Town of Colchester, Connecticut

Financial Report
June 30, 2015

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Financial Section

RSM US LLP

Independent Auditor's Report

To the Honorable First Selectman and
Members of the Board of Finance
Town of Colchester, 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 Colchester, Connecticut (the Town) as of and for the year ended June 30, 2015, and the related notes thereto 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 Colchester, Connecticut as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter—Adoption of Standards
As discussed in Notes 1 and 9 in the notes to the financial statements, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which resulted in the Town restating net position for recognition of the Town's pension related activity incurred prior to July 1, 2014. Our opinion is not modified with respect to this matter.

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Colchester, Connecticut as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated December 30, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2014 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2016 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
January 29, 2016

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Town of Colchester, Connecticut
Management's Discussion and Analysis - Unaudited
June 30, 2015

As management of the Town of Colchester, Connecticut we offer readers of the financial statements this overview and analysis of the financial performance of the Town of Colchester for the fiscal year ended June 30, 2015. Please read it in conjunction with the Town's financial statements, which immediately follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $72,964,391 (net position). Total net position of Governmental Activities at fiscal year-end was $68,214,762 and total net position for Business-Type Activities was $4,749,629. Of the Town's total net position at June 30, 2015, $8,603,617 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by $877,778 (after beginning net position was restated and decreased by $351,419 for the adoption of Government Accounting Standards Board Statement No. 68 – see Note 1 to the financial statements).
- At the end of the current fiscal year, the total fund balance for the General Fund was $5,724,206, an increase of $444,765 from the prior fiscal year. Of the total General Fund fund balance as of June 30, 2015, $ 5,255,366 represents unassigned fund balance of the General Fund. Unassigned General Fund fund balance represents 9.92% of total General Fund budgetary expenditures and transfers out ($52,955,913). The Town of Colchester's governmental funds reported combined ending fund balances of $11,282,119, an increase of $176,577 from the prior fiscal year.
- The Town of Colchester's total bonded debt had a decrease of $1,550,000 from the prior fiscal year.

Overview of the Financial Statements

This annual report consists of three parts: 1) management's discussion and analysis (this section), 2) the basic financial statements and 3) an additional section that presents combining statements for non-major governmental funds and internal service funds. The basic financial statements include two kinds of statements:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services such as police, fire and parks were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short and long-term financial information about the activities the government operates like business, such as the water system.
- Fiduciary funds statements provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

		Fund Financial Statements		
Type of Statements	**Government-wide Financial Statements**	**Governmental Funds**	**Proprietary Funds**	**Fiduciary Funds**
Scope	Entire Town government (except fiduciary activities)	The activities of the Town that are not proprietary or fiduciary, such as police, fire and parks.	Activities the Town operates similar to businesses; the water system.	Instances in which the Town administers resources on behalf of someone else such as student activity funds.
Required financial statements	➢ Statement of net position ➢ Statement of activities	➢ Balance sheet ➢ Statement of revenues, expenditures and changes in fund balances.	➢ Statement of net position. ➢ Statement of revenues, expenses, changes in fund net position. ➢ Statement of cash flows.	➢ Statement of fiduciary net position. ➢ Statement of changes in fiduciary net position.
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets and deferred outflows and liabilities and deferred inflows, both financial and capital short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets and deferred outflows and liabilities and deferred inflows, both financial and capital, and short-term and long-term.	All assets and liabilities, both financial and capital, and short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash are received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during year, regardless of when cash is received or paid.	All additions and deductions during the year regardless of when cash is received or paid.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town government they cover and the types of information that they contain. The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Colchester's finances. The statement of net position and the statement of activities present financial information on all of the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources, expenses and revenues regardless of actual collections or disbursements. The statements provide both long-term and short-term information about the Town's overall financial status.

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town's assets and liabilities.

- Over time, increases or decreases in the Town's net position can be an indicator of whether its financial health is improving or deteriorating, respectively.
- Other non-financial indicators need to be considered such as changes in the Town's property tax base, changes in school enrollment and the condition of the Town's infrastructure, i.e., roads, etc.

The statement of net position presents information on all of Colchester's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal year, such as uncollected receivables for tax revenue and earned but unpaid expenses.

The government-wide financial statements for the Town of Colchester are divided into two categories:

Governmental activities represent most of the Town's basic services such as fire and police protection, public works, community and human services, parks and recreation, education and general administration. Business-type activities represent charges for fees to customers to help cover the costs of certain services it provides. The Town's water operation is included here.

The government-wide financial statements (statement of net position and statement of activities) can be found on pages 15-16 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds and not the Town as a whole. Funds are a method of providing an accounting mechanism in order to provide accountability over resources that have been segregated for specific activities or objectives. The Town of Colchester uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town of Colchester has three types of funds:

- ***Governmental funds*** include most of the Town's basic services which focus on how much cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. These statements provide a detailed short-term view that helps you determine whether there are more or fewer resources that can be spent in the near future to finance the town's programs. The government-wide statement of activities provides a broader view of the governmental activities than the governmental fund focus. The statement of net activities can be compared with the fund financial statements to 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.
- ***Proprietary funds*** are generally used for reporting services for which the Town charges a fee such as the water operations for the Town. They are reported in the same way as the government-wide statements. The Town has two types of proprietary funds. One is the enterprise fund and the other is the internal service fund.
- The enterprise fund is the same as the business-type activities. Although it provides the same type of information as the government-wide financial statements, it includes more detail and has additional information reported such as cash flows.

- The internal service fund is used to report activities that provide self-insured medical services funded by other Town programs or activities. The internal service fund transactions are included in the government-wide financial statements.
- ***Fiduciary funds*** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Town's constituency. The Town has one agency fund for student activities and one pension trust fund. The accounting for fiduciary funds is much like that used for proprietary funds.

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.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Town's financial status. The Town's combined assets and deferred outflows of resources exceeded liabilities by $72,964,391 at the close of the recent fiscal year.

Net position of the Town's Governmental Activities increased approximately 1.18% to $68,214,762 and total net position for Business-type Activities increased approximately 1.70% to $4,749,629. The amount of $64,360,774 ($60,529,361 for Governmental Activities and $3,831,413 for Business-type Activities) of combined net position at June 30, 2015, is restricted as to the purposes they can be used for or are invested in capital assets, net of related debt (buildings, roads, bridges, and so on). The remaining balance of $8,603,617 ($7,685,401 for Governmental Activities and $918,216 for Business-type Activities) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

The most significant portion of the Town of Colchester's net position (86.38%) reflects its investment in capital assets (i.e., land, buildings, vehicles, machinery & equipment and infrastructure). The Town uses these capital assets to provide services to citizens. Although the Town of Colchester'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 capital assets themselves may not be used to liquidate these liabilities.

Town of Colchester, Connecticut
Summary Statement of Net Position
June 30, 2015 and 2014

	June 30, 2015			June 30, 2014		
	Primary Government			Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**	Governmental Activities	Business-type Activities	Total
Current and other assets	**$ 16,483,694**	**$ 940,106**	**$ 17,423,800**	$ 15,870,808	$ 807,997	$ 16,678,805
Capital assets	**73,716,198**	**5,564,342**	**79,280,540**	75,085,740	5,722,265	80,808,005
Total assets	**90,199,892**	**6,504,448**	**96,704,340**	90,956,548	6,530,262	97,486,810
Deferred Outflows of Resources	**321,500**	**-**	**321,500**	297,795	-	297,795
Current Liabilities	**2,072,524**	**21,890**	**2,094,414**	1,908,971	13,335	1,922,306
Long-Term liabilities outstanding	**20,234,106**	**1,732,929**	**21,967,035**	21,577,600	1,846,667	23,424,267
Total liabilities	**22,306,630**	**1,754,819**	**24,061,449**	23,486,571	1,860,002	25,346,573
Net Position:						
Net invested in capital assets	**59,192,385**	**3,831,413**	**63,023,798**	58,720,496	3,875,598	62,596,094
Restricted	**1,336,976**	**-**	**1,336,976**	1,282,097	-	1,282,097
Unrestricted	**7,685,401**	**918,216**	**8,603,617**	7,765,179	794,662	8,559,841
Total Net Position	**$ 68,214,762**	**$ 4,749,629**	**$ 72,964,391**	$ 67,767,772	$ 4,670,260	$ 72,438,032

Change in Net Position. The Town's total net position increased by $877,778 during the fiscal year, with net position of Governmental Activities increasing by $798,409, and net position of Business-type Activities increasing by $79,369.

	Year Ended June 30, 2015			Year Ended June 30, 2014		
	Primary Govt.			Primary Govt.		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Program Revenues:						
Charges for Services	**$ 3,132,886**	**$ 1,054,576**	**$ 4,187,462**	$ 3,336,798	$ 1,065,204	$ 4,402,002
Operating Grants and Contributions	**21,079,478**	**-**	**21,079,478**	21,451,411	-	21,451,411
Capital Grants and Contributions	**701,779**	**-**	**701,779**	1,059,492	-	1,059,492
General Revenues:						
Property Tax	**37,124,428**	**-**	**37,124,428**	36,317,708	-	36,317,708
Grants not restricted to specific programs	**194,598**	**-**	**194,598**	187,979	-	187,979
Unrestricted investment earnings	**53,499**	**1,583**	**55,082**	56,597	2,056	58,653
Miscellaneous	**148,543**	**-**	**148,543**	168,875	-	168,875
Transfers	**10,736**	**-**	**10,736**	10,560	-	10,560
Total Revenues	**62,445,947**	**1,056,159**	**63,502,106**	62,589,420	1,067,260	63,656,680
Expenses						
General Government	**3,537,138**	**-**	**3,537,138**	3,496,781	-	3,496,781
Public Safety	**2,792,085**	**-**	**2,792,085**	2,718,281	-	2,718,281
Public Works	**5,128,222**	**-**	**5,128,222**	4,749,933	-	4,749,933
Community and Human Services	**2,179,306**	**-**	**2,179,306**	2,095,624	-	2,095,624
Education	**47,539,523**	**-**	**47,539,523**	46,873,146	-	46,873,146
Other	**-**	**928,006**	**928,006**	-	937,770	937,770
Interest on long-term debt	**471,264**	**38,048**	**509,312**	544,013	40,432	584,445
Transfer	**-**	**10,736**	**10,736**	-	10,560	10,560
Total Expenses	**61,647,538**	**976,790**	**62,624,328**	60,477,778	988,762	61,466,540
Change in Net Position	**798,409**	**79,369**	**877,778**	2,111,642	78,498	2,190,140
Net Position - Beginning (as restated, Note 1)	**67,416,353**	**4,670,260**	**72,086,613**	65,656,130	4,591,762	70,247,892
Net Position - Ending	**$ 68,214,762**	**$ 4,749,629**	**$ 72,964,391**	$ 67,767,772	$ 4,670,260	$ 72,438,032

Governmental Activities

Approximately 59.45% of the revenues were generated from property taxes, followed by 39.90% from program revenues, which include governmental revenues for Education, then 0.31% was derived from other unrestricted grants, 0.24% from miscellaneous revenues, 0.08% from unrestricted investment earnings, and 0.02% from transfers.

Major revenue factors include:

- Receipt of Federal grant funding from Federal Emergency Management Agency (FEMA) reimbursements for a major storm in FY 14/15.
- Increase in State grant funding from Small Town Economic Assistance Program (STEAP) grants to fund streetscape improvements on Lebanon Avenue and Linwood Avenue.
- Receipt of State grant funding for upgrades to the wireless infrastructure in various schools, and the replacement of computers in FY 13/14.
- Decrease in State grant funding from Local Capital Improvement Program (LOCIP) to fund road improvements (two years of funding allotment received in FY 13/14).
- Increased tax revenues resulting from an increase in the property tax rate of 0.29 mills.

- Decrease in on-behalf payments made by the State of Connecticut to the State Teachers' Retirement System.
- Receipt of legal settlement and CIRMA member equity distribution in FY 13/14.

The Town's current levy collected tax rate was 98.49%, an increase of 0.12% from the previous year current levy collected tax rate of 98.37%.

For governmental activities, 77.11% of the Town's expenditures relate to education, 5.74% relate to general government, 4.53% relate to public safety, 8.32% relate to public works, 3.54% relate to community and human services, and the remaining 0.76% relate to interest payments on long-term debt.

Major expenditure factors include:

- Increase in education, mainly as a result of an approved education budget increase of 1.50% over the 2013-2014 budget, a decrease in on-behalf payments made by the State of Connecticut to the State Teachers' Retirement System, and the difference in the allocation of Internal Service Fund operating results between FY 13/14 and FY 14/15.
- Increase in public works expenditures mainly due to amounts expended and capitalized as fixed assets in FY 13/14 for the acquisition of equipment and infrastructure being greater than such amounts in FY 14/15 partly due to a change in Town policy increasing the capitalization threshold.
- Reduction in interest on long-term debt due to final payments being made in FY 13/14 for 2005 bond issue.

Business-Type Activities

Business-type activities increased the Town's net position by $79,369. Key elements of this increase are:

- Establishment of water use fees sufficient to fund operating costs and depreciation, and provide funding for future capital needs.

Financial Analysis of the Town's Fund Financial Statements

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

As the Town completed the year, its governmental funds reported combined fund balances of $11,282,119, an increase from $11,105,542 as of June 30, 2014. This increase is mainly due to the financial results in the Town's General Fund, offset by expenditures in the Capital Reserve Fund for the acquisition of a Heavy Rescue Fire apparatus in FY 14/15 for which lease financing had been received in FY 13/14.

The general fund is the chief operating fund for the Town of Colchester. At the end of the current fiscal year, unassigned fund balance of the general fund was $5,255,366, while total fund balance was $5,724,206. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 9.92% of the total general fund budgetary expenditures and transfers out.

At June 30, 2015, the Town of Colchester's General Fund unassigned fund balance increased by $366,994 from the previous year. On the revenue side, the Town received additional tax collections due to an increase in the current year tax collection rate, and increased efforts regarding the collection of delinquent tax payments. On the expenditure side, the Town had increased costs for snow removal due to a significant increase in the number of storm events, including a late January blizzard that was eligible for Federal Emergency Management funds, increased costs incurred by the Fire Department due to the elimination of Federal SAFER grant funding for two Firefighter/EMT positions, increased costs for emergency dispatch services, and increased repair costs for emergency apparatus. The Town achieved savings from staffing vacancies due to resignations, and employees on workers compensation and family medical leaves in various Town departments throughout the organization. Unexpended funds from the

Education budget are reflected in assigned fund balance as these funds will be available for appropriation to the Education Capital Reserve Fund for future capital and equipment needs.

The Capital Reserve Fund had a decrease in fund balance to $1,070,257 mainly due to the purchase of a Heavy Rescue fire apparatus for which lease financing was received in the prior fiscal year.

The Education Grants Fund had revenues of $1.25 million and expenditures of $1.24 million for the year ended June 30, 2015.

Proprietary funds. The Town of Colchester's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Fund at the end of the year amounted to $918,216. The Water Fund experienced an increase in net position of $79,369. The explanations concerning the finances of the Water Fund were addressed earlier in the discussion of the Town of Colchester's Business-type activities.

General Fund Budgetary Highlights

Additional appropriations from fund balance were approved during the year totaling $148,482. These additional appropriations were for repairs/replacement of flooring at the Youth Center, pre-referendum architectural design and printing costs for the William J. Johnston Middle School building project, legal fees to defend against a lawsuit concerning absentee ballots, a roof evaluation study for all Town and Education buildings, and funding for winter storm events.

Budget transfers were approved during the year between line items within departmental budgets for various issues. Budget transfers between departments included funding for the following: increased cost of Police pension plan actuarial valuation and financial reporting disclosures required by new accounting standards; union contract settlements; bank service fees; various land use legal matters; election workers for multiple budget referenda; costs associated with significant number of snow and ice storm events during the winter of 2014-2015; and increased unemployment claims. Funds for these transfers were available from: salary and benefits from staffing vacancies due to resignations, and employees on workers compensation and family medical leaves in various Town departments throughout the organization; funds budgeted for contract settlements; savings in Workers Compensation premiums; savings in labor negotiation legal fees; contingency funds included in the budget; and operational efficiencies and cost savings in various departments.

Capital Asset and Debt Administration

Capital Assets. The Town of Colchester's investment in capital assets for its governmental and business type activities as of June 30, 2015, amount to $79,280,540 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, sidewalks, roads, highways, bridges and water and sewer lines (infrastructure). The total decrease in the Town of Colchester's investment in capital assets for the current fiscal year was $1,527,465 or approximately 1.89 percent.

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

- <u>Governmental Activities</u>
- Continuation of Energy improvements in various Town and School facilities funded by a capital lease financing.
- Road, sidewalk and other streetscape improvements funded by general fund appropriations, STEAP grant, and Town Aid Road grant funds.
- Replacement of a police cruiser, Heavy Rescue fire apparatus, plow truck, and masonry dump truck funded by general fund appropriations, capital lease financing, and Town Aid Road grant funds.
- Upgrades to wireless infrastructure, telephone systems, and building security systems at various schools funded by State grant funds.

Town of Colchester - Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 3,432,379	$ 3,432,379	$ -	$ -	$ 3,432,379	$ 3,432,379
Land Improvements	662,124	719,674	4,566	5,773	666,690	725,447
Building. & Improvements	54,347,548	56,129,236	3,692,965	3,800,449	58,040,513	59,929,685
Machinery & Equipment	6,281,274	2,928,277	218,110	215,808	6,499,384	3,144,085
Infrastructure	8,992,873	8,687,897	1,648,701	1,700,235	10,641,574	10,388,132
Construction in Process	-	3,188,277	-	-	-	3,188,277
Total	$ 73,716,198	$ 75,085,740	$ 5,564,342	$ 5,722,265	$ 79,280,540	$ 80,808,005

Additional information on the Town of Colchester's capital assets can be found in Note 6 of this report.

Long-Term Debt. At year-end the Town of Colchester had $11,205,000 in bonds outstanding. All of the bonds carry bond insurance and are backed by the full faith and credit of the Town of Colchester.

Town of Colchester Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds (backed by the Town)	$ 11,205,000	$ 12,755,000	$ -	$ -	$ 11,205,000	$ 12,755,000
Clean Water Fund Loan	$ -	$ -	$ 1,732,929	$ 1,846,667	$ 1,732,929	$ 1,846,667

The Town last issued debt in June 2012 which was a refunding issue. Official statements are available on the Town's website, www.colchesterct.gov.

In February 2013, Moody's Investors Service assigned a bond rating of Aa3 to the Town's General Obligation Refunding bonds, and affirmed the Aa3 rating on its outstanding general obligation debt. Moody's noted that the rating reflected the Town's satisfactory financial position which is strengthened by strong management practices, and incorporated the Town's moderately sized tax base with average wealth levels and an affordable debt burden. Moody's also noted that the Town's financial position had started to stabilize following several consecutive years of decline.

In August 2011, Fitch Ratings affirmed the Town's bond rating of AA. Fitch noted that Town finances were stabilizing after four years of planned draws on General Fund fund balance, and that the Town had a below average debt burden with a rapid payout, and a strong tax collection rate. Fitch also noted the Town's fund balance policy which sets forth that reserve levels will be maintained within a range of 7-10% of total expenditures.

In June 2015, the Town voted at referendum to authorize a building project for the renovation and new construction of the William J. Johnston Middle School. The total project authorization is $48,860,000 with an estimated $29,390,000 reimbursement from State of Connecticut school construction grant funds.

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

Economic Factors and Next Year's Budgets and Rates

The Town of Colchester's unemployment rate decreased to 4.1% as of June 2015, which remains less than the State of Connecticut rate of 5.4% for the same time period. As of November 2015, the Town's unemployment rate decreased further to 3.7% and the State's unemployment rate decreased to 4.8%. In response to the economic outlook, Town officials have been proactive in providing assistance to residents in need through energy assistance applications and property tax relief options. Steps continue to be taken to closely monitor revenues and expenditures, implement energy cost-saving measures, participate in energy rebate programs, pursue grant opportunities, and review opportunities to share services with surrounding Towns.

The Town has experienced small increases in the taxable grand list for the last several years as follows: 1.4% as of October 2012, 0.6% as of October 2013 and another 0.6% as of October 2014.

The FY 2015-2016 final adopted budget of $53,558,796 represents an increase of $562,919 over the adopted budget for FY 2014-2015 of $52,995,877. The Town portion of the budget was approved at the second referendum vote on May 28, 2015, while the Education portion of the budget was approved at the third referendum vote on June 23, 2015. The adopted budget reflects an increase of 0.19 mils for a property tax mil rate of 30.76. The Town was presented with the Government Finance Officers Association Distinguished Budget Presentation Award for the adopted budget documents for the fiscal years 2012-2013, 2013-2014 and 2014-2015. The Town believes that the FY 2015-2016 budget continues to conform to program requirements, and has submitted it to GFOA to determine its eligibility for another award.

Requests for Information

This financial report is designed to provide a general overview of the Town of Colchester's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed in writing to the Chief Financial Officer, Town of Colchester, 127 Norwich Avenue, Suite 203, Colchester, CT 06415.

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Basic Financial Statements

Town of Colchester, Connecticut

Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 14,275,962	$ 542,055	$ 14,818,017
Receivables (net of allowances for collection losses):			
Property taxes and interest	1,210,945	-	1,210,945
Assessments	250,464	-	250,464
Accounts receivable	159,598	339,311	498,909
Intergovernmental	548,311	-	548,311
Prepaid	1,615	-	1,615
Inventory	36,799	58,740	95,539
Capital assets, non-depreciable	3,432,379	-	3,432,379
Capital assets, net of accumulated depreciation	70,283,819	5,564,342	75,848,161
Total assets	90,199,892	6,504,448	96,704,340
Deferred Outflows of Resources			
Deferred charges on refundings	260,571	-	260,571
Deferred pension-related items	60,929	-	60,929
Total deferred outflows of resources	321,500	-	321,500
Liabilities			
Accounts payable and accrued liabilities	1,399,038	21,890	1,420,928
Claims payable	619,930	-	619,930
Unearned revenues	53,556	-	53,556
Noncurrent liabilities:			
Due within one year	1,972,081	116,173	2,088,254
Due in more than one year	18,262,025	1,616,756	19,878,781
Total liabilities	22,306,630	1,754,819	24,061,449
Net Position			
Net investment in capital assets	59,192,385	3,831,413	63,023,798
Restricted	1,336,976	-	1,336,976
Unrestricted	7,685,401	918,216	8,603,617
Total net position	$ 68,214,762	$ 4,749,629	$ 72,964,391

See Notes to Financial Statements.

Town of Colchester, Connecticut

Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Total
Governmental Activities							
General Government	$ (3,537,138)	$ 497,187	$ 27,926	$ -	$ (3,012,025)	$ -	$ (3,012,025)
Public Safety	(2,792,085)	590,608	40,303	-	(2,161,174)	-	(2,161,174)
Public Works	(5,128,222)	999,226	68,933	701,779	(3,358,284)	-	(3,358,284)
Community & Human Services	(2,179,306)	359,863	266,255	-	(1,553,188)	-	(1,553,188)
Education	(47,539,523)	686,002	20,676,061	-	(26,177,460)	-	(26,177,460)
Interest on long-term debt	(471,264)	-	-	-	(471,264)	-	(471,264)
Total governmental activities	(61,647,538)	3,132,886	21,079,478	701,779	(36,733,395)	-	(36,733,395)
Business-Type Activities							
Water	(966,054)	1,054,576	-	-	-	88,522	88,522
Total business-type activities	(966,054)	1,054,576	-	-	-	88,522	88,522
Total primary government	$ (62,613,592)	$ 4,187,462	$ 21,079,478	$ 701,779	(36,733,395)	88,522	(36,644,873)
General revenues:							
Property taxes					37,124,428	-	37,124,428
Grants and contributions not restricted to specific programs					194,598	-	194,598
Unrestricted investment earnings					53,499	1,583	55,082
Miscellaneous					148,543	-	148,543
Transfers					10,736	(10,736)	-
Total general revenues and transfers					37,531,804	(9,153)	37,522,651
Change in net position					798,409	79,369	877,778
Net position - beginning (as restated, Notes 1 and 15)					67,416,353	4,670,260	72,086,613
Net position - ending					$ 68,214,762	$ 4,749,629	$ 72,964,391

See Notes to Financial Statements.

Town of Colchester, Connecticut

Balance Sheet - Governmental Funds
June 30, 2015

	Major Funds				
	General Fund	Capital Reserve Fund	Educational Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 6,294,803	$ 1,070,257	$ -	$ 4,432,991	$ 11,798,051
Receivables (net of allowances for collection losses):					
Property taxes	1,210,945	-	-	-	1,210,945
Assessments and user charges	-	-	-	250,464	250,464
Intergovernmental	116,846	-	192,025	239,440	548,311
Accounts receivable	7,086	-	59,551	33,987	100,624
Prepaid	1,615	-	-	-	1,615
Inventory	29,040	-	-	7,759	36,799
Total assets	$ 7,660,335	$ 1,070,257	$ 251,576	$ 4,964,641	$ 13,946,809
Liabilities					
Accounts payable and accrued liabilities	$ 932,322	$ -	$ 92,528	$ 325,266	$ 1,350,116
Unearned revenue	-	-	-	53,556	53,556
Total liabilities	932,322	-	92,528	378,822	1,403,672
Deferred Inflows of Resources					
Unavailable resources-other	1,003,807	-	-	257,211	1,261,018
Fund Balances					
Nonspendable	30,655	-	-	7,759	38,414
Restricted	-	-	159,048	1,177,928	1,336,976
Committed	67,500	1,070,257	-	3,224,003	4,361,760
Assigned	370,685	-	-	-	370,685
Unassigned	5,255,366	-	-	(81,082)	5,174,284
Total fund balances	5,724,206	1,070,257	159,048	4,328,608	11,282,119
Total liabilities, deferred inflows of resources and fund balances	$ 7,660,335	$ 1,070,257	$ 251,576	$ 4,964,641	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the funds.	73,716,198
Other long term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,261,018
Internal service funds are used by management to charge the costs of health insurance premiums to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	1,916,955
Deferred charge on refunding	260,571
Deferred pension-related items	60,929
Accrued interest payable is not recorded in the funds	(48,922)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(20,234,106)
Net position of governmental activities	$ 68,214,762

See Notes to Financial Statements.

Town of Colchester, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds				
	General Fund	Capital Reserve Fund	Educational Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes, interest & lien fees	$ 37,226,671	$ -	$ -	$ -	$ 37,226,671
Intergovernmental revenues	19,483,781	-	1,082,470	1,059,957	21,626,208
Revenues from use of money	48,566	-	-	4,933	53,499
Fees, permits and sales	627,586	-	-	475,167	1,102,753
Charges for services and assessments	544,455	-	-	1,409,616	1,954,071
Other	122,212	89,691	170,473	189,006	571,382
Total revenues	58,053,271	89,691	1,252,943	3,138,679	62,534,584
Expenditures					
Current:					
General government	3,310,137	-	-	74,084	3,384,221
Public safety	2,438,800	-	-	121,304	2,560,104
Public works	3,489,369	-	-	1,104,937	4,594,306
Community & human services	1,434,099	-	-	503,077	1,937,176
Education	43,909,369	-	1,240,842	832,720	45,982,931
Debt service	1,972,865	-	-	345,375	2,318,240
Capital outlay	-	633,079	-	958,686	1,591,765
Total expenditures	56,554,639	633,079	1,240,842	3,940,183	62,368,743
Excess (deficiency) of revenues over expenditures	1,498,632	(543,388)	12,101	(801,504)	165,841
Other Financing Sources (Uses)					
Transfers in	-	223,000	5,000	861,603	1,089,603
Transfers out	(1,053,867)	(5,000)	-	(20,000)	(1,078,867)
Total other financing sources (uses)	(1,053,867)	218,000	5,000	841,603	10,736
Net change in fund balances	444,765	(325,388)	17,101	40,099	176,577
Fund Balances, Beginning	5,279,441	1,395,645	141,947	4,288,509	11,105,542
Fund Balances, Ending	$ 5,724,206	$ 1,070,257	$ 159,048	$ 4,328,608	$ 11,282,119

See Notes to Financial Statements.

Town of Colchester, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances – total governmental funds	$	176,577
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. This is the amount by which depreciation exceeded capital outlays in the current period.		(1,369,542)
Net changes in deferred revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(99,373)
Change in deferred pension-related items.		60,929
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,841,431
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(233,350)
The net income of certain activities of internal service funds is reported with governmental activities.		421,737
Change in net position of governmental activities	$	798,409

See Notes to Financial Statements.

Town of Colchester, Connecticut

Statement of Net Position - Proprietary Funds
June 30, 2015

	Major Fund	Governmental Activities
	Business-Type Activities Enterprise Fund	Internal Service Fund
	Water Fund	Medical Self-Insurance Fund
Assets		
Current assets:		
Cash and cash equivalents	$ 542,055	$ 2,477,911
Accounts receivable	339,311	58,974
Inventory	58,740	-
Total current assets	940,106	2,536,885
Capital Assets, net of accumulated depreciation	5,564,342	-
Total assets	6,504,448	2,536,885
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	21,890	-
Claims payable	-	619,930
Loan payable- current	116,173	-
Total current liabilities	138,063	619,930
Noncurrent Liabilities:		
Loan payable	1,616,756	-
Total noncurrent liabilities	1,616,756	-
Total liabilities	1,754,819	619,930
Net Position		
Net investment in capital assets	3,831,413	-
Unrestricted	918,216	1,916,955
Total net position	$ 4,749,629	$ 1,916,955

See Notes to Financial Statements.

Town of Colchester, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2015

	Major Fund	Governmental Activities
	Business-Type Activities Enterprise Fund	Internal Service Fund
	Water Fund	Medical Self-Insurance Fund
Operating Revenues		
Water use fees and charges	$ 1,054,576	$ -
Premiums	-	8,133,759
Total operating revenues	1,054,576	8,133,759
Operating Expenses		
Claims/operating	711,241	6,609,172
Depreciation	216,765	-
Administration	-	1,103,066
Total operating expenses	928,006	7,712,238
Operating income	126,570	421,521
Nonoperating Revenues (Expenses)		
Interest income	1,583	216
Interest expense	(38,048)	-
Total nonoperating revenue (expenses)	(36,465)	216
Other Financing Uses		
Transfers out	(10,736)	-
Total transfers out	(10,736)	-
Change in fund net position	79,369	421,737
Fund Net Position, Beginning	4,670,260	1,495,218
Fund Net position, Ending	$ 4,749,629	$ 1,916,955

See Notes to Financial Statements.

Town of Colchester, Connecticut

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2015

	Major Fund Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Water Fund	Medical Self-Insurance Fund
Cash Flows From Operating Activities		
Cash received from charges for services	$ 1,035,209	$ 8,133,759
Cash paid to vendors and beneficiaries	(710,075)	(7,654,662)
Net cash provided by operating activities	325,134	479,097
Cash Flows From Capital and Related Financing Activities		
Purchase of capital assets	(58,842)	-
Interest paid	(48,784)	-
Principal payments of debt	(113,738)	-
Net cash used in capital and related financing activities	(221,364)	-
Cash Flows From Investing Activities		
Interest on cash and cash equivalents	1,583	216
Net increase in cash and cash equivalents	105,353	479,313
Cash and Cash Equivalents		
Beginning	436,702	1,998,598
Ending	$ 542,055	$ 2,477,911
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 126,570	$ 421,521
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	216,765	-
Changes in assets and liabilities:		
Increase in accounts receivable	(19,367)	(57,993)
Increase in inventories	(7,389)	-
Increase in accounts payable	8,555	-
Increase in claims payable	-	115,569
Net cash provided by operating activities	$ 325,134	$ 479,097

See Notes to Financial Statements.

Town of Colchester, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2015

	Pension Trust Fund	Private Purpose Trust Fund	Agency Fund
Assets			
Cash and cash equivalents	$ -	$ 463	$ 323,781
Investments	1,473,187	-	-
Total assets	1,473,187	463	323,781
Liabilities			
Amounts held for student activities and other	-	-	323,781
Total liabilities	-	-	323,781
Net Position Restricted for Pension Benefits and Other Purposes	$ 1,473,187	$ 463	$ -

See Notes to Financial Statements.

Town of Colchester, Connecticut

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2015

	Pension Trust Fund	Private Purpose Trust Fund
Additions		
Contributions:		
Employee	$ 81,805	$ -
Employer	100,616	-
Total contributions	182,421	-
Investment Income:		
Net appreciation in fair value of investments	26,378	-
Investment income	26,378	-
Total additions	208,799	-
Deductions		
Refund of employee contributions	23,169	-
Change in net position	185,630	-
Net Position Held in Trust		
Beginning of year	1,287,557	463
End of year	$ 1,473,187	$ 463

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

Reporting entity: The Town of Colchester, Connecticut (the Town) was incorporated as a town in 1698. The Town operates under a Board of Selectmen, Board of Finance and Town Meeting form of government and provides a full range of services including public safety, roads, sanitation, health, youth and social services, culture and recreation, education, planning, zoning, and general administrative services to its residents. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Governmental Accounting Standards Board (GASB) Codification Section 2100 have been considered and there are no agencies or entities which should be presented with the Town.

Accounting standards adopted in the current year: The Town adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* and its amendment, GASB Statement No. 71, which was implemented on July 1, 2014. These statements revised and established new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, Statement No. 68 required governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and calls for immediate recognition of more pension expense than is currently required. The beginning net position as of July 1, 2014 was decreased by $351,419, a pension asset was reduced by $55,153 and a net pension liability of $296,266 was recorded. The implementation of this statement resulted in additional disclosures as presented in Note 9.

The Town adopted GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, which was implemented on July 1, 2014. This statement provided guidance for determining whether a specific government combination is a government merger, acquisition, or a transfer of operations, which will improve accounting for mergers and acquisitions among state and local governments. The implementation of this statement had no impact on the Town's financial statements.

Government-wide fund and financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement focus, basis of accounting, and financial statement presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year when levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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 internal service funds are charges to other Town funds for medical insurance premiums. Operating expenses for internal service funds include the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major governmental funds:

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

The *Capital Reserve Fund* accounts for financial resources to be used for the acquisition of vehicles and equipment which are financed by General Fund appropriations and capital lease proceeds.

The *Educational Grants Fund* accounts for and reports financial resources to be used for the grants associated with education.

The Town reports the following major proprietary fund:

The Water Fund accounts for the operations of the water department.

Note 1. Summary of Significant Accounting Policies (Continued)

Additionally, the Town reports the following fund types:

Governmental fund types:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for particular purposes other than debt services or capital projects.

Capital Projects Funds are used to account for and report the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

The Debt Service Fund is used for the accumulation of resources for, and payment of, capital lease debt, principal, interest and related costs.

Proprietary fund types:

The Internal Service Fund is used to account for the Town and Board of Education's medical self-insurance fund.

Fiduciary Fund Types:

The Pension Trust Fund is used to account for the accumulation of resources to be used for retirement benefits.

The Private-purpose Trust Fund is used to account for resources legally held in trust for the benefit of individuals, private organizations or other governments.

Agency funds account for monies held as a custodian for outside groups and agencies.

Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

Property taxes: Property taxes are assessed as of October 1, levied on the following July 1, and billed and generally due in two installments, July 1 and the following January 1. Liens are filed on June 1 following the due date.

Cash equivalents: The Town considers all highly liquid investments and those investments with a maturity of three months or less when purchased to be cash equivalents.

Allowances for doubtful accounts: Accounts and notes receivable, including property taxes receivable, are reported net of allowance for doubtful accounts of approximately $1,332,000. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon collection history and analysis of creditor's ability to pay.

Investments: Investments are stated at fair value based upon quoted market prices. All of the Town's investments are recorded in the Pension Trust Fund. Fixed income funds are reported at fair value based on the unit prices quoted by the fund representing the fair value of the underlying investment. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

Note 1. Summary of Significant Accounting Policies (Continued)

Inventories: Inventories are stated at the lower of cost or market determined on the first-in, first-out basis.

Capital assets: Capital assets, which include property, buildings, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type columns in the government-wide and proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

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

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

Capital Assets	Years
Buildings	40-50
Building improvements	20
Distribution and collection systems	50-100
Public domain infrastructure	50
System infrastructure	30
Machinery and equipment	5-20

In the governmental fund financial statements, capital outlay (assets) is reported as expenditures and no depreciation expense is recorded.

Compensated absences: Town and Board of Education employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid (matured), for example, as a result of employee resignations and retirements. The general fund is typically used to liquidate the liability.

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received and principal payments, are reported as debt service expenditures.

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). The Town currently does not report any deferred inflows of resources. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

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

Pension accounting:

Pension Trust Fund: Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when paid. Stand-alone statements are not issued.

Governmental Funds and Governmental Activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarial calculations. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the Plan's fiduciary net pension have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

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

Note 1. Summary of Significant Accounting Policies (Continued)

Other post-employment obligations (OPEB) accounting:

OPEB Plan: Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when paid. Stand-alone statements are not issued.

Government Funds and Governmental Activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the Town's contributions to the plan since July 1, 2008, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45. The OPEB obligation (OPEB) is recorded as a non-current liability in the government-wide financial statements.

Funding Policy: The Town makes annual contributions based on management decisions.

Fund Equity and Net Position: In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net investment in capital assets - This category groups all capital assets, including infrastructure, into one component of net position, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

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

Unrestricted net position - This category represents the net position of the Town, which is not restricted for any project or other purpose.

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

Nonspendable fund balance - These amounts cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

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

Committed fund balance - This represents amounts constrained, prior to year-end, for a specific purpose by a government using its highest level of decision-making authority (Town of Colchester Board of Finance/Board of Selectmen) in the form of a resolution/ordinance. Once adopted, the limitation imposed by the resolution/ordinance remains in place until similar action is taken to remove or revise the limitation.

Assigned fund balance - Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. The Chief Financial Officer has the authority to assign fund balances.

Unassigned fund balance - The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

Note 1. Summary of Significant Accounting Policies (Continued)

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

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position: The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds, and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds payable	$ 11,205,000
Bond premium, net of amortization	336,263
Capital lease obligation	3,243,121
Landfill closure costs	135,000
Compensated absences	2,969,758
Net pension liability	385,977
OPEB obligation	1,958,987
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	$ 20,234,106

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities: The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds, and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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 details of this difference are as follows:

Capital outlay	$ 2,030,200
Depreciation expense	(3,396,917)
Loss on disposal	(2,825)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (1,369,542)

Note 2. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

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

Principal repayments	$ 1,830,617
Net amortization of premiums and deferred losses	10,814
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 1,841,431

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this difference are as follows:

Compensated absences	$ 187,120
Landfill closure	15,000
Accrued interest	5,545
Net pension liability	(89,711)
OPEB obligation	(351,304)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (233,350)

Note 3. Cash, Cash Equivalents and Investments

Deposits: The Town has a policy that deposits can include demand and savings accounts and certificates of deposit with Connecticut banks. The Town's custodial credit risk policy follows the State of Connecticut requirements that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Investments: The Town and the Pension Trust Fund do not have a custodial credit risk policy for investments; however, it is their practice to follow State statutes. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund. Other provisions of the Statutes cover specific municipal funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries (i.e., prudent person rule) and the provisions of the applicable plan.

Note 3. Cash, Cash Equivalents and Investments (Continued)

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

Concentrations: The Town, including the Pension Trust Fund, does not have a policy that limits the amounts invested in any one issuer. However, its practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2015, approximately $7,975,000 of the Town's bank balance of approximately $10,475,000 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town has no investments subject to this risk.

Cash, cash equivalents and investments of the Town consist of the following at June 30, 2015:

Cash and cash equivalents	
Deposits with financial institutions	$ 14,922,511
State of Connecticut Short-Term Investment Fund	219,750
Total cash and cash equivalents	15,142,261
Investments	
Pension Trust Funds:	
Mutual Funds	1,473,187
Total cash, cash equivalents, and investments	$ 16,615,448

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

Statement of Net Position	
Cash and cash equivalents	$ 14,818,017
Fiduciary Funds	
Cash and cash equivalents	324,244
Investments	1,473,187
	1,797,431
Total cash, cash equivalents, and investments	$ 16,615,448

Note 3. Cash, Cash Equivalents and Investments (Continued)

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

	Fair Value	Investment Maturities (in Years) Less Than 1 Year
Pooled Income Funds	$ 219,750	$ 219,750

Credit risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the minimum rating as required for each debt type investment.

	Standard & Poor's	Pooled Income Fund
State Short-Term Investment Fund	AAAm	$ 219,750
		$ 219,750

Note 4. Unearned Revenue/Deferred Inflows of Resources

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

	Deferred Inflows	Unearned Revenue
General Fund		
Taxes and accrued interest on delinquent property taxes	$ 1,003,807	$ -
Nonmajor Funds		
Assessments receivable	225,211	-
Grants and other	32,000	53,556
Total	$ 1,261,018	$ 53,556

Note 5. Interfund Transfers

Interfund transfers during the year ended June 30, 2015 were as follows:

	Transfers In	Transfers Out
General Fund	$ -	$ (1,053,867)
Capital Reserve Fund	223,000	(5,000)
Educational Grants Fund	5,000	-
Water Fund	-	(10,736)
Nonmajor Governmental Funds	861,603	(20,000)
Total	$ 1,089,603	$ (1,089,603)

Transfers are used to account for financing by the General Fund of programs accounted for in other funds in accordance with budgetary authorizations. Transfers from the General Fund to nonmajor governmental funds were primarily annual contributions related to vehicle and equipment replacements, and capital lease debt service payments.

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 3,432,379	$ -	$ -	$ 3,432,379
Construction in process	3,188,277	275,097	(3,463,374)	-
Total capital assets, not being depreciated	6,620,656	275,097	(3,463,374)	3,432,379
Capital assets, being depreciated:				
Improvements other than buildings	2,143,993	-	-	2,143,993
Buildings	89,370,601	83,710	-	89,454,311
Machinery and equipment	12,949,789	4,211,212	(591,693)	16,569,308
Infrastructure	37,168,440	923,555	-	38,091,995
Total capital assets being depreciated	141,632,823	5,218,477	(591,693)	146,259,607
Less accumulated depreciation for:				
Improvements other than buildings	1,424,319	57,550	-	1,481,869
Buildings	33,241,365	1,865,398	-	35,106,763
Machinery and equipment	10,021,512	855,390	(588,868)	10,288,034
Infrastructure	28,480,543	618,579	-	29,099,122
Total accumulated depreciation	73,167,739	3,396,917	(588,868)	75,975,788
Total capital assets, being depreciated, net	68,465,084	1,821,560	(2,825)	70,283,819
Governmental activities capital assets, net	$ 75,085,740	$ 2,096,657	$ (3,466,199)	$ 73,716,198

Note 6. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets, being depreciated:				
Buildings	$ 5,356,138	$ 29,985	$ -	$ 5,386,123
Machinery and equipment	379,515	28,857	-	408,372
Improvements other than buildings	25,591	-	-	25,591
Infrastructure	3,232,929	-	-	3,232,929
Total capital assets, being depreciated	8,994,173	58,842	-	9,053,015
Less accumulated depreciation for:				
Buildings	1,555,689	137,469	-	1,693,158
Machinery and equipment	163,707	26,555	-	190,262
Improvements other than buildings	19,818	1,207	-	21,025
Infrastructure	1,532,694	51,534	-	1,584,228
Total accumulated depreciation	3,271,908	216,765	-	3,488,673
Total capital assets, being depreciated, net	5,722,265	(157,923)	-	5,564,342
Business-type activities capital assets, net	$ 5,722,265	$ (157,923)	$ -	$ 5,564,342

Note 6. Capital Assets (Continued)

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

Governmental Activities	
General government	$ 101,671
Public works	1,028,789
Public safety	188,412
Community & human services	257,421
Education	1,820,624
Total depreciation expense – governmental activities	$ 3,396,917
Business-type Activities	
Water Fund	$ 216,765

Note 7. Long-Term Obligations

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	$ 12,755,000	$ -	$ (1,550,000)	$ 11,205,000	$ 1,530,000
Bond premium	384,301	-	(48,038)	336,263	48,038
Capital lease obligation	3,523,738	-	(280,617)	3,243,121	289,950
Landfill post-closure monitoring	150,000	-	(15,000)	135,000	15,000
Compensated absences	3,156,878	-	(187,120)	2,969,758	89,093
Net pension liability (as restated, Note 1)	296,266	89,711	-	385,977	-
OPEB obligation	1,607,683	351,304	-	1,958,987	-
Governmental activity long-term liabilities	$ 21,873,866	$ 441,015	$ (2,080,775)	$ 20,234,106	$ 1,972,081
Business-type Activities					
CWF loans	1,846,667	-	(113,738)	1,732,929	116,173
Business-type long-term liabilities	$ 1,846,667	$ -	$ (113,738)	$ 1,732,929	$ 116,173

All bonds are general obligations of the Town and are secured by the taxing authority powers of the Town. General obligation bonds outstanding as of June 30, 2015 consisted of the following:

	Outstanding Amount
General obligation bonds payable:	
$8,400,000 refunding bond, issue of 2012 due 2025, annual principal payments range from $320,000 to $850,000 plus interest due semi-annually at 2.0% to 4.0%	7,440,000
$6,595,000 bond, issue of 2010 due 2021, annual principal payments range from $390,000 to $720,000 plus interest due semi-annually at 2.25% to 5.0%	3,765,000
Total general obligation bonds payable	$ 11,205,000

The following is a summary as of June 30, 2015, of the future principal and interest requirements for the Town's general obligation bonds:

	Principal	Interest	Total
2016	$ 1,530,000	$ 371,465	$ 1,901,465
2017	1,515,000	327,265	1,842,265
2018	1,525,000	266,665	1,791,665
2019	1,495,000	215,415	1,710,415
2020	1,490,000	157,165	1,647,165
2021-2025	3,650,000	234,510	3,884,510
Total	$ 11,205,000	$ 1,572,485	$ 12,777,485

Note 7. Long-Term Obligations (Continued)

Capital leases: The Town owns various vehicles and equipment with an approximate carrying value of $3,396,000 which were acquired under capital lease arrangements. The Town is required under these agreements to make the following annual lease payments:

2016	$ 349,374
2017	401,775
2018	360,225
2019	360,225
2020	360,225
Thereafter	1,736,629
Total payments	3,568,453
Less interest	(325,332)
Present value of minimum payments	$ 3,243,121

The Town received Clean Water Fund Project loans that are recorded as a loan payable in the Water Fund. The balance at June 30, 2015 is $1,732,929. These loans accrue interest at 2%. The following is a summary as of June 30, 2015, of the future principal and interest payments on these loans:

	Principal	Interest	Total
2016	$ 116,173	$ 35,614	$ 151,787
2017	118,660	33,127	151,787
2018	121,200	30,586	151,786
2019	123,795	27,992	151,787
2020	126,444	25,341	151,785
2021-2025	674,003	84,928	758,931
2026-2029	452,654	15,356	468,010
Total	$ 1,732,929	$ 252,944	$ 1,985,873

Prior year's debt defeasance: In prior years, the Town defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the basic financial statements.

Note 7. Long-Term Obligations (Continued)

Debt limitation: The Town's statement of debt limitation under Connecticut General Statutes, Section 7-434(b) as of June 30, 2015, is as follows:

Total tax collections (including interest and lien fees) for the year ended June 30, 2015	$ 37,156,901
Reimbursement for revenue loss	
Tax relief for elderly	48,857
Base	$ 37,205,758

The Connecticut General Statutes provides that total authorized debt of the Town shall not exceed seven times the above base cash receipts of $37,205,758 or $260,440,306 nor shall the total authorized particular purpose debt exceed the individual debt limitations reflected in the table below:

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2-1/4 times base	$ 83,712,955	$ -	$ -	$ -	$ -
4-1/2 times base	-	167,425,911	-	-	-
3-3/4 times base	-	-	139,521,593	-	-
3-1/4 times base	-	-	-	120,918,714	-
3 times base	-	-	-	-	111,617,274
Total debt limitation	83,712,955	167,425,911	139,521,593	120,918,714	111,617,274
Debt as defined by statute:					
Bonds payable [1]	2,004,500	9,200,500	-	-	-
Authorized and unissued	140,000	48,923,741	-	-	-
Total indebtedness	2,144,500	58,124,241	-	-	-
Estimated school construction grant progress payments	-	(29,390,013)	-	-	-
Debt limitation in excess of outstanding and authorized debt	$ 81,568,455	$ 138,691,683	$ 139,521,593	$ 120,918,714	$ 111,617,274

(1) Clean Water Fund financing totaling $1,732,929 are excluded from this calculation pursuant to Connecticut General Statutes.

Bonds authorized but unissued: Total authorized but unissued debt at June 30, 2015 consists of the following:

General purpose	$ 140,000
Schools	48,923,741
	$ 49,063,741

Note 8. Contingencies

Lawsuits: The Town is currently involved in several litigation matters. In the opinion of the Town's management, the final settlement of these matters will not have a material adverse effect on the financial condition of the Town.

Note 9. Pension Plans

Police department Defined Benefit Plan: The Town contributes to a defined benefit pension plan - the Town of Colchester Police Department Retirement Plan (the Plan), a single employer plan, effective July 1, 2005. The Plan is presented in the accompanying financial statements as a pension trust fund. A stand-alone report is not available for this plan.

Plan administration: The general administration and management of the Town of Colchester Police Department Retirement Plan and the responsibility for carrying out the provision of the plan shall be placed with the Colchester Retirement Board. Members of the Board are appointed by the Board of Selectmen (BOS) consisting of the following: representative of BOS, representative of Board of Finance, Town Treasurer, and two members who shall be electors of the Town who possess relevant experience in government finance or retirement systems. The Chief Financial Officer shall be a nonvoting, ex officio member.

1. *Classes of Employees Covered*

   At July 1, 2014, Plan membership consisted of:

Retirees and beneficiaries receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	
Vested	3
Nonvested	7
Total	10

2. *Benefit Provisions*

   a. Benefit Provisions

   The Town contributes to the Town of Colchester Police Department Retirement plan, a single employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its police employees. The responsibility for holding and investment of plan assets lies with the trustee appointed by the Retirement Board. The trustees shall be the bank or Trust company having the power to act as trustee in the State of Connecticut. The current trustee is Voya Financial. The PERS is considered part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund. Employees are eligible to participate on the date the employee commences making employee contributions.

Note 9. Pension Plans (Continued)

The retirement benefit is calculated at 2.5% of Final Average Salary during the highest 3 plan years of active employment multiplied by years of service, with a maximum pension of 60% of Final Average Salary. Years of service is computed in whole years. Participants are 100% vested after 10 years of service.

If an employee leaves covered employment or dies before 10 years of service, accumulated employee contributions are refunded with retirement income being forfeited. Benefits and contributions are established by the Town and may be amended only by the Town. The latest actuarial valuation reflects no material changes in funding method or assumptions.

b. Funding Policy

Employees are required to contribute 12.5% of their weekly pay and the employer picks up mandatory contributions of 12.5% of pay on behalf of each participant. The Town is required to contribute the remaining amounts necessary to finance the coverage for its employees.

Investments:

Investment policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Colchester Retirement Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2015.

Asset Class	Target Allocation %
Cash	4.0%
Equities	64.0%
Fixed Income	32.0%
Total weighted average real return	100.0%

Note 9. Pension Plans (Continued)

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.93%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net pension liability of the Town: The components of the net pension liability of the Town at June 30, 2015 were as follows:

Net Pension Liability	June 30, 2015
Total pension liability	$ 1,859,164
Plan fiduciary net position	1,473,187
Net pension liability	$ 385,977
Plan fiduciary net position as a percentage of total pension liability	79.24%
Covered employee payroll	$ 694,695
Net pension liability as % of covered payroll	55.56%

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

- Inflation: 3.00%
- Salary Increases: 5.00% (3.5% cost-of living, 1.5% steps)
- Investment Return: 7.5%, compounded annually, net of investment expenses
- Actuarial Cost Method: Entry Age Normal
- Asset Valuation Method: Market Value
- Amortization Method: Level Dollar
- Remaining Amortization Period: 15 Years, Closed

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

The total pension liability was determined by an actuarial valuation as of July 1, 2014, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2015. There have been no significant changes between the valuation date and the fiscal year end.

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

Note 9. Pension Plans (Continued)

Assumed rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2014, and the final investment return assumption, are summarized in the following table:

Asset Class	Target Allocation %
Cash	4.0%
Equities	64.0%
Fixed Income	32.0%
Total weighted average real return	100.0%

Net pension liability of the Town: The components of the net pension liability of the Town at June 30, 2015 were as follows:

	Changes in the Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	$ 1,583,823	$ 1,287,557	$ 296,266
Changes for the year:			
Service cost	167,993	-	167,993
Interest	130,517	-	130,517
Differences between expected and actual experience	-	-	-
Contributions - employer	-	100,616	(100,616)
Contributions - member	-	81,805	(81,805)
Net investment income (including investment expenses)	-	26,378	(26,378)
Benefit payments, including refunds of employee contributions	(23,169)	(23,169)	-
Administrative expense	-	-	-
Net changes	275,341	185,630	89,711
Balances at June 30, 2015	$ 1,859,164	$ 1,473,187	$ 385,977

Note 9. Pension Plans (Continued)

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	$ 756,811	$ 385,977	$ 89,783

For the year ended June 30, 2015, the Town of Colchester recognized pension expense of $28,782. As of June 30, 2015, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 60,929	$ -
Total	$ 60,929	$ -

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

Year Ended June 30,	
2016	$ 15,232
2017	15,232
2018	15,232
2019	15,233
2020	-
Thereafter	-
	$ 60,929

Connecticut State Teachers' Retirement System:

Description of system: All certified personnel within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the "System") is a cost sharing multiple employer defined benefit pension system with a special funding situation.

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

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units.

Note 9. Pension Plans (Continued)

Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about the System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of $4,464,000 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability for teacher pensions.

Benefits provided: The benefits provided to participants by the System are as follows:
Normal Benefit: A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

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

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

Contribution requirements: The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-183 and 10-183z.

Participants are required to contribute 6.00% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2014/2015 school year, $1,282,914 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the Town is $17,695,000. The Town is not required to contribute to the plan.

Note 9. Pension Fund (Continued)

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

Inflation	3.00 Percent
Salary increases, including inflation	3.75-7.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.50 Percent
Asset Valuation Method	Market Value
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay, closed
Single equivalent amortization period	22.4 year

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	21.0%	7.3%
Developed non- U.S. equities	18.0%	7.5%
Emerging markets (non- U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.4%
	100.0%	

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

Note 9. Pension Fund (Continued)

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

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
State's proportionate share of the NPL associated with the Town	$ 62,618,434	$ 49,068,579	$ 37,550,801

Pension liabilities, pension expense, and deferred inflows/outflows of resources: The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by GASB No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was $49,068,579 and 100% of the collective net pension liability is allocated to the State.

June 30, 2014 is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2015, the Town recognized $3,681,546 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Defined contribution retirement savings plan: Town employees are eligible to participate in a defined contribution retirement savings plan administered by the Town. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employer contributions are based on union contracts. Employees may make additional contributions subject to IRS regulations. The Plan is not reported as a fiduciary fund by the Town as it does not meet the reporting criterion.

Note 10. Other Postemployment Benefits

In addition to providing pension benefits, the Town provides 40% to 50% of certain health care benefits for retired employees. Substantially all of the Town's employees may become eligible for those benefits, if they retire under a normal retirement or with disability.

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

Note 10. Other Postemployment Benefits (Continued)

Plan description: The Town provides post-employment benefits for certain employees for current and future health and life insurance benefit expenses. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2013.

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

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

Retirees and beneficiaries receiving benefits	26
Active plan members	399
Total	425

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

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	$ 548,907	$ 197,603	36.0%	$ 1,958,987
June 30, 2014	459,870	184,000	40.0%	1,607,683
June 30, 2013	431,000	142,000	32.9%	1,331,813

OPEB Obligation:

Annual required contribution	$ 554,266
Interest on net pension obligation	64,307
Adjustment of ARC	(69,666)
Annual OPEB cost	548,907
Contributions made	197,603
Increase in net OPEB liability	351,304
Net OPEB obligation, beginning of year	1,607,683
Net OPEB obligation, end of year	$ 1,958,987

Note 10. Other Postemployment Benefits (Continued)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2013	$ -	$ 6,179,000	$ (6,179,000)	-	$ 23,807,000	26%

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

Actuarial assumptions are as follows:

Valuation Date:	July 1, 2013
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Percent of Pay Closed
Remaining Amortization Period	30 Years - decreasing
Actuarial Assumptions:	
Discount rate	4.00%
Health cost trend rates	Average annual healthcare cost trend rates are assumed to be as follows:

Year	Decrease
2010	8%
2011	7%
2012	6%
2013 and later	5%

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

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

Note 11. Risk Management

The Town is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, health of and/or injury to employees, natural disasters, and owners and contractors protective liability. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risk for employee health and medical claims.

The Medical Self-Insurance Fund is funded by monthly contributions from all funds incurring payroll charges. Anthem Blue Cross/Blue Shield, administrator of the claims process, aids the Town in calculating "premium" rates per contract. Under the Town's current policy, the Medical Self-Insurance Fund covers all employee claims up to $125,000 per claim with an aggregate stop loss of 125% of expected claims paid which was approximately $6,494,000 for the year ended June 30, 2015.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency, and amount of payouts and other economic and social factors.

Changes in the balance of claim liabilities are as follows:

	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30,
2014-2015	$ 504,361	$ 6,609,172	$ 6,493,603	$ 619,930
2013-2014	$ 513,617	$ 5,822,555	$ 5,831,811	$ 504,361

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

Note 12. Landfill Postclosure Care Cost

The Town's municipal solid waste landfill stopped accepting waste in 1994. State and Federal laws and regulations require the Town to perform certain maintenance and monitoring functions at the site for thirty years after closure. The remaining postclosure costs are estimated to be $135,000 ($15,000 per year for 9 years). Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The responsibility for postclosure monitoring will remain with the Town.

Note 13. Fund Balances

The details for the Town's fund balance are the following:

	General Fund	Capital Reserve Fund	Educational Grants Fund	Nonmajor Governmental Funds
Fund balances (deficits)				
Non-spendable:				
Prepaid	$ 1,615	$ -	$ -	$ -
Inventory	29,040	-	-	7,759
	30,655	-	-	7,759
Restricted:				
General government	-	-	-	78,484
Education	-	-	159,048	62,245
Community & human services	-	-	-	356,833
Public safety	-	-	-	65,125
Capital outlay	-	-	-	615,241
	-	-	159,048	1,177,928
Committed:				
Debt service	-	-	-	91,014
Capital outlay	-	1,070,257	-	2,399,956
Education	67,500	-	-	123,974
Public safety	-	-	-	14,814
Public works	-	-	-	594,245
	67,500	1,070,257	-	3,224,003
Assigned:				
General government	185	-	-	-
Public works	5,775	-	-	-
Education	364,725	-	-	-
	370,685	-	-	-
Unassigned (deficit)	5,255,366	-	-	(81,082)
Total fund balances	$ 5,724,206	$ 1,070,257	$ 159,048	$ 4,328,608

Fund deficits: The following funds had fund deficits as of June 30, 2015:

Miscellaneous Grants	$ 77,272
Adult Education	$ 3,810

The fund deficits are expected to be repaid with future revenues or transfers.

Note 14. Governmental Accounting Standards Board (GASB) Statements

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

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- **GASB Statement No. 72*, Fair Value Measurement and Application***. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.
- **GASB Statement No. 73*, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68***, completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.
- **GASB Statement No. 74*, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans***, addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016.
- **GASB Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:
  - Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
  - Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
  - Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

Note 14. Governmental Accounting Standards Board (GASB) Statements (Continued)

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

- **GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*** The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

  This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

- **GASB Statement No. 77, *Tax Abatement Disclosures***. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

  - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
  - The gross dollar amount of taxes abated during the period
  - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

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

Note 14. Governmental Accounting Standards Board (GASB) Statements (Continued)

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

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

- **GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans***. This standard narrows the scope and applicability of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.
- **GASB Statement No. 79**, ***Certain External Investment Pools and Pool Participants.*** This standard establishes new criteria to continue amortization cost accounting for certain external investment pools in light of recent changes to money market fund criteria. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Portfolio quality and monthly shadow pricing are effective for periods beginning after December 15, 2015. Earlier application is encouraged.

Note 15. Adoption

The Town's financial statements have been restated as of June 30, 2014. The restatement is a result of the implementation of GASB Statement No.68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The results of the implementation are as follows:

Net position, June 30, 2014, as previously reported	$ 67,767,772
Remove: June 30, 2014 net pension asset under GASB 27 before implementation of GASB Statement No. 68:	
Defined benefit plan	(55,153)
Add: Implementation of GASB Statement No. 68:	
Beginning net pension liability for:	
Defined benefit plans	(296,266)
Net Position, June 30, 2014, as restated	$ 67,416,353

Required Supplementary Information

Town of Colchester, Connecticut

Required Supplementary Information
Schedules of Employer Contributions – Pension Trust
June 30, 2015
Unaudited

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially Determined Contribution	$ 106,914	$ 101,215	$ 82,202	$ 74,068	$ 93,178	$ 77,704	$ 45,732	$ 44,587	$ 44,587	$ 32,201
Contributions in Relation to the Actuarially Determined Contribution	$ 100,616	$ 105,624	$ 88,321	$ 101,034	$ 86,428	$ 80,798	$ 64,866	$ 48,252	$ 41,689	$ 37,000
Contribution deficiency (excess)	$ 6,298	$ (4,409)	$ (6,119)	$ (26,966)	$ 6,750	$ (3,094)	$ (19,134)	$ (3,665)	$ 2,898	$ (4,799)
Covered Employee Payroll	$ 694,695	$ 662,403	$ 633,878	$ 571,675	$ 421,643	$ 550,743	$ 557,408	$ 410,312	$ 397,531	$ 384,243
Contributions as a Percentage of Covered Employee Payroll	14.48%	15.95%	13.93%	17.67%	20.50%	14.67%	11.64%	11.76%	10.49%	9.63%

Town of Colchester, Connecticut

Required Supplementary Information - unaudited
Schedule of Investment Returns- Pension Trust
Last Two Fiscal Years

	2015	2014
Annual money-weighted rate of return, net of investment income	1.93%	14.47%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Town of Colchester, Connecticut

Required Supplementary Information - unaudited
Schedule of Changes in the Town's Net Pension Liability and Related Ratios
Last Two Fiscal Years

Changes in Net Pension Liability	**2015**	2014
Total Pension Liability		
Service cost	**$ 167,993**	$ 178,216
Interest on total pension liability	**130,517**	106,587
Differences between expected and actual experience	**-**	234,034
Changes of assumptions	**-**	(356,174)
Benefit payments, including refunds of member contributions	**(23,169)**	-
Net change in total pension liability	**275,341**	162,663
Total Pension Liability, beginning	**1,583,823**	1,421,160
Total pension liability, ending (a)	**1,859,164**	1,583,823
Fiduciary Net Position		
Employer contributions	**$ 100,616**	$ 105,624
Member contributions	**81,805**	86,864
Investment income net of investment expenses	**26,378**	149,423
Benefit payments	**(23,169)**	-
Net change in plan fiduciary net position	**185,630**	341,911
Fiduciary Net Position, beginning	**1,287,557**	945,646
Fiduciary net position, ending (b)	**1,473,187**	1,287,557
Net pension liability, ending = (a) - (b)	**$ 385,977**	$ 296,266
Fiduciary net position as a % of total pension liability	**79.24%**	81.29%
Covered payroll	**$ 694,695**	$ 662,403
Net pension liability as a % of covered payroll	**55.56%**	44.73%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

Town of Colchester, Connecticut

Schedule of the Town's Proportionate Share of the Net Pension Liability -
Teachers' Retirement System
Required Supplementary Information - unaudited
For the Year Ended June 30, 2015

	2015
Town's proportion of the net pension liability	0.000000%
Town's proportionate share of the net pension liability	$ -
State's proportionate share of the net pension liability associated with the Town	$ 49,068,579
Total	$ 49,068,579
Town's covered-employee payroll	$ 17,695,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0%
System fiduciary net position as a percentage of the total pension liability	100%

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

Town of Colchester, Connecticut

Required Supplementary Information
Schedules of Funding Progress and Employer Contributions – OPEB
June 30, 2015
Unaudited

Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (C)	UAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2009	$ -	$ 4,306,000	$ (4,306,000)	$ -	N/A	N/A
July 1, 2011	-	4,209,000	(4,209,000)	-	N/A	N/A
July 1, 2013	-	6,179,000	(6,179,000)	-	$ 23,807,000	26%

Schedule of Employer Contributions - OPEB

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2009	$ 413,000	35.4%
2010	413,000	40.9%
2011	440,000	40.5%
2012	468,000	43.6%
2013	431,000	32.9%
2014	462,000	39.8%
2015	554,266	35.7%

Town of Colchester, Connecticut

Statement of Revenues and Expenditures - Budgetary Basis -
Budget and Actual - General Fund
Required Supplementary Information
For the Year Ended June 30, 2015
unaudited

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues				
Property taxes, interest and lien fees	$ 36,976,654	$ 36,976,654	$ 37,226,671	$ 250,017
Intergovernmental revenues	14,789,073	14,789,073	14,753,255	(35,818)
Revenues from the use of money	52,500	52,500	48,566	(3,934)
Charges for services	486,500	486,500	544,455	57,955
Licenses, permits and fees	616,850	616,850	627,586	10,736
Other revenues	74,300	74,300	124,355	50,055
Total revenues	52,995,877	52,995,877	53,324,888	329,011
Expenditures				
General government	3,442,025	3,344,057	3,310,322	33,735
Public works	3,234,601	3,503,751	3,491,244	12,507
Public safety	2,492,989	2,451,304	2,438,800	12,504
Community and human services	1,469,948	1,452,133	1,434,099	18,034
Education	39,661,795	39,661,795	39,550,130	111,665
Debt service	1,972,866	1,972,866	1,972,865	1
Total expenditures	52,274,224	52,385,906	52,197,460	188,446
Excess (deficiency) of revenues over expenditures	721,653	609,971	1,127,428	517,457
Other Financing Sources (Uses)				
Transfers out	721,653	758,453	758,453	-
Total other financing (uses)	721,653	758,453	758,453	-
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ (148,482)	$ 368,975	$ 517,457

See Note to the Required Supplementary Information.

Town of Colchester, Connecticut

Note to Required Supplementary Information
Unaudited

Note 1. Budgets and Budgetary Accounting

The Town's general budget policies are as follows:

General Fund: The Chief Financial Officer compiles preliminary budgets for all departments and agencies, with the exception of the Board of Education, for presentation by the First Selectman to the Board of Selectmen. After making such alterations or changes as it deems necessary, the Board of Selectmen presents the compiled budget to the Board of Finance. The Board of Education submits its budget directly to the Board of Finance.

The Board of Finance may make such revisions to the Selectmen's and Education budget estimates as it deems desirable, holds one or more public hearings and presents a proposed budget to the Annual Town Meeting which then goes to an automatic referendum.

The legal budget of the Town is a departmental budget.

Subject to certain restrictions, additional appropriations may be approved by the Board of Finance upon recommendations of the Board of Selectmen.

Classification of certain revenues and expenditures under accounting principles generally accepted in the United States of America (GAAP) differ from classifications used for budgetary purposes.

A reconciliation of General Fund revenues as presented in accordance with GAAP and revenues and other sources presented on the budgetary basis is as follows:

Revenues and transfers, budgetary basis	$ 53,324,888
Prior year encumbrances cancelled	(2,143)
Excess cost revenue net against expenditures	266,526
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	4,464,000
Revenues and transfers, GAAP basis	$ 58,053,271

Note 1. Budgets and Budgetary Accounting (Continued)

A reconciliation of expenditures of the General Fund presented in accordance with GAAP and expenditures and other uses and encumbrances presented on the budgetary basis is as follows:

Expenditures, transfers and encumbrances budgetary basis	$ 52,955,913
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	4,464,000
Excess cost revenue net against expenditures	266,526
Encumbrances	
June 30, 2014	44,795
June 30, 2015	(122,728)
Expenditures and transfers, GAAP basis	$ 57,608,506

Special Revenue Funds: The Town does not have legally adopted annual budgets for its special revenue funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets are non-lapsing and may comprise more than one fiscal year.

Capital Project Funds: Legal authorization for expenditures of the capital project funds is provided by the related bond ordinances. Capital appropriations do not lapse until completion of the applicable projects.

Combining and Individual Fund Financial Statements and Other Schedules

General Fund

Town of Colchester, Connecticut

General Fund
Balance Sheet
June 30, 2015 With Comparative Amounts for 2014

	2015	2014
Assets		
Cash and cash equivalents	**$ 6,294,803**	$ 5,549,446
Property taxes and interest receivable, net	**1,210,945**	1,255,582
Other receivables	**7,086**	26,482
Inventory	**29,040**	19,510
Prepaid Expenses	**1,615**	-
Grants receivable	**116,846**	236,997
Total assets	**$ 7,660,335**	$ 7,088,017
Liabilities		
Liabilities		
Accounts payable and accrued liabilities	**$ 932,322**	$ 702,526
Total liabilities	**932,322**	702,526
Deferred Inflow of Resources		
Unavailable resources	**1,003,807**	1,106,050
Fund Balance		
Nonspendable prepaids	**1,615**	-
Nonspendable inventory	**29,040**	19,510
Committed	**67,500**	120,829
Assigned	**370,685**	250,730
Unassigned	**5,255,366**	4,888,372
Total fund balance	**5,724,206**	5,279,441
Total liabilities, deferred inflow of resources fund balance	**$ 7,660,335**	$ 7,088,017

Town of Colchester, Connecticut

General Fund Revenues, Expenditures, and Other Financing Sources and Uses -
Budgetary Basis - Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Property Taxes				
Current year levy	$ 36,376,654	$ 36,376,654	$ 36,332,787	$ (43,867)
Prior years levy	400,000	400,000	593,528	193,528
Interest and lien fees	200,000	200,000	300,356	100,356
Total property taxes	36,976,654	36,976,654	37,226,671	250,017
Intergovernmental				
State of Connecticut:				
In lieu of taxes	58,234	58,234	58,291	57
Elderly homeowners	54,905	54,905	48,857	(6,048)
Disability exemption	2,150	2,150	1,980	(170)
Additional veteran exemption	7,571	7,571	6,514	(1,057)
Property tax relief	46,349	46,349	-	(46,349)
Emergency Management	3,905	3,905	6,459	2,554
Local Capital Improvement Program	118,690	118,690	116,846	(1,844)
Mashantucket Pequot/Mohegan Grant	70,381	70,381	71,476	1,095
Distribution to towns	10,000	10,000	7,480	(2,520)
Youth Services grant	18,833	18,833	18,833	-
Library grant	5,222	5,222	5,603	381
Total State of Connecticut	396,240	396,240	342,339	(53,901)
Education:				
Special Education	450,000	450,000	470,654	20,654
Education cost sharing	13,761,528	13,761,528	13,765,334	3,806
School transportation	181,305	181,305	174,928	(6,377)
Total education	14,392,833	14,392,833	14,410,916	18,083
Total intergovernmental	14,789,073	14,789,073	14,753,255	(35,818)
Revenues From Use of Money				
Investment income	52,500	52,500	48,566	(3,934)
Charges For Services				
Ambulance	475,000	475,000	532,669	57,669
Recreation	11,500	11,500	11,786	286
Total charges for services	486,500	486,500	544,455	57,955

(Continued)

Town of Colchester, Connecticut

General Fund Revenues, Expenditures, and Other Financing Sources and Uses -
Budgetary Basis - Budget and Actual (Continued)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Licenses, Permits and Fees				
Fire Marshal inspection fees	$ 200	$ 200	$ 180	$ (20)
Sports licenses	520	520	567	47
Transfer station fees	135,000	135,000	103,452	(31,548)
Conservation Commission fees	5,500	5,500	6,686	1,186
Road inspection fees	6,600	6,600	9,544	2,944
Building code fees	190,000	190,000	220,528	30,528
Conveyance tax	112,000	112,000	132,702	20,702
Zoning and planning fees	12,000	12,000	13,080	1,080
Zoning appeal fees	1,000	1,000	1,050	50
Copier fees - Tax Collector	200	200	73	(127)
Copier fees - Assessor	1,100	1,100	704	(396)
Copier fees - Town Clerk	15,500	15,500	15,937	437
Copier fees - Planning & Code Administration	200	200	521	321
Town Clerk fees	106,000	106,000	98,509	(7,491)
Vendor permits	330	330	510	180
Pistol permits	10,000	10,000	6,860	(3,140)
Library fines and fees	14,000	14,000	11,415	(2,585)
Dial-A-Ride	3,500	3,500	3,319	(181)
Recording fees	3,200	3,200	1,949	(1,251)
Total licenses, permits and fees	616,850	616,850	627,586	10,736
Other Revenues				
Tuition - regular	10,000	10,000	57,281	47,281
Telecommunications tax	40,000	40,000	38,651	(1,349)
State fund for building inspection	800	800	1,219	419
Elderly housing	11,500	11,500	15,445	3,945
Miscellaneous	12,000	12,000	6,114	(5,886)
Insurance reimbursement	-	-	5,645	5,645
Total other revenues	74,300	74,300	124,355	50,055
Total revenues	$ 52,995,877	$ 52,995,877	$ 53,324,888	$ 329,011

(Continued)

Town of Colchester, Connecticut

General Fund Revenues, Expenditures, and Other Financing Sources and Uses - Budgetary Basis - Budget and Actual (Continued)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government				
Boards and Commissions	$ 24,996	$ 26,418	$ 24,301	$ 2,117
Contingency	52,790	-	-	-
First Selectman	215,393	255,398	249,237	6,161
Human Resources	107,275	58,849	53,862	4,987
Finance	275,703	284,669	284,336	333
Tax Collector	151,342	152,415	150,601	1,814
Assessor	269,557	274,853	269,923	4,930
Planning and Code Administration	508,700	445,742	443,439	2,303
Town Clerk	155,263	156,106	148,676	7,430
Elections	65,512	71,761	69,087	2,674
Insurances	1,516,957	1,519,309	1,519,298	11
Probate	5,340	5,340	5,340	-
Information Technology	93,197	93,197	92,222	975
Total general government	3,442,025	3,344,057	3,310,322	33,735
Public Works				
Public Works administration	154,971	157,730	156,202	1,528
Highway	1,314,477	1,246,413	1,244,577	1,836
Fleet maintenance	368,081	365,036	362,830	2,206
Grounds maintenance	406,274	355,873	353,657	2,216
Snow removal	469,405	872,642	872,640	2
Transfer Station	264,990	240,465	236,909	3,556
Facilities	151,894	158,808	158,075	733
Engineering	104,509	106,784	106,354	430
Total public works	3,234,601	3,503,751	3,491,244	12,507
Public Safety				
Police	1,241,940	1,204,738	1,202,173	2,565
Fire	1,235,086	1,235,453	1,226,935	8,518
Emergency Management	15,963	11,113	9,692	1,421
Total public safety	2,492,989	2,451,304	2,438,800	12,504

(Continued)

Town of Colchester, Connecticut

General Fund Revenues, Expenditures, and Other Financing Sources and Uses -
Budgetary Basis - Budget and Actual (Continued)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Community & Human Services				
Cragin Memorial Library	$ 540,307	$ 529,433	$ 526,113	$ 3,320
Parks and Recreation	172,938	169,593	167,776	1,817
Senior Services	279,750	282,198	272,923	9,275
Youth & Social Services	332,079	326,035	322,413	3,622
Health Services	144,874	144,874	144,874	-
Total community & human services	1,469,948	1,452,133	1,434,099	18,034
Education	39,661,795	39,661,795	39,550,130	111,665
Debt Service				
Principal	1,550,000	1,550,000	1,550,000	-
Interest	422,866	422,866	422,865	1
Total debt service	1,972,866	1,972,866	1,972,865	1
Total expenditures	52,274,224	52,385,906	52,197,460	188,446
Other Financing Uses				
Transfers out	721,653	758,453	758,453	-
Total other financing uses	721,653	758,453	758,453	-
Total expenditures and other financing uses	52,995,877	53,144,359	52,955,913	188,446
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ (148,482)	$ 368,975	$ 517,457

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Nonmajor Governmental Funds

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Town of Colchester, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue					
	Dog License Fund	Town Aid Road Fund	Small Cities Grants	Sewer Operating Fund	Parks and Recreation Activities Fund	School Cafeteria Fund
Assets						
Cash and cash equivalents	$ 47,745	$ 618,854	$ 53,694	$ 546,105	$ 148,785	$ 30,069
Assessments and user charges receivable	-	-	-	241,342	-	-
Other receivables	332	-	32,000	-	1,655	-
Intergovernmental receivable	-	-	-	-	-	44,275
Inventory	-	-	-	-	-	7,759
Total assets	$ 48,077	$ 618,854	$ 85,694	$ 787,447	$ 150,440	$ 82,103
Liabilities and Fund Balances (Deficits)						
Liabilities						
Accounts payable	$ 2,215	$ 3,613	$ -	$ 3,206	$ 19,945	$ 12,099
Unearned revenue	-	-	53,556	-	-	-
Total liabilities	2,215	3,613	53,556	3,206	19,945	12,099
Deferred Inflows of Resources						
Unavailable resources	-	-	32,000	222,249	-	-
Fund Balances (Deficits)						
Nonspendable	-	-	-	-	-	7,759
Restricted	45,862	615,241	138	-	130,495	62,245
Committed	-	-	-	561,992	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	45,862	615,241	138	561,992	130,495	70,004
Total liabilities, deferred inflows of resources and fund balances (deficits)	$ 48,077	$ 618,854	$ 85,694	$ 787,447	$ 150,440	$ 82,103

Special Revenue							
Miscellaneous Grants Fund	Adult Education	Special Gifts Fund	Benefits Assessment Fund	Pay to Play	Bacon Academy Summer School	Police Special Duty
$ -	$ -	$ 327,432	$ 32,253	$ 40	$ 13,136	$ 10,712
-	-	-	2,962	-	-	6,160
-	-	-	-	-	-	-
195,165	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 195,165	$ -	$ 327,432	$ 35,215	$ 40	$ 13,136	$ 16,872
$ 272,437	$ 3,810	$ 3,485	$ -	$ 40	$ 1,155	$ 2,058
-	-	-	-	-	-	-
272,437	3,810	3,485	-	40	1,155	2,058
-	-	-	2,962	-	-	-
-	-	-	-	-	-	-
-	-	323,947	-	-	-	-
-	-	-	32,253	-	11,981	14,814
(77,272)	(3,810)	-	-	-	-	-
(77,272)	(3,810)	323,947	32,253	-	11,981	14,814
$ 195,165	$ -	$ 327,432	$ 35,215	$ 40	$ 13,136	$ 16,872

(Continued)

Town of Colchester, Connecticut

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2015

	Capital Projects				
	Johnston Building Project	2009 Bond Referendum	Capital Projects Fund	Sewer Capital	Energy Fund
Assets					
Cash and cash equivalents	$ 2,306	$ 56,057	$ 781,031	$ 1,250,189	$ 111,648
Assessments and user charges receivable	-	-	-	-	-
Other receivables	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	$ 2,306	$ 56,057	$ 781,031	$ 1,250,189	$ 111,648
Liabilities and Fund Balances (Deficits)					
Liabilities					
Accounts payable	$ -	$ -	$ 891	$ -	$ -
Unearned revenue	-	-	-	-	-
Total liabilities	-	-	891	-	-
Deferred Inflows of Resources					
Unavailable resources	-	-	-	-	-
Fund Balances (Deficits)					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	2,306	56,057	780,140	1,250,189	111,648
Unassigned	-	-	-	-	-
Total fund balances (deficits)	2,306	56,057	780,140	1,250,189	111,648
Total liabilities, deferred inflows of resources and fund balances (deficits)	$ 2,306	$ 56,057	$ 781,031	$ 1,250,189	$ 111,648

Capital Projects			
Use of Schools	BOE Capital Reserve Fund	Debt Service	Totals
$ 112,305	$ 199,616	$ 91,014	$ 4,432,991
-	-	-	250,464
-	-	-	33,987
-	-	-	239,440
-	-	-	7,759
$ 112,305	$ 199,616	$ 91,014	$ 4,964,641
$ 312	$ -	$ -	$ 325,266
-	-	-	53,556
312	-	-	378,822
-	-	-	257,211
-	-	-	7,759
-	-	-	1,177,928
111,993	199,616	91,014	3,224,003
-	-	-	(81,082)
111,993	199,616	91,014	4,328,608
$ 112,305	$ 199,616	$ 91,014	$ 4,964,641

Town of Colchester, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue					
	Dog License Fund	Town Aid Road Fund	Small Cities Grants	Sewer Operating Fund	Parks and Recreation Activities Fund	School Cafeteria Fund
Revenues						
Intergovernmental	$ -	$ 385,457	$ -	$ -	$ -	$ 281,676
Food sales, charges for services	-	-	-	-	-	421,188
Fines and fees	18,499	-	-	-	-	-
Interest income	-	-	11	1,306	-	11
Sewer assessments, use and charges for services	-	-	-	841,998	321,814	-
Other local revenue	-	-	2,700	35	3,592	-
Total revenues	18,499	385,457	2,711	843,339	325,406	702,875
Expenditures						
General government	-	-	-	-	-	-
Public works	-	266,053	-	731,565	-	-
Education	-	-	-	-	-	676,333
Public safety	59,655	-	-	-	-	-
Community & human services	-	-	2,700	-	261,920	-
Capital outlay	-	176,924	-	6,105	-	-
Debt service	-	-	-	-	-	-
Total expenditures	59,655	442,977	2,700	737,670	261,920	676,333
Excess (deficiency) revenues over expenditures	(41,156)	(57,520)	11	105,669	63,486	26,542
Other Financing Sources (Uses)						
Transfers in	29,685	-	-	-	-	-
Transfers out	-	-	-	(20,000)	-	-
Total other financing sources (uses)	29,685	-	-	(20,000)	-	-
Net change in fund balances (deficits)	(11,471)	(57,520)	11	85,669	63,486	26,542
Fund Balances (Deficits), Beginning	57,333	672,761	127	476,323	67,009	43,462
Fund Balances (Deficits), Ending	$ 45,862	$ 615,241	$ 138	$ 561,992	$ 130,495	$ 70,004

Special Revenue						
Miscellaneous Grants Fund	Adult Education	Special Gifts Fund	Benefits Assessment Fund	Pay to Play	Bacon Academy Summer School	Police Special Duty
$ 392,824	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	84	-	-	-
-	-	-	-	109,935	11,740	39,260
2,837	-	178,855	-	-	-	-
395,661	-	178,855	84	109,935	11,740	39,260
74,044	-	40	-	-	-	-
107,319	-	-	-	-	-	-
-	-	970	-	109,935	10,093	-
23,660	-	1,428	-	-	-	36,561
76,926	-	161,531	-	-	-	-
161,140	-	-	-	-	-	-
-	-	-	-	-	-	-
443,089	-	163,969	-	109,935	10,093	36,561
(47,428)	-	14,886	84	-	1,647	2,699
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(47,428)	-	14,886	84	-	1,647	2,699
(29,844)	(3,810)	309,061	32,169	-	10,334	12,115
$ (77,272)	$ (3,810)	$ 323,947	$ 32,253	$ -	$ 11,981	$ 14,814

(Continued)

Town of Colchester, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Capital Projects				
	Johnston Building Project	2009 Bond Referendum	Capital Projects Fund	Sewer Capital	Energy Fund
Revenues					
Intergovernmental	$ -	$ -	$ -	$ -	$ -
Food sales, charges for services	-	-	-	-	-
Fines and fees	-	-	-	35,480	-
Interest income	-	-	-	3,521	-
Sewer assessments, use and charges for services	-	-	-	-	-
Other local revenue	-	-	-	-	-
Total revenues	-	-	-	39,001	-
Expenditures					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Education	-	-	-	-	-
Public safety	-	-	-	-	-
Community & human services	-	-	-	-	-
Capital outlay	27,694	-	187,142	183,922	180,734
Debt service	-	-	-	-	-
Total expenditures	27,694	-	187,142	183,922	180,734
Excess (deficiency) revenues over expenditures	(27,694)	-	(187,142)	(144,921)	(180,734)
Other Financing Sources (Uses)					
Transfers in	30,000	-	309,000	20,000	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	30,000	-	309,000	20,000	-
Net change in fund balances (deficits)	2,306	-	121,858	(124,921)	(180,734)
Fund Balances (Deficits), Beginning	-	56,057	658,282	1,375,110	292,382
Fund Balances (Deficits), Ending	$ 2,306	$ 56,057	$ 780,140	$ 1,250,189	$ 111,648

Capital Projects			
Use of Schools	BOE Capital Reserve Fund	Debt Service	Totals
$ -	$ -	$ -	$ 1,059,957
-	-	-	421,188
-	-	-	53,979
-	-	-	4,933
84,869	-	-	1,409,616
-	987	-	189,006
84,869	987	-	3,138,679
-	-	-	74,084
-	-	-	1,104,937
35,389	-	-	832,720
-	-	-	121,304
-	-	-	503,077
24,080	10,945	-	958,686
-	-	345,375	345,375
59,469	10,945	345,375	3,940,183
25,400	(9,958)	(345,375)	(801,504)
-	127,542	345,376	861,603
-	-	-	(20,000)
-	127,542	345,376	841,603
25,400	117,584	1	40,099
86,593	82,032	91,013	4,288,509
$ 111,993	$ 199,616	$ 91,014	$ 4,328,608

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Capital Assets Schedules

Town of Colchester, Connecticut

Capital Assets Used in the Operation of Governmental Funds -
Schedule by Category
June 30, 2015

Governmental funds capital assets		
Land	$	3,432,379
Buildings		89,454,311
Improvements other than buildings		2,143,993
Machinery and equipment		16,569,308
Infrastructure		38,091,995
Total governmental funds capital assets	$	149,691,986

Town of Colchester, Connecticut

Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2015

	Land	Buildings	Improvements Other Than Buildings	Infrastructure	Machinery and Equipment	Total
General Government	$ 3,432,379	$ 2,487,509	$ 1,381,527	$ -	$ 469,655	$ 7,771,070
Public Safety	-	1,004,298	-	60,567	4,656,174	5,721,039
Public Works	-	421,001	18,683	37,636,982	5,835,450	43,912,116
Community & Human Services	-	7,623,990	5,385	268,779	978,623	8,876,777
Education	-	77,917,513	738,398	125,667	4,629,406	83,410,984
Total	$ 3,432,379	$ 89,454,311	$ 2,143,993	$ 38,091,995	$ 16,569,308	$ 149,691,986

Other Schedule

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Town of Colchester, Connecticut

Schedule of Property Taxes Levied, Collected and Outstanding
For the Year Ended June 30, 2015

Grand List Year	Balance Uncollected July 1, 2014	Current Levy	Lawful Corrections		Written-off Uncollectible	Transfer to Suspense	Balance To Be Collected
			Additions	Deletions			
1998	$ 1,173	$ -	$ -	$ -	$ -	$ -	$ 1,173
1999	10,666	-	-	-	-	-	10,666
2000	21,552	-	-	-	-	(7,129)	14,423
2001	26,662	-	-	-	-	(11,333)	15,329
2002	59,594	-	-	-	-	(22,211)	37,383
2003	63,577	-	-	(1)	-	(9,818)	53,758
2004	73,025	-	-	(1)	-	-	73,024
2005	100,083	-	1	(1)	-	(5,013)	95,070
2006	73,017	-	1	-	-	(5,417)	67,601
2007	81,768	-	206	(205)	-	(5,976)	75,793
2008	75,314	-	211	(619)	-	(6,017)	68,889
2009	84,077	-	223	(26,389)	-	(6,981)	50,930
2010	108,474	-	301	(681)	-	(1,471)	106,623
2011	213,055	-	7,719	(1,025)	-	(22,710)	197,039
2012	590,731	-	7,272	(10,298)	-	(7,686)	580,019
2013	-	36,989,680	67,971	(166,033)	-	-	36,891,618
	$ 1,582,768	$ 36,989,680	$ 83,905	$ (205,253)	$ -	$ (111,762)	$ 38,339,338

Collections				Balance Uncollected June 30, 2015
Taxes	Interest	Fees	Total	
$ -	$ -	$ -	$ -	$ 1,173
329	297	24	650	10,337
361	850	-	1,211	14,062
-	(350)	-	(350)	15,329
893	2,077	24	2,994	36,490
1,986	3,336	24	5,346	51,772
2,468	5,085	24	7,577	70,556
2,053	2,536	-	4,589	93,017
1,918	3,403	48	5,369	65,683
3,829	3,790	24	7,643	71,964
4,053	3,752	48	7,853	64,836
4,858	3,845	48	8,751	46,072
40,823	26,213	140	67,176	65,800
93,945	36,707	348	131,000	103,094
374,687	67,791	2,162	444,640	205,332
36,333,194	127,899	1,359	36,462,452	558,424
$ 36,865,397	$ 287,231	$ 4,273	$ 37,156,901	$ 1,473,941

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