expenditures			Encumbered	Uncommitted Balance
	Balance	Adjustments	Balance	Balance	Current	Balance		
	July 1, 2015		June 30, 2016	July 1, 2015	Year	June 30, 2016		
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	21,270	-	21,270	21,270	-	21,270	-	-
Phase IV pipeline rehab	300,000	-	300,000	78,917	16,707	95,624	-	204,376
Pump station rehab	11,798	-	11,798	11,798	-	11,798	-	-
Excavator	124,443	-	124,443	124,443	-	124,443	-	-
Phase IV Rehab - Assessment	-	700,000	700,000	-	-	-	-	700,000
Pickup Truck 15/16	-	56,056	56,056	-	-	-	56,056	-
	<u>\$ 1,417,340</u>	<u>\$ 756,056</u>	<u>\$ 2,173,396</u>	<u>\$ 1,196,257</u>	<u>\$ 16,707</u>	<u>\$ 1,212,964</u>	<u>\$ 56,056</u>	<u>\$ 904,376</u>

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations
Public Safety Improvements
For the Year Ended June 30, 2016**

	Appropriations			Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2015	Adjustments	Balance June 30, 2016	Balance July 1, 2015	Current Year	Balance June 30, 2016		
Legal and financing expenses	\$ 75,000	\$ -	\$ 75,000	\$ 10,028	\$ -	\$ 10,028	\$ -	\$ 64,972
Police communications system	850,000	-	850,000	849,240	-	849,240	-	760
Emergency generator	160,000	-	160,000	160,000	-	160,000	-	-
	<u>\$ 1,085,000</u>	<u>\$ -</u>	<u>\$ 1,085,000</u>	<u>\$ 1,019,268</u>	<u>\$ -</u>	<u>\$ 1,019,268</u>	<u>\$ -</u>	<u>\$ 65,732</u>

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations
Town Infrastructure
For the Year Ended June 30, 2016**

	Appropriations			Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2015	Adjustments	Balance June 30, 2016	Balance July 1, 2015	Current Year	Balance June 30, 2016		
Legal and financing expenses	\$ 75,000	\$ -	\$ 75,000	\$ 27,837	\$ -	\$ 27,837	\$ -	\$ 47,163
General repairs	140,000	-	140,000	25,367	113,935	139,302	-	698
Construction/project costs	1,500,000	-	1,500,000	1,334,693	165,307	1,500,000	-	-
Purchase option	852,000	-	852,000	851,029	-	851,029	-	971
Lighting/air handlers	349,000	-	349,000	330,938	-	330,938	-	18,062
	<u>\$ 2,916,000</u>	<u>\$ -</u>	<u>\$ 2,916,000</u>	<u>\$ 2,569,864</u>	<u>\$ 279,242</u>	<u>\$ 2,849,106</u>	<u>\$ -</u>	<u>\$ 66,894</u>

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations
School Improvements
For the Year Ended June 30, 2016**

	Appropriations			Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2015	Adjustments	Balance June 30, 2016	Balance July 1, 2015	Current Year	Balance June 30, 2016		
Legal and financing expenses	\$ 75,000	\$ -	\$ 75,000	\$ 6,591	\$ -	\$ 6,591	\$ -	\$ 68,409
General repairs	200,000	-	200,000	182,829	-	182,829	-	17,171
Construction/project costs	506,000	-	506,000	504,510	-	504,510	-	1,490
	<u>\$ 781,000</u>	<u>\$ -</u>	<u>\$ 781,000</u>	<u>\$ 693,930</u>	<u>\$ -</u>	<u>\$ 693,930</u>	<u>\$ -</u>	<u>\$ 87,070</u>

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations
Public Works Equipment
For the Year Ended June 30, 2016**

	Appropriations			Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2015	Adjustments	Balance June 30, 2016	Balance July 1, 2015	Current Year	Balance June 30, 2016		
Legal and financing expenses	\$ 75,000	\$ -	\$ 75,000	\$ 3,968	\$ -	\$ 3,968	\$ -	\$ 71,032
Lighting/air handlers	400,000	-	400,000	400,000	-	400,000	-	-
	<u>\$ 475,000</u>	<u>\$ -</u>	<u>\$ 475,000</u>	<u>\$ 403,968</u>	<u>\$ -</u>	<u>\$ 403,968</u>	<u>\$ -</u>	<u>\$ 71,032</u>

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations
Capital and Nonrecurring BOE Expenditure Fund
For the Year Ended June 30, 2016**

	Appropriations				Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2015	Current Year	Adjustments	Balance June 30, 2016	Balance July 1, 2015	Current Year	Balance June 30, 2016		
One to One digital devices	\$ 114,575	\$ -	\$ (114,575)	\$ -	\$ 114,575	\$ -	\$ 114,575	\$ -	\$ (114,575)
Team locker room expansion	56,636	-	(56,636)	-	56,636	-	56,636	-	(56,636)
CMS staging & curtains	18,837	-	(18,837)	-	18,837	-	18,837	-	(18,837)
CHS field lighting	-	11,818	-	11,818	-	4,226	4,226	-	7,592
ECS ?CMS Facilities study	-	50,000	-	50,000	-	45,937	45,937	-	4,063
ECS exhaust/ventilation	20,817	-	-	20,817	-	-	-	-	20,817
	<u>\$ 210,865</u>	<u>\$ 61,818</u>	<u>\$ (190,048)</u>	<u>\$ 82,635</u>	<u>\$ 190,048</u>	<u>\$ 50,163</u>	<u>\$ 240,211</u>	<u>\$ -</u>	<u>\$ (157,576)</u>

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations
2016 Infrastructure
For the Year Ended June 30, 2016**

	Appropriations				Expenditures			Encumbered	Uncommitted Balance
	Balance	Current		Balance	Balance	Current	Balance		
	July 1, 2015	Year	Adjustments	June 30, 2016	July 1, 2015	Year	June 30, 2016		
Bonding	\$ -	\$ 191,000	\$ -	\$ 191,000	\$ -	\$ -	\$ -	\$ -	\$ 191,000
General Repairs	-	500,000	-	500,000	-	-	-	-	500,000
Equipment Repair	-	200,000	-	200,000	-	-	-	-	200,000
Construction Projects	-	4,000,000	-	4,000,000	-	36,500	36,500	-	3,963,500
Lighting Improvements	-	775,000	-	775,000	-	-	-	-	775,000
	<u>\$ -</u>	<u>\$ 5,666,000</u>	<u>\$ -</u>	<u>\$ 5,666,000</u>	<u>\$ -</u>	<u>\$ 36,500</u>	<u>\$ 36,500</u>	<u>\$ -</u>	<u>\$ 5,629,500</u>

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations
River Road
For the Year Ended June 30, 2016**

	Appropriations				Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2015	Current Year	Adjustments	Balance June 30, 2016	Balance July 1, 2015	Current Year	Balance June 30, 2016		
Legal Fees	\$ -	\$ 20,000	\$ -	\$ 20,000	\$ -	\$ 5,244	\$ 5,244	\$ -	\$ 14,756
Property Acquisition	-	255,000	-	255,000	-	250,925	250,925	-	4,075
	<u>\$ -</u>	<u>\$ 275,000</u>	<u>\$ -</u>	<u>\$ 275,000</u>	<u>\$ -</u>	<u>\$ 256,169</u>	<u>\$ 256,169</u>	<u>\$ -</u>	<u>\$ 18,831</u>

Town of Cromwell, Connecticut

**Schedule of Expenditures Compared With Appropriations
Willowbrook Road
For the Year Ended June 30, 2016**

	Appropriations				Expenditures			Encumbered	Uncommitted Balance
	Balance July 1, 2015	Current Year	Adjustments	Balance June 30, 2016	Balance July 1, 2015	Current Year	Balance June 30, 2016		
Architecture/Engineering	\$ -	\$ 475,000	\$ -	\$ 475,000	\$ 98,916	\$ 96,447	\$ 195,363	\$ -	\$ 279,637
Construction Projects	-	1,959,000	-	1,959,000	-	-	-	-	1,959,000
Misc Administrative Expenses	-	400,000	-	400,000	-	15,000	15,000	-	385,000
Construction Contingencies	-	416,000	-	416,000	-	-	-	-	416,000
	<u>\$ -</u>	<u>\$ 3,250,000</u>	<u>\$ -</u>	<u>\$ 3,250,000</u>	<u>\$ 98,916</u>	<u>\$ 111,447</u>	<u>\$ 210,363</u>	<u>\$ -</u>	<u>\$ 3,039,637</u>

This page intentionally left blank.

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.
- The Health Reimbursement Account is an agency fund established to offset medical expenses of certain Town of Cromwell and Cromwell Board of Education employees and retirees.

Town of Cromwell, Connecticut

**Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Fiscal Year Ended June 30, 2016**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Student activity fund:				
Assets:				
Cash and cash equivalents	\$ 296,025	\$ 839,833	\$ 869,116	\$ 266,742
Due from other funds	1,000	-	-	1,000
	<u>\$ 297,025</u>	<u>\$ 839,833</u>	<u>\$ 869,116</u>	<u>\$ 267,742</u>
Liabilities:				
Due to student groups	<u>\$ 297,025</u>	<u>\$ 839,833</u>	<u>\$ 869,116</u>	<u>\$ 267,742</u>
Contractor bond fund:				
Assets:				
Cash and cash equivalents	<u>\$ 328,768</u>	<u>\$ 208,093</u>	<u>\$ 107,002</u>	<u>\$ 429,859</u>
Liabilities:				
Deposits	<u>\$ 328,768</u>	<u>\$ 208,093</u>	<u>\$ 107,002</u>	<u>\$ 429,859</u>
Health Reimbursement Account				
Assets:				
Cash and cash equivalents	<u>\$ 102,887</u>	<u>\$ 229,780</u>	<u>\$ 74,195</u>	<u>\$ 258,472</u>
Liabilities:				
Deposits	<u>\$ 102,887</u>	<u>\$ 229,780</u>	<u>\$ 74,195</u>	<u>\$ 258,472</u>
Total all funds:				
Assets:				
Cash and cash equivalents	\$ 727,680	\$ 1,277,706	\$ 1,050,313	\$ 955,073
Due from other funds	1,000	-	-	1,000
	<u>\$ 728,680</u>	<u>\$ 1,277,706</u>	<u>\$ 1,050,313</u>	<u>\$ 956,073</u>
Liabilities:				
Due to student groups	\$ 297,025	\$ 839,833	\$ 869,116	\$ 267,742
Deposits	431,655	437,873	181,197	429,859
	<u>\$ 728,680</u>	<u>\$ 1,277,706</u>	<u>\$ 1,050,313</u>	<u>\$ 956,073</u>

This page intentionally left blank.

Statistical Section

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)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008*	2007
Governmental activities:										
Net investment in capital										
assets:										
Restricted	\$ 90,372,051	\$ 90,158,279	\$ 90,349,694	\$ 91,271,301	\$ 92,786,514	\$ 90,389,434	\$ 84,057,785	\$ 79,977,008	\$ 85,059,583	\$ 82,378,615
Unrestricted	61,050	60,504	60,062	59,330	59,279	10,018	9,995	9,963	9,818	9,435
Total governmental activities net position	8,682,716	8,271,878	10,331,728	9,250,907	7,620,916	9,151,471	10,030,130	15,051,100	11,225,727	11,008,614
	\$ 99,115,817	\$ 98,490,661	\$100,741,484	\$100,581,538	\$ 100,466,709	\$ 99,550,923	\$ 94,097,910	\$ 95,038,071	\$ 96,295,128	\$ 93,396,664

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
 - (2) 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)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
General government	\$ 5,688,367	\$ 5,472,277	\$ 5,557,370	\$ 5,578,265	\$ 5,018,686	\$ 4,745,753	\$ 4,811,384	\$ 5,285,460	\$ 4,562,542	\$ 4,695,839
Public Safety	4,233,769	3,584,653	3,484,220	3,451,918	3,346,263	3,266,290	3,279,017	3,408,597	3,260,989	3,013,542
Public Works	7,819,385	8,199,804	7,687,149	7,507,231	7,781,074	7,084,009	6,977,469	7,111,663	8,003,018	6,382,470
Culture and Recreation	1,060,721	1,015,493	1,001,837	1,018,166	1,015,892	980,589	943,176	953,776	891,399	834,362
Human Services	623,442	606,338	595,427	610,927	609,527	586,961	569,523	537,251	575,713	713,822
Education	35,274,601	34,400,356	33,609,091	32,074,662	31,961,198	31,258,609	31,361,305	29,777,145	34,619,609	26,229,542
Interest on long-term debt	715,187	881,704	948,731	1,164,077	1,275,276	1,377,511	1,360,078	1,328,827	1,112,299	1,172,456
Total governmental activities expenses	55,415,472	54,160,625	52,883,825	51,405,246	51,007,916	49,299,722	49,301,952	48,402,719	53,025,569	43,042,033
Program revenues:										
Charges for services:										
General government	572,676	700,864	695,823	697,430	518,033	449,200	382,977	299,032	854,887	595,733
Public Safety	721,983	527,056	409,662	64,938	318,768	370,556	522,910	476,715	637,783	755,766
Public Works	2,139,166	2,049,278	1,800,683	2,327,371	1,837,469	1,750,064	1,405,812	1,156,948	1,462,064	1,559,931
Culture and Recreation	52,573	149,472	150,762	54,089	118,897	122,853	84,122	140,564	100,254	93,652
Human Services	9,856	7,633	10,859	5,186	7,679	5,779	23,530	11,173	20,251	21,066
Education	591,605	615,086	457,598	516,707	595,128	563,268	549,279	506,655	476,431	494,215
Operating grants and contributions	9,486,370	9,871,178	9,695,887	9,055,543	9,265,156	8,646,431	8,176,723	7,572,422	14,256,021	6,241,001
Capital grants and contributions	880,759	343,140	529,426	206,751	87,739	2,705,585	1,062,700	518,969	2,044,768	2,065,425
Total governmental activities program revenues	14,454,988	14,263,707	13,750,700	12,928,015	12,748,869	14,613,736	12,208,053	10,682,478	19,852,459	11,826,789
Net (expense) revenue:										
Governmental activities	(40,960,484)	(39,896,918)	(39,133,125)	(38,477,231)	(38,259,047)	(34,685,986)	(37,093,899)	(37,720,241)	(33,173,110)	(31,215,244)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	41,105,060	40,220,941	38,905,611	38,233,934	37,080,402	36,897,559	35,599,902	35,450,949	32,944,028	32,518,744
Grants and contributions not restricted to specific purposes	152,474	242,913	244,792	230,094	384,656	246,964	269,056	392,954	492,989	545,691
Unrestricted investment earnings	74,416	45,660	46,556	38,321	34,986	71,930	42,838	291,346	747,671	968,895
Other general revenues	253,690	193,413	96,112	89,711	1,674,789	2,922,546	241,942	327,935	88,129	133,167
Total general revenues and other changes in net position	41,585,640	40,702,927	39,293,071	38,592,060	39,174,833	40,138,999	36,153,738	36,463,184	34,272,817	34,166,497
Changes in net position:										
Governmental activities	\$ 625,156	\$ 806,009	\$ 159,946	\$ 114,829	\$ 915,786	\$ 5,453,013	\$ (940,161)	\$ (1,257,057)	\$ 1,099,707	\$ 2,951,253

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

Table 3

Town of Cromwell, Connecticut

**Fund Balances, Governmental Funds
Last Ten Fiscal Years (unaudited)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 5,758	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	872,400	1,005,793	161,500	51,000	70,000	37,600	-	-	-	-
Assigned	24,536	50,402	51,186	15,434	8,146	9,830	-	-	-	-
Unassigned	7,764,001	7,730,698	7,634,146	6,539,226	4,834,817	4,242,189	-	-	-	-
Reserved	-	-	-	-	-	-	24,160	408,567	670,645	604,962
Unreserved	-	-	-	-	-	-	4,197,025	4,853,401	5,068,728	3,955,418
Total general fund	\$ 8,660,937	\$ 8,786,893	\$ 7,846,832	\$ 6,605,660	\$ 4,918,721	\$ 4,289,619	\$ 4,221,185	\$ 5,261,968	\$ 5,739,373	\$ 4,560,380
Nonspendable	\$ 72,651	\$ 85,239	\$ 92,458	\$ 95,162	\$ 92,587	\$ 45,464	\$ -	\$ -	\$ -	\$ -
Restricted	3,317,127	2,841,738	4,072,626	6,056,630	3,859,611	4,295,655	-	-	-	-
Committed	3,074,316	2,891,600	2,912,762	2,718,022	2,700,839	3,306,672	-	-	-	-
Assigned	1,778,374	1,478,962	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
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	2,744,475	2,763,546	2,992,104	3,041,958
Capital projects funds	-	-	-	-	-	-	8,935,275	7,285,469	8,401,776	2,052,553
Total all other governmental funds	\$ 8,242,468	\$ 7,297,539	\$ 8,594,137	\$ 10,376,151	\$ 8,055,285	\$ 9,243,725	\$ 14,309,049	\$ 10,766,855	\$ 11,856,106	\$ 5,921,357

Note: (1) Schedule prepared on the modified accrual basis of accounting
(2) GASB 54 was implemented in Fiscal Year 2011.

Table 4

Town of Cromwell, Connecticut

**Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years (unaudited)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Property taxes	\$ 40,874,985	\$ 39,967,103	\$ 38,862,600	\$ 38,277,712	\$ 37,357,669	\$ 36,823,715	\$ 35,645,513	\$ 35,388,867	\$ 33,037,472	\$ 32,427,042
Intergovernmental	10,649,238	10,628,891	10,509,748	9,523,609	9,945,197	10,959,068	9,533,487	8,459,337	16,106,891	7,046,083
Charges for services	3,745,960	3,562,034	3,088,594	3,261,535	3,096,675	3,143,438	3,012,535	3,245,874	2,710,909	2,963,789
Income on investments	74,416	45,660	46,556	38,335	34,986	71,930	42,838	291,346	747,671	968,895
Miscellaneous	479,734	483,111	508,603	490,742	972,120	817,179	241,942	327,935	698,318	525,207
Total revenues	55,824,333	54,686,799	53,016,101	51,591,933	51,406,647	51,815,330	48,476,315	47,713,359	53,301,261	43,931,016
Expenditures:										
General government	5,401,356	5,277,296	5,225,911	5,187,874	5,063,775	4,911,295	4,674,278	4,683,572	4,399,214	4,366,962
Public Safety	3,637,247	3,548,071	3,321,403	3,319,469	3,153,617	3,052,028	3,087,717	3,155,691	3,004,349	2,814,468
Public Works	5,554,003	5,874,665	5,402,073	5,303,360	5,640,953	5,111,350	5,049,682	5,156,629	5,710,333	4,473,302
Culture and Recreation	984,242	939,627	932,059	941,065	938,222	897,512	880,079	884,401	865,790	837,541
Human Services	571,553	556,978	546,442	565,727	549,850	546,407	508,953	507,753	546,047	502,107
Education	33,215,350	32,722,230	31,672,231	30,328,029	30,460,100	29,616,635	29,389,356	28,299,582	33,903,173	25,338,328
Debt Services:										
Principal	2,881,922	2,700,000	2,165,000	2,570,000	2,590,000	2,703,589	2,566,147	2,480,000	2,065,000	2,070,000
Interest	878,716	1,024,114	1,101,877	2,053,521	1,318,438	1,485,189	1,209,630	1,262,537	1,070,897	1,147,284
Capital outlay	1,922,893	2,408,200	3,189,947	2,431,475	2,251,030	8,488,214	5,574,413	3,701,700	1,351,682	1,199,440
Total expenditures	55,047,282	55,051,181	53,556,943	52,700,520	51,965,985	56,812,219	52,940,255	50,131,865	52,916,485	42,749,432
Excess of revenue over (under) expenditures	777,051	(364,382)	(540,842)	(1,108,587)	(559,338)	(4,996,889)	(4,463,940)	(2,418,506)	384,776	1,181,584
Other financing sources (uses):										
Transfers in	3,398,598	850,726	1,455,919	564,388	1,026,429	1,522,014	1,645,662	1,640,559	2,070,601	1,802,375
Transfers out	(3,398,598)	(850,726)	(1,455,919)	(564,388)	(1,026,429)	(1,522,014)	(1,645,662)	(1,640,559)	(2,070,601)	(1,802,375)
Proceeds from sale of bonds	-	-	-	14,075,000	-	-	6,730,000	-	6,728,966	-
Premium on bonds	-	-	-	1,933,149	-	-	235,350	-	-	-
Payment to refunded bond escrow agent	-	-	-	(10,891,758)	-	-	-	-	-	-
Capital leased issued	-	-	-	-	-	-	-	1,051,850	-	-
Total other financing sources (uses)	-	-	-	5,116,391	-	-	6,965,350	1,051,850	6,728,966	-
Net change in fund balance	\$ 777,051	\$ (364,382)	\$ (540,842)	\$ 4,007,804	\$ (559,338)	\$ (4,996,889)	\$ 2,501,410	\$ (1,366,656)	\$ 7,113,742	\$ 1,181,584
Debt service as a percentage of noncapital expenditures	7.08%	7.07%	6.49%	9.20%	7.86%	8.67%	7.97%	8.06%	6.08%	7.74%

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							
2016	\$ 869,068,040	\$ 187,720,210	\$ 123,047,530	\$ 100,078,570	\$ 110,848,030	\$ 100,443,445	\$ 1,290,318,935	32.38	\$ 1,843,312,764	70.00%
2015	\$ 859,849,100	\$ 187,606,180	\$ 122,403,310	\$ 91,992,430	\$ 108,712,650	\$ 98,711,015	\$ 1,271,852,655	31.18	\$ 1,816,932,364	70.00%
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%

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 (unaudited)
(rate per \$1,000 of assessed value)**

Fiscal Year	Operating Millage	Debt Service Millage	School Millage	Total Town Millage	Overlapping Rates Fire District	Total Direct & Overlapping Rates
2016	9.41	2.51	19.46	31.38	2.10	33.48
2015	9.98	2.54	18.66	31.18	2.10	33.28
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	26.83	1.80	28.63
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

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	2016			2007		
	Taxable Assessed Value as of October 1, 2015	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value as of October 1, 2006	Rank	Percentage of Total Town Taxable Assessed Value
Algonquin Gas Trans Co.	\$ 41,704,210	1	3.28%	\$ 9,239,760	2	0.88%
Covenant Home Inc.	24,988,960	2	1.96%	12,300,330	1	1.17%
Infinity Cromwell Properties (Wal-Mart)	11,516,090	3	0.91%	7,740,491	4	0.74%
Cromwell Realty LLC	10,613,720	4	0.83%	-	-	-
Connecticut Light & Power	9,554,950	5	0.75%	6,041,250	5	0.58%
Main Street Equity	8,507,680	6	0.67%	-	-	-
100 Berlin Holdings LLC (Radisson)	8,058,560	7	0.63%	8,478,074	3	0.81%
IRNM Fee Cromwell LLC	7,121,090	8	0.56%	-	-	-
R A Cromwell, LLC	6,388,980	9	0.50%	6,023,460	6	0.57%
Cromwell Square Partners, Ltd.	6,244,310	10	0.49%	5,670,000	7	0.54%
Lehigh Cromwell LLC	-	-	-	5,336,700	8	0.51%
Champion Skating Center, Inc.	-	-	-	4,820,870	10	0.46%
Shunpike West Limited Partnership	-	-	-	5,151,450	9	0.49%
	<u>\$ 134,698,550</u>		<u>10.59%</u>	<u>\$ 70,802,385</u>		<u>6.75%</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	Taxes Levied for This Fiscal Year	Collected Within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2016	31.38	\$ 40,523,481	\$ 40,371,928	99.63%	\$ -	\$ 40,371,928	99.63%
2015	31.18	\$ 39,984,367	\$ 39,681,046	99.24%	\$ 229,099	\$ 39,910,145	99.81%
2014	30.75	\$ 38,809,552	\$ 38,491,271	99.18%	\$ 179,956	\$ 38,491,271	99.18%
2013	27.06	\$ 38,242,374	\$ 37,862,390	99.01%	\$ 291,997	\$ 38,154,387	99.77%
2012	26.80	\$ 37,316,375	\$ 36,967,505	99.07%	\$ 226,979	\$ 37,194,484	99.67%
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%

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
2016	\$ 20,855,000	\$ -	\$ 20,855,000	1.13%	3.78%	1,481
2015	25,502,134	-	25,502,134	1.40%	4.71%	1,812
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

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, 2016 (unaudited)**

Governmental Unit	Debt Outstanding	Percentage Applicable	Estimated Shares of Direct and Overlapping Debt
Overlapping debt:			
Cromwell Fire District*	\$ 4,490,000	100%	\$ 4,490,000
Mattabasset*	6,329,125	100%	6,329,125
Total overlapping debt	10,819,125		10,819,125
Town direct debt	20,855,000		20,855,000
Total			\$ 31,674,125

*The \$4,490,000 represents the outstanding general obligation bonds for the Fire District as of June 30, 2016. 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 Mattabasset District incurred debt through a DEEP Clean Water Fund (CWF) Loan for the design of a Nitrogen Upgrade. As a member of the Mattabasset District, the Town of Cromwell is assessed a pro-rata share of the debt which is included as overlapping debt in the amount of \$6,329,125 as of June 30, 2016.

Table 11

Town of Cromwell, Connecticut

Schedule of Debt Limitation
June 30, 2016 (unaudited)

Total tax collections (including fire district)						<u>\$ 43,754,472</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	
Debt Limitation						
2-1/4 times base	\$ 98,447,562	\$ -	\$ -	\$ -	\$ -	-
4-1/2 times base	-	196,895,124	-	-	-	-
3-3/4 times base	-	-	164,079,270	-	-	-
3-1/4 times base	-	-	-	142,202,034	-	-
3 times base	-	-	-	-	-	131,263,416
Total debt limitation	<u>98,447,562</u>	<u>196,895,124</u>	<u>164,079,270</u>	<u>142,202,034</u>	<u>131,263,416</u>	
Indebtedness						
Long-term debt						
outstanding	8,524,650	12,330,350	-	-	-	-
Overlapping debt	4,490,000	-	6,329,125	-	-	-
Bonds authorized and unissued	4,309,000	1,063,324	-	-	-	-
Total Indebtedness	<u>17,323,650</u>	<u>13,393,674</u>	<u>6,329,125</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deductions						
School Building						
Grants receivable	-	-	-	-	-	-
Net indebtedness	<u>17,323,650</u>	<u>13,393,674</u>	<u>6,329,125</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of indebtedness	<u>\$ 81,123,912</u>	<u>\$ 183,501,450</u>	<u>\$ 157,750,145</u>	<u>\$ 142,202,034</u>	<u>\$ 131,263,416</u>	

Note 1: In no case shall total indebtedness exceed \$306,281,304 or seven times annual receipts from taxation.

Table 12

Town of Cromwell, Connecticut

**Legal Debt Margin Information
Last Ten Fiscal Years (unaudited)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt limitation	\$ 306,281,304	\$300,113,527	\$ 291,022,753	\$ 286,559,168	\$281,084,951	\$ 275,077,180	\$ 266,833,357	\$ 264,235,650	\$ 247,204,692	\$ 240,950,647
Total net debt applicable to limit	37,046,449	39,855,090	40,104,676	40,486,360	32,602,147	37,208,816	40,083,816	47,200,370	49,405,181	42,277,117
Legal debt margin	269,234,855	260,258,437	250,918,077	246,072,808	248,482,804	237,868,364	226,749,541	217,035,280	197,799,511	198,673,530
Total net debt applicable to the limit as a percentage of debt limit	12.10%	13.28%	13.78%	14.13%	11.60%	13.53%	15.02%	17.86%	19.99%	17.55%

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)
2016	14,077	\$ 39,178	\$ 551,508,706	\$ 80,028	44	1,993	4.9%
2015	14,076	38,463	541,405,188	80,134	44	1,982	4.5%
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	510,487,725	74,891	43	2,024	6.7%
2008	13,693	36,689	502,382,477	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%

* 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 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	2016			2007		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Wal-Mart	Department Store	332	1	4.30%	220	3	2.98%
Adelbrook Behavioral & Developmental Scs. (formerly The Children's Home)	Residential School	310	2	4.01%	185	7	2.50%
Stop & Shop	Supermarket	245	3	3.17%	265	1	3.59%
Covenant Village	Retirement Village	218	4	2.82%	235	2	3.18%
Safe Home Security	Home Security	200	5	2.59%	N/A	N/A	N/A
Cromwell Growers	Landscaping/Florist	195	6	2.52%	N/A	N/A	N/A
Aerospace Techniques/GKN	Aircraft Parts	160	7	2.07%	N/A	N/A	N/A
Autumn Lake Health Care (Haven Health Center)	Convalescent Home	126	8	1.63%	160	9	2.17%
Lowe's	Home Supply Store	122	9	1.58%	N/A	N/A	N/A
Cromwell Radisson Hotel & Conference Center (formerly Crown Plaza)	Hotel/Conference Center	115	10	1.49%	200	5	2.71%
Apria Healthcare	Healthcare/Medical Equipment	N/A	N/A	N/A	220	4	2.98%
Millane Nurseries	Nurseries	N/A	N/A	N/A	140	10	1.89%
Seagroatt Wholesale Florist	Florist/Supplies/Manufacturer	N/A	N/A	N/A	175	8	2.37%
K-Mart	Department Store	N/A	N/A	N/A	195	6	2.64%

Source: Town of Cromwell, Town Planner

Table 15**Town of Cromwell, Connecticut****Full-Time Equivalent Town Government Employees By Function/Program
Last Ten Fiscal Years (unaudited)**

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government	36	37	36	36	35	35	35	35	35	35
Police	37	38	36	36	36	36	36	35	35	34
Fire	10	10	11	9	9	9	9	9	9	9
Refuse collection	1	1	2	2	2	2	2	2	2	2
Other Public Works	30	30	31	31	32	32	32	32	31	31
Parks and Recreation	2	2	2	2	2	2	2	2	2	2
Library	5	5	17	17	17	17	17	17	17	17
Education	304	304	306	311	313	310	317	316	315	315
	425	427	441	444	446	443	450	448	446	445

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)**

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government: (1)										
Building permits issued	638	855	853	916	930	785	666	689	729	813
Building inspections conducted										
Police: (2)										
Physical arrests	347	428	492	399	428	443	437	478	806	525
Parking violations	132	141	113	61	104	144	246	202	222	291
Traffic violations	683	782	901	570	558	601	481	540	1647	514
Other public works: (3)										
Street resurfacing (miles)	-	1.93	2.73	2.00	1.73	6.00	1.68	1.80	0.93	0.33
Potholes repaired	*	*	*	*	*	*	*	*	*	*
Parks and recreation:										
Athletic field permits issued	*	*	*	*	*	*	*	*	*	*
Library: (4)										
Volumes in collection	77,728	83,765	83,647	83,423	82,536	81,990	80,120	78,557	78,581	77,418
Total volumes borrowed	81,501	99,986	101,772	99,038	105,223	105,252	102,003	105,019	108,674	100,711

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)**

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	16	16	15	15	14	14	14	14	14	14
Other public works: (2)										
Streets (miles)	56.7	56.7	56.7	56.35	56.35	56	54.79	54.79	54.79	54
Highways (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Streetlights**	1208	1208	1166	1164	1163	1153	1153	1153	1153	1152
Traffic signals**	21	21	15	15	15	15	15	15	15	15
Parks and Recreation (3)										
Acreage***	200	200	200	156.9	156.9	156.9	156.9	156.9	156.4	156.4
Playgrounds	2	2	2	3	3	3	3	3	3	3
Baseball/softball diamonds	15	15	15	15	15	15	15	15	15	15
Soccer/football fields	14	14	14	10	10	10	10	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.

This page intentionally left blank.