

Town of Montville, Connecticut
Basic Financial Statements, Supplementary Information and
Independent Auditor's Report

June 30, 2014

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Independent
Auditor's Report

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Montville, Connecticut

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-17 and the schedule of funding progress on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The other supplementary information on pages 78 through 82 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 October 31, 2014, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut
October 31, 2014

Management's
Discussion and
Analysis

TOWN OF MONTVILLE, CONNECTICUT
Management's Discussion and Analysis (Unaudited)

The management of the Town of Montville, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities at the close of the most recent fiscal year by \$130,926,877 (net position). Of this amount, \$24,812,335 represents unrestricted net position. Of this amount, \$8,212,715 represents unrestricted net position attributed to the operations of the Town's Sewer and Water Departments (business-type activities).
- The Town's total net position increased by \$4,869,476 during the current fiscal year, which consisted of a current year increase of \$3,882,973 relating to the Town's governmental activities and \$986,503 relating to the Town's business-type activities.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$10,514,569, a current year increase of \$865,019 in comparison with the prior year. Of this amount, there was a current year increase of \$648,654 in the General Fund, an increase of \$50,680 in the Bonded Projects Fund, and a current year increase of \$165,685 in other governmental funds.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$8,537,150 or 14.1% of total General Fund expenditures and net other financing sources. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.7 months of General Fund operating expenditures.
- The Town's total long-term bonded debt (governmental and business-type activities combined) decreased by \$3,045,000 or 6.6% during the current fiscal year as a result of scheduled principal repayments.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

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

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

The government-wide financial statements can be found on pages 18 and 19 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

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

The basic governmental fund financial statements can be found on pages 20 - 24 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

Proprietary Funds

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

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

The basic proprietary fund financial statements can be found on pages 25 - 27 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 28 and 29 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 - 55 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information, combining and individual fund statements and schedules, and other supplementary information which can be found on pages 56 - 82 of this report, respectively.

TOWN OF MONTVILLE, CONNECTICUT
 Management's Discussion and Analysis (Unaudited) *(Continued)*

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

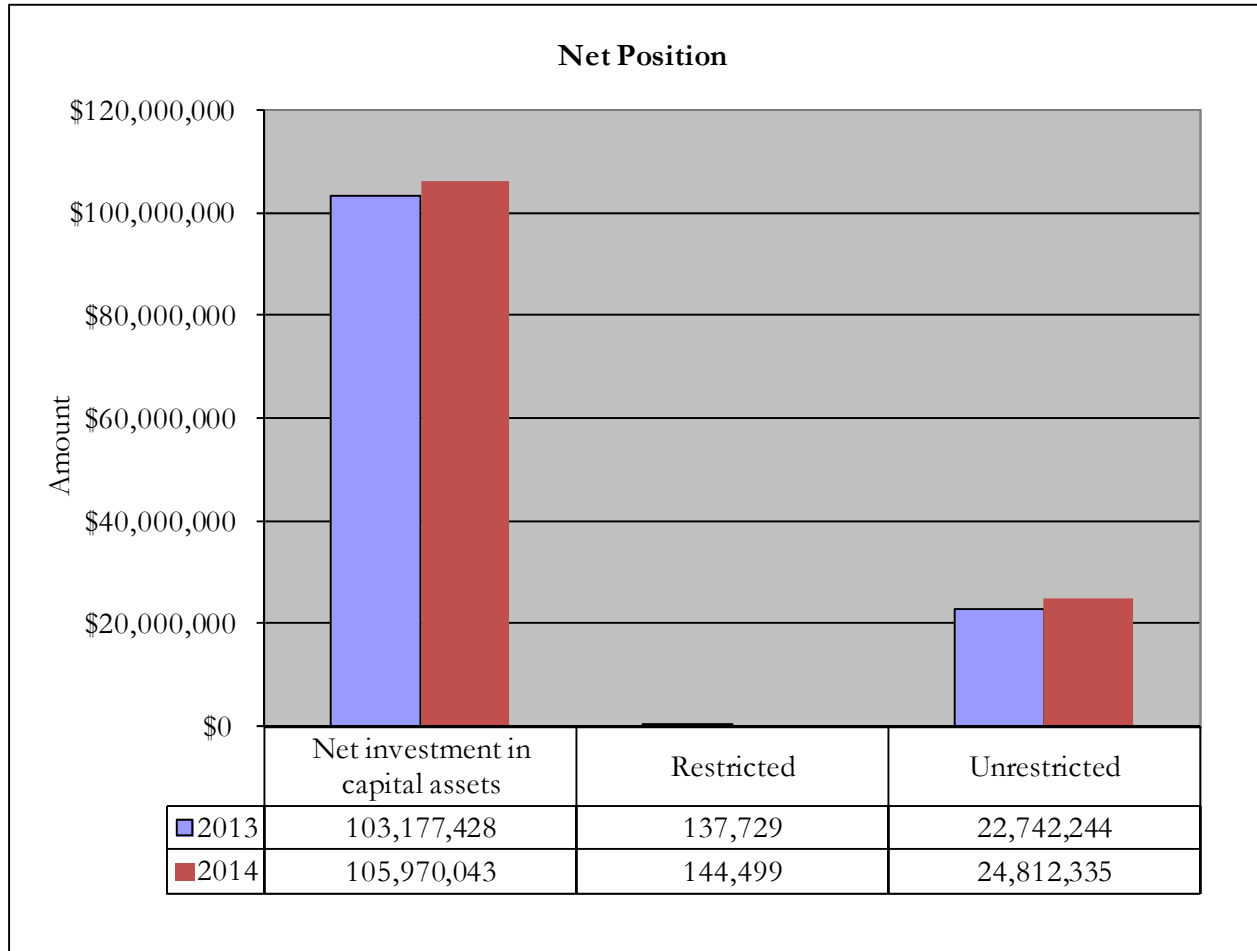
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town (governmental and business type activities combined) totaled \$130,926,877 and \$126,057,401 as of June 30, 2014 and 2013 and are summarized as follows:

Town of Montville, Connecticut			
Net Position			
June 30, 2014			
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 21,684,682	\$ 8,698,318	\$ 30,383,000
Capital assets	95,842,770	55,430,768	151,273,538
Total assets	<u>117,527,452</u>	<u>64,129,086</u>	<u>181,656,538</u>
Deferred outflows of resources	<u>1,443,168</u>	<u>47,939</u>	<u>1,491,107</u>
Other liabilities	2,999,750	419,331	3,419,081
Long-term liabilities	44,281,750	4,519,937	48,801,687
Total liabilities	<u>47,281,500</u>	<u>4,939,268</u>	<u>52,220,768</u>
Net position			
Net investment in capital assets	54,945,001	51,025,042	105,970,043
Restricted	144,499	-	144,499
Unrestricted	16,599,620	8,212,715	24,812,335
Total net position	<u>\$ 71,689,120</u>	<u>\$ 59,237,757</u>	<u>\$ 130,926,877</u>

Town of Montville, Connecticut			
Net Position			
June 30, 2013			
	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 20,418,647	\$ 7,622,175	\$ 28,040,822
Capital assets	95,828,041	56,007,179	151,835,220
Total assets	<u>116,246,688</u>	<u>63,629,354</u>	<u>179,876,042</u>
Deferred outflows of resources	<u>1,564,554</u>	<u>52,048</u>	<u>1,616,602</u>
Other liabilities	2,714,862	393,631	3,108,493
Long-term liabilities	47,290,233	5,036,517	52,326,750
Total liabilities	<u>50,005,095</u>	<u>5,430,148</u>	<u>55,435,243</u>
Net position			
Net investment in capital assets	52,092,046	51,085,382	103,177,428
Restricted	137,729	-	137,729
Unrestricted	15,576,372	7,165,872	22,742,244
Total net position	<u>\$ 67,806,147</u>	<u>\$ 58,251,254</u>	<u>\$ 126,057,401</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*



As of June 30, 2014, 80.9% of the Town's net position reflects its net investment in capital assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Less than 1% of the Town's net position is subject to external restrictions on how they may be used and are therefore presented as restricted net position.

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

Overall, net position increased by \$4,869,476 in comparison with the prior year.

TOWN OF MONTVILLE, CONNECTICUT
 Management's Discussion and Analysis (Unaudited) *(Continued)*

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position

Changes in net position for the years ended June 30, 2014 and 2013 are as follows:

Town of Montville, Connecticut
Changes in Net Position
For The Year Ended June 30, 2014

	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 3,248,789	\$ 6,994,126	\$ 10,242,915
Operating grants and contributions	20,991,727	278,554	21,270,281
Capital grants and contributions	607,972	-	607,972
General revenues:			
Property taxes, levied for general purposes	36,216,767	-	36,216,767
Grants and contributions not restricted to specific programs	3,594,710	-	3,594,710
Income from investments	31,875	9,323	41,198
Total revenues	<u>64,691,840</u>	<u>7,282,003</u>	<u>71,973,843</u>
Expenses			
General government	6,177,593	-	6,177,593
Public safety	4,210,518	-	4,210,518
Public works	3,317,800	-	3,317,800
Health and welfare	210,900	-	210,900
Recreation and leisure	331,132	-	331,132
Education	45,166,374	-	45,166,374
Interest on long-term debt	1,440,069	-	1,440,069
Sewer department	-	4,822,726	4,822,726
Water department	-	1,427,255	1,427,255
Total expenses	<u>60,854,386</u>	<u>6,249,981</u>	<u>67,104,367</u>
Change in net position before transfers	3,837,454	1,032,022	4,869,476
Transfers	45,519	(45,519)	-
Change in net position	3,882,973	986,503	4,869,476
Net position, beginning	67,806,147	58,251,254	126,057,401
Net position, ending	<u>\$ 71,689,120</u>	<u>\$ 59,237,757</u>	<u>\$ 130,926,877</u>

TOWN OF MONTVILLE, CONNECTICUT
Management's Discussion and Analysis (Unaudited) *(Continued)*

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

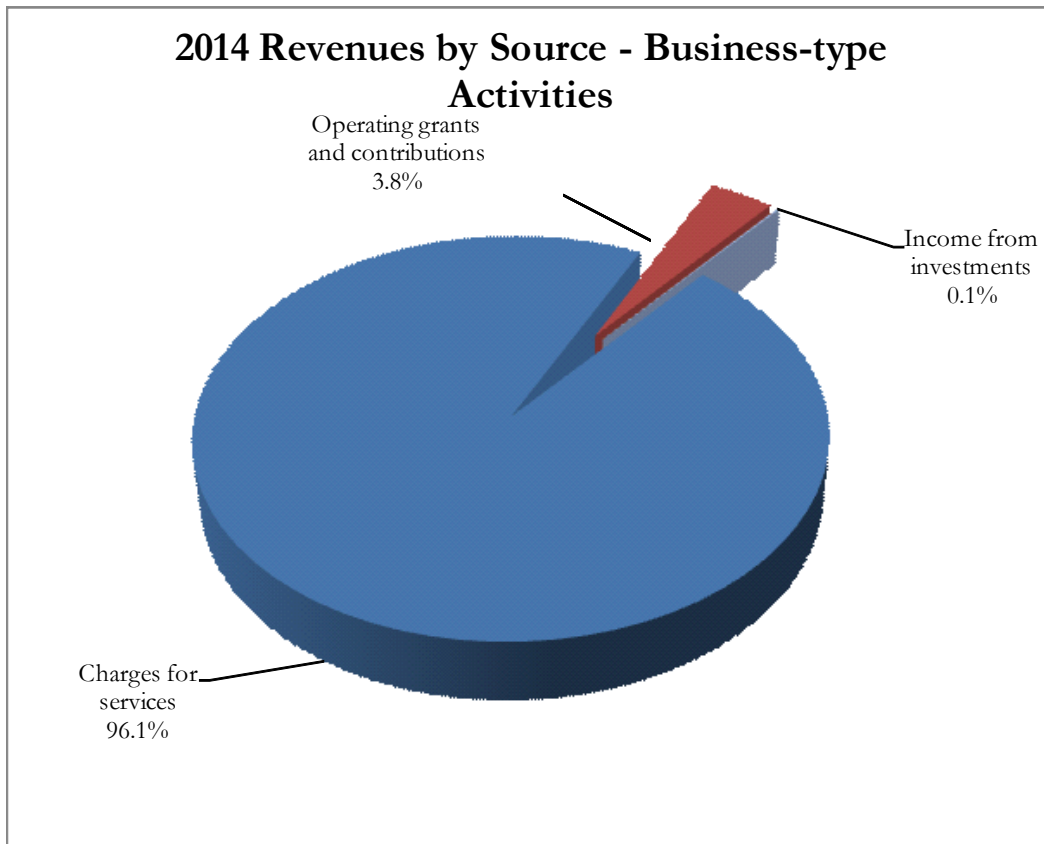
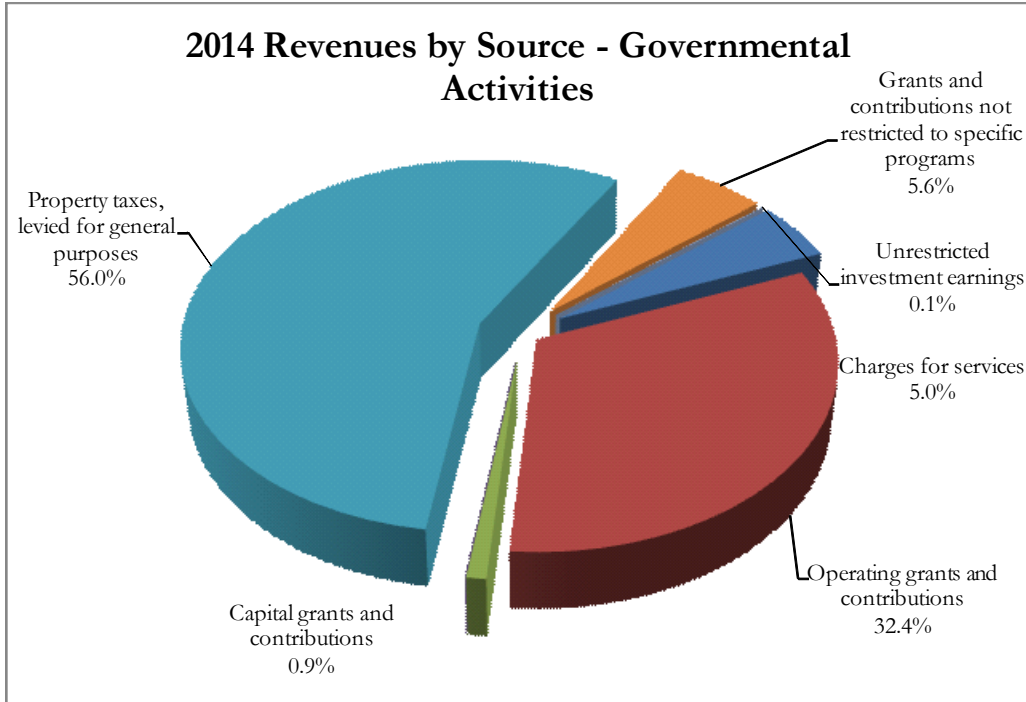
Change in Net Position *(Continued)*

Town of Montville, Connecticut
Changes in Net Position
For The Year Ended June 30, 2013

	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 2,763,238	\$ 6,979,352	\$ 9,742,590
Operating grants and contributions	19,821,599	105,240	19,926,839
Capital grants and contributions	160,284	-	160,284
General revenues:			
Property taxes, levied for general purposes	37,969,108	-	37,969,108
Grants and contributions not restricted to specific programs	3,385,689	-	3,385,689
Income from investments	32,635	6,761	39,396
Total revenues	<u>64,132,553</u>	<u>7,091,353</u>	<u>71,223,906</u>
Expenses			
General government	5,752,392	-	5,752,392
Public safety	4,274,808	-	4,274,808
Public works	3,970,750	-	3,970,750
Health and welfare	211,157	-	211,157
Recreation and leisure	336,737	-	336,737
Education	44,542,852	-	44,542,852
Interest on long-term debt	1,626,849	-	1,626,849
Sewer department	-	5,438,686	5,438,686
Water department	-	1,427,019	1,427,019
Total expenses	<u>60,715,545</u>	<u>6,865,705</u>	<u>67,581,250</u>
Change in net position before transfers	3,417,008	225,648	3,642,656
Transfers	<u>(25,519)</u>	<u>25,519</u>	<u>-</u>
Change in net position	3,391,489	251,167	3,642,656
Net position, beginning	64,414,658	58,000,087	122,414,745
Net position, ending	<u>\$ 67,806,147</u>	<u>\$ 58,251,254</u>	<u>\$ 126,057,401</u>

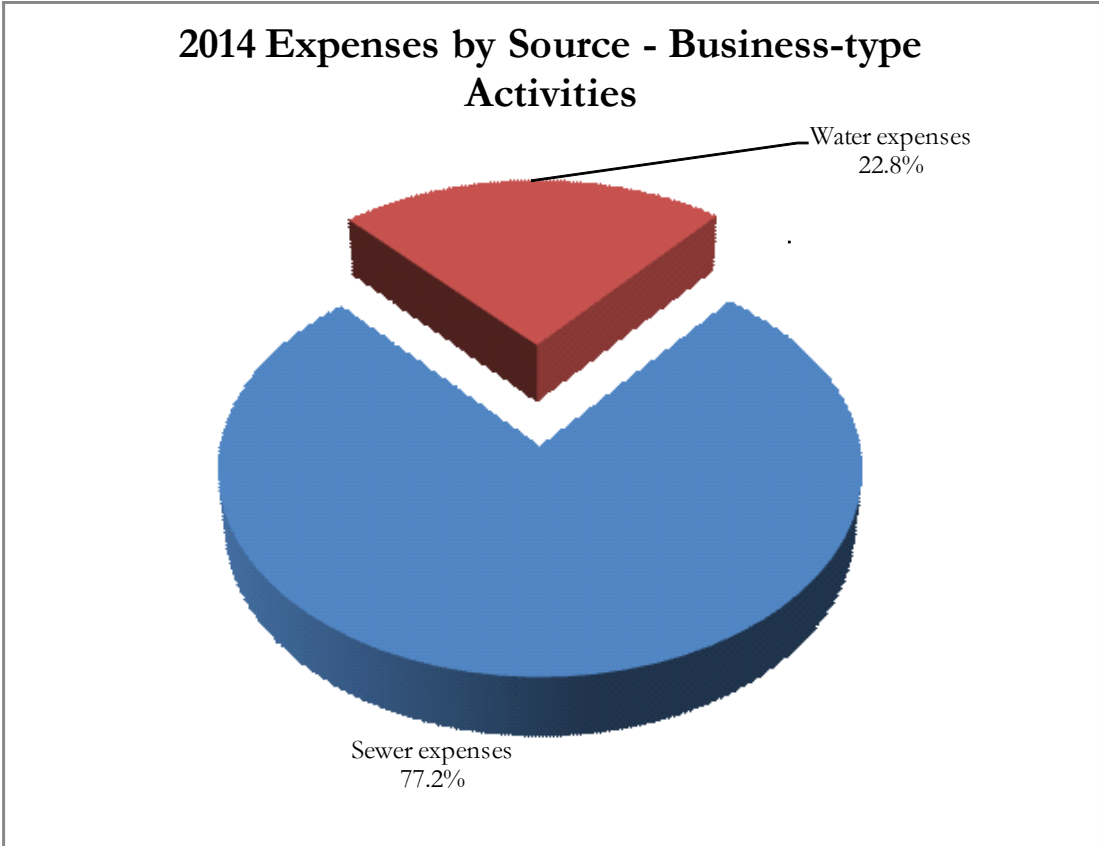
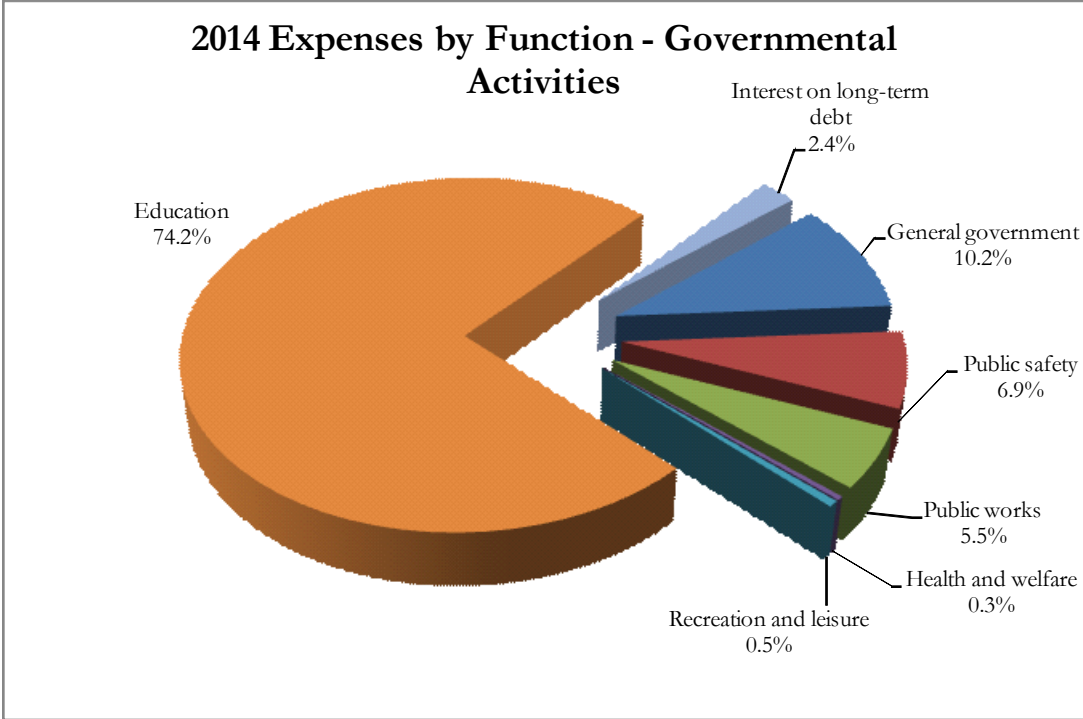
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Position (Continued)



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Position (Continued)



GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*

Governmental Activities

Governmental activities increased the Town's net position by a current year change of \$3,882,973. This increase is mainly attributable to the current year fund activity, less the capital asset and debt activity for the current year.

Business-type Activities

Business-type activities increased the Town's net position by a current year change of \$986,503. The current year increase was caused by the excess of revenues over operating expenditures.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$10,514,569.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,537,150. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 14.1% of total General Fund expenditures and net other financing sources. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.7 months of general fund operating expenditures and transfers out.

The fund balance of the Town's general fund increased by \$648,654 during the current fiscal year, which was primarily due a large increase in unbudgeted grant receipts in the current year.

Bonded Projects Fund

The fund balance of the Bonded Projects Fund increased by \$50,680 during the current fiscal year. This increase was primarily due to receipt of school construction grant funding from the Department of Education in the current year.

TOWN OF MONTVILLE, CONNECTICUT

Management's Discussion and Analysis (Unaudited) *(Continued)*

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$940,898. Expenditures were \$420,007 less than budgeted, and total budgetary revenues were \$1,611,980 more than expected due primarily to a favorable variance in intergovernmental revenue. Payment in lieu of taxes on State-owned property grant funds were received, totaling approximately \$1.5 million, which had not been included in the original budget. During the year ended June 30, 2014, the Town Council approved additional appropriations of \$592,550 from fund balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2014 totaled \$151,273,538 (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, distribution and collection systems, machinery and equipment, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was \$561,682 or 0.4%. This decrease consisted primarily of capital asset additions of approximately \$3.2 million, offset by depreciation expense of approximately \$3.8 million. Major capital asset events during the current fiscal year included the following:

- Outlays for Derry Hill Road Bridge Replacement totaling \$261,625
- Outlays for various machinery and equipment and vehicles totaling \$161,005
- Road improvements totaling \$1,355,628
- Acquisition of new land totaling \$205,290
- Outlays for WPCA Headworks construction project totaling \$717,786
- Outlays for WPCA Generator project totaling \$258,467

TOWN OF MONTVILLE, CONNECTICUT
 Management's Discussion and Analysis (Unaudited) *(Continued)*

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Capital Assets *(Continued)*

The following are tables of the investment in capital assets presented for both governmental and business-type activities:

Town of Montville, Connecticut
Capital Assets, Net
June 30, 2014

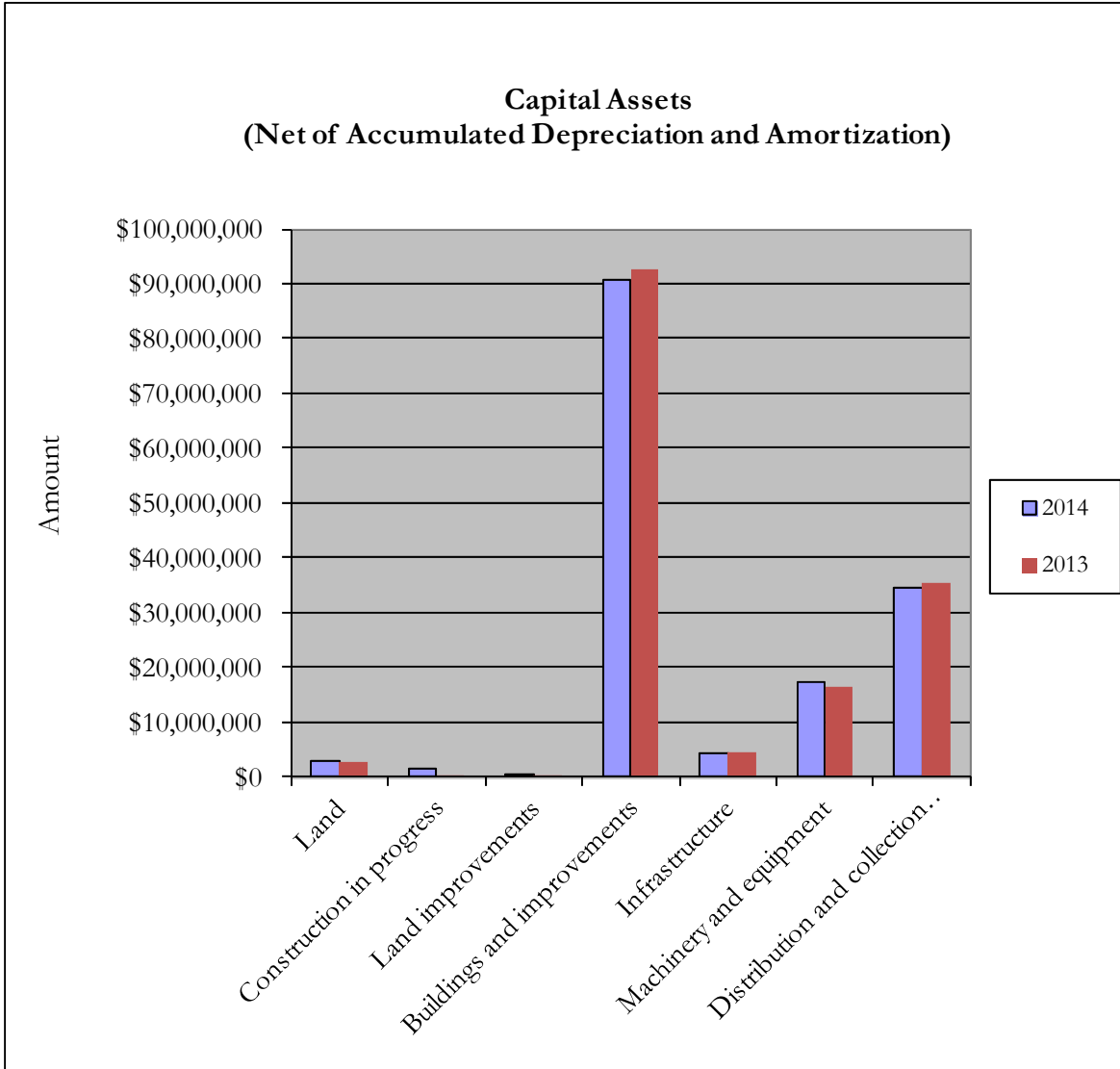
	Governmental Activities	Business-type Activities	Total
Land	\$ 1,784,108	\$ 1,127,031	\$ 2,911,139
Construction in progress	310,290	1,052,936	1,363,226
Land improvements	254,189	-	254,189
Buildings and improvements	77,716,161	13,137,741	90,853,902
Infrastructure	4,150,191	-	4,150,191
Machinery and equipment	11,627,831	5,583,124	17,210,955
Distribution and collection systems	-	34,529,936	34,529,936
Totals	<u>\$ 95,842,770</u>	<u>\$ 55,430,768</u>	<u>\$ 151,273,538</u>

Town of Montville, Connecticut
Capital Assets, Net
June 30, 2013

	Governmental Activities	Business-type Activities	Total
Land	\$ 1,578,818	\$ 1,127,031	\$ 2,705,849
Construction in progress	152,309	1,400	153,709
Land improvements	271,616	-	271,616
Buildings and improvements	79,074,309	13,532,364	92,606,673
Infrastructure	4,530,061	-	4,530,061
Machinery and equipment	10,220,928	6,046,405	16,267,333
Distribution and collection systems	-	35,299,979	35,299,979
Totals	<u>\$ 95,828,041</u>	<u>\$ 56,007,179</u>	<u>\$ 151,835,220</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION *(Continued)*

Capital Assets *(Continued)*



Additional information on the Town's capital assets can be found in Note D on pages 43 - 44 of this report.

Long-term Debt

At the end of the current fiscal year, the Town had total debt outstanding of \$43,185,000. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt decreased by \$3,045,000 or 6.6% during the current fiscal year primarily due to scheduled principal payments.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$256,011,623, which is significantly in excess of the Town's outstanding general obligation debt.

CAPITAL ASSETS AND DEBT ADMINISTRATION *(Continued)*

Long-term Debt *(Continued)*

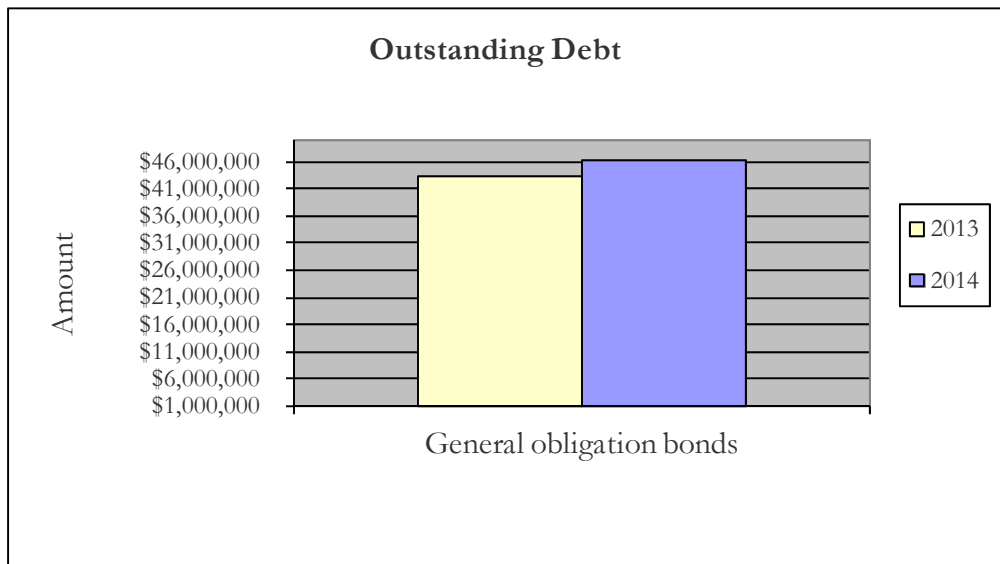
The following are tables of long-term bonded debt:

**Town of Montville, Connecticut
 Long-term Debt
 June 30, 2014**

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 40,650,200	\$ 2,534,800	\$ 43,185,000
Totals	<u>\$ 40,650,200</u>	<u>\$ 2,534,800</u>	<u>\$ 43,185,000</u>

**Town of Montville, Connecticut
 Long-term Debt
 June 30, 2013**

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ 43,484,200	\$ 2,745,800	\$ 46,230,000
Totals	<u>\$ 43,484,200</u>	<u>\$ 2,745,800</u>	<u>\$ 46,230,000</u>



Additional information on the Town's long-term debt can be found in Note G on pages 46 - 49 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The unemployment rate for the Town is currently 6.7% compared to the state's average unemployment rate of 6.5% and the national unemployment rate of 6.1%.
- Unassigned fund balance of the General Fund totals \$8,537,150 at June 30, 2014.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
 - For purposes of calculating property tax revenues for fiscal year 2015, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.
 - It is unknown how changes in market interest rates will impact real estate activity and related revenues collected by the Town Clerk and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2015.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, Town of Montville, 310 Norwich-New London Tpke., Uncasville, Connecticut 06382.

Basic
Financial
Statements

TOWN OF MONTVILLE, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2014

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 18,120,065	\$ 5,569,587	\$ 23,689,652
Investments	-	602,759	602,759
Receivables:			
Property taxes, net	1,540,919	-	1,540,919
Interest on property taxes and assessments, net	481,004	-	481,004
Assessments and user charges receivable, net	101,283	1,404,664	1,505,947
Connection fees	-	218,261	218,261
Intergovernmental	1,274,642	-	1,274,642
Other	97,243	55,169	152,412
Internal balances	228	(228)	-
Inventories	69,298	-	69,298
Noncurrent assets:			
Receivables:			
Connection fees	-	654,800	654,800
Other	-	193,306	193,306
Capital assets:			
Non-depreciable	2,094,398	2,179,967	4,274,365
Depreciable, net	93,748,372	53,250,801	146,999,173
Total assets	<u>117,527,452</u>	<u>64,129,086</u>	<u>181,656,538</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	<u>1,443,168</u>	<u>47,939</u>	<u>1,491,107</u>
LIABILITIES			
Accounts payable	1,149,983	344,517	1,494,500
Accrued liabilities:			
Salaries and benefits payable	285,073	18,771	303,844
Accrued interest	560,999	56,043	617,042
Due to other funds			
Claims payable	464,416	-	464,416
Unearned revenue	539,279	-	539,279
Noncurrent liabilities:			
Due within one year	3,422,663	568,606	3,991,269
Due in more than one year	40,859,087	3,951,331	44,810,418
Total liabilities	<u>47,281,500</u>	<u>4,939,268</u>	<u>52,220,768</u>
NET POSITION			
Net investment in capital assets	54,945,001	51,025,042	105,970,043
Restricted for:			
Grant program purposes	131,442	-	131,442
Other purposes	13,057	-	13,057
Unrestricted	16,599,620	8,212,715	24,812,335
Total net position	<u>\$ 71,689,120</u>	<u>\$ 59,237,757</u>	<u>\$ 130,926,877</u>

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 6,177,593	\$ 1,109,702	\$ 1,018,416	\$ -	\$ (4,049,475)	\$ -	\$ (4,049,475)
Public safety	4,210,518	311,818	85,219	14,163	(3,799,318)	-	(3,799,318)
Public works	3,317,800	559,766	13,938	593,809	(2,150,287)	-	(2,150,287)
Health and welfare	210,900	-	-	-	(210,900)	-	(210,900)
Recreation and leisure	331,132	157,985	-	-	(173,147)	-	(173,147)
Education	45,166,374	1,109,518	19,874,154	-	(24,182,702)	-	(24,182,702)
Interest on long-term debt	1,440,069	-	-	-	(1,440,069)	-	(1,440,069)
Total governmental activities	<u>60,854,386</u>	<u>3,248,789</u>	<u>20,991,727</u>	<u>607,972</u>	<u>(36,005,898)</u>	<u>-</u>	<u>(36,005,898)</u>
Business-type activities:							
Sewer department	4,822,726	5,674,658	278,554	-	-	1,130,486	1,130,486
Water department	1,427,255	1,319,468	-	-	-	(107,787)	(107,787)
	<u>6,249,981</u>	<u>6,994,126</u>	<u>278,554</u>	<u>-</u>	<u>-</u>	<u>1,022,699</u>	<u>1,022,699</u>
Total primary government	<u>\$ 67,104,367</u>	<u>\$ 10,242,915</u>	<u>\$ 21,270,281</u>	<u>\$ 607,972</u>	<u>(36,005,898)</u>	<u>1,022,699</u>	<u>(34,983,199)</u>
General revenues:							
Property taxes, levied for general purposes					36,216,767	-	36,216,767
Grants and contributions not restricted to specific programs					3,594,710	-	3,594,710
Income from investments					31,875	9,323	41,198
Total general revenues					<u>39,843,352</u>	<u>9,323</u>	<u>39,852,675</u>
Transfers							
Total general revenues and transfers					<u>39,888,871</u>	<u>(36,196)</u>	<u>39,852,675</u>
					3,882,973	986,503	4,869,476
					67,806,147	58,251,254	126,057,401
					<u>\$ 71,689,120</u>	<u>\$ 59,237,757</u>	<u>\$ 130,926,877</u>

TOWN OF MONTVILLE, CONNECTICUT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2014

	General Fund	Bonded Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 17,321,424	\$ -	\$ 519,300	\$ 17,840,724
Receivables:				
Property taxes, net of allowance for doubtful accounts of \$260,000	1,540,919	-	-	1,540,919
Interest on property taxes, net of allowance for uncollectibles of \$147,000	481,004	-	-	481,004
Assessments and interest	101,283	-	-	101,283
Intergovernmental	10,938	1,163,251	100,453	1,274,642
Other	90,599	-	6,644	97,243
Due from other funds	983,001	-	1,592,198	2,575,199
Inventories	45,595	-	23,703	69,298
Total assets	<u>\$ 20,574,763</u>	<u>\$ 1,163,251</u>	<u>\$ 2,242,298</u>	<u>\$ 23,980,312</u>
LIABILITIES				
Accounts payable	\$ 1,089,980	\$ -	\$ 60,003	\$ 1,149,983
Accrued liabilities:				
Salaries and benefits payable	275,015	-	10,058	285,073
Due to other funds	7,385,427	966,201	16,572	8,368,200
Unearned revenue	41,592	-	497,687	539,279
Total liabilities	<u>8,792,014</u>	<u>966,201</u>	<u>584,320</u>	<u>10,342,535</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,858,674	-	-	1,858,674
Unavailable revenue - assessments and interest	101,283	-	-	101,283
Unavailable revenue - school construction grant	-	1,163,251	-	1,163,251
Total deferred inflows of resources	<u>1,959,957</u>	<u>1,163,251</u>	<u>-</u>	<u>3,123,208</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Inventory	45,595	-	23,703	69,298
Restricted for:				
Grant program purposes	-	-	131,442	131,442
External	-	-	13,057	13,057
Committed to:				
General government	-	-	261,484	261,484
Recreation	-	-	33,748	33,748
Education	-	-	316,904	316,904
Capital projects	-	-	877,640	877,640
Assigned to:				
Education	978,939	-	-	978,939
Public Safety	2,400	-	-	2,400
General government	49,300	-	-	49,300
Public Works	13,596	-	-	13,596
Capital outlays	95,812	-	-	95,812
Other governmental purpose	100,000	-	-	100,000
Unassigned	8,537,150	(966,201)	-	7,570,949
Total fund balances (deficit)	<u>9,822,792</u>	<u>(966,201)</u>	<u>1,657,978</u>	<u>10,514,569</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 20,574,763</u>	<u>\$ 1,163,251</u>	<u>\$ 2,242,298</u>	<u>\$ 23,980,312</u>

TOWN OF MONTVILLE, CONNECTICUT
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2014

Total fund balance for governmental funds \$ 10,514,569

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

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

Land	\$ 1,784,108	
Construction in progress	310,290	
Land improvements	975,678	
Buildings and improvements	93,541,418	
Machinery and equipment	11,763,394	
Infrastructure	18,903,689	
Less accumulated depreciation and amortization	<u>(31,435,807)</u>	
Total capital assets, net		95,842,770

Some of the Town's taxes, assessments, interest and long-term grant receivables will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds. 3,123,208

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

Accrued interest payable	(560,999)	
Long-term debt:		
Bonds and note payable, net	(42,340,937)	
Deferred charge on refunding	1,443,168	
Other long-term liabilities:		
Compensated absences	(1,645,770)	
Early retirement incentive	(75,163)	
Net OPEB obligation	(29,880)	
Landfill closure	<u>(190,000)</u>	
Total long-term liabilities		(43,399,581)

An internal service fund is used by the Town to charge the cost of risk management activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 5,608,154

Net position of governmental activities \$ 71,689,120

TOWN OF MONTVILLE, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Bonded Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 36,002,557	\$ -	\$ -	\$ 36,002,557
Assessments	29,372	-	-	29,372
Intergovernmental	17,605,325	50,680	2,521,888	20,177,893
State on-behalf payments	4,504,439	-	-	4,504,439
Charges for services	2,633,203	-	632,607	3,265,810
Donations	-	-	62,757	62,757
Investment earnings	31,848	-	12	31,860
Miscellaneous	-	-	22,918	22,918
Total revenues	<u>60,806,744</u>	<u>50,680</u>	<u>3,240,182</u>	<u>64,097,606</u>
EXPENDITURES				
Current:				
General government	6,089,831	-	161,581	6,251,412
Public safety	3,837,539	-	8,854	3,846,393
Public works	3,632,035	-	1,501	3,633,536
Health and welfare	210,123	-	-	210,123
Recreation and leisure	231,511	-	47,675	279,186
Miscellaneous	60,045	-	-	60,045
State on-behalf payments	4,504,439	-	-	4,504,439
Education	36,695,664	-	2,298,121	38,993,785
Debt service:				
Principal payments	2,834,000	-	-	2,834,000
Interest and fiscal charges	1,550,287	-	-	1,550,287
Capital outlays	686,086	-	433,814	1,119,900
Total expenditures	<u>60,331,560</u>	<u>-</u>	<u>2,951,546</u>	<u>63,283,106</u>
Excess of revenues over expenditures	475,184	50,680	288,636	814,500
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	5,000	5,000
Transfers in	656,601	-	518,650	1,175,251
Transfers out	<u>(483,131)</u>	<u>-</u>	<u>(646,601)</u>	<u>(1,129,732)</u>
Total other financing sources (uses)	<u>173,470</u>	<u>-</u>	<u>(122,951)</u>	<u>50,519</u>
Net change in fund balances	648,654	50,680	165,685	865,019
Fund balances (deficit) - beginning	<u>9,174,138</u>	<u>(1,016,881)</u>	<u>1,492,293</u>	<u>9,649,550</u>
Fund balances (deficit) - ending	<u>\$ 9,822,792</u>	<u>\$ (966,201)</u>	<u>\$ 1,657,978</u>	<u>\$ 10,514,569</u>

TOWN OF MONTVILLE, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

Net change in fund balances (deficit) - total governmental funds	\$	865,019
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Total change in net position reported for governmental activities in the statement of activities is different because:

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

Expenditures for capital assets	\$	2,169,389	
Depreciation and amortization expense		<u>(2,153,538)</u>	
Net adjustment			15,851

In the statement of activities, only the gain (loss) on the sale of capital assets is reported whereas the proceeds from the sale increase financial resources in the governmental funds.

	(1,122)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Principal repayments:	
Bonds and note payable	2,834,000

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

Accrued interest	105,992	
Deferred charge on refunding	(121,386)	
Unamortized bond premium	125,612	
Compensated absences	(10,422)	
Early retirement incentive	57,621	
Net OPEB obligation	(17,328)	
Landfill postclosure	<u>19,000</u>	
		159,089

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

	127,068
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of a certain internal service fund is reported with governmental activities.

	<u>(116,932)</u>
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Change in net position of governmental activities	\$	<u>3,882,973</u>
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TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 36,639,230	\$ 36,639,230	\$ 36,002,557	\$ (636,673)
Intergovernmental	15,876,335	15,876,335	17,274,997	1,398,662
Charges for services	2,139,760	2,139,760	2,963,531	823,771
Use of town money	35,000	35,000	61,220	26,220
Total revenues	<u>54,690,325</u>	<u>54,690,325</u>	<u>56,302,305</u>	<u>1,611,980</u>
EXPENDITURES				
Current:				
General government	6,423,941	6,157,207	6,059,974	(97,233)
Public safety	3,718,310	3,880,310	3,839,939	(40,371)
Public works	3,489,530	3,724,230	3,639,497	(84,733)
Health and welfare	172,274	178,274	178,207	(67)
Social services	33,381	33,381	31,916	(1,465)
Recreation and leisure	239,299	239,333	231,511	(7,822)
Miscellaneous	60,700	60,700	60,045	(655)
Education	36,632,735	36,632,735	36,447,268	(185,467)
Capital outlay	1,043,000	1,068,000	1,066,385	(1,615)
Debt service:				
Principal payments	2,834,000	2,834,000	2,834,000	-
Interest and fiscal charges	1,033,238	1,464,788	1,464,209	(579)
Total expenditures	<u>55,680,408</u>	<u>56,272,958</u>	<u>55,852,951</u>	<u>(420,007)</u>
Excess (deficiency) of revenues over expenditures	(990,083)	(1,582,633)	449,354	2,031,987
OTHER FINANCING SOURCES				
Transfers in	990,083	990,083	432,804	(557,279)
Cancellation of prior year encumbrances	-	-	58,740	58,740
Appropriation of fund balance	-	592,550	-	(592,550)
Total other financing sources	<u>990,083</u>	<u>1,582,633</u>	<u>491,544</u>	<u>(1,091,089)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 940,898</u>	<u>\$ 940,898</u>
Fund balance - beginning			<u>7,741,847</u>	
Fund balance - ending			<u>\$ 8,682,745</u>	

TOWN OF MONTVILLE, CONNECTICUT

STATEMENT OF NET POSITION -

PROPRIETARY FUNDS

JUNE 30, 2014

	Business-type Activities			Governmental
	Sewer Department	Water Department	Total Business-type Activities	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,979,926	\$ 589,661	\$ 5,569,587	\$ 279,341
Investments	602,759	-	602,759	-
Receivables:				
User charges, net allowance for doubtful accounts of \$224,400	1,257,061	147,603	1,404,664	-
Connection fees	-	218,261	218,261	-
Other	55,169	-	55,169	-
Due from other funds	-	2,589	2,589	5,793,229
Total current assets	<u>6,894,915</u>	<u>958,114</u>	<u>7,853,029</u>	<u>6,072,570</u>
Noncurrent assets:				
Receivables:				
Connection fees	-	654,800	654,800	-
Other	193,306	-	193,306	-
Capital assets:				
Non-depreciable	2,139,667	40,300	2,179,967	-
Depreciable, net	41,601,429	11,649,372	53,250,801	-
Total noncurrent assets	<u>43,934,402</u>	<u>12,344,472</u>	<u>56,278,874</u>	<u>-</u>
Total assets	<u>50,829,317</u>	<u>13,302,586</u>	<u>64,131,903</u>	<u>6,072,570</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	<u>47,939</u>	<u>-</u>	<u>47,939</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	255,976	88,541	344,517	-
Accrued liabilities:				
Salaries and benefits payable	18,771	-	18,771	-
Accrued interest	56,043	-	56,043	-
Claims payable	-	-	-	464,416
Due to other funds	2,589	228	2,817	-
Total current liabilities	<u>333,379</u>	<u>88,769</u>	<u>422,148</u>	<u>464,416</u>
Non-current liabilities:				
Due within one year:				
Bonds payable	271,000	-	271,000	-
Capital lease obligation	65,745	-	65,745	-
Compensated absences	13,600	-	13,600	-
Contract payable	-	218,261	218,261	-
Due in more than one year:				
Bonds payable	2,366,352	-	2,366,352	-
Capital lease obligation	135,020	-	135,020	-
Compensated absences	52,672	-	52,672	-
Contract payable	-	1,397,287	1,397,287	-
Total non-current liabilities	<u>2,904,389</u>	<u>1,615,548</u>	<u>4,519,937</u>	<u>-</u>
Total liabilities	<u>3,237,768</u>	<u>1,704,317</u>	<u>4,942,085</u>	<u>464,416</u>
NET POSITION				
Net investment in capital assets	40,950,918	10,074,124	51,025,042	-
Unrestricted	6,688,570	1,524,145	8,212,715	5,608,154
Total net position	<u>\$ 47,639,488</u>	<u>\$ 11,598,269</u>	<u>\$ 59,237,757</u>	<u>\$ 5,608,154</u>

TOWN OF MONTVILLE, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities			Governmental
	Sewer Department	Water Department	Total Business-type Activities	Internal Service Fund
OPERATING REVENUES				
Charges for services and premiums	\$ 5,674,658	\$ 1,319,468	\$ 6,994,126	\$ 6,642,398
Intergovernmental	278,554	-	278,554	-
Total operating revenues	<u>5,953,212</u>	<u>1,319,468</u>	<u>7,272,680</u>	<u>6,642,398</u>
OPERATING EXPENSES				
Personnel services	771,840	21,599	793,439	-
Supplies and administration	1,172,257	1,020,760	2,193,017	-
Maintenance	311,238	10,809	322,047	-
Energy and transportation	773,454	50,307	823,761	-
Insurance and taxes	334,770	28,595	363,365	-
Claims incurred	-	-	-	5,949,711
Administration	-	-	-	809,633
Depreciation	1,332,762	295,185	1,627,947	-
Total operating expenses	<u>4,696,321</u>	<u>1,427,255</u>	<u>6,123,576</u>	<u>6,759,344</u>
Operating income (loss)	1,256,891	(107,787)	1,149,104	(116,946)
NON-OPERATING INCOME (EXPENSE)				
Interest income	9,323	-	9,323	14
Interest expense	(126,405)	-	(126,405)	-
Total non-operating income (expense)	<u>(117,082)</u>	<u>-</u>	<u>(117,082)</u>	<u>14</u>
Change in net position before transfers	1,139,809	(107,787)	1,032,022	(116,932)
Transfer out	(10,000)	(35,519)	(45,519)	-
Change in net position	<u>1,129,809</u>	<u>(143,306)</u>	<u>986,503</u>	<u>(116,932)</u>
Net position - beginning	<u>46,509,679</u>	<u>11,741,575</u>	<u>58,251,254</u>	<u>5,725,086</u>
Net position - ending	<u>\$ 47,639,488</u>	<u>\$ 11,598,269</u>	<u>\$ 59,237,757</u>	<u>\$ 5,608,154</u>

TOWN OF MONTVILLE, CONNECTICUT

STATEMENT OF CASH FLOWS -

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities			Governmental
	Sewer Department	Water Department	Total Business-type Activities	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for the following:				
Customers and users	\$ 5,491,530	\$ 1,267,667	\$ 6,759,197	\$ 6,725,322
Intergovernmental	278,554	-	278,554	-
Cash paid for the following:				
Personnel services	(751,081)	(24,248)	(775,329)	-
Supplies and administration	(1,139,931)	(1,038,226)	(2,178,157)	(809,633)
Maintenance	(311,238)	(10,809)	(322,047)	-
Energy and transportation	(773,454)	(50,307)	(823,761)	-
Insurance and taxes	(334,770)	(28,595)	(363,365)	-
Benefits and claims	-	-	-	(5,890,535)
Net cash provided by operating activities	<u>2,459,610</u>	<u>115,482</u>	<u>2,575,092</u>	<u>25,154</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash transfers related to interfund activity	(300,022)	(35,519)	(335,541)	-
Net cash used in noncapital financing activities	<u>(300,022)</u>	<u>(35,519)</u>	<u>(335,541)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(1,051,536)	-	(1,051,536)	-
Payments collected on long-term receivables	57,908	218,261	276,169	-
Interest paid on capital debt	(139,545)	-	(139,545)	-
Principal paid on capital debt	(275,595)	(235,262)	(510,857)	-
Net cash used in capital and related financial activities	<u>(1,408,768)</u>	<u>(17,001)</u>	<u>(1,425,769)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	198,430	-	198,430	-
Interest income	9,323	-	9,323	14
Net cash provided by investing activities	<u>207,753</u>	<u>-</u>	<u>207,753</u>	<u>14</u>
Net increase in cash and cash equivalents	958,573	62,962	1,021,535	25,168
Cash and cash equivalents, beginning of year	<u>4,021,353</u>	<u>526,699</u>	<u>4,548,052</u>	<u>254,173</u>
Cash and cash equivalents, end of year	<u>\$ 4,979,926</u>	<u>\$ 589,661</u>	<u>\$ 5,569,587</u>	<u>\$ 279,341</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,256,891	\$ (107,787)	\$ 1,149,104	\$ (116,946)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	1,332,762	295,185	1,627,947	-
Changes in assets and liabilities:				
Increase in user charges receivable	(183,128)	(51,800)	(234,928)	-
Increase (decrease) in accounts payable	32,326	(17,467)	14,859	-
Increase in accrued liabilities	18,771	-	18,771	-
Increase in compensated absences	3,595	-	3,595	-
Decrease (increase) in due from other funds	(1,607)	(2,649)	(4,256)	82,924
Increase in claims payable	-	-	-	59,176
Net cash provided by operating activities	<u>\$ 2,459,610</u>	<u>\$ 115,482</u>	<u>\$ 2,575,092</u>	<u>\$ 25,154</u>

TOWN OF MONTVILLE, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Private Purpose Trust Fund - School Scholarships	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 88,561	\$ 355,636
Investments, at fair value:		
Certificates of deposit	88,140	32,611
Equity mutual funds	208,430	-
Fixed income mutual funds	42,585	-
Total assets	<u>427,716</u>	<u>\$ 388,247</u>
LIABILITIES		
Due to student groups	-	295,546
Due to others	-	92,701
Total liabilities	<u>-</u>	<u>\$ 388,247</u>
NET POSITION		
Held in trust for scholarship benefits	<u>\$ 427,716</u>	

TOWN OF MONTVILLE, CONNECTICUT
 STATEMENT OF CHANGES
 IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Private Purpose Trust Fund - School Scholarships</u>
ADDITIONS	
Contributions:	
Private donations	\$ 29,300
Total contributions	<u>29,300</u>
Investment earnings:	
Interest	5,676
Net increase in the fair value of investments	37,065
Total investment earnings	<u>42,741</u>
Total additions	<u>72,041</u>
DEDUCTIONS	
Awards expense	6,841
Total deductions	<u>6,841</u>
Change in net position	65,200
Net position - beginning	<u>362,516</u>
Net position - ending	<u><u>\$ 427,716</u></u>

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements

June 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

The Town of Montville, Connecticut was settled in 1786 and covers 43.9 square miles located in the Southeastern part of Connecticut. The Town operates under a Town Council/Mayor form of government and provides the following services as authorized by its charter: public safety, public works, health, social services, recreation, planning and zoning, education and other miscellaneous programs.

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

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

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

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

Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements

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

The Town reports the following major governmental funds:

General Fund - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Bonded Projects Fund - This fund is used to account for the revenues and expenditures related to major capital asset construction and/or purchases.

The Town reports the following major proprietary funds:

Sewer Department - This fund is used to account for activities of the Town's Sewer department.

Water Department - This fund is used to account for activities of the Town's Water department.

In addition, the Town reports the following fund types:

Internal Service Fund (proprietary) - This fund accounts for activities that provide goods or services to other funds, departments, or agencies of the Town on a cost-reimbursement basis. The Town utilizes an internal service fund to account for risk management activities.

Private Purpose Trust Funds - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. There is no requirement that any portion of the resources be preserved as capital. The Town utilizes a private purpose trust fund to account for activities of the School Scholarships Private Purpose Trust Fund.

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of the student activities funds and the performance bonds fund. The student activities funds account for monies generated by student activities in the Town's school system. The performance bonds fund accounts for monies received to ensure that new home construction is performed per specifications.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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

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

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

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

The proprietary and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds consist of charges to customers for services relating to sewer and water usage. Operating expenses of the Town's enterprise funds include the cost of operations and maintenance, administrative expenses, and depreciation of capital assets. The principal operating revenues of the Town's internal service fund consist of charges for premiums. Operating expenses of the Town's internal service fund consist of claims incurred and administrative expenses. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

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

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

Cash Equivalents

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

Investments

Investments for the Town are reported at fair value (generally based on quoted market prices) except as described below.

The Town invests in the State Treasurer's Short-Term Investment Fund (STIF), which is an investment pool managed by the State Treasurer's Office, and the Cooperative Liquid Asset Security Systems Fund (CLASS), which is an investment pool managed by Cutwater Asset Management. STIF and CLASS operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, STIF and CLASS qualify as a 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. STIF and CLASS are subject to regulatory oversight even though they are not registered by the SEC.

Inventories

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

Property Taxes, Sewer Assessment and Usage Charges

Property taxes are assessed as of October 1. Real estate and personal property taxes are billed in the following July and are due in two installments, July 1 and January 1. Motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest of \$407,000 as of June 30, 2014.

Upon completion of projects, water and sewer assessments are levied and assessed to the users each February. Usage charges are billed quarterly or monthly depending on the property type, beginning in January. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full. Based on historical collection experience and other factors, the WPCA has established an allowance for uncollectible sewer and water usage of \$224,400 as of June 30, 2014.

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

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

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

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, 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 a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred net of interest earned on project specific debt during the construction phase of capital assets of business-type activities and enterprise funds are included as part of the capitalized cost of the assets constructed.

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

Assets	Years
Buildings	35 - 50
Building improvements	20
Distribution and collection systems	50 - 65
Infrastructure	30 - 50
Land improvements	30 - 50
Machinery and equipment	5 - 20

Capital assets acquired under capital lease are amortized over the life of the lease term or estimated useful life of the asset, as applicable.

Unearned Revenue

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported 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.

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

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

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

Deferred Outflows/Inflows of Resources *(Continued)*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town only has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments, and school construction grant funding. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

Under the terms of various union contracts, Town and Board of Education employees are granted vacation and sick time in varying amounts based on length of service. Town employees may not carry over any accumulated vacation time and may carry over a limited number of sick days to subsequent years. In the event of retirement, Town employees are reimbursed for accumulated vacation and sick days based on union contract. Board of Education employees may carry over a limited number of unused vacation days to the next fiscal year. When a Board of Education employee retires, limited accumulated unused sick leave is not paid but added to the credited service used to calculate pension benefits.

All compensated absences are accrued when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they have matured (i.e. due to resignation or retirement).

Long-term Obligations

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

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

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

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

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

Net Position and Fund Balance

The government-wide statement of net position presents the Town's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

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

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

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

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

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

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

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Council (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

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

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

Net Position Flow Assumption

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

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

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

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

Net Position and Fund Balance *(Continued)*

Fund Balance Flow Assumption

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

It is the Town's policy to use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned. It is the Town's policy to maintain an unassigned fund balance in the General Fund between 8% and 12% of the Town's general fund budget. Two-thirds vote of the entire Town Council is required to decrease total fund balance below 8%. Unassigned fund balance in the General Fund as of June 30, 2014 represents 14.3% of the Town's final general fund budget.

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Interfund Services Provided and Used

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

Interfund Transfers

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

Interfund Reimbursements

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

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

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

Use of Estimates

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

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCES

Budgetary Information

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements, in accordance with provision of its Town Charter.

- By 100 days before the close of the fiscal year, the head of each department, office and agency submits to the Finance Director detailed estimates of expenditures and any revenues other than tax revenues expected to be collected. Expenditures are controlled at the department level.
- The Mayor submits a Capital Improvement Program for the ensuing fiscal year and the immediate four subsequent years to the Town Council for changes from the prior year's program by 75 days before the close of the fiscal year. It is then submitted to the Planning and Zoning Commission for approval. The Town Council then adopts the Program. The Program details the project, cost estimates, methods of financing, time schedules, and the estimated annual cost of the facility operation.
- By 75 days before the close of the fiscal year, the Mayor presents a budget message, estimates of revenues and expenditures and justifications to the Town Council.
- By 60 days before the close of the fiscal year, the Town Council publishes the particulars of the budgets and holds one or more public hearings.
- The Town Council may add, increase, delete or decrease any programs or amounts except for those prohibited by law. The budget is returned to the Mayor, who approves it or vetoes one or more line items (except for the Board of Education budget). A veto may be overridden by a two-thirds vote of the entire Town Council.
- The Town Council adopts the final budget before 30 days of the close of the fiscal year.
- If the Town Council fails to adopt a budget within the prescribed timeframe, the previous year's budget prevails on a month-to-month basis until the new budget is adopted.
- With written approval of a department head and the Director of Finance, transfers between line items within a department can be made. The Town Council may transfer unexpended balances between departments.
- The Board of Education may transfer unexpended balances between accounts within its total line appropriation.
- Additional appropriations may be made during the year by resolution of the Town Council. Additional appropriations from fund balance for the year ended June 30, 2014 amounted to \$592,550.

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

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

Budgetary Information (Continued)

- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year. Generally, all unexpended appropriations lapse at year-end, except those for Capital Projects Funds and certain Special Revenue Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP basis”). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2014:

	<u>Total</u> <u>Revenues</u>	<u>Total</u> <u>Expenditures</u>	<u>Other</u> <u>Financing Sources -</u> <u>Transfers, Net</u>	<u>Net Change</u> <u>in</u> <u>Fund Balance</u>
Budgetary basis	\$ 56,302,305	\$ 55,852,951	\$ 491,544	\$ 940,898
"On-behalf" payments - State Teachers Retirement Fund <i>(see Note H)</i>	4,504,439	4,504,439	-	-
Encumbrances	-	233,504	(58,740)	(292,244)
Certain transfers recorded as expenditures for budgetary purposes	-	(259,334)	(259,334)	-
GAAP basis	<u>\$ 60,806,744</u>	<u>\$ 60,331,560</u>	<u>\$ 173,470</u>	<u>\$ 648,654</u>

Deficit Fund Balances

The following fund has a deficit fund balances as of June 30, 2014, which does not constitute a violation of statutory provisions:

<u>Fund</u>	<u>Amount</u>
Bonded Projects Fund	\$ (996,201)

The deficit is expected to be eliminated through future revenue sources and bonding.

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

NOTE C - CASH DEPOSITS AND INVESTMENTS

A reconciliation of the Town's cash and cash equivalents as of June 30, 2014 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 23,689,652
Statement of fiduciary net position:	
Cash and cash equivalents	444,197
	<u>24,133,849</u>
Add: certificates of deposit classified as investments	723,510
Less: cash equivalents considered investments under GASB Statement No. 40	<u>(3,319,300)</u>
	<u><u>\$ 21,538,059</u></u>

Cash Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$21,636,330 of the Town's bank balance of \$22,910,398 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 19,472,697
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	2,163,633
	<u><u>\$ 21,636,330</u></u>

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

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

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

Investments

A reconciliation of the Town's investments as of June 30, 2014 is as follows:

Government-wide statement of net position:	
Investments	\$ 602,759
Statement of fiduciary net position:	
Investments	371,766
	<u>974,525</u>
Add: cash equivalents considered investments under GASB Statement No. 40	3,319,300
Less: certificates of deposit classified as investments	<u>(723,510)</u>
	<u><u>\$ 3,570,315</u></u>

As of June 30, 2014, the Town's investments consist of the following:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years) Less Than 1</u>
Debt Securities:		
Pooled fixed income accounts	\$ 3,314,688	\$ 3,314,688
Fixed income mutual funds	42,585	42,585
Money market mutual funds	4,612	4,612
	<u>3,361,885</u>	<u>\$ 3,361,885</u>
Other investments:		
Equity mutual funds	208,430	
	<u>\$ 3,570,315</u>	

Because the money market and fixed income mutual funds have weighted average maturities of less than 90 days, they are presented as investments with maturities of less than one year.

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

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

Investments *(Continued)*

Interest Rate Risk

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

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service.

The Town's investments in pooled fixed income accounts, whose ratings are required to be disclosed, were rated AAA by Standard & Poor's.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial credit risk at June 30, 2014, as they are held by a trustee in the Town's name.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. More than 5 percent of the Town's investments are in pooled fixed income accounts. Investments in this type of account are considered diversified by nature.

TOWN OF MONTVILLE, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2014

NOTE D - CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2014 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 1,578,818	\$ 205,290	\$ -	\$ 1,784,108
Construction in progress	152,309	157,981	-	310,290
Total capital assets, not being depreciated	<u>1,731,127</u>	<u>363,271</u>	<u>-</u>	<u>2,094,398</u>
Capital assets, being depreciated:				
Land improvements	975,678	-	-	975,678
Buildings and improvements	93,541,418	-	-	93,541,418
Machinery and equipment	12,015,057	158,729	(410,392)	11,763,394
Infrastructure	17,256,300	1,647,389	-	18,903,689
Total capital assets, being depreciated	<u>123,788,453</u>	<u>1,806,118</u>	<u>(410,392)</u>	<u>125,184,179</u>
Less accumulated depreciation and amortization for:				
Land improvements	704,062	17,427	-	721,489
Buildings and improvements	14,467,109	1,358,148	-	15,825,257
Machinery and equipment	7,484,996	537,477	(409,270)	7,613,203
Infrastructure	7,035,372	240,486	-	7,275,858
Total accumulated depreciation and amortization	<u>29,691,539</u>	<u>2,153,538</u>	<u>(409,270)</u>	<u>31,435,807</u>
Total capital assets, being depreciated, net	<u>94,096,914</u>	<u>(347,420)</u>	<u>(1,122)</u>	<u>93,748,372</u>
Governmental activities capital assets, net	<u>\$ 95,828,041</u>	<u>\$ 15,851</u>	<u>\$ (1,122)</u>	<u>\$ 95,842,770</u>

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

Governmental Activities:	
General government	\$ 193,703
Public safety	231,509
Public works	378,264
Recreation and leisure	39,199
Education	<u>1,310,863</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 2,153,538</u>

TOWN OF MONTVILLE, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2014

NOTE D - CAPITAL ASSETS *(Continued)*

Capital asset activity for business-type activities for the year ended June 30, 2014 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 1,127,031	\$ -	\$ -	\$ 1,127,031
Construction in progress	1,400	1,051,536	-	1,052,936
Total capital assets, not being depreciated	<u>1,128,431</u>	<u>1,051,536</u>	<u>-</u>	<u>2,179,967</u>
Capital assets, being depreciated:				
Buildings and improvements	19,561,760	-	-	19,561,760
Distribution and collection systems	51,487,323	-	-	51,487,323
Machinery and equipment	12,885,297	-	-	12,885,297
Total capital assets, being depreciated	<u>83,934,380</u>	<u>-</u>	<u>-</u>	<u>83,934,380</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	6,029,396	394,623	-	6,424,019
Distribution and collection systems	16,187,344	770,043	-	16,957,387
Machinery and equipment	6,838,892	463,281	-	7,302,173
Total accumulated depreciation and amortization	<u>29,055,632</u>	<u>1,627,947</u>	<u>-</u>	<u>30,683,579</u>
Total capital assets, being depreciated, net	<u>54,878,748</u>	<u>(1,627,947)</u>	<u>-</u>	<u>53,250,801</u>
Business-type activities capital assets, net	<u>\$ 56,007,179</u>	<u>\$ (576,411)</u>	<u>\$ -</u>	<u>\$ 55,430,768</u>

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

Business-type Activities:	
Sewer department	\$ 1,332,762
Water department	<u>295,185</u>
Total depreciation and amortization expense - business-type activities	<u>\$ 1,627,947</u>

TOWN OF MONTVILLE, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2014

NOTE E - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Nonmajor governmental funds	\$ 16,572
	Bonded Projects Fund	966,201
	Water Department	228
		<u>983,001</u>
Nonmajor governmental funds	General Fund	1,592,198
		<u>\$ 2,575,199</u>
Proprietary Funds:		
Internal Service Fund	General Fund	\$ 5,793,229
Water Department	Sewer Department	2,589
		<u>\$ 5,795,818</u>

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

NOTE F - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2014 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Sewer department	\$ 10,000
	Other governmental funds	646,601
		<u>656,601</u>
Other governmental funds	General Fund	483,131
	Water department	35,519
		<u>518,650</u>
Total transfers		<u>\$ 1,185,251</u>

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

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

NOTE G - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2014:

Governmental Activities	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 43,484,200	\$ -	\$ (2,834,000)	\$ 40,650,200	\$ 3,019,000
Unamortized premium	1,816,349	-	(125,612)	1,690,737	-
Total bonds payable	<u>45,300,549</u>	<u>-</u>	<u>(2,959,612)</u>	<u>42,340,937</u>	<u>3,019,000</u>
Other liabilities:					
Net OPEB obligation	12,552	17,328	-	29,880	-
Compensated absences	1,635,348	10,422	-	1,645,770	329,000
Early retirement incentive	132,784	70,944	(128,565)	75,163	55,663
Landfill closure	209,000	-	(19,000)	190,000	19,000
	<u>\$ 47,290,233</u>	<u>\$ 98,694</u>	<u>\$ (3,107,177)</u>	<u>\$ 44,281,750</u>	<u>\$ 3,422,663</u>
Business-type Activities					
Bonds payable:					
General Obligation Bonds	\$ 2,745,800	\$ -	\$ (211,000)	\$ 2,534,800	\$ 271,000
Unamortized premium	111,875	-	(9,323)	102,552	-
Total bonds payable	<u>2,857,675</u>	<u>-</u>	<u>(220,323)</u>	<u>2,637,352</u>	<u>271,000</u>
Other liabilities:					
Capital lease obligation	265,360	-	(64,595)	200,765	65,745
Contract payable	1,850,810	-	(235,262)	1,615,548	218,261
Compensated absences	62,672	3,600	-	66,272	13,600
	<u>\$ 5,036,517</u>	<u>\$ 3,600</u>	<u>\$ (520,180)</u>	<u>\$ 4,519,937</u>	<u>\$ 568,606</u>

General Obligation Bonds and Notes Payable

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

A summary of general obligation bonds and note payable outstanding at June 30, 2014 is as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Governmental Activities					
Bonds Payable					
General Obligation Bonds	1988	\$ 7,310,000	6.25% - 7.0%	2015	\$ 210,000
General Obligation Bonds	2004	10,070,000	2.5% - 4.5%	2024	560,000
General Obligation Bonds	2006	10,000,000	3.625% - 5.0%	2027	1,015,000
General Obligation Bonds	2007	6,300,000	3.7% - 4.5%	2028	3,465,000
General Obligation Bonds	2009	12,000,000	2.0% - 4.0%	2024	6,000,000
General Obligation Refunding Bonds	2010	2,212,600	2.0% - 4.0%	2022	1,860,200
General Obligation Refunding Bonds	2010	8,035,000	3.0% - 5.0%	2025	7,890,000
General Obligation Bonds	2012	10,625,000	2.125% - 5.0%	2033	10,625,000
General Obligation Refunding Bonds	2013	9,195,000	1.0% - 4.0%	2027	9,025,000
					<u>\$ 40,650,200</u>

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2014

NOTE G - LONG-TERM LIABILITIES (Continued)

General Obligation Bonds and Notes Payable (Continued)

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Business-type Activities					
Bonds Payable					
General Obligation Bonds	1999	\$ 1,350,000	6.60%	2019	\$ 350,000
General Obligation Refunding Bonds	2010	1,042,400	2.0% - 4.0%	2019	684,800
General Obligation Bonds	2012	1,500,000	2.125% - 5.0%	2033	1,500,000
					\$ 2,534,800

Annual debt service requirements to maturity on general obligation bonds and the note payable are as follows as of June 30, 2014:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 3,019,000	\$ 1,322,490	\$ 4,341,490
2016	3,022,700	1,219,385	4,242,085
2017	3,352,700	1,120,536	4,473,236
2018	3,344,500	1,010,143	4,354,643
2019	3,336,300	875,846	4,212,146
2020-2024	16,930,000	2,556,691	19,486,691
2025-2029	5,925,000	604,982	6,529,982
2030-2033	1,720,000	103,200	1,823,200
	\$ 40,650,200	\$ 8,813,273	\$ 49,463,473

<u>Year ending June 30:</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 271,000	\$ 91,378	\$ 362,378
2016	297,300	81,041	378,341
2017	297,300	69,088	366,388
2018	295,500	55,945	351,445
2019	293,700	42,932	336,632
2020-2024	450,000	127,444	577,444
2025-2029	350,000	67,463	417,463
2030-2033	280,000	16,800	296,800
	\$ 2,534,800	\$ 552,091	\$ 3,086,891

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

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

General Obligation Bonds and Notes Payable *(Continued)*

Refundings

At June 30, 2014, there is approximately \$9 million of bonds related to the 2013 general obligation bond issuance that are considered defeased but still outstanding. There is approximately \$8.3 million of bonds related to the 2010 general obligation bond issuance that are considered defeased but still outstanding.

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$256,011,623 as of June 30, 2014. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2014.

Authorized, Unissued Bonds

As of June 30, 2014, the Town had authorized but unissued bonds totaling \$4,600,500.

Early Retirement Incentive

The Board of Education provides early retirement incentive benefits to 4 former employees. Benefits are paid annually based on the retirement agreement for each employee. Benefits are payable through 2018. The amount paid from general fund appropriations during the year ended June 30, 2014 was \$128,565.

Landfill Post-Closure Care Costs

The Town landfill has been closed. State and Federal laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Estimated monitoring costs of \$19,000 per year for the next 10 years total \$190,000 at June 30, 2014. These amounts are based on estimates, which are subject to change due to inflation, technology or changes in applicable laws and regulations.

TOWN OF MONTVILLE, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2014

NOTE G - LONG-TERM LIABILITIES *(Continued)***Capital Lease Obligation**

A summary of assets acquired through capital lease is as follows as of June 30, 2014:

	Business-type Activities
Machinery and equipment	\$ 334,678
Less: accumulated amortization	32,073
	<u>\$ 302,605</u>

Amortization expense relative to leased property under the capital lease totaled \$16,734 for the year ended June 30, 2014 and is included in depreciation and amortization expense disclosed in Note D.

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2014 is as follows:

Year ending June 30:	Business-type Activities
2015	\$ 69,318
2016	69,318
2017	69,318
Total minimum lease payments	<u>207,954</u>
Less: amount representing interest	<u>(7,189)</u>
Present value of minimum lease payments	<u>\$ 200,765</u>

Contract Payable

The Town has entered into a long-term contract with the Mohegan Tribal Utility Authority in connection with its portion of costs from a Regional Water Extension Project. Such amount payable totals \$1,615,547, of which \$729,540 is owed by the Town and \$886,007 is owed by other parties. The Town has recorded \$873,061 as a receivable as of June 30, 2014, as the Town is collecting the debt payments to be remitted per terms of the agreement. The maturity date of the entire contract is September 2018.

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

NOTE H - RETIREMENT PLANS

Connecticut Municipal Employees' Retirement Fund B

Plan Description and Benefit Provisions

All full-time employees of the Town, except for certified Board of Education personnel and firefighters, who are age 55 or younger at the date of hire, participate in the Connecticut Municipal Employees' Retirement Fund B (MERF), a cost sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, with annual cost of living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Annual cost of living increases between 3% and 5% are paid to disabled members and nondisabled retired members which have reached age 65. All benefits vest after 5 years of continuous service or 15 years of active aggregate service. Vested members who retire after age 55 or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life. Chapter 113, Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling (860) 702-3480.

Contributions

Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 11.98% of the annual Town employee covered payroll and 16.96% of the annual Police Department covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to the MERF for the years ended June 30, 2014, 2013 and 2012 were \$900,893, \$785,150, and \$652,260, respectively, and were equal to the required contributions for each year.

Teacher' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual Town basis. For the year ended June 30, 2014, Town teachers contributed \$1,317,353 to the plan and covered payroll for the year was \$18,170,386.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on behalf" payments of \$4,504,439 made by the State of Connecticut into the plan as intergovernmental revenues and education expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of governmental funds.

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

NOTE I - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Town administers an Other Post-Employment Benefits Plan (the “Plan”), which is a single-employer defined benefit healthcare plan. The Plan provides healthcare insurance benefits for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members, as well as certain life insurance benefits. Benefit provisions are established through negotiations between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Funding Policy

Contribution requirements of the plan members and the Town are established in the Plan document and may be amended through negotiations between the Town and the unions. The Town finances the Plan on a pay-as-you-go basis. Currently, the Town contributes the following for various classes of employees covered:

Board of Education Administrators: Administrators receiving benefits are required to contribute 50% of their premium costs. Administrators hired on or after July 1, 2012 are required to contribute 75% of their premium costs. Administrators are eligible for benefits upon retirement and 20 years of service regardless of age.

Board of Education Teachers: Teachers retiring under the Connecticut State Teachers Retirement system are eligible to receive health benefits for self and spouse. Normal retirement for teachers is the earlier of age 60 with 20 years of services, or completion of 35 years of service regardless of age. Individuals receiving benefits contribute 100% of their premium costs.

Annual OPEB Cost and Net OPEB Obligation

The Town’s annual OPEB cost (expense) is calculated based on the annual required contribution (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Town’s annual OPEB cost is primarily attributed to an implicit rate subsidy, whereby retirees are considered to be receiving a benefit from the Town for access to premium rates offered to the Town’s active employees. The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation.

Annual required contribution	\$ 108,008
Interest on net OPEB obligation	502
Adjustment to annual required contribution	(586)
Annual OPEB cost (expense)	107,924
Contributions made	90,596
Increase in net OPEB obligation	17,328
Net OPEB obligation, beginning of year	12,552
Net OPEB obligation, end of year	\$ 29,880

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

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

Annual OPEB Cost and Net OPEB Obligation *(Continued)*

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past three years is as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 112,204	100.0%	\$ -
2013	104,777	88.0%	12,552
2014	107,924	83.9%	29,880

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2012 (the date of the most recent actuarial valuation) was as follows:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Actuarial Cost Method (B)	(Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$ 1,284,731	\$ (1,284,731)	0.0%	N/A	N/A

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. 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 Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

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

Actuarial Methods and Assumptions

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

Valuation date:	July 1, 2012
Actuarial cost method:	Entry Age Actuarial Cost Method
Amortization method:	Level Dollar Amount, Closed
Remaining amortization period:	24.69
Asset valuation method:	N/A
Actuarial assumptions:	
Inflation rate	2.5%
Interest rate	4.0%
Healthcare cost trend rate	9.0% initial 5.0% final

NOTE J - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. During 2014, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

The Health Insurance Fund, an internal service fund, was established to account for and finance employee medical benefits claims for eligible full-time employees of both the Town and the Board of Education. The Town retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the Town is charged an administrative fee. The Town has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$150,000 for combined hospital and major medical.

The Town establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2014. Claims liabilities are recorded in accordance with GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claims accrual does not include other allocated or unallocated claims adjustment expenses.

TOWN OF MONTVILLE, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2014

NOTE J - RISK MANAGEMENT *(Continued)*

A summary of claims activity for the years ended June 30, 2013 and 2014 is as follows:

Year Ended June 30	Claims Payable, Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable, End of Year
2013	\$ 437,172	\$ 5,801,171	\$ 5,833,103	\$ 405,240
2014	405,240	5,949,711	5,890,535	464,416

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

NOTE K - COMMITMENTS AND CONTINGENCIES

There are several lawsuits pending against the Town. The Town's management believes it has meritorious defenses against these lawsuits and estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not have a material adverse effect on the financial condition of the Town.

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

The Town may be subject to rebate penalties to the federal government relating to various bond and note issues. The Town expects such amounts, if any, to be immaterial.

As of June 30, 2014, the Town has recorded \$1,140,047 in encumbrances. Such encumbrances have been included as part of the assigned fund balance designation in accordance with the provisions of GASB Statement No. 54.

NOTE L – SUBSEQUENT EVENTS

During July 2014, the Town's Board of Education executed a master computer lease agreement for \$183,772. The lease requires four annual payments of \$45,943 and expires on August 31, 2018.

TOWN OF MONTVILLE, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

NOTE M - RECENTLY ISSUED ACCOUNTING STANDARDS

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014 and early adoption is permitted. Management is currently evaluating the effect implementation of this standard will have on its financial statements.

Required
Supplementary
Information

TOWN OF MONTVILLE, CONNECTICUT
 SCHEDULES OF FUNDING PROGRESS (UNAUDITED)
 JUNE 30, 2014

Other Post Employment Benefits Program

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2008	\$ -	\$ 924,746	\$ 924,746	0.0%	N/A	N/A
July 1, 2010	-	823,001	823,001	0.0%	N/A	N/A
July 1, 2012	-	1,284,731	1,284,731	0.0%	N/A	N/A

Combining and Individual Fund Statements and Schedules

General Fund

TOWN OF MONTVILLE, CONNECTICUT
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over (Under)
PROPERTY TAXES				
Revenues from property taxes	\$ 36,285,230	\$ 36,285,230	\$ 35,550,025	\$ (735,205)
Telephone access	60,000	60,000	55,322	(4,678)
Interest and lien fees	294,000	294,000	397,210	103,210
Total property taxes	36,639,230	36,639,230	36,002,557	(636,673)
INTERGOVERNMENTAL REVENUES				
State grants for school aid:				
ECS grant	13,576,794	13,576,794	12,768,535	(808,259)
Transportation	-	-	337,924	337,924
Special education	-	-	109,201	109,201
Adult education	32,181	32,181	21,105	(11,076)
Total state grants for school aid	13,608,975	13,608,975	13,236,765	(372,210)
State grants unspecified:				
In lieu of taxes - State property	-	-	1,492,816	1,492,816
Emergency management program	9,000	9,000	10,717	1,717
Tax relief for elderly	106,000	106,000	105,632	(368)
Tax relief for disabled	3,000	3,000	3,431	431
Tax relief for veterans	7,400	7,400	9,169	1,769
Misc. School Grants	11,265	11,265	11,340	75
Hold Harmless Grant	795,081	795,081	-	(795,081)
Other grants	35,000	35,000	70,232	35,232
CT Fines reimbursement	14,000	14,000	13,992	(8)
Elect restructuring grant	300,456	300,456	337,663	37,207
Pequot funds	986,158	986,158	1,486,051	499,893
MRSA Municipal Projects	-	-	497,189	497,189
Total state grants unspecified	2,267,360	2,267,360	4,038,232	1,770,872
Total intergovernmental revenues	15,876,335	15,876,335	17,274,997	1,398,662
CHARGES FOR SERVICES				
Licenses and permits:				
Conveyance tax	80,000	80,000	117,336	37,336
Town clerk fees	110,000	110,000	118,495	8,495
Dog licenses	1,500	1,500	6,268	4,768
Dog warden	1,000	1,000	1,590	590
Building department	150,000	150,000	250,814	100,814
Miscellaneous permits	10,000	10,000	21,942	11,942
Fire permits	40,000	40,000	87,997	47,997
Transfer station	209,000	209,000	166,690	(42,310)
Total licenses and permits	601,500	601,500	771,132	169,632
Revenue from other agencies:				
Planning and zoning and zoning board of appeals	8,500	8,500	4,377	(4,123)
Parks and recreations	80,400	80,400	94,108	13,708
Camp Oakdale rent	3,000	3,000	5,367	2,367
Fair oaks facility rental	700	700	1,840	1,140
Housing authority	29,160	29,160	29,648	488
Youth service program	36,000	36,000	35,833	(167)
Total revenue from other agencies	157,760	157,760	171,173	13,413

(Continued)

TOWN OF MONTVILLE, CONNECTICUT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES

BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND *(Concluded)*

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
CHARGES FOR SERVICES <i>(Continued)</i>				
Charges for current services:				
Tuition regular	\$ 100,000	\$ 100,000	\$ 109,895	\$ 9,895
Tuition special education	125,000	125,000	159,225	34,225
School miscellaneous revenue	2,000	2,000	3,551	1,551
Personal property audits	-	-	208,899	208,899
Public works department	500	500	2,129	1,629
Commercial tipping fees	400,000	400,000	351,948	(48,052)
Assessor's office	1,000	1,000	1,386	386
Total charges for current services	628,500	628,500	837,033	208,533
Miscellaneous:				
St. Bernard's health service	20,000	20,000	24,606	4,606
Police reimbursement	130,000	130,000	150,898	20,898
Insurance reimbursement	25,000	25,000	96,643	71,643
Millstone reimbursement	15,000	15,000	14,163	(837)
Fire marshal private duty	5,000	5,000	4,941	(59)
All other miscellaneous	25,000	25,000	349,177	324,177
Sale of assets	20,000	20,000	32,765	12,765
Mohegan contributions	500,000	500,000	500,000	-
WPCA rental	11,000	11,000	11,000	-
Engineering review reimbursement	1,000	1,000	-	(1,000)
Total miscellaneous	752,000	752,000	1,184,193	432,193
Total charges for services	2,139,760	2,139,760	2,963,531	823,771
REVENUE FROM USE OF TOWN MONEY				
Investment interest	35,000	35,000	31,848	(3,152)
Sewer assessments	-	-	27,978	27,978
Water assessments	-	-	1,394	1,394
Total revenue from use of Town money	35,000	35,000	61,220	26,220
Total revenues	54,690,325	54,690,325	56,302,305	1,611,980
OTHER FINANCING SOURCES				
Cancellation of prior year encumbrances	-	-	58,740	58,740
Appropriation of fund balance	-	592,550	-	(592,550)
Transfers in	980,083	980,083	422,804	(557,279)
Transfers in - WPCA Financial Services	10,000	10,000	10,000	-
Total other financing sources	990,083	1,582,633	491,544	(1,091,089)
Total revenues and other financing sources	\$ 55,680,408	\$ 56,272,958	\$ 56,793,849	\$ 520,891

TOWN OF MONTVILLE, CONNECTICUT
 SCHEDULE OF EXPENDITURES
 BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
GENERAL GOVERNMENT				
Mayor:				
Human services	\$ 130,805	\$ 130,805	\$ 129,834	\$ (971)
Contractual services	46,600	47,375	46,001	(1,374)
Commodities	5,900	5,125	3,908	(1,217)
Total mayor	<u>183,305</u>	<u>183,305</u>	<u>179,743</u>	<u>(3,562)</u>
Town council:				
Human services	21,500	17,395	17,305	(90)
Commodities	8,750	12,821	12,214	(607)
Total town council	<u>30,250</u>	<u>30,216</u>	<u>29,519</u>	<u>(697)</u>
Town attorney	<u>340,000</u>	<u>242,000</u>	<u>241,998</u>	<u>(2)</u>
Town hall / central services:				
Contractual services	140,500	158,526	157,995	(531)
Commodities	52,000	48,319	48,031	(288)
Capital	500	1,655	1,654	(1)
Total town hall / central services	<u>193,000</u>	<u>208,500</u>	<u>207,680</u>	<u>(820)</u>
Probate court	<u>14,000</u>	<u>14,000</u>	<u>13,971</u>	<u>(29)</u>
Finance department:				
Human services	525,990	525,032	524,710	(322)
Contractual services	63,500	61,640	61,241	(399)
Commodities	8,500	11,318	10,382	(936)
Total finance department	<u>597,990</u>	<u>597,990</u>	<u>596,333</u>	<u>(1,657)</u>
Insurance and taxes	<u>3,366,575</u>	<u>3,375,375</u>	<u>3,329,096</u>	<u>(46,279)</u>
Board of assessment appeals:				
Human services	1,000	1,000	276	(724)
Commodities	200	200	-	(200)
Total board of assessment appeals	<u>1,200</u>	<u>1,200</u>	<u>276</u>	<u>(924)</u>
Auditor	<u>16,000</u>	<u>16,000</u>	<u>15,500</u>	<u>(500)</u>
Other	<u>195,000</u>	<u>51,200</u>	<u>49,600</u>	<u>(1,600)</u>
Town clerk:				
Human services	123,231	123,331	123,299	(32)
Contractual services	150	100	100	-
Commodities	18,900	18,850	15,610	(3,240)
Total town clerk	<u>142,281</u>	<u>142,281</u>	<u>139,009</u>	<u>(3,272)</u>

(Continued)

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
GENERAL GOVERNMENT (Continued)				
Registrar of voters:				
Human services	\$ 36,036	\$ 36,036	\$ 36,036	\$ -
Contractual services	110	220	175	(45)
Commodities	2,310	2,200	1,308	(892)
Total registrar of voters	38,456	38,456	37,519	(937)
Elections / referendum:				
Contractual services	27,088	16,588	13,790	(2,798)
Commodities	9,000	9,000	5,104	(3,896)
Total elections / referendum	36,088	25,588	18,894	(6,694)
Land use department:				
Human services	234,858	223,038	217,425	(5,613)
Contractual services	600	600	225	(375)
Commodities	16,500	16,620	10,557	(6,063)
Capital	250	1,250	719	(531)
Total land use department	252,208	241,508	228,926	(12,582)
Inlands wetlands commission:				
Human services	800	800	791	(9)
Commodities	210	210	40	(170)
Total inlands wetlands commission	1,010	1,010	831	(179)
Economic development commission:				
Human services	500	500	51	(449)
Commodities	200	200	45	(155)
Total economic development commission	700	700	96	(604)
Building board of appeals	50	50	-	(50)
Zoning board of appeals	600	600	527	(73)
Senior Center:				
Human services	141,072	140,541	140,537	(4)
Contractual services	35,100	35,637	35,632	(5)
Commodities	15,015	15,009	14,766	(243)
Total senior center	191,187	191,187	190,935	(252)
Youth services:				
Human services	142,394	141,435	141,424	(11)
Contractual services	44,425	46,884	41,429	(5,455)
Commodities	7,380	5,880	4,957	(923)
Total youth services	194,199	194,199	187,810	(6,389)

(Continued)

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT (Continued)				
Private duty	\$ 135,000	\$ 107,000	\$ 100,007	\$ (6,993)
Building inspector:				
Human services	168,431	168,928	168,576	(352)
Contractual services	400	400	290	(110)
Commodities	3,550	3,053	2,173	(880)
Capital	400	400	90	(310)
Total building inspector	<u>172,781</u>	<u>172,781</u>	<u>171,129</u>	<u>(1,652)</u>
Information technology:				
Human services	73,796	73,802	73,802	-
Contractual services	244,905	229,826	228,763	(1,063)
Commodities	3,360	18,433	18,010	(423)
Total information technology	<u>322,061</u>	<u>322,061</u>	<u>320,575</u>	<u>(1,486)</u>
Total general government	<u>6,423,941</u>	<u>6,157,207</u>	<u>6,059,974</u>	<u>(97,233)</u>
PUBLIC SAFETY				
Emergency management:				
Human services	73,886	73,886	71,668	(2,218)
Contractual services	15,000	14,600	14,007	(593)
Commodities	3,285	3,685	2,746	(939)
Total emergency management	<u>92,171</u>	<u>92,171</u>	<u>88,421</u>	<u>(3,750)</u>
Police department:				
Human services	1,774,011	1,871,302	1,869,823	(1,479)
Contractual services	143,378	154,733	154,732	(1)
Commodities	48,750	71,646	71,352	(294)
Capital	18,500	13,458	13,083	(375)
Total police department	<u>1,984,639</u>	<u>2,111,139</u>	<u>2,108,990</u>	<u>(2,149)</u>
Fire marshal:				
Human services	82,493	84,631	84,631	-
Commodities	4,935	3,197	3,065	(132)
Total fire marshal	<u>87,428</u>	<u>87,828</u>	<u>87,696</u>	<u>(132)</u>
Animal control:				
Human services	52,155	52,610	52,608	(2)
Contractual services	4,055	4,063	4,058	(5)
Commodities	4,260	4,897	4,851	(46)
Total animal control	<u>60,470</u>	<u>61,570</u>	<u>61,517</u>	<u>(53)</u>
Public safety commission:				
Human services	2,500	2,500	748	(1,752)
Commodities	50	50	20	(30)
Total public safety commission	<u>2,550</u>	<u>2,550</u>	<u>768</u>	<u>(1,782)</u>

(Continued)

TOWN OF MONTVILLE, CONNECTICUT

SCHEDULE OF EXPENDITURES

BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND *(Continued)*

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PUBLIC SAFETY (Continued)				
Dispatch:				
Human services	\$ 279,390	\$ 279,390	\$ 274,770	\$ (4,620)
Commodities	4,550	4,550	2,251	(2,299)
Total dispatch	283,940	283,940	277,021	(6,919)
Fire protection:				
Human services	695,500	695,499	683,941	(11,558)
Contractual services	368,712	368,713	368,712	(1)
Commodities	76,200	76,200	65,005	(11,195)
Total fire protection	1,140,412	1,140,412	1,117,658	(22,754)
Public safety building:				
Contractual services	59,000	96,556	93,727	(2,829)
Commodities	7,700	4,144	4,141	(3)
Total public safety building	66,700	100,700	97,868	(2,832)
Total public safety	3,718,310	3,880,310	3,839,939	(40,371)
PUBLIC WORKS				
Public works:				
Human services	1,205,580	1,195,443	1,195,429	(14)
Contractual services	472,450	527,216	526,936	(280)
Commodities	603,200	744,232	748,286	4,054
Capital	6,600	5,139	5,116	(23)
Total public works	2,287,830	2,472,030	2,475,767	3,737
Camp Oakdale:				
Contractual services	61,300	55,049	54,390	(659)
Commodities	12,000	18,108	17,957	(151)
Capital	500	643	642	(81)
Total Camp Oakdale	73,800	73,800	72,989	(811)
Solid waste:				
Human services	131,500	120,332	111,955	(8,377)
Contractual services	854,200	837,823	761,013	(76,810)
Commodities	34,200	60,374	58,065	(2,309)
Capital	3,000	4,371	4,370	(1)
Total solid waste	1,022,900	1,022,900	935,403	(87,497)
Engineering services	105,000	155,500	155,338	(162)
Total public works	3,489,530	3,724,230	3,639,497	(84,733)

(Continued)

TOWN OF MONTVILLE, CONNECTICUT

SCHEDULE OF EXPENDITURES

BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND *(Concluded)*

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
HEALTH AND WELFARE				
Contractual services	\$ 171,574	\$ 177,800	\$ 177,734	\$ (66)
Commodities	700	474	473	(1)
Total health and welfare	<u>172,274</u>	<u>178,274</u>	<u>178,207</u>	<u>(67)</u>
SOCIAL SERVICES				
Human services	30,031	29,731	28,972	(759)
Contractual services	2,800	2,844	2,329	(515)
Commodities	550	806	615	(191)
Total social services	<u>33,381</u>	<u>33,381</u>	<u>31,916</u>	<u>(1,465)</u>
RECREATION AND LEISURE				
Recreation:				
Human services	174,424	169,666	166,271	(3,395)
Contractual services	800	1,601	1,141	(460)
Commodities	27,875	31,332	28,907	(2,425)
Capital	400	400	364	(36)
Total recreation	<u>203,499</u>	<u>202,999</u>	<u>196,683</u>	<u>(6,316)</u>
Fair oaks building	<u>35,800</u>	<u>35,800</u>	<u>34,314</u>	<u>(1,486)</u>
Parks and recreation commission:				
Human services	<u>-</u>	<u>534</u>	<u>514</u>	<u>(20)</u>
Total recreation and leisure	<u>239,299</u>	<u>239,333</u>	<u>231,511</u>	<u>(7,822)</u>
MISCELLANEOUS				
Donations to organizations	<u>60,700</u>	<u>60,700</u>	<u>60,045</u>	<u>(655)</u>
EDUCATION	<u>36,632,735</u>	<u>36,632,735</u>	<u>36,447,268</u>	<u>(185,467)</u>
CAPITAL OUTLAY	<u>1,043,000</u>	<u>1,068,000</u>	<u>1,066,385</u>	<u>(1,615)</u>
DEBT SERVICE				
Redemption of debt - principal	2,834,000	2,834,000	2,834,000	-
Interest payments	1,033,238	1,464,788	1,464,209	(579)
Total debt service	<u>3,867,238</u>	<u>4,298,788</u>	<u>4,298,209</u>	<u>(579)</u>
Total expenditures	<u>\$ 55,680,408</u>	<u>\$ 56,272,958</u>	<u>\$ 55,852,951</u>	<u>\$ (420,007)</u>

(Concluded)

TOWN OF MONTVILLE, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2014

Grand List Year	Balance Uncollected June 30, 2012	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2013
			Additions	Deductions			Taxes	Interest, Liens and Fees		
								Total		
1997	\$ 13,067	\$ -	\$ -	\$ 13,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1998	13,318	-	-	-	7,440	5,878	-	-	-	5,878
1999	8,930	-	-	-	7,553	1,377	-	-	-	1,377
2000	10,533	-	-	-	7,777	2,756	-	-	-	2,756
2001	13,992	-	-	-	9,043	4,949	-	-	-	4,949
2002	13,403	-	-	-	10,085	3,318	-	-	-	3,318
2003	12,760	-	-	-	9,409	3,351	-	-	-	3,351
2004	16,302	-	-	-	10,154	6,148	-	-	-	6,148
2005	18,765	-	-	917	10,609	7,239	1,056	725	1,781	6,183
2006	21,329	-	-	2,671	7,742	10,916	3,357	3,850	7,207	7,559
2007	32,073	-	-	2,671	8,743	20,659	3,742	3,463	7,205	16,917
2008	127,811	-	32,133	5,645	47,435	106,864	68,954	49,693	118,647	37,910
2009	209,822	-	28,554	9,693	21,355	207,328	108,089	61,947	170,036	99,239
2010	423,430	-	23,433	10,974	25,633	410,256	140,127	72,617	212,744	270,129
2011	859,244	-	17,851	45,916	12,006	819,173	408,783	101,910	510,693	410,390
2012	-	36,173,699	170,646	139,744	7,824	36,196,777	35,271,962	163,751	35,435,713	924,815
	<u>\$ 1,794,779</u>	<u>\$ 36,173,699</u>	<u>\$ 272,617</u>	<u>\$ 231,298</u>	<u>\$ 202,808</u>	<u>\$ 37,806,989</u>	<u>\$ 36,006,070</u>	<u>\$ 457,956</u>	<u>\$ 36,464,026</u>	<u>\$ 1,800,919</u>

TOWN OF MONTVILLE, CONNECTICUT
 SCHEDULE OF DEBT LIMITATION
 CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
 FOR THE YEAR ENDED JUNE 30, 2014

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

Taxes	\$ 36,006,070
Interest and lien fees	457,956
Total	<u>36,464,026</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	109,063
Base	<u>\$ 36,573,089</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 82,289,450	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	164,578,901	-	-	-
3-3/4 times base	-	-	137,149,084	-	-
3-1/4 times base	-	-	-	118,862,539	-
3 times base	-	-	-	-	109,719,267
Total debt limitation	<u>82,289,450</u>	<u>164,578,901</u>	<u>137,149,084</u>	<u>118,862,539</u>	<u>109,719,267</u>
Indebtedness:					
Bonds payable	35,610,200	5,040,000	2,534,800	-	-
Authorized but unissued bonds	700,000	3,900,500	-	-	-
Total indebtedness	<u>36,310,200</u>	<u>8,940,500</u>	<u>2,534,800</u>	<u>-</u>	<u>-</u>
Less: assessments receivable	45,281	-	-	-	-
Less: School construction grants receivable	-	1,163,251	-	-	-
Net indebtedness	<u>36,264,919</u>	<u>7,777,249</u>	<u>2,534,800</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 46,024,531</u>	<u>\$ 156,801,652</u>	<u>\$ 134,614,284</u>	<u>\$ 118,862,539</u>	<u>\$ 109,719,267</u>
Total capacity of borrowing (7 times base)	\$ 256,011,623				
Total present indebtedness	<u>46,576,968</u>				
Margin for additional borrowing	<u>\$ 209,434,655</u>				

TOWN OF MONTVILLE, CONNECTICUT
 SCHEDULE OF SEWER ASSESSMENT COLLECTIONS - PHASE II
 FOR THE YEAR ENDED JUNE 30, 2014

Year Ended June 30,	Uncollected Assessments at Beginning of Year	Corrections		Adjusted Assessments Collectible	Collections			Uncollected Assessments at Year End
		Additions	Deductions		Assessments Collected	Interest and Lien Fees	Total	
2002	\$ 3,274,736	\$ 61	\$ 1,424	\$ 3,273,373	\$ 422,036	\$ 258,863	\$ 680,899	\$ 2,851,337
2003	2,851,337	-	4,108	2,847,229	466,519	297,766	764,285	2,380,710
2004	2,380,710	65	3,584	2,377,191	323,598	165,781	489,379	2,053,593
2005	2,053,593	218	-	2,053,811	299,662	138,690	438,352	1,754,149
2006	1,754,149	24	46,244	1,707,929	367,903	225,632	593,535	1,340,026
2007	1,340,026	142	-	1,340,168	260,239	91,784	352,023	1,079,929
2008	1,079,929	-	2,702	1,077,227	211,382	74,600	285,982	865,845
2009	865,845	-	4,106	861,739	184,117	64,108	248,225	677,622
2010	677,622	-	175	677,447	189,341	41,507	230,848	488,106
2011	488,106	20	-	488,126	154,173	31,885	186,058	333,953
2012	333,953	-	20	333,933	138,002	25,776	163,778	195,931
2013	195,931	-	1,338	194,593	134,573	21,363	155,936	60,020
2014	60,020	-	-	60,020	18,244	9,246	27,490	41,776

TOWN OF MONTVILLE, CONNECTICUT

SCHEDULE OF SEWER ASSESSMENT COLLECTIONS - PHASE IIA

FOR THE YEAR ENDED JUNE 30, 2014

Year Ended June 30,	Uncollected Assessments at Beginning of Year	Corrections		Adjusted Assessments Collectible	Collections			Uncollected Assessments at Year End
		Additions	Deductions		Assessments Collected	Interest and Lien Fees	Total	
2002	\$ 203,539	\$ -	\$ -	\$ 203,539	\$ 22,693	\$ 15,208	\$ 37,901	\$ 180,846
2003	180,846	-	-	180,846	20,749	11,254	32,003	160,097
2004	160,097	-	-	160,097	22,840	11,871	34,711	137,257
2005	137,257	-	-	137,257	17,092	8,130	25,222	120,165
2006	120,165	-	-	120,165	23,957	21,204	45,161	96,208
2007	96,208	-	-	96,208	16,881	6,830	23,711	79,327
2008	79,327	-	-	79,327	20,622	9,200	29,822	58,705
2009	58,705	-	-	58,705	13,176	3,462	16,638	45,529
2010	45,529	-	-	45,529	11,755	2,347	14,102	33,774
2011	33,774	-	-	33,774	18,367	11,218	29,585	15,407
2012	15,407	165	-	15,572	12,344	1,682	14,026	3,228
2013	3,228	-	-	3,228	1,202	401	1,603	2,026
2014	2,026	-	-	2,026	1,763	1,652	3,415	263

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF WATER ASSESSMENT COLLECTIONS
FOR THE YEAR ENDED JUNE 30, 2014

Year Ended June 30,	Uncollected Assessments at Beginning of Year	Corrections		Adjusted Assessments Collectible	Collections			Uncollected Assessments at Year End
		Additions	Deductions		Assessments Collected	Interest and Lien Fees	Total	
2002	\$ 154,830	\$ -	\$ -	\$ 154,830	\$ 25,828	\$ 25,551	\$ 51,379	\$ 129,002
2003	129,002	-	-	129,002	77,303	52,540	129,843	51,699
2004	51,699	-	-	51,699	16,625	6,249	22,874	35,074
2005	35,074	-	8,261	26,813	1,388	1,098	2,486	25,425
2006	25,425	3	-	25,428	22,489	31,541	54,030	2,939
2007	2,939	-	-	2,939	66	5	71	2,873
2008	2,873	-	-	2,873	-	-	-	2,873
2009	2,873	-	-	2,873	-	-	-	2,873
2010	2,873	-	-	2,873	-	-	-	2,873
2011	2,873	-	-	2,873	-	-	-	2,873
2012	2,873	-	-	2,873	-	-	-	2,873
2013	2,873	-	-	2,873	-	-	-	2,873
2014	2,873	-	2,873	-	-	-	-	-

TOWN OF MONTVILLE, CONNECTICUT
SCHEDULE OF WATER ASSESSMENT COLLECTIONS- PHASE IV
FOR THE YEAR ENDED JUNE 30, 2014

Year Ended June 30,	Uncollected Assessments at Beginning of Year	Corrections		Adjusted Assessments Collectible	Collections			Uncollected Assessments at Year End
		Additions	Deductions		Assessments Collected	Interest and Lien Fees	Total	
2002	\$ 154,119	\$ -	\$ -	\$ 154,119	\$ 15,255	\$ 7,520	\$ 22,775	\$ 138,864
2003	138,864	-	-	138,864	18,057	5,775	23,832	120,807
2004	120,807	-	-	120,807	11,026	4,686	15,712	109,781
2005	109,781	-	-	109,781	12,041	4,836	16,877	97,740
2006	97,740	-	14,521	83,219	26,527	13,500	40,027	56,692
2007	56,692	-	-	56,692	10,359	2,638	12,997	46,333
2008	46,333	-	-	46,333	8,714	1,896	10,610	37,619
2009	37,619	-	-	37,619	12,898	1,829	14,727	24,721
2010	24,721	-	-	24,721	8,811	1,720	10,531	15,910
2011	15,910	82	-	15,992	9,319	1,528	10,847	6,673
2012	6,673	-	-	6,673	537	268	805	6,136
2013	6,136	-	-	6,136	1,967	2,686	4,653	4,169
2014	4,169	-	-	4,169	927	468	1,395	3,242

Nonmajor
Governmental
Funds

TOWN OF MONTVILLE, CONNECTICUT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

	Nonmajor Special Revenue Funds						
	Town Aid Road Fund	Hot Lunch Program Fund	Special Education Grants Fund	Social Services Fund	Youth Service Bureau Fund	Learn Not to Burn Fund	Town Historic Preservation Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ 258,984	\$ 97,309	\$ -	\$ -	\$ -	\$ -
Receivables:							
Intergovernmental	-	83,797	84	-	-	-	-
Other	-	6,644	-	-	-	-	-
Due from other funds	197,291	-	-	235,337	29,274	359	5,622
Inventories	-	23,703	-	-	-	-	-
Total assets	<u>\$ 197,291</u>	<u>\$ 373,128</u>	<u>\$ 97,393</u>	<u>\$ 235,337</u>	<u>\$ 29,274</u>	<u>\$ 359</u>	<u>\$ 5,622</u>
LIABILITIES							
Accounts payable	\$ -	\$ 8,182	\$ 22,058	\$ 6,978	\$ 1,771	\$ -	\$ -
Accrued liabilities	-	10,058	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	163,621	14,281	75,335	-	-	-	-
Total liabilities	<u>163,621</u>	<u>32,521</u>	<u>97,393</u>	<u>6,978</u>	<u>1,771</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable:							
Inventories	-	23,703	-	-	-	-	-
Restricted for:							
Grant program purposes	33,670	-	-	-	-	-	-
External	-	-	-	-	-	359	-
Committed to:							
General government	-	-	-	228,359	27,503	-	5,622
Recreation	-	-	-	-	-	-	-
Education	-	316,904	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total fund balances	<u>33,670</u>	<u>340,607</u>	<u>-</u>	<u>228,359</u>	<u>27,503</u>	<u>359</u>	<u>5,622</u>
Total liabilities and fund balances	<u>\$ 197,291</u>	<u>\$ 373,128</u>	<u>\$ 97,393</u>	<u>\$ 235,337</u>	<u>\$ 29,274</u>	<u>\$ 359</u>	<u>\$ 5,622</u>

(Continued)

TOWN OF MONTVILLE, CONNECTICUT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

JUNE 30, 2014

	Nonmajor Special Revenue Funds				Nonmajor Capital Project Funds			
	Police Donations Fund	Parks and Recreation Fund	Dog Warden Donation	Police Forfeiture	Total Special Revenue Funds	LOCIP Fund	Capital Nonrecurring Fund	Capital Projects Fund
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 356,293	\$ -	\$ 163,007	\$ -
Receivables:								
Intergovernmental	-	-	-	-	83,881	-	-	-
Other	-	-	-	-	6,644	-	-	-
Due from other funds	3,292	43,062	3,747	6,549	524,533	97,772	3,499	712,664
Inventories	-	-	-	-	23,703	-	-	-
Total assets	<u>\$ 3,292</u>	<u>\$ 43,062</u>	<u>\$ 3,747</u>	<u>\$ 6,549</u>	<u>\$ 995,054</u>	<u>\$ 97,772</u>	<u>\$ 166,506</u>	<u>\$ 712,664</u>
LIABILITIES								
Accounts payable	\$ 125	\$ 9,314	\$ 400	\$ 365	\$ 49,193	\$ -	\$ -	\$ 6,530
Accrued liabilities	-	-	-	-	10,058	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	253,237	-	-	-
Total liabilities	<u>125</u>	<u>9,314</u>	<u>400</u>	<u>365</u>	<u>312,488</u>	<u>-</u>	<u>-</u>	<u>6,530</u>
FUND BALANCES								
Nonspendable:								
Inventories	-	-	-	-	23,703	-	-	-
Restricted for:								
Grant program purposes	-	-	-	-	33,670	97,772	-	-
External	3,167	-	3,347	6,184	13,057	-	-	-
Committed to:								
General government	-	-	-	-	261,484	-	-	-
Recreation	-	33,748	-	-	33,748	-	-	-
Education	-	-	-	-	316,904	-	-	-
Capital projects	-	-	-	-	-	-	166,506	706,134
Total fund balances	<u>3,167</u>	<u>33,748</u>	<u>3,347</u>	<u>6,184</u>	<u>682,566</u>	<u>97,772</u>	<u>166,506</u>	<u>706,134</u>
Total liabilities and fund balances	<u>\$ 3,292</u>	<u>\$ 43,062</u>	<u>\$ 3,747</u>	<u>\$ 6,549</u>	<u>\$ 995,054</u>	<u>\$ 97,772</u>	<u>\$ 166,506</u>	<u>\$ 712,664</u>

(Continued)

TOWN OF MONTVILLE, CONNECTICUT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS *(Concluded)*

JUNE 30, 2014

	Nonmajor Capital Project Funds						Total Capital Projects Funds	Total Nonmajor Governmental Funds
	Palmertown Water Project Phase 2 Fund	Bonded Fund	Open Space Fund	Public Safety Building	Bridges Fund	Chesterfield Sidewalks		
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 163,007	\$ 519,300
Receivables:								
Intergovernmental	-	-	-	-	16,572	-	16,572	100,453
Other	-	-	-	-	-	-	-	6,644
Due from other funds	-	-	5,000	-	-	248,730	1,067,665	1,592,198
Inventories	-	-	-	-	-	-	-	23,703
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 16,572</u>	<u>\$ 248,730</u>	<u>\$ 1,247,244</u>	<u>\$ 2,242,298</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,280	\$ 10,810	\$ 60,003
Accrued liabilities	-	-	-	-	-	-	-	10,058
Due to other funds	-	-	-	-	16,572	-	16,572	16,572
Unearned revenue	-	-	-	-	-	244,450	244,450	497,687
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,572</u>	<u>248,730</u>	<u>271,832</u>	<u>584,320</u>
FUND BALANCES								
Nonspendable:								
Inventories	-	-	-	-	-	-	-	23,703
Restricted for:								
Grant program purposes	-	-	-	-	-	-	97,772	131,442
External	-	-	-	-	-	-	-	13,057
Committed to:								
General government	-	-	-	-	-	-	-	261,484
Education	-	-	-	-	-	-	-	33,748
Recreation	-	-	-	-	-	-	-	316,904
Capital projects	-	-	5,000	-	-	-	877,640	877,640
Total fund balances	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>975,412</u>	<u>1,657,978</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 16,572</u>	<u>\$ 248,730</u>	<u>\$ 1,247,244</u>	<u>\$ 2,242,298</u>

(Concluded)

TOWN OF MONTVILLE, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Special Revenue Funds						
	Town Aid Road Fund	Hot Lunch Program Fund	Special Education Grants Fund	Social Services Fund	Youth Service Bureau Fund	Learn Not to Burn Fund	Town Historic Preservation Fund
REVENUES							
Intergovernmental	\$ 326,633	\$ 567,190	\$ 1,241,739	\$ 115,150	\$ -	\$ -	\$ 4,000
Charges for services	-	507,923	-	27,739	28,882	-	7,440
Donations	-	-	-	61,603	-	-	-
Interest income	-	-	-	-	-	-	-
Miscellaneous	-	-	-	685	-	-	-
Total revenues	<u>326,633</u>	<u>1,075,113</u>	<u>1,241,739</u>	<u>205,177</u>	<u>28,882</u>	<u>-</u>	<u>11,440</u>
EXPENDITURES							
Current:							
General government	-	-	-	125,442	16,371	375	16,019
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Recreation and leisure	-	-	-	-	-	-	-
Education	-	1,056,382	1,241,739	-	-	-	-
Capital outlays	-	-	-	61,452	-	-	-
Total expenditures	<u>-</u>	<u>1,056,382</u>	<u>1,241,739</u>	<u>186,894</u>	<u>16,371</u>	<u>375</u>	<u>16,019</u>
Excess (deficiency) of revenues over expenditures	326,633	18,731	-	18,283	12,511	(375)	(4,579)
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	20,000	-	-	-
Transfers out	(326,633)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(326,633)</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	18,731	-	38,283	12,511	(375)	(4,579)
Fund balances (deficits) - beginning	<u>33,670</u>	<u>321,876</u>	<u>-</u>	<u>190,076</u>	<u>14,992</u>	<u>734</u>	<u>10,201</u>
Fund balances - ending	<u>\$ 33,670</u>	<u>\$ 340,607</u>	<u>\$ -</u>	<u>\$ 228,359</u>	<u>\$ 27,503</u>	<u>\$ 359</u>	<u>\$ 5,622</u>

(Continued)

TOWN OF MONTVILLE, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Special Revenue Funds				Nonmajor Capital Project Funds			
	Police Donations Fund	Parks and Recreation Fund	Dog Warden Donation	Police Forfeiture	Total Special Revenue Funds	LOCIP Fund	Capital Nonrecurring Fund	Capital Projects Funds
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 2,254,712	\$ 261,626	\$ -	\$ -
Charges for services	-	52,478	-	-	624,462	8,145	-	-
Donations	250	-	904	-	62,757	-	-	-
Interest income	-	-	-	-	-	-	12	-
Miscellaneous	-	-	-	8,122	8,807	3,374	-	-
Total revenues	250	52,478	904	8,122	2,950,738	273,145	12	-
EXPENDITURES								
Current:								
General government	-	-	-	-	158,207	3,374	-	-
Public safety	4,502	-	2,414	1,938	8,854	-	-	-
Public works	-	-	-	-	-	-	1,501	-
Recreation and leisure	-	47,675	-	-	47,675	-	-	-
Education	-	-	-	-	2,298,121	-	-	-
Capital outlays	-	-	-	-	61,452	261,626	-	105,186
Total expenditures	4,502	47,675	2,414	1,938	2,574,309	265,000	1,501	105,186
Excess (deficiency) of revenues over expenditures	(4,252)	4,803	(1,510)	6,184	376,429	8,145	(1,489)	(105,186)
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	-	-	-	-	-	-	5,000	-
Transfers in	-	-	-	-	20,000	-	-	440,413
Transfers out	-	-	-	-	(326,633)	-	-	(232,469)
Total other financing sources (uses)	-	-	-	-	(306,633)	-	5,000	207,944
Net change in fund balances	(4,252)	4,803	(1,510)	6,184	69,796	8,145	3,511	102,758
Fund balances (deficits) - beginning	7,419	28,945	4,857	-	612,770	89,627	162,995	603,376
Fund balances - ending	\$ 3,167	\$ 33,748	\$ 3,347	\$ 6,184	\$ 682,566	\$ 97,772	\$ 166,506	\$ 706,134

(Continued)

TOWN OF MONTVILLE, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS *(Concluded)*

FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Capital Project Funds						Total Capital Projects Funds	Total Nonmajor Governmental Funds
	Palmertown Water Project Phase 2 Fund	Bonded Fund	Open Space Fund	Public Safety Building	Bridges Fund	Chesterfield Sidewalks		
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,550	\$ 267,176	\$ 2,521,888
Charges for services	-	-	-	-	-	-	8,145	632,607
Donations	-	-	-	-	-	-	-	62,757
Interest income	-	-	-	-	-	-	12	12
Miscellaneous	-	10,737	-	-	-	-	14,111	22,918
Total revenues	-	10,737	-	-	-	5,550	289,444	3,240,182
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	3,374	161,581
Public safety	-	-	-	-	-	-	-	8,854
Public works	-	-	-	-	-	-	1,501	1,501
Recreation and leisure	-	-	-	-	-	-	-	47,675
Education	-	-	-	-	-	-	-	2,298,121
Capital outlays	-	-	-	-	-	5,550	372,362	433,814
Total expenditures	-	-	-	-	-	5,550	377,237	2,951,546
Excess (deficiency) of revenues over expenditures	-	10,737	-	-	-	-	(87,793)	288,636
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	-	-	-	-	-	-	5,000	5,000
Transfers in	58,237	-	-	-	-	-	498,650	518,650
Transfers out	-	-	-	(86,077)	(1,422)	-	(319,968)	(646,601)
Total other financing sources (uses)	58,237	-	-	(86,077)	(1,422)	-	183,682	(122,951)
Net change in fund balances	58,237	10,737	-	(86,077)	(1,422)	-	95,889	165,685
Fund balances (deficits) - beginning	(58,237)	(10,737)	5,000	86,077	1,422	-	879,523	1,492,293
Fund balances - ending	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 975,412	\$ 1,657,978

(Concluded)

Fiduciary Funds

TOWN OF MONTVILLE, CONNECTICUT

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2014

	<u>Student Activities</u>	<u>Performance Bonds</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 262,935	\$ 92,701	\$ 355,636
Investments	32,611	-	32,611
Total assets	<u>\$ 295,546</u>	<u>\$ 92,701</u>	<u>\$ 388,247</u>
LIABILITIES			
Due to student groups	\$ 295,546	\$ -	\$ 295,546
Due to others	-	92,701	92,701
Total liabilities	<u>\$ 295,546</u>	<u>\$ 92,701</u>	<u>\$ 388,247</u>

TOWN OF MONTVILLE, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN
 FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance, July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2014</u>
Student Activities				
Assets				
Cash and cash equivalents	\$ 241,604	\$ 528,078	\$ 506,747	\$ 262,935
Investments	32,682	-	71	32,611
Total assets	<u>\$ 274,286</u>	<u>\$ 528,078</u>	<u>\$ 506,818</u>	<u>\$ 295,546</u>
Liabilities				
Due to student groups	\$ 274,286	\$ 528,078	\$ 506,818	\$ 295,546
Total liabilities	<u>\$ 274,286</u>	<u>\$ 528,078</u>	<u>\$ 506,818</u>	<u>\$ 295,546</u>
Performance Bonds				
Assets				
Cash and cash equivalents	\$ 90,182	\$ 9,000	\$ 6,481	\$ 92,701
Total assets	<u>\$ 90,182</u>	<u>\$ 9,000</u>	<u>\$ 6,481</u>	<u>\$ 92,701</u>
Liabilities				
Due to others	\$ 90,182	\$ 9,000	\$ 6,481	\$ 92,701
Total liabilities	<u>\$ 90,182</u>	<u>\$ 9,000</u>	<u>\$ 6,481</u>	<u>\$ 92,701</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 331,786	\$ 537,078	\$ 513,228	\$ 355,636
Investments	32,682	-	71	32,611
Total assets	<u>\$ 364,468</u>	<u>\$ 537,078</u>	<u>\$ 513,299</u>	<u>\$ 388,247</u>
Liabilities				
Due to student groups	\$ 274,286	\$ 528,078	\$ 506,818	\$ 295,546
Due to others	90,182	9,000	6,481	92,701
Total liabilities	<u>\$ 364,468</u>	<u>\$ 537,078</u>	<u>\$ 513,299</u>	<u>\$ 388,247</u>

Other
Supplementary
Information

Table 1

TOWN OF MONTVILLE, CONNECTICUT
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST FIVE FISCAL YEARS

(Unaudited)

<u>GRAND LIST DATED 10/1</u>	<u>REAL PROPERTY PERCENT</u>	<u>PERSONAL PROPERTY PERCENT</u>	<u>MOTOR VEHICLE PERCENT</u>	<u>GROSS TAXABLE GRAND LIST (1)</u>	<u>LESS EXEMPTIONS (1)</u>	<u>NET TAXABLE GRAND LIST (1)</u>	<u>PERCENT CHANGE %</u>
2012	82.6	7.4	10.0	\$ 1,602,427	\$ 347,898	\$ 1,254,529	-4.1%
2011	79.7	10.5	9.8	1,531,006	222,785	1,308,221	(14.60)
2010	82.9	9.2	7.9	1,745,512	213,719	1,531,793	1.02
2009	83.1	9.2	7.7	1,725,221	208,864	1,516,357	0.29
2008	82.4	9.8	7.8	1,709,810	197,863	1,511,947	-

(1) In thousands

Source: Town of Montville, Office of the Assessor

Table 2

TOWN OF MONTVILLE, CONNECTICUT

MAJOR TAXPAYERS

2012 GRAND LIST

(Unaudited)

<u>NAME OF TAXPAYER</u>	<u>NATURE OF BUSINESS</u>	<u>GRAND LIST AMOUNT (1)</u>	<u>% NET TAXABLE GRAND LIST (2)</u>
Connecticut Light and Power	Utility	\$ 32,846,777	2.64
CSC Montville Commons LP	Retail Shopping Center	12,633,500	1.01
Montville Power LLC	Power Generation	11,655,987	0.94
Home Depot USA Inc.	Retail Shopping Center	11,627,211	0.93
Rand Whitney Containerboard LTD	Paper/Paperboard/Cogeneration	9,071,417	0.73
Rock Tenn CP LLC	Papermill	8,654,760	0.69
Stonestreet Hospitality Realty Co.	Hotel	8,497,910	0.68
Jensens Inc.	Active adult community	5,949,880	0.48
Yankee Gas Services	Utilities	5,531,080	0.44
Burkhard Hotel Partners II LLC	Hotel	<u>5,059,874</u>	<u>0.41</u>
		<u>\$ 111,528,396</u>	<u>8.95</u>

(1) Net Taxable Grand List 10/01/12

(2) Net Taxable Grand List 10/01/12 Amount \$1,245,545,168

Source: Town of Montville, Office of the Tax Collector

Table 3

TOWN OF MONTVILLE, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST FIVE FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Grand List Year	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
			Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
2014	2012	\$ 36,173,699	\$ 35,271,962	97.51%	\$ -	\$ 35,271,962	97.51%
2013	2011	38,212,245	36,735,621	96.14%	1,066,234	37,801,855	98.93%
2012	2010	35,089,735	33,078,939	94.27%	1,740,667	34,819,606	99.23%
2011	2009	33,817,048	33,200,666	98.18%	517,143	33,717,809	99.71%
2010	2008	32,227,184	31,558,711	97.93%	630,563	32,189,274	99.88%

Source: Town of Montville, Office of the Tax Collector

Note: The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year.

Table 4

TOWN OF MONTVILLE, CONNECTICUT
RATIOS OF GENERAL BONDED DEBT
LAST FIVE FISCAL YEARS
(Unaudited)

Fiscal Year	Total Bonded Debt	Clean Water Fund Notes	Total Net Bonded Debt	Ration of Net Bonded Debt to Est. Actual Taxable Value¹	Percentage of Personal Income²	Debt Per Capita³
Governmental Activities:						
2014	\$ 40,650,200	\$ -	\$ 40,650,200	3.24%	7.17%	2,084
2013	43,484,200	-	43,484,200	3.32%	7.41%	2,207
2012	46,177,600	-	46,177,600	3.01%	8.68%	2,472
2011	38,197,600	-	38,197,600	2.52%	8.54%	1,910
2010	41,137,600	-	41,137,600	2.72%	9.43%	2,108
Business-type Activities:						
2014	\$ 2,534,800	\$ -	\$ 2,534,800	0.20%	0.45%	130
2013	2,745,800	-	2,745,800	0.21%	0.47%	139
2012	2,922,400	-	2,922,400	0.19%	0.55%	156
2011	1,777,400	-	1,777,400	0.12%	0.40%	89
2010	2,022,400	-	2,022,400	0.13%	0.46%	104
Town-wide:						
2014	\$ 43,185,000	\$ -	\$ 43,185,000	3.44%	7.62%	2,214
2013	46,230,000	-	46,230,000	3.53%	7.88%	2,346
2012	49,100,000	-	49,100,000	3.21%	9.23%	2,628
2011	39,975,000	-	39,975,000	2.64%	8.94%	1,998
2010	43,160,000	-	43,160,000	2.85%	9.89%	2,212

Source: Annual Town Financial Statements

- 1 See Table 1 for taxable property value data.
- 2 See Table 5 for population data. These ratios are calculated using personal income.
- 3 See Table 5 for population data. These ratios are calculated using personal income and population.

Table 5

TOWN OF MONTVILLE, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST FIVE FISCAL YEARS
(Unaudited)

Fiscal Year	Population¹	Personal Income (000)s	Per Capita Personal Income²	Median Age¹	Unemployment Rate³
2014	19,505	\$ 566,640	\$ 29,051	42	6.7%
2013	19,703	586,696	29,777	42	8.0%
2012	18,680	532,044	28,482	39	9.0%
2011	20,003	447,207	22,357	38	9.1%
2010	19,516	436,319	22,357	39	9.2%

Source: Various Town records

- 1 Connecticut Economic Resource Center, Inc. Annual Town Profile
- 2 State of Connecticut, Department of Economic and Community Development
- 3 State of Connecticut, Labor Department, By Town, Not Seasonally Adjusted