

Town of New Fairfield, Connecticut

Financial Statements and
Supplementary Information

Year Ended June 30, 2015

Town of New Fairfield, Connecticut

Table of Contents
Year Ended June 30, 2015

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
 Basic Financial Statements	
<u>Exhibit</u>	
	Government-Wide Financial Statements
1	Statement of Net Position 12
2	Statement of Activities 13
	Fund Financial Statements
3	Balance Sheet - Governmental Funds 14
3a	Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities 15
4	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds 16
4a	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 17
5	Statement of Net Position - Proprietary Funds 18
6	Statement of Revenues, Expenses, and Changes in Fund Net Position- Proprietary Funds 19
7	Statement of Cash Flows – Proprietary Funds 20
8	Statement of Fiduciary Net Position - Fiduciary Funds 21
9	Statement of Changes in Fiduciary Net Position – Fiduciary Funds 22
	Notes to the Financial Statements 23
 Required Supplementary Information ("RSI")	
<u>RSI</u>	
1	Schedule of Revenues, Expenditures and Changes in Budgetary Fund Balance – Budgetary Basis – Budget and Actual – General Fund 59
	Town Pension Plan
2a	Schedule of Changes in Net Pension Liability and Related Ratios 62
2b	Schedule of Employer Contributions 63
2c	Annual Money-Weighted Rate of Return 64
	Board of Education Pension Plan
3a	Schedule of Changes in Net Pension Liability and Related Ratios 65
3b	Schedule of Employer Contributions 66
3c	Annual Money-Weighted Rate of Return 67
	Other Post-Employment Benefits
4a	Schedule of Funding Progress 68
4b	Schedule of Employer Contributions 69
5	Connecticut Municipal Employees' Retirement System 70
6	Connecticut Teachers' Retirement System 71

Town of New Fairfield, Connecticut

Table of Contents (Continued)
June 30, 2015

	<u>Page No.</u>
Combining Fund Financial Statements	
<u>Statement</u>	
General Fund	
1	Combining Balance Sheet 72
2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances 73
Other Governmental Funds	
3	Combining Balance Sheet 74
4	Combining Statement of Revenues, Expenditures and Changes in Fund Balances 75
Special Revenue Funds	
5	Combining Balance Sheet – Special Revenue Funds 76
6	Combining Statement of Revenues, Expenditures and Changes in Fund Balances 78
Capital Projects Funds	
7	Combining Balance Sheet – Capital Project Funds 80
8	Combining Statement of Revenues, Expenditures and Changes in Fund Balances 81
Pension Trust Funds	
9	Combining Statement of Fiduciary Net Position – Pension Trust Fund 82
10	Combining Statement of Changes in Fiduciary Net Position 83
Agency Funds	
11	Combining Statement of Net Position – Agency Funds 84
Supplementary Schedules	
<u>Schedule</u>	
1	Report of the Property Tax Collector 85
2	Details of Board of Education Expenditures 86
Internal Controls and Compliance Reports	
<u>Government Auditing Standards Report</u> 88	
State Single Audit	
	State Single Audit Report 90
	Schedule of Expenditures of State Financial Assistance 93
	Notes to the Schedule of Expenditures of State Financial Assistance 94
	Schedule of Findings and Questioned Costs 95
	Summary Schedule of Prior Audit Findings 97
Federal Single Audit	
	Federal Single Audit Report 98
	Schedule of Expenditures of Federal Awards 101
	Notes to the Schedule of Expenditures of Federal Awards 103
	Schedule of Findings and Questioned Costs 104
	Summary Schedule of Prior Audit Findings 109

Independent Auditors' Report

The Board of Finance
Town of New Fairfield, 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 New Fairfield, Connecticut ("Town") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 and Note 3 to the financial statements the Town's adopted the provisions of GASB Statement Nos. 68 *Accounting and Financial Reporting for Pensions* and 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 Management's Discussion and Analysis, the budgetary comparison information and pension and other post-employment benefit schedules 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 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 and Other Information

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

The combining fund financial statements and supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2016 on our consideration of the Town's internal control over financial reporting and 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 the 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.

PKF O'Connor Davies, LLP

January 22, 2016

Town of New Fairfield, Connecticut

Management's Discussion and Analysis
June 30, 2015

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
June 30, 2015**

Our discussion and analysis of Town of New Fairfield, Connecticut's (the Government) financial performance provides an overview of the Government's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Government's financial statements, which begin with Exhibit 1.

FINANCIAL HIGHLIGHTS

- The Town's long-term health as shown in Exhibits 1 & 2, increased by \$2,457,491. The total assets of the Town of New Fairfield exceeded its liabilities by \$87,816,993 for Fiscal Year 2014/2015. Of this \$72,459,847 were in net investment in capital assets, \$1,563,888 in restricted-expendable, \$321,467 in restricted nonexpendable, and \$13,471,791 in unrestricted. The portion of the unrestricted is what may be used to meet the government's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements.
- The Town's short-term financial health as shown in Exhibits 3 and 4 decreased by \$310,257.
- Capital assets went down by \$701,662 due to depreciation expense exceeding capital outlay in the current period.
- Long-term debt outstanding was lower than prior year by \$1,869,949.
- The Town continues to carry on its Government general obligation bond the Standard & Poor AAA rating.
- The Town had an excess of revenues over expenses of \$636,407 (RSI-1).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the Government as a whole and present a longer-term view of the Government's finances. Fund financial statements start with Exhibit 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Government's operations in more detail than the government-wide statements by providing information about the Government's most significant funds. The remaining statements provide financial information about activities for which the Government acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Government as a Whole

Our analysis of the Government as a whole begins with Exhibit 1. One of the most important questions asked about the Government's finances is, "Is the Government as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Government as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
June 30, 2015**

private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Government's *net position* and changes in them. You can think of the Government's net position—the difference between assets and liabilities—as one way to measure the Government's financial health, or *financial position*. Over time, *increases or decreases* in the Government's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Government's property tax base and the condition of the Government's roads, to assess the *overall health* of the Government.

In the Statement of Net Position and the Statement of Activities, the Government shows the following activity:

- Governmental activities—The Government's basic services are reported here, including the education, public works, and general administration. Property taxes, state and federal grants and local revenues such as fees and licenses finance most of these activities.

Reporting the Government's Most Significant Funds

Our analysis of the Government's major funds begins in the section titled "The Government's Funds". The fund financial statements begin with Exhibit 3 and provide detailed information about the most significant funds—not the Government as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Finance establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- *Governmental funds*—The Government's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified* accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Government's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Government's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

The Government as Trustee

The Government is the trustee, or *fiduciary*, for the activity funds at the school. These funds do not belong to the Government. The Government's fiduciary activities are reported in separate Statements of Fiduciary Net Position in Exhibits 8. We exclude these activities from the Government's other financial statements because the Government cannot use these assets to finance its operations. The Government is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
June 30, 2015**

THE GOVERNMENT AS A WHOLE

The Government's *combined* net position increased by \$2,457,491 from a year ago—*increasing* from \$85,359,502 to \$87,816,993. Last year net position *increased* by \$2,953,732. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Government.

**Table 1
Change in Net Position (on Exhibit 1)**

	2015	Change During Year		2014
		Dollars	Percent	
Current and other assets	\$ 22,330,678	\$ 1,625,032	7.85%	\$ 20,705,646
Capital assets	97,529,847	(701,662)	-0.71%	98,231,509
Total assets	119,860,525	923,370	0.78%	118,937,155
Deferred outflows of resources	1,057,958	795,162	302.58%	262,796
Long-term debt outstanding	27,218,103	(1,869,949)	-6.43%	29,088,052
Other liabilities	2,952,855	85,435	2.98%	2,867,420
Total liabilities	30,170,958	(1,784,514)	-5.58%	31,955,472
Deferred inflows of resources	2,528,532	643,555	34.14%	1,884,977
Net position				
Net investment in capital assets	72,459,847	1,288,338	1.81%	71,171,509
Restricted				
Expendable	1,563,888	89,449	6.07%	1,474,439
Nonexpendable	321,467	-	0.00%	321,467
Unrestricted	13,471,791	1,079,704	8.71%	12,392,087
Total net position	\$ 87,816,993	\$ 2,457,491	2.88%	\$ 85,359,502

The unrestricted portion, increased in FY2015 by \$1,079,704 bringing it to a total amount of \$13,471,791. This portion of the net position is what may be used to meet the government's ongoing obligations to citizens and creditors without constraints established by debt covenants, enabling legislation, or other legal requirements

Capital assets went down by \$701,662 due to depreciation expense exceeding capital outlay in the current period. Current year's net addition to capital assets in the amount of \$3,143,644 consisted of the following: Land & Construction in progress increased by a net amount of \$1,321,675, Land improvement increased by \$677,982, Machinery and Equipment increased by a net amount of \$250,787, Building & Systems increased by \$893,200. The accumulated depreciation for this current year came to a net amount of \$3,845,306.

Long-term debt outstanding was lower than prior year by \$1,869,949. The majority of this reduction is due to:

- A net reduction in General Obligation Bonds of \$1,990,000 due to a payoff of \$3,920,000 and an addition of \$1,930,000.
- A reduction in compensated absences of \$48,135.
- A net addition to Pension obligation of \$192,826.
- A net reduction of OPEB obligations of \$24,640.

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
June 30, 2015**

**Table 2
Change in Net Position (on Exhibit 2)**

	2015	Change During Year		2014
		Dollars	Percent	
Revenues				
Program revenues:				
Charges for services	\$ 4,945,890	\$ 139,980	2.91%	\$ 4,805,910
Operating grants and contributions	10,599,794	(282,407)	-2.60%	10,882,201
Capital grants and contributions	87,630	(292,663)	-76.96%	380,293
General revenues:				
Property taxes	44,386,740	922,458	2.12%	43,464,282
Grants and contributions	208,031	160,414	336.88%	47,617
Interest and investment earnings	187,879	13,509	7.75%	174,370
Gain on disposal of equipment	6,486	6,486	100.00%	-
Other general revenues	93,539	(161,595)	-63.34%	255,134
Total revenues	<u>60,515,989</u>	<u>506,182</u>	<u>0.84%</u>	<u>60,009,807</u>
Program expenses				
General government	6,098,368	1,704,941	38.81%	4,393,427
Public safety	2,808,740	17,463	0.63%	2,791,277
Public works	3,093,943	152,446	5.18%	2,941,497
Health and welfare	514,892	(5,569)	-1.07%	520,461
Culture and recreation	1,243,960	56,284	4.74%	1,187,676
Education	43,451,174	(805,897)	-1.82%	44,257,071
Interest on long-term debt	847,421	(117,245)	-12.15%	964,666
Total expenses	<u>58,058,498</u>	<u>1,002,423</u>	<u>1.76%</u>	<u>57,056,075</u>
Increase (decrease) in net position	<u>\$ 2,457,491</u>	<u>\$ (496,241)</u>	<u>-16.80%</u>	<u>\$ 2,953,732</u>

Program revenues decreased from prior year by 2.71%. This is due to the following:

- An increase in conveyance taxes by \$42,973 in the General Fund.
- Capital & Non- Recurring decreased in local bridge grant of \$45,086, and decrease in FEMA grant of \$31,737.
- Revenues reclassified from public works to culture and recreation in FY2013/2014 amounts - BOE turf field \$87,906, HS Athletic Activity \$49,472, Building use \$55,159
- Education grants, there was an increase in tuition of \$60,870, and school lunch increase of \$63,551
- General Fund, there was an increase in ECS grant of \$319,962, a decrease in education grants which includes \$37,717, a decrease in IDEA grant revenue, no high quality schools grant of \$78,072 or PEGPETIA grant of \$61,232
- FY2014/2015 Library construction grant in Capital & Non-Recurring of \$751,253 and none in FY2013/2014.
- FY2013/2014 MHHS/HS renovations grant of \$266,561 and none in FY2014/2015.
- Employee contributions in the Insurance reserve fund decreased by \$48,124. Medical claims dropped by \$111,804, and premiums increased by \$66,000.
- ECS grant increased by \$319,962.

General revenues increased by 2.14%. This is mainly due to:

- There was a \$794,864 increase in current property taxes
- A school security grant in FY2014/2015 of \$157,082 and none in FY2013/2014.
- Sons of New Fairfield decrease in other revenues of \$54,360.

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
June 30, 2015**

- MHHS/HS renovations FY2013/2014 energy efficient incentives revenue of \$94,139 and none in FY2014/2015.

Program expenses increased by 1.76%. This is mainly due to the following:

- Written policies & procedures for \$20,550 established in FY2014/2015 to strengthen internal controls. This is still work in progress as both the Board of Selectman and Board of Finance are working together on finalizing the process.
- In FY14 pension/OPEB liability decreased by \$823,328, in FY15 increased by \$271,414 a difference of \$1,094,742; Increase in General Fund pension expense by \$163,500.
- Professional services increased by \$18,448 in the General Fund mainly due to contract negotiations.
- Police increased by \$213,516 in the General Fund. This is due to an increase in pay rate, the police department down one officer which led to an increase in overtime pay, and there was a \$40,950 sick time payout for a retired officer included in police salaries.
- Public Works increased by \$160,110 in the General Fund. This was due to the severe winter weather that led to an increase in the cost of seasonal employees, road maintenance, road repairs, and equipment repairs.
- BOE payroll increased in the General Fund of \$589,765 and BOE expenditures decreased by \$500,537.
- In FY2013/2014 pension/OPEB liability decreased by \$2,544, in FY15 increased by \$392,206 a difference of \$394,750.
- A decrease in education grants includes: \$185,704 decrease in IDEA grant expenditures, no high quality schools grant of \$78,072 or PEGPETIA grant of \$61,232.

Governmental Activities

Table 3 presents the cost of each of the Government's governmental programs as well as each governmental program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Government's taxpayers by each of these functions.

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
June 30, 2015**

**Table 3
Governmental Type Activities**

	Total Cost of Services			Incr. Decr.	Net Cost of Services			Incr. Decr.
	2015	2014			2015	2014		
Governmental Activities								
General government	\$ 6,098,368	\$ 4,393,427	38.81%	\$ 5,023,789	\$ 3,322,520	51.20%		
Public safety	2,808,740	2,791,277	0.63%	2,551,055	2,570,100	-0.74%		
Public works	3,093,943	2,941,497	5.18%	2,492,125	2,203,113	13.12%		
Health and welfare	514,892	520,461	-1.07%	273,171	261,265	4.56%		
Culture and recreation	1,243,960	1,187,676	4.74%	(253,922)	613,083	-141.42%		
Education	43,451,174	44,257,071	-1.82%	31,491,545	31,052,924	1.41%		
Interest on long-term debt	847,421	964,666	-12.15%	847,421	964,666	-12.15%		
Totals	\$ 58,058,498	\$ 57,056,075	1.76%	\$ 42,425,184	\$ 40,987,671	3.51%		

The above presents the total costs of each of the Town's largest programs as well as the net costs after deducting the program revenues.

The total net costs of these programs increased by \$1,437,513 in FY2015. The net expenses of \$42,425,184 are the financial burden that was placed on the Town's taxpayers, by each of these functions.

THE GOVERNMENT'S FUNDS

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Town's governmental fund is to focus on short term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year. (Exhibit 3 & 4)

While the government wide financial statements showed a \$2,457,491 increase in the full accrual based equity, the fund financial statements showed a \$310,257 decrease in the modified-accrual based equity during the same period.

Much of this is due to the treatment of investment in capital assets, and long-term debt. The fund financial statements treat additions to capital assets and long term debt as expenditures, and do not capitalize and depreciate them. In other words, the difference between the two statements is: Principal payments on long term debt and purchases of capital assets, are a reduction in **the fund financial statements** (exhibit 4), but are not a direct reduction in the net position in **the combined government wide financial statements** (exhibit 2).

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
June 30, 2015**

General Fund Budgetary Highlights

Over the course of the year, the Board of Finance can revise the Government budget with additional appropriations and budget transfers. Additional appropriates increase the total budget. The Board of Finance is allowed by State Statute to make one additional appropriations up to \$20,000 per line item or department. A second additional appropriation or an appropriation over \$20,000 requires a Town Meeting. Transfers do not increase the total budget, but instead pull appropriations from one department that needs additional funding from other departments that might have excess funding. State Statutes allow these transfers to be made by the Board of Finance without a Town Meeting. Below is a summarized view of the final budget and actual results for the General Fund:

**Table 4
General Fund - Budget Summary**

	Final Budget	Actual	Variance
Revenues			
Property Taxes	\$ 44,020,797	\$ 44,370,870	\$ 350,073
Intergovernmental	5,500,508	5,329,235	(171,273)
Licenses and permits	205,200	302,395	97,195
Local revenue	1,486,210	1,716,157	229,947
Total Revenues	51,212,715	51,718,657	505,942
Expenditures			
General government	3,293,680	3,198,223	95,457
Public safety	2,595,297	2,567,071	28,226
Public works	2,330,132	2,299,599	30,533
Health and welfare	483,758	464,962	18,796
Recreation	541,946	534,191	7,755
Debt service	2,825,427	2,825,427	-
Education	31,840,186	31,820,373	19,813
Capital nonrecurring	1,218,487	877,104	341,383
Health insurance	6,495,300	6,495,300	-
Total Expenditures	51,624,213	51,082,250	541,963
Increase (Decrease) in Fund Balance	\$ (411,498)	\$ 636,407	\$ 1,047,905

The General Fund is the chief operating fund of the Town. In table 4, the fund balance of the Town increased by \$636,407.

Key factors contributing to this surplus in budgeted revenues were:

- Actual tax collections exceeded budget by \$350,073. This excess includes \$295,800 of prior year taxes that was collected. Prior year taxes were not budgeted for.
- Intergovernmental actual revenue was lower than budget by \$171,273. This is mainly due to LOCIP payment of \$81,111 for FY2014/2015 that was received in FY2015/2016, and special education was over budgeted by \$116,561.
- Licenses and permits actual revenue exceeded budget by \$97,195. This was mainly due building revenue collection over budget by \$77,173.

**Town of New Fairfield, Connecticut
Management's Discussion and Analysis
June 30, 2015**

- Local Revenues exceeded budget by \$229,947. Real Estate Conveyance exceeding budget by \$103,243, and Sherman tuition revenue exceeding budget by \$114,190.

On the expenditures side the following contributed to the surplus against final budget:

- General government expenses were below final budget due to: **Board of Finance** of \$40,304 of this \$33,000 of contingency not used, \$4,000 of general council not used, \$1,500 of materials supplies not used, \$1,804 savings in salaries and town audit. Savings in **business machines** of \$8,314, **property & casualty** insurance of \$1,241, Savings in **professional services** of \$10,372, and savings in **unclassified payroll** of \$20,161 due to a worker's compensation audit that resulted in a premium credit, salary adjustments and social security savings. \$1,280 savings in utilities.
- Public safety expenses were lower due to: **police** of \$8,719 savings in uniform, Dare overtime, equipment & vehicle maintenance. **Communication** of \$2,049 due to savings in part time salaries & overtime. **Fire Companies** of \$16,929 due to savings in length of service, physicals, building supplies & repairs, fire Co's maintenance & supplies, materials and supplies, and dry hydrants.
- Public works of \$30,533 were lower due to savings in salaries, uniform, disposal of waste, snow materials & supplies, truck & equipment maintenance and repairs.
- Health & welfare expenses were lower. **Senior Services** of \$10,855 due to savings in programs, salaries & supplies. **Inland Wetland** \$3,101 savings in salary, fees & services. **Health** of \$2,313 savings in salary, water tests, and materials & supplies. WPCA of \$1,125 savings in salary, materials & supplies. Social Services of \$344 savings in materials & supplies. **Ball Pond Advisory** of \$232 savings in weed control.
- Recreation expenses were lower due to savings in **recreation** salary \$518, **Library** of \$7,237 savings in salary and materials and supplies.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Government had \$97,529,847 invested in government activity capital assets. This amount represents a net decrease (including additions and deductions) of \$701,662 from last year. This is primarily due to depreciation expense exceeding capital outlay in the current period. Current year's net addition to capital assets in the amount of \$3,143,644 which consists of the following: Land & Construction in progress increased by a net amount of \$1,321,675, Land improvement increased by \$677,982, Machinery and Equipment increased by a net amount of \$250,787, Building & Systems increased by \$893,200. The accumulated depreciation for this current year came to a net amount of \$3,845,306. The major additions in the capital assets were:

- The purchase of a new ambulance.
- A new playground system at the High School Community Playground.
- Paving of Town parking lots.
- Purchase of an enclosed truck for Public Works.
- Security Upgrades to the schools.

Debt

At year end, the Government had \$25,070,000 in bonds and notes outstanding. This is a decrease of \$1,990,000 from last year. Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. The Government's general obligation bond rating continues to carry an AAA rating. More detailed information about the Government's long-term liabilities is presented in Note 3E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Government's elected and appointed officials considered many factors when setting the fiscal-year 2016 budget and tax rates. The initial budget planning goal was to keep the mill rate increase to less than 2% while maintaining adequate services to the town and ensuring that education had sufficient funds to meet and or exceed the education goals mandated by the state. The budgeted expenditures for the general government increased by 1.72%. The budgeted expenditures for the education budget increased by 1.34%. Requiring minimum increases to non-payroll budget line items, while allowing small payroll increases and reducing requested contributions to both the town's and education's Capital and Nonrecurring funds help keep the mill rate increase to 1.97%.

The State of Connecticut's Office of Policy and Management ("OPM") has adopted new laws that will affect the Government's budgets in subsequent years. The motor vehicle mill rate will be capped at 32 mills in fiscal-year 2017 and 29.36 mills in fiscal-year 2018 and annually thereafter. Beginning in fiscal-year 2018, a cap will be imposed on municipal spending to limit general budget expenditures to 2.5 percent above the previous year or the rate of inflation, whichever is greater. Exemptions from the cap include debt service, special education expenditures, and expenditures related to major disaster or emergency declaration. The Minimum Budget Requirement ("MBR") for education expenditures has been relaxed effective July 1, 2015. The change allows the Government more flexibility in lowering its MRB.

CONTACTING THE GOVERNMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Government's finances and to show the Government's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Finance at Town of New Fairfield, 3 Brush Hill Road, New Fairfield, CT 06812.

Town of New Fairfield, Connecticut

Basic Financial Statements
June 30, 2015

Town of New Fairfield, Connecticut

Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 5,642,956
Investments	12,238,501
Receivables	
Taxes, net	482,235
Accounts	1,052,894
Loans	1,200,878
Intergovernmental	1,179,034
Prepaid expenses	346,036
Inventory	8,311
Pension assets	179,833
Capital assets	
Nondepreciable	8,395,732
Depreciable, net of accumulated depreciation	<u>89,134,115</u>
Total Assets	<u>119,860,525</u>
DEFERRED OUTFLOWS OF RESOURCES	
Contributions after the measurement date	426,296
Differences between expected and actual experience	132,842
Net difference between projected and actual earnings	<u>498,820</u>
Total Deferred Outflows of Resources	<u>1,057,958</u>
LIABILITIES	
Accounts payable	2,082,125
Accrued payroll and related	357,726
Retainages payable	34,614
Accrued interest payable	358,238
Unearned revenues	120,152
Non-current liabilities	
Due within one year	2,073,570
Due in more than one year	<u>25,144,533</u>
Total Liabilities	<u>30,170,958</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenues - collected in advance	2,446,179
Net difference between projected and actual investment earnings	<u>82,353</u>
Total Deferred Inflows of Resources	<u>2,528,532</u>
NET POSITION	
Net investment in capital assets	72,459,847
Restricted	
Expendable	1,563,888
Nonexpendable	321,467
Unrestricted	<u>13,471,791</u>
Total Net Position	<u>\$ 87,816,993</u>

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
General government	\$ (6,098,368)	\$ 929,371	\$ 64,691	\$ 80,517	\$ (5,023,789)
Public safety	(2,808,740)	245,322	12,363	-	(2,551,055)
Public works	(3,093,943)	135,259	466,559	-	(2,492,125)
Health and welfare	(514,892)	63,116	178,605	-	(273,171)
Culture and recreation	(1,243,960)	734,263	763,619	-	253,922
Education	(43,451,174)	2,838,559	9,113,957	7,113	(31,491,545)
Interest on long-term debt	(847,421)	-	-	-	(847,421)
	<u>\$ (58,058,498)</u>	<u>\$ 4,945,890</u>	<u>\$ 10,599,794</u>	<u>\$ 87,630</u>	<u>(42,425,184)</u>
General Revenues					
					44,386,740
					208,031
					187,879
					6,486
					93,539
					<u>44,882,675</u>
					2,457,491
					<u>85,359,502</u>
					<u>\$ 87,816,993</u>

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

Balance Sheet
 Governmental Funds
 June 30, 2015

	General	Capital Non Recurring Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 4,302,050	\$ 455,753	\$ 716,082	\$ 5,473,885
Investments	11,928,742	-	309,759	12,238,501
Taxes receivable, net of allowance for uncollectible amounts	482,235	-	-	482,235
Other receivables				
Accounts	109,308	774,602	105,292	989,202
Loans	-	-	1,200,878	1,200,878
Intergovernmental	544,940	-	634,094	1,179,034
Due from other funds	259,759	2,680,697	875,429	3,815,885
Prepaid expenditures	6,036	-	-	6,036
Inventories	-	-	8,311	8,311
Total Assets	<u>\$ 17,633,070</u>	<u>\$ 3,911,052</u>	<u>\$ 3,849,845</u>	<u>\$ 25,393,967</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,248,165	\$ 449,868	\$ 240,908	\$ 1,938,941
Accrued payroll and related	330,991	8,490	18,245	357,726
Retainage payable	-	34,614	-	34,614
Due to other funds	5,409,782	319,428	371,028	6,100,238
Unearned revenues - performance	-	-	120,152	120,152
Total Liabilities	<u>6,988,938</u>	<u>812,400</u>	<u>750,333</u>	<u>8,551,671</u>
Deferred inflows of resources				
Deferred revenues - collected in advance	2,446,179	-	-	2,446,179
Deferred revenues - unavailable	930,483	774,602	714,501	2,419,586
Total Deferred Inflows of Resources	<u>3,376,662</u>	<u>774,602</u>	<u>714,501</u>	<u>4,865,765</u>
Fund balances (deficits)				
Nonspendable	6,036	-	329,778	335,814
Restricted	-	-	1,547,629	1,547,629
Committed	-	1,324,050	781,566	2,105,616
Assigned	1,370,144	1,000,000	24,165	2,394,309
Unassigned	5,891,290	-	(298,127)	5,593,163
Total Fund Balances	<u>7,267,470</u>	<u>2,324,050</u>	<u>2,385,011</u>	<u>11,976,531</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 17,633,070</u>	<u>\$ 3,911,052</u>	<u>\$ 3,849,845</u>	<u>\$ 25,393,967</u>

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

Reconciliation of Governmental Funds Balance Sheet
to the Government Wide Statement of Net Position - Governmental Activities
June 30, 2015

Fund Balances - Total Governmental Funds	\$ 11,976,531
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	97,529,847
Internal service funds are used by management to charge the costs of insurance and general services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	2,311,932
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,419,586
Deferred outflows - contributions after the measurement date	426,296
Deferred outflows - Differences between expected and actual experience	132,842
Deferred outflows - Net difference between projected and actual earnings	498,820
Deferred inflows - Net difference between projected and actual earnings	(82,353)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	(25,070,000)
Compensated absences	(371,371)
Pension obligations	(971,177)
Pension assets	179,833
OPEB obligations	(805,555)
Accrued interest	(358,238)
	<u>\$ 87,816,993</u>

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

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

	General	Capital Non Recurring Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$44,370,542	\$ -	\$ -	\$44,370,542
Intergovernmental	9,003,763	72,148	999,127	10,075,038
Interest income	177,382	3,577	6,920	187,879
Charges for services	1,123,834	-	1,078,773	2,202,607
Other revenues	<u>1,548,585</u>	<u>5,838</u>	<u>122,668</u>	<u>1,677,091</u>
Total Revenues	<u>56,224,106</u>	<u>81,563</u>	<u>2,207,488</u>	<u>58,513,157</u>
EXPENDITURES				
Current				
General government	3,247,276	-	73,134	3,320,410
Public safety	2,546,587	-	2,036	2,548,623
Public works	2,404,570	-	26,388	2,430,958
Health and welfare	464,962	-	99,675	564,637
Culture and recreation	1,341,253	-	15,003	1,356,256
Health insurance	6,495,300	-	-	6,495,300
Education	35,540,155	-	1,601,366	37,141,521
Debt service				
Principal	1,960,000	-	-	1,960,000
Interest	864,846	-	-	864,846
Bond issuance costs	581	-	-	581
Capital outlay	<u>-</u>	<u>1,137,239</u>	<u>1,003,043</u>	<u>2,140,282</u>
Total Expenditures	<u>54,865,530</u>	<u>1,137,239</u>	<u>2,820,645</u>	<u>58,823,414</u>
Deficiency of Revenues Over Expenditures				
	<u>1,358,576</u>	<u>(1,055,676)</u>	<u>(613,157)</u>	<u>(310,257)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,730,279	951,909	2,682,188
Transfers out	(1,337,487)	(764,555)	(580,146)	(2,682,188)
Issuance of long term debt	1,930,000	-	-	1,930,000
Premium on financing	30,000	-	-	30,000
Payment to refunded bond escrow agent	<u>(1,960,000)</u>	<u>-</u>	<u>-</u>	<u>(1,960,000)</u>
Total Other Financing Sources	<u>(1,337,487)</u>	<u>965,724</u>	<u>371,763</u>	<u>-</u>
Net Change in Fund Balances	21,089	(89,952)	(241,394)	(310,257)
Fund Balances - Beginning of Year	<u>7,246,381</u>	<u>2,414,002</u>	<u>2,626,405</u>	<u>12,286,788</u>
Fund Balances - End of Year	<u>\$ 7,267,470</u>	<u>\$ 2,324,050</u>	<u>\$ 2,385,011</u>	<u>\$ 11,976,531</u>

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, 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 \$ (310,257)

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 expense exceeded capital outlay in the current period.

Capital outlay expenditures	3,231,610
Depreciation expense	<u>(3,933,272)</u>
	<u>(701,662)</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Real property taxes and other revenues in the General Fund	11,677
Revenues in the Capital Nonrecurring Fund	717,641
Revenues in the Education Grants Fund	(41,100)
Revenues in the Miscellaneous Grants Fund	<u>(6,305)</u>
	<u>681,913</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position

Issuance of long-term debt - general obligation bonds	(1,930,000)
Principal payments on long-term debt	<u>3,920,000</u>
	<u>1,990,000</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, including the change in

Accrued interest	18,006
Compensated absences	48,135
Pension and other post employment benefits asset/liability	(31,958)
Pension liability and related deferred inflows and outflows	<u>184,375</u>
	<u>218,558</u>

Internal service funds are used by management to charge the costs of medical, risk management and other claims to individuals funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

578,939

Change in Net Position of Governmental Activities \$ 2,457,491

Town of New Fairfield, Connecticut

Statement of Net Position
 Proprietary Funds
 June 30, 2015

	Internal Service Fund - Medical Fund
ASSETS	
Current Assets	
Cash and equivalents	\$ 169,071
Receivables	
Accounts, net	63,692
Due from other funds	2,284,353
Prepaid expenses	<u>340,000</u>
Total Current Assets	<u>2,857,116</u>
LIABILITIES	
Current Liabilities	
Accounts payable	143,184
Risk management claims	<u>402,000</u>
Total Current Liabilities	<u>545,184</u>
NET POSITION	
Unrestricted	<u>\$ 2,311,932</u>

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

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

	Internal Service Fund - Medical Fund
Operating Revenues	
Premiums	<u>\$ 7,786,219</u>
Operating Expenses	
Administration and insurance	1,487,583
Claims incurred	<u>5,719,697</u>
Total Operating Expenses	<u>7,207,280</u>
Change in Net Position	578,939
Net Position - Beginning of Year	<u>1,732,993</u>
Net Position - End of Year	<u>\$ 2,311,932</u>

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

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

	<u>Internal Service Fund - Medical Fund</u>
Cash Flows From Operating Activities	
Cash received from customers and users	\$ 7,809,302
Cash payments to employees	(1,497,301)
Cash payments for benefits and claims	(5,732,697)
Advance payment on subsequent year benefits	<u>(136,250)</u>
Net Cash From Operating Activities	443,054
Cash Flows From Non-Capital Financing Activities	
Advances from other funds	<u>(415,012)</u>
Net Increase in Cash and Equivalents	28,042
Cash and Equivalents - Beginning of Year	<u>141,029</u>
Cash and Equivalents - End of Year	<u>\$ 169,071</u>
Reconciliation of Income from Operations to Net Cash From Operating Activities	
Income from operations	\$ 578,939
Changes in operating assets and liabilities	
Accounts receivable	23,083
Prepaid expenses	(136,250)
Accounts payable	(9,718)
Risk management claims	<u>(13,000)</u>
Net Cash From Operating Activities	<u>\$ 443,054</u>

The notes to the financial statements are an integral part of this statement

Town of New Fairfield, Connecticut

Statement of Net Position
 Fiduciary Funds
 June 30, 2015

	Pension/ OPEB Trust Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash	\$ -	\$ 530,664
Investments, at fair value	15,814,021	96,552
Employer contributions receivable	<u>160,140</u>	<u>-</u>
Total Assets	<u>15,974,161</u>	<u>627,216</u>
LIABILITIES		
Due to others	<u>-</u>	<u>627,216</u>
NET POSITION		
Restricted for pension/OPEB benefits	<u>\$ 15,974,161</u>	<u>\$ -</u>

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

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

	<u>Pension/ OPEB Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 1,017,840
Investment income	
Interest and dividends	<u>276,171</u>
Total Additions	<u>1,294,011</u>
DEDUCTIONS	
Pension benefits	242,101
Administrative fees	<u>59,692</u>
Total Deductions	<u>301,793</u>
Change in Net Position	992,218
Net Position - Beginning of Year	<u>14,981,943</u>
Net Position - End of Year	<u>\$ 15,974,161</u>

The notes to financial statements are an integral part of this statement.

Town of New Fairfield, Connecticut

Notes to Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies

The Town of New Fairfield, Connecticut (“Town”) is a municipal corporation governed by a selectmen–town meeting form of government. Under this form of government the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes and borrow money. The administrative branch is led by an elected three-member board of selectmen. The selectmen oversee most of the activities not assigned specifically to another body. An elected board of education oversees the public school system. The elected Board of Finance is the budget making authority and supervises the town financial matters.

The accounting policies conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town’s more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of: a) the primary government; b) organizations for which the primary government is financially accountable and c) 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 as set forth by GASB.

In evaluating how to define the financial reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (if any), which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which 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 or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The Town maintains proprietary and fiduciary funds, which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Internal Service funds are charges to the Town for health insurance. Operating expenses for the Internal Service funds include the cost of insurance, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

The Town's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds:

General Fund - The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Nonrecurring Fund – This fund was set up under the Connecticut General Statutes as a municipal reserve fund for capital projects.

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

The Town also reports the following non-major governmental funds:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purpose other than debt service or capital projects. The non-major Special Revenue Funds of the Town are:

- School Lunch Fund is used for the cafeteria programs at the schools.
- Education Grants Fund is used to record federal, state and local grants for education.
- Drug Enforcement Fund is used for grants and contributions for that purpose.
- Small Cities Fund is used for the federal community development block grants.
- Dog Registration Fund is used to account for the dog licenses and fees.
- Library Fund is used for grants and contributions for the library.
- Social Services Fund is used to account for grants and contributions for the needy.
- Scholarship Fund is used to account for contributions for scholarships.
- Groovin' in New Fairfield is a fund used for fees and contributions for this music venue at the New Fairfield Senior Center.
- Communications Tower Fund accounts for charges and expenses for the tower.
- Miscellaneous Grants Fund records transaction of small non-education grants.
- Municipal Water System Fund is used for fees and expenses for this purpose.
- Beaver Bog Cemetery Fund is used to account for revenues and expenses of the cemetery.
- Senior Center Fund is used to account for charges and expenses for senior activities.
- Revaluation Fund is used for the periodic revaluation in the assessor's office.
- Commission for the Youth Fund records the revenues and the expenditures for the Youth Commission which was formed to be an advocate for the youth in Town.

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)

June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

The following are the Town's non-major capital projects funds:

- Capital Projects Fund is used to account for miscellaneous capital projects funded by federal state and private grants.
- Fire Company Reserve Fund is used to accumulate money for capital projects for the Fire Company.
- BOE Technology Fund is used to accumulate money for capital projects for Education technology.
- School Capital Project is used to accumulate money for education capital projects.
- MHHS Septic Fund is used for transactions for the Meeting House Hill School septic project.
- Town Center Beautification is used to implement the beautification study
- MHHS/HS Renovation Fund – is used to renovate the Meeting House Hill School and the New Fairfield High School.

The Town has one non-major permanent fund, the Sons of New Fairfield. The original principal is held as an endowment and the interest earnings are used for the New Fairfield Public Library.

- b. Proprietary Funds - Proprietary funds consist of internal service funds. Internal Service funds are used to account for those operations that provide services to the Town. The following are the Town's major proprietary funds:

Internal Service Funds – The Internal Service Funds account for risk financing for medical insurance benefits for the general government and the Board of Education.

- c. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Town in an agency capacity on behalf of others. These include Pension/OPEB Trust Funds and an Agency Fund. The Pension/OPEB Trust Funds are provided to account for the activities of the Town's four defined benefit pension plans and the Other Post Employment Benefit Trust Fund, which accumulate resources for pension and health benefit payments to qualified employees upon retirement. The Agency Fund is primarily utilized to account for monies held as custodian for outside student groups.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)

June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and pension/OPEB trust funds. The Agency Fund has no measurement focus, but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

Property taxes and certain other revenues are considered to be available if collected within sixty days of the fiscal year end. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, post-closure landfill costs, pollution remediation obligations, other post-employment benefit obligations, certain pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut Treasurer's Short-Term Investment Fund, Tax Exempt Proceeds Funds and treasury bills with original maturities of less than three months.

The Town's custodial credit risk policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

1. Summary of Significant Accounting Policies (Continued)

Investments - The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town's policy is to only allow prequalified financial institution broker/dealers and advisors. The Town policy allows investments in the following: (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 and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund and the Tax Exempt Proceeds Fund.

Investments are stated at fair value, based on quoted market prices.

The pension funds allow for investments in certain alternative investments. Alternative investments may include private equity partnerships, infrastructure limited partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

Other provisions of the Statutes cover specific municipal pension 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. Their approved policies target an asset mix to provide the probability of meeting or exceeding the return objectives at the lowest possible risk.

The Short-Term Investment Fund ("STIF"), is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Security and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use the amortized cost to report net assets. The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool.

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)

June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

Credit Risk – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

Concentration of Credit Risk – Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital of any one depository.

Taxes Receivable - Property taxes are assessed on property values as of October 1st. The tax levy is divided into two billings; the following July 1st and January 1st. This is used to finance the fiscal year from the first billing (July 1st) to June 30th of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1st and February 1st), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Reported amounts are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

Inventories - Inventories in the governmental funds are valued at cost on a first-in, first-out basis. The cost is recorded as inventory at the time individual items are purchased. The Town uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance in governmental funds, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets. Purchases of other inventoriable items are recorded as expenditures/expenses at the time of purchase and year-end balances are not material.

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type 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 estimated fair market value at the date of donation.

Intangible assets lack physical substance, is nonfinancial in nature and its useful life extends beyond a single reporting period. These are reported at historical cost if identifiable. Intangible assets with no legal, contractual, regulatory, technological or other factors limiting their useful life are considered to have an indefinite useful life and are not amortized.

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

Land is considered inexhaustible and, therefore, not depreciated. Property, plant, and equipment of the Town is depreciated or amortized using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
Land Improvements	15-30	\$20,000
Buildings and improvements	50	\$20,000
Furniture and equipment	5-20	\$5,000
Infrastructure:	50	\$100,000

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)

June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Also, deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

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

Compensated Absences - Town 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 the governmental funds only if the liability has matured through employee resignation or retirement.

Net Position - Net position represent the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes net investment in capital assets and restricted. The balance is classified as unrestricted.

1. Summary of Significant Accounting Policies (Continued)

Net Pension Liability in the Municipal Employee Retirement System (MERS)

The net pension liability represents the Town's proportionate share of the net pension liability of the Connecticut Municipal Employees Retirement System (MERS). The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement Nos. 68 *Accounting and Financial Reporting for Pensions* and 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Fund Balance - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

- Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).
- Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the Connecticut statutes.
- Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision making authority. A motion at a Town Meeting is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.
- Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Finance for amounts assigned for balancing the subsequent year's budget or management for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

- Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is January 22, 2016.

2. Stewardship, Compliance and Accountability

A. Budget Basis

A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

2. Stewardship, Compliance and Accountability (Continued)

- **Teachers' Retirement** - The Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement 24 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.
- **Encumbrances** - Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.
- **Excess Cost Grant** - The State reimburses the Town for certain costs incurred for special educational needs of students that exceed a set multiple of a student in the regular program. This reimbursement is the Excess Cost Grant – Student Based. Connecticut General Statute 10-76g states that this grant should reduce the education expenditures instead of being reported as a revenue.
- **Other Funds** – The income and expenditures from certain recreation and drop off center activities are not included in the General Fund budget, but are included in the General Fund reporting under Generally Accepted Accounting Principles.
- **Magnet School Grant** – The revenue from the Magnet School Grant is net with the expenditures in the General Fund.
- **Transfers to Other Funds** – Annually, the Board of Finance, in conjunction with a Town Meeting when required, consider transferring budget surpluses to other funds.

B. Budget Calendar

The Boards of Selectmen and Education submit requests for appropriation(s) to the Board of Finance. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations of the next fiscal year.

The Board of Finance holds a public hearing, at which itemized estimates of the expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations, which they desire the Board of Finance to consider. The Board of Finance then considers the estimates and any other matters brought to their attention at a public meeting held subsequent to the public hearing and prior to the annual meeting. The Board of Finance prepares the proposed budget.

The Board of Finance's estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting takes action on this budget. After the Annual Town Meeting the Board of Finance meets to levy a tax on the grand list which will be sufficient to cover, together with other income or revenue surplus which is appropriated, the amounts appropriated and any revenue deficit of the Town.

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

2. Stewardship, Compliance and Accountability (Continued)

C. Budget Control

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by State Statutes, appropriated as one department.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a one-time additional appropriation up to \$20,000 to any appropriations. A Town meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation.

D. Expenditures in Excess of Budget

During the year \$411,498 of additional appropriations were made and no expenditures were in excess of the budget.

E. Application of Accounting Standards

For the year ended June 30, 2015, the Town implemented:

- GASB Statement 68 - *Accounting and Financial Reporting for Pensions* – This statement, and GASB Statement 67 applicable to pension plans, improves information provided by state and local government employers for better decision making, accountability, interperiod equity, and creating additional transparency.
- GASB Statement 69 – *Government Combinations and Disposals of Government Operations* - This statement establishes accounting and financial reporting standards related to a variety of transactions such as mergers, acquisitions, and transfers of operations.
- GASB Statement 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date* – This statement is an amendment of GASB Statement 68 and should be applied simultaneously with the provisions of Statement 68.

F. Fund Deficit

The School Capital Projects Fund, MHHS Septic Fund, MHHS/HS Renovations, and Sons of New Fairfield Permanent Fund have unassigned deficits of \$28,658, \$90,565, \$168,964, and \$9,940 at June 30, 2015. The Town plans to address these deficits in the subsequent year.

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

2. Stewardship, Compliance and Accountability (Continued)

G. Cumulative Effect of Change in Accounting Principle

For the year ended June 30, 2015, the Town implemented GASB Statement Nos. 68 *Accounting and Financial Reporting for Pensions* and 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. These statements also require the identification of the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actual present value and attribute that present value to periods of employee service. As a result of adopting these standards, the government-wide financial statements reflect a cumulative effect for the change in accounting principle of \$128,346.

3. Detailed Notes on All Funds

A. Cash, Cash Equivalents and Investments

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

Statement of Net Assets	
Cash and equivalents	\$ 5,642,956
Investments	12,238,501
	<u>17,881,457</u>
Fiduciary Funds	
Cash and equivalents	530,664
Investments	15,910,573
	<u>16,441,237</u>
Total Cash and Investments	<u>\$ 34,322,694</u>

Cash and Cash Equivalents - As of June 30, 2015 the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 18,508,673
Less Certificates of deposits (in investments)	(12,335,053)
	<u>\$ 6,173,620</u>

The bank balance of the deposits was \$18,864,837 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 2,748,422
Collateralized by securities held in trust	
Uninsured and uncollateralized	16,116,415
	<u>\$ 18,864,837</u>

Investments – Investments are summarized as follows at June 30, 2015

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

3. Detailed Notes on All Funds (Continued)

Investment reported in Governmental Funds:

	General Fund	Other Governmental Funds	Total Investments
Certificates of deposit	<u>\$ 11,928,742</u>	<u>\$ 309,759</u>	<u>\$ 12,238,501</u>

Investments reported in Fiduciary Funds:

	Student Activity	Pension/OPEB Trust Funds	Total Investments
Certificates of deposit	\$ 96,552	\$ -	\$ 96,552
Mutual funds - equity	-	9,147,129	9,147,129
Mutual funds - money market	-	75,178	75,178
Mutual funds - bonds	-	6,591,714	6,591,714
	<u>\$ 96,552</u>	<u>\$ 15,814,021</u>	<u>\$ 15,910,573</u>

Below is a summary of the interest rate risk and credit risk as of June 30, 2015:

Type of Investment	Average Credit Rating	Fair Value	Investment Maturities (in Years)		
			Less Than 1 Year	1-5 Years	Over 5 Years
Certificates of deposit	*	\$ 12,335,053	\$ 171,350	\$ 12,163,703	\$ -
Mutual funds - equity	NA	9,147,129	9,147,129	-	-
Mutual funds - money market	NA	75,178	75,178	-	-
Mutual funds - bonds	A+	6,591,714	-	760,201	5,831,513
Total		<u>\$ 28,149,074</u>	<u>\$ 9,393,657</u>	<u>\$ 12,923,904</u>	<u>\$ 5,831,513</u>

B. Receivables, Deferred Revenue and Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. The following were reported as *deferred revenue* because they were not received within 60 days of the year end

	General Fund	Capital Non Recurring Fund	Other Governmental Funds
Property taxes	\$ 427,266	\$ -	\$ -
Grant revenue	503,217	774,602	714,501
	<u>\$ 930,483</u>	<u>\$ 774,602</u>	<u>\$ 714,501</u>

Governmental funds also defer revenue recognition in connection with taxes that have been received in advance of the period for which they were levied.

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

3. Detailed Notes on All Funds (Continued)

	General Fund	Other Governmental Funds
Taxes collected in advance	\$ 2,286,669	\$ -
Advances on grants	-	90,384
Fees collected in advance	159,510	29,768
	<u>\$ 2,446,179</u>	<u>\$ 120,152</u>

C. Interfund Transactions

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2015 these were summarized as follows

Receivable fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 259,759
Capital Non Recurring Fund	General Fund	2,582,040
Capital Non Recurring Fund	Other Governmental Funds	98,657
Other Governmental Funds	General Fund	543,389
Other Governmental Funds	Capital Non Recurring Fund	319,428
Other Governmental Funds	Other Governmental Funds	12,612
Internal Service Fund	General Fund	2,284,353
		<u>\$ 6,100,238</u>

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2015 were as follows

	Transfers into:		
	Capital Non Recurring Fund	Other Governmental Funds	Total
Transfers out of:			
General Fund	\$ 1,274,279	\$ 63,208	\$ 1,337,487
Capital Non Recurring Fund	-	764,555	764,555
Other governmental funds	456,000	124,146	580,146
	<u>\$ 1,730,279</u>	<u>\$ 951,909</u>	<u>\$ 2,682,188</u>

D. Capital Assets

Changes in the Town's capital assets used in the governmental activities are as follows

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

3. Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 6,328,376	\$ 153,200	\$ -	\$ 6,481,576
Construction in progress	745,681	1,301,254	(132,779)	1,914,156
	<u>7,074,057</u>	<u>1,454,454</u>	<u>(132,779)</u>	<u>8,395,732</u>
Capital assets being depreciated				
Land improvements	11,899,023	677,982	-	12,577,005
Buildings and systems	73,509,328	893,200	-	74,402,528
Machinery and equipment	8,944,253	338,753	(87,966)	9,195,040
Software	171,095	-	-	171,095
Infrastructure	44,134,600	-	-	44,134,600
	<u>138,658,299</u>	<u>1,909,935</u>	<u>(87,966)</u>	<u>140,480,268</u>
Less accumulated depreciation	<u>(47,500,847)</u>	<u>(3,933,272)</u>	<u>87,966</u>	<u>(51,346,153)</u>
	<u>\$ 98,231,509</u>	<u>\$ (568,883)</u>	<u>\$ (132,779)</u>	<u>\$ 97,529,847</u>

Depreciation and amortization expense was charged to functions/programs of the governmental activities as follows:

General Government	\$ 779,313
Public Safety	655,999
Public Works	775,118
Health and Welfare	3,534
Culture and Recreation	671,884
Education	1,047,424
	<u>\$ 3,933,272</u>

E. Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 27,060,000	\$ 1,930,000	\$ (3,920,000)	\$ 25,070,000	\$ 2,055,000
Compensated absences	419,506	-	(48,135)	371,371	18,570
Pension obligation	778,351	731,096	(538,270)	971,177	-
OPEB obligations	830,195	552,962	(577,602)	805,555	-
	<u>\$ 29,088,052</u>	<u>\$ 3,214,058</u>	<u>\$ (5,084,007)</u>	<u>\$ 27,218,103</u>	<u>\$ 2,073,570</u>

Each governmental funds liability is liquidated by the respective fund, primarily the General Fund. Interest on these obligations is expensed to the respective fund, primarily the General Fund.

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2015 consisted of the following:

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2015

3. Detailed Notes on All Funds (Continued)

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
School Bonds	1999	\$ 2,110,000	2019	3.4 / 4.95	\$ 210,000
Refunding School Bonds	1999	3,990,000	2019	3.4 / 4.95	190,000
School Bonds	1999	5,095,000	2019	4.25 / 6.25	1,325,000
School Bonds	2011	12,000,000	2030	2.0 / 4.0	9,380,000
General Purpose	2010	2,075,000	2030	2.0 / 4.0	1,570,000
School Bonds	2010	12,000,000	2030	2.25 / 4.12	10,670,000
Refunding School Bonds	2015	1,701,000	2021	4.0 / 4.125	1,520,000
Refunding General Purpose	2015	229,000	2021	4.0 / 4.125	205,000
					<u>\$ 25,070,000</u>

Payments to maturity on the general obligation bonds are as follows

Year End	Governmental Activities General Obligation Bonds		Year End	Governmental Activities General Obligation Bonds	
	Principal	Interest		Principal	Interest
2016	2,055,000	900,511	2024	1,395,000	376,122
2017	2,050,000	830,643	2025	1,395,000	327,713
2018	2,045,000	758,324	2026	1,400,000	277,051
2019	2,045,000	679,681	2027	1,400,000	223,658
2020	1,945,000	600,374	2028	1,400,000	168,475
2021	1,680,000	528,584	2029	1,400,000	112,475
2022	1,395,000	468,206	2030	1,400,000	56,047
2023	1,395,000	423,244	2031	670,000	13,819
				<u>\$ 25,070,000</u>	<u>\$ 6,744,927</u>

Interest incurred and expensed on general obligation bonds for the year ended June 30, 2015 totaled \$862,997 and \$847,421.

Compensated Absences

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. Additionally, certain vacation and sick leave expenses will be paid out of the pension funds upon retirement. The value of all compensated absences has been reflected in the government-wide financial statements.

Advance Refunding

During the 2015 fiscal year, the Town issued \$1,930,000 in general obligation bonds with interest rates ranging from 2.0% to 4.0%, depending on maturity. The proceeds were used to advance refund \$1,960,000 of outstanding 2006 general obligation bonds bearing interest at rates ranging from 4.000% to 4.125%, depending on maturity. The net proceeds of \$2,072,244 (including \$142,244 of issuance premium and after \$83,715 in underwriting fees and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the 2006 general obligation bonds are considered defeased and the liability for those serial bonds has been removed from the Statement of Net Position.

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

3. Detailed Notes on All Funds (Continued)

The reacquisition price exceeded the net carrying amount of the old debt by \$112,244. This amount and the premium are being netted against the new debt and amortized over the remaining life of the refunded debt. The Town advance refunded the 2006 general obligation bonds to reduce its total debt service payments over 14 years by \$130,812 and to obtain a net present value economic gain of \$119,127. As of June 30, 2015, \$1,960,000 of the bonds are considered defeased.

Legal Debt Limit

Connecticut General Statutes Section 7-374 sets limits on the debt, as defined by the statutes, which can be incurred by the Town and other governmental agencies within the Town. The limitations for the Town of New Fairfield, Connecticut are as follows:

Total tax collections (including interest and lien fees) for the year - primary government					\$ 44,370,542
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)					90,872
Debt limitation base					<u>\$ 44,461,414</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 100,038,182	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	200,076,363	-	-	-
3 3/4 times base	-	-	166,730,303	-	-
3 1/4 times base	-	-	-	144,499,596	-
3 times base	-	-	-	-	133,384,242
Total debt limitation	<u>100,038,182</u>	<u>200,076,363</u>	<u>166,730,303</u>	<u>144,499,596</u>	<u>133,384,242</u>
Indebtedness					
Bonds payable	<u>1,775,000</u>	<u>23,295,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of debt outstanding and authorized	<u>\$ 98,263,182</u>	<u>\$ 176,781,363</u>	<u>\$ 166,730,303</u>	<u>\$ 144,499,596</u>	<u>\$ 133,384,242</u>
In no case shall total indebtedness exceed seven times the annual receipts from taxation					<u>\$311,229,898</u>

F. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position - Nonexpendable - the component of net position that reflects funds set aside in accordance with laws, regulations, grants, and other agreements that must be kept intact and cannot be spent. This is made up of \$321,467 of trust fund principal.

Restricted Net Position – Expendable - the component of net position that reflects funds that can only be spent subject to the laws, regulations, grants, and other agreements relating to these funds. This is made up of:

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2015

3. Detailed Notes on All Funds (Continued)

General Government	\$ 1,409,111
Education	116,500
Public Safety	17,011
Culture and Recreation	21,266
	<u>\$ 1,563,888</u>

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets."

G. Fund Balances

As discussed in Note 1, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

	<u>General Fund</u>	<u>Capital Non Recurring Fund</u>	<u>Other Governmental Funds</u>
Nonspendable			
Not in spendable form			
Prepaid expenditures	\$ 6,036	\$ -	\$ -
Inventories	-	-	8,311
Required to be maintained			
Trust principal	-	-	321,467
	<u>\$ 6,036</u>	<u>\$ -</u>	<u>\$ 329,778</u>
Restricted			
General Government	\$ -	\$ -	\$ 1,409,111
Education	-	-	100,241
Public Safety	-	-	17,011
Culture and Recreation	-	-	21,266
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,547,629</u>
Committed			
General Government	\$ -	\$ -	\$ 30,517
Public Works	-	-	97,694
Culture and Recreation	-	-	7,855
Capital Projects	-	1,324,050	645,500
	<u>\$ -</u>	<u>\$ 1,324,050</u>	<u>\$ 781,566</u>
Assigned			
General Government	\$ 576,667	\$ -	\$ -
Education	468,477	-	11,298
Public Safety	-	-	12,867
Capital Projects	-	1,000,000	-
To balance next year's budget	325,000	-	-
	<u>\$ 1,370,144</u>	<u>\$ 1,000,000</u>	<u>\$ 24,165</u>

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans

A. The Funded Retirement Plan of the Town of New Fairfield, Connecticut

Plan Description - The Town is the administrator of two single employer public employee retirement system (“PERS”) established and administered by the Town to provide pension benefits for its regular and former employees (excluding teachers covered under the CT State Teachers’ Retirement System). The PERS is considered to be part of the Town of New Fairfield’s financial reporting entity and is included in the Town’s financial statement as a pension trust fund. The plan does not issue a separate report. The Plan provides retirement benefits through a single employer noncontributory defined benefit plan.

Management of the plan rests with the Town Treasurer. There is an advisory committee that provides input and consists of one member from each of the Boards of Finance, Selectmen and Education, the Finance Director and one member of the general public.

Town – The Plan covers full-time employees, other than police officers, firefighters, Board of Education employees, and elected officials, who are at least 21 years of age who have completed one year of service.

Board of Education – The Plan covers custodians, supervisors of building and grounds, business managers, secretaries, and paraprofessionals who are at least 25 years of age and have one year of service with at least 1,000 hours.

As of the date of the latest actuarial valuation (July 1, 2013), membership consisted of the following:

	Town	Board of Education
Retirees and beneficiaries receiving benefits	21	13
Terminated employees entitled to benefits, but not yet receiving them	26	43
Active members	38	115
	<u>85</u>	<u>171</u>

Funding Policy – The Town is required to contribute all amounts necessary to finance coverage as determined through biennial actuarial valuations. No employee contributions are required.

Investments

Investment Policy – The Town is in the process of developing a formal investment policy.

Long-term expected rate of return – The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting volatility and correlation.

Below shows the Board’s target asset class allocation and the long-term expected rate of return calculated as geometric means:

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Asset Class	Index	Target Allocation	Long-term Expected Real Rate of Return
Core Fixed Income	Barclays Aggregate	40.00%	1.85%
Broad US Equities	Wilshire 5000 / Russell 3000	35.00%	4.24%
Developed Foreign Equities	MSCI EAFE	25.00%	4.15%

Calculation of Money-Weighted Rate of Return – The money-weighted rate of return considers the changing amounts actually invested during and period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a quarterly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month.

The money-weighted rate of return is calculated net of investment expense as:

Net money-weighted return for the year ended June 30, 2015	
Town	1.98%
Board of Education	1.77%

Net Pension Liability

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

	Town	Board of Education
Pension liability	\$ 7,718,763	\$ 6,646,781
Plan fiduciary net position	7,035,500	6,826,614
Net pension liability	<u>\$ 683,263</u>	<u>\$ (179,833)</u>
Plan fiduciary net position as a percentage of total pension liability	91%	103%

Pension expense for the year ended June 30, 2015	
Town	\$ 316,842
Board of Education	\$ 360,756

Other amounts reported at deferred inflows of resources will be recognized in pension expense by the State as follows:

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

	Town	Board of Education
2016	\$ 71,369	\$ 86,496
2017	71,369	86,496
2018	71,369	86,496
2019	66,105	86,496
2019	-	5,464
	\$ 280,212	\$ 351,448

Actuarial Methods and Significant Assumptions

The following actuarial methods and assumptions were used in the January 1, 2014 valuation and projected forward to June 30, 2015:

Valuation timing	Actuarially determined contribution rates are calculated as of June 30, two years prior to the beginning of the fiscal year in which the contributions are reported.
Actuarial cost method	Entry Age Normal
Amortization method	
Level percent or level dollar	Level percent
Closed, open or layered	Closed periods
Amortization period at 07/01/14	23 years
Amortization growth rate	3.50%
Asset valuation method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary increases	Varies by age
Investment rate of return	6.75%
Cost of living adjustment	None
Retirement age	Varies by age
Turnover	Vaughn Select and Ultimate Table
Pre-retirement mortality	None
Post-retirement mortality	RP-2000 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with general projection per Scale AA

Sensitivity Analysis – The following presents the net pension liability of the Town, calculated using the current discount rate, as well as what the Town’s net pension would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability - Town	\$ 1,806,313	\$ 683,263	\$ (229,399)
Net Pension Liability - Board of Education	\$ 696,414	\$ (179,833)	\$ (914,726)

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)

June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

B. Teacher's Retirement System

Plan Description

Teachers and certain other certified personnel in the Town are eligible to participate in the Connecticut State Teachers' Retirement System, a cost-sharing multiple employer public employee retirement system described in the Connecticut General Statutes, Chapter 167a. The TRS has been established to provide retirement and other benefits for teachers, their survivors and beneficiaries. The Teachers' Retirement System is administered by the Teachers' Retirement Board.

Plan Membership – All teachers, principals, superintendents or supervisors engaged in service of public schools are eligible for participation.

Plan Benefits – Plan provisions are set by statute of the State of Connecticut. Teachers' Retirement System provides retirement benefits, as well as death and disability benefits. A member is eligible to receive a normal retirement benefit who (1) has reached the age of sixty and has accumulated twenty years of credited service in the public schools of Connecticut or (2) has attained any age and has accumulated thirty-five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut.

The normal retirement benefit is two percent times the number of years of credited service multiplied by their average annual salary received during the three years of highest salary. In no event will such benefit exceed seventy-five percent of the average annual salary. A minimum monthly benefit of \$1,200 is provided for teachers who retire under the normal retirement provisions and who have completed at least twenty-five years of full time Connecticut service.

A member is eligible to receive an early retirement benefit who (1) has attained any age and has accumulated twenty-five years of credited service, at least twenty years of which are service in the public schools of Connecticut or (2) has reached the age of fifty-five and has accumulated twenty years of credited service, at least fifteen years of which are service in the public schools of Connecticut.

The early retirement benefit is reduced six percent per year for the first five years preceding normal retirement age and four percent per year for the next five years preceding normal retirement age. Effective July 1, 1999, the reductions for individuals with 30 or more years of service is three percent per year by which retirement precedes normal retirement date.

Benefits are fully vested after ten years of service. Benefits are payable at age sixty and early retirement reductions are based on the number of years of service the member would have had if they had continued to work until age sixty.

Funding Policy – In accordance with the Connecticut General Statutes, Section 10-183z, contribution requirements of active employees and the State of Connecticut is amended and certified by the Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earning, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

The Town is not required to make contributions to the plan. The statutes require the State of Connecticut to make contributions on-behalf of the Town in an actuarially determined amount. The total amount contributed from the State, on behalf of the Town, for the fiscal year ended June 30, 2015 was \$3,650,800.

Members are required to contribute six percent of their annual salary for the pension benefit.

The Town's proportionate share has been determined on the same basis as that used by the plan as has the basis of accounting, including policies with respect to benefit payments (including refunds of employee contributions) and the valuation of plan investments.

Actuarial Methods and Significant Assumptions – The following assumptions were used in the pension valuations, prepared as of June 30, 2014 (the Valuation Date and Measurement Date) for use in the June 30, 2015 financial statements (Reporting Date):

Experience study dates	July 1, 2005 - June 30, 2010
Inflation	3.00%
Salary increases	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of investment related expense, including inflation
Discount rate	8.50%, the projection of cash flows assumed that plan member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between the actuarially determined rate and the member rate.
Cost of living adjustment	Annually compounded increases vary based on member age and date of retirement and range from 2.00% to 6.00%
Post-retirement mortality	RP-2000 Combined Mortality Table projected 19 years

Changes in Assumptions – In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted to more closely 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.

Target Asset Allocation and Rates of Return – The long-term expected rate of return on plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return are developed for each major asset class. The table below shows the target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan:

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.00%	7.30%
Developed Non-U.S. Equities	18.00%	7.50%
Emerging Markets (Non-U.S.)	9.00%	8.60%
Core Fixed Income	7.00%	1.70%
Inflation Linked Bond Fund	3.00%	1.30%
Emerging Market Bond	5.00%	4.80%
High Yield Bonds	5.00%	3.70%
Real Estate	7.00%	5.90%
Private Equity	11.00%	10.90%
Alternative Investments	8.00%	0.70%
Liquidity Fund	6.00%	0.40%

Town's Proportionate Share of the Collective Net Pension Liability

Employer Net Pension Liability	\$ -
Nonemployer Contributing Entity (State) Net Pension Liability	48,658,781
Net Pension Liability	<u>\$ 48,658,781</u>
Net Pension Liability percentage of the total	0.479801%
Deferred outflows of resources	
Contributions subsequent to the Measurement Date	\$ -
Deferred inflows of resources	
Net difference projected and actual earnings on investments	\$ 3,998,422
Pension expense	\$ 3,650,800
Proportion Basis	Employee contributions
Change in proportion since prior measurement date	None for 2015

Other amounts reported at deferred inflows of resources will be recognized in pension expense by the State as follows:

2015	\$ 999,605
2016	999,605
2017	999,606
2018	999,606
	<u>\$ 3,998,422</u>

Sensitivity Analysis – Although this is paid by the State of Connecticut and not a liability of the Town, the following presents the net pension liability of the Town's proportionate share of the plan (paid by the State), calculated using the current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
Net Pension Liability (Asset)	<u>\$ 62,095,495</u>	<u>\$ 48,658,781</u>	<u>\$ 37,237,207</u>

Support Provided by Nonemployer Contributing Entity (State) – The Town has recognized \$3,650,800 as revenue in support provided by the State of Connecticut’s contributions to the plan on behalf of the Town’s employees.

Obtaining a Report of the Plan – Teachers’ Retirement System is considered to be a part of the State of Connecticut’s financial reporting entity and is included in the State’s financial reports as a pension trust fund. The reports include information on the plan’s assets, deferred outflows of resource, liabilities, deferred inflows of resources, and fiduciary net position. The stand-alone financial report may be obtained through the Teachers’ Retirement Board at www.ct.gov/trb.

C. Connecticut Municipal Employee’s Retirement System

Plan Description – The Town participates in the Municipal Employees’ Retirement System (“MERS”). This is a cost sharing multiple employer public employee retirement system (“PERS”) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating local government authorities. The plan was established in 1947 and is governed by Connecticut General Statutes Title 7, Chapter 113.

Plan Membership – Any local government authority in the State of Connecticut, including towns, cities, boroughs, regional school districts, housing authorities, or other special districts, may elect to participate for one or more of its departments, including elective officers; only teachers who are covered under the Connecticut State Teachers’ Retirement System are ineligible.

Plan Benefits – Plan provisions are set by statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Annual cost of living increases are paid to disabled members and non-disabled retirement benefits and vary based on member age and date of retirement. For members that retired prior to January 1, 2002, increases between 3.0% and 5.0% are paid to those who have reached age 65 and (effective January 1, 2002) increases of 2.5% are paid to those who have not yet reached age 65.

For members that retired after December 31, 2001, increases between 2.5% and 6.0% are paid, regardless of age. Benefits vest after 5 years of continuous service or 15 years of active aggregate service. Vested members who retire after age 55 or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

- If not covered by Social Security: 2% of the average of earnings for the three highest paid years of service.

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)

June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

- If covered by Social Security: 1½% of the average of earnings for the three highest paid years of service not in excess of the year's breakpoint, plus 2% of the average of earnings for the three highest paid years of service in excess of the year's breakpoint. The year's breakpoint for 2013 is \$65,300.

Funding Policy – Covered employees are required by State Statute to contribute 2.25% of earnings upon which social security tax is paid plus 5% of earnings on which no social security tax is paid. Employees not covered by Social Security are required to contribute 5% of all earnings. Each participating municipality is required by State Statute to contribute the amounts necessary to finance the remaining costs of the plan. The annual contribution consists of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the MERS not met by member contributions.

Each covered municipality is required by State Statute to pay an actuarially determined percentage of covered payroll to provide for benefits based on current service. This percentage varies by police and fire versus general employees, and within those two groups, for populations covered by Social Security versus those not covered by Social Security. The statute also requires each municipality to pay an annual amount for benefits based on service prior to the unit's date of participation. This amount is a level dollar amortization (including interest and principal) over varying time periods depending upon the unit's date of participation and other factors. The required employer contribution rates for the year ended June 30, 2015 were:

General employees	
With social security	11.98%
Without social security	13.00%
Police and fire	
With social security	16.96%
Without social security	16.01%

The total amount contributed for the fiscal year ended June 30, 2015 was \$426,296.

Obtaining a Report of the Plan – MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. The reports include information on the plan's assets, deferred outflows of resource, liabilities, deferred inflows of resources, and fiduciary net position. More information can be obtained by contacting the Municipal Employees' Retirement System – Fund B, Office of the State Comptroller or on their website (<http://www.osc.ct.gov/rbsd/cmers/plandoc/index.html>).

The Town of New Fairfield, Connecticut's proportionate share has been determined on the same basis as that used by the plan as has the basis of accounting, including policies with respect to benefit payments (including refunds of employee contributions) and the valuation of plan investments.

Actuarial Methods and Significant Assumptions – The following assumptions were used in the pension valuations, prepared as of June 30, 2014 (the Valuation Date and Measurement Date) for use in the June 30, 2015 financial statements (Reporting Date):

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Actuarial cost method	Entry Age Normal Cost method
Experience study dates	July 1, 2005 - June 30, 2010
Asset valuation method	Market value
Inflation	3.25%
Salary increases	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of investment related expense, including inflation using a long-normal distribution analysis of best-estimate ranges using a weighted average for each asset class and applied to all
Discount rate	8.00%, the projection of cash flows assumed that plan member contributions will be made at the current contribution rate and employer contributions will be made at the actuarially determined rates in future years.
Cost of living adjustment	Annually compounded increases vary based on member age and date of retirement and range from 2.50% to 6% maximum.
Post-retirement mortality	The RP2000 Mortality Table for Annuitant and non-Annuitants

There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

Target Asset Allocation and Rates of Return – The table below shows the target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan:

Asset Class	Index	Target Allocation	Long-term Expected Real Rate of Return
Mutual Equity Fund	Russell 3000 Index	16%	5.80%
Developed Internat'l Stock Fund	Morgan Stanley MSCI EAFE IMI	14%	6.60%
Emerging Internat'l Stock Fund	Morgan Stanley MSCI EM IMI	7%	8.30%
Core Fixed Income Fund	Barclay US Aggregate Bond Indx	8%	1.30%
Inflation Linked Bond Fund	Barclay World Inflatn Linked Indx	5%	1.00%
Emerging Market Debt Fund	JP Morgan Index-bond/govt bond	8%	3.70%
High Yield Bond Fund	Citigroup US High Yield Capped	14%	3.90%
Real Estate Fund	NCREIF Property	7%	5.10%
Private Equity	Standards & Poors 500	10%	7.60%
Alternative Investements	90 Day Treasury Bill	8%	4.10%
Liquidity Fund	1 mo. LIBOR Rate	3%	0.40%

Sensitivity Analysis – The following presents the net pension liability (asset) of the Town of New Fairfield, Connecticut's proportionate share of the plan, calculated using the current discount rate, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net Pension Liability (Asset)	<u>\$ 590,844</u>	<u>\$ 287,914</u>	<u>\$ 35,603</u>

Town of New Fairfield, Connecticut's Proportionate Share

Net Pension Liability	\$ 287,914
Net Pension Liability percentage of the total	0.120913%
Deferred inflows of resources	
Net difference projected and actual earnings on investments	\$ 82,353
Pension expense	\$ 60,572
Proportion Basis	Reported Payroll
Change in proportion since prior measurement date	None for 2015

The contributions subsequent to the measurement date, shown as a deferred inflow of resources, will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported at deferred inflows of resources will be recognized in pension expense as follows:

2015	\$ 20,588
2016	20,588
2017	20,588
2018	20,589
	<u>\$ 82,353</u>

D. Other Post-Employment Benefits ("OPEB")

From an accrual accounting perspective, the cost of post-employment health care 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. The Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. The liability accumulated from the years prior to adopting this accounting procedure will be phased in over 30 years.

Plan Description - The Town provides certain health care benefits for retired employees through a single-employer defined benefit plan administered by the Town of New Fairfield, Connecticut in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement.

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Funding Policy - Retired teachers and their spouses must be allowed to continue their health insurance benefits, in the same health insurance plan offered to active teachers, through their last employing Town. The Town does not contribute to the retirees' health insurance for Board of Education employees. The Board of Education retirees pay 100% of the premiums in accordance with the Connecticut General Statutes and the various collective bargaining agreements. The Town pays 75% of the medical premiums for Police retirees. Police retirees pay the remaining 25%.

Annual OPEB Cost and Net OPEB Obligation ("NOO")

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2013	\$ 6,818,066
Assets at Market Value*	<u>1,178,014</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 5,640,052</u>
Funded Ratio	<u>17.28%</u>
Covered Payroll (Active plan members)	<u>\$16,805,190</u>
UAAL as a Percentage of Covered Payroll	<u>33.56%</u>
Annual required contribution (ARC)	\$ 546,315
Interest on net OPEB obligation (NOO)	58,114
Adjustment to annual required contribution	<u>(51,467)</u>
Annual OPEB cost (AOC)	552,962
Contributions made	<u>(577,602)</u>
Increase in net OPEB obligation	<u>(24,640)</u>
Net OPEB obligation - beginning of year	830,195
Net OPEB obligation - end of year	<u>\$ 805,555</u>

*The Trust Fund was established after the July 1, 2011 valuation and is included in the July 1, 2013 valuation for the year ended June 30, 2015.

Three year trend information is as follows:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contributions Made	Percentage of AOC Contributed	Net OPEB Obligation (NOO)
June 30, 2015	\$ 552,962	\$ 577,602	104.5%	\$ 805,555
June 30, 2014	\$ 625,905	\$ 741,000	118.4%	\$ 830,195
June 30, 2013	\$ 611,067	\$ 1,524,036	249.4%	\$ 945,290

Actuarial Methods and Significant Assumptions - The Town's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB. GASB establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities is using a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis for Board of Education retirees and an Individual Medical Insurance Premium Account has been established to pay for the Police retirees.

Other actuarial methods and significant assumptions are summarized as follows:

Latest Actuarial Date	July 1, 2013
Actuarial Cost Method	Projected Unit Credit
Discount Rate	7.00%
Payroll Growth Rate	3.50%
Medical Inflation	Initial rate of 6.7% grading down to an ultimate inflation rate of 4.6% over a 72 year period.
Amortization Method	Level percentage of projected payroll
Remaining amortization	30 years, decreasing
Healthy Mortality	Teachers and Administrators – RP-2000 projected forward 19 years using scale AA, with a two year set back BOE Non-Certified – RP-2000 Mortality Tables for Employees and Healthy annuitants with separate tables for males and females, with generational projection per Scale AA. Police – RP-2000 mortality table set forward one year for males and set back one year for females.
Disabled Mortality	Teachers and Administrators – RP-2000 projected forward 19 years using scale AA, with an eight-year age set forward. BOE Non-Certified – RP-2000 Disabled Mortality Table with separate tables for males and females. Police – RP-2000 mortality table, set forward five years for males and set forward one year for females.

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Turnover	Teachers and Administrators – rates based on gender and length of service for the first ten years and gender and age thereafter. BOE Non-certified – 80% of the small plan age table.
Retirement	Teachers and Administrators – rates based on age, eligibility for pension benefits, and gender BOE Non-Certified – rates based on age. Police – 15% at age 55 with 10 years of service, 40% at any age with 25 years of service, all other rates based on age.
Disability	Teachers and Administrators – rates based on age and gender BOE Non-Certified – 1987 Commissioner's Group Disability Table, six month elimination period. Police: rates based on age.
Future Retiree Coverage	Teachers, Administrators and Police – 100% are assumed to elect coverage at retirement BOE Non-certified – 5% are assumed to elect coverage at retirement Police – active members are assumed to elect coverage at retirement
Future Dependent Coverage	Teachers, Administrators and BOE Non-Certified - Male 65%; Female 30% with female spouses assumed to be 3 years younger than males. Police – Male and Female 90% with female spouses assumed to be 3 years younger than males.
Future Post-65 Coverage	Teachers and Administrators – 25% of current non-Medicare eligible actives hired prior to April 1, 1986 and non-Medicare eligible pre-65 retirees hired prior to April 1, 1986 are assumed either to enroll in retiree health coverage through the CT State Teachers Retirement System at age 65, or transfer to the Medicare Supplement Plan. 60% of current actives hired prior to April 1, 1986 and pre-65 retirees hired prior to April 1, 1986 are assumed to be Medicare-Eligible. All Others – N/A

Schedule of Funding Progress

As of the last valuation date, July 1, 2013, the actuarial valuation of the plan assets was \$1,178,000. The actuarial accrued liability was \$6,818,000. The schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. There is no requirement for funding but the plan has been partially funded.

5. Other Information

A. Litigation

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

5. Other Information (Continued)

B. Contingencies

Grants - The Town participates in various Federal and State grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

School Building Grants - Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, will owe a portion of the State funding back to the State.

For projects with a cost of over of two million dollars, the contingency will be amortized over twenty years. For smaller projects, the contingency will be amortized over ten years.

C. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

The Town currently is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established under the provisions of Connecticut General Statutes section 7-479a et. seq. for some of its insurance. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing coverage with no deductible retention. A separate agreement states limits on the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

The Town and Board of Education self-insures its employees for medical and dental claims through the use of an internal service fund. Maximum liability to the Town and Board of Education per covered participant is \$200,000. The Town and Board of Education retains an insurance policy for employee claims in excess of \$200,000. A third party administers the plan for which the Town and Board of Education pays an administrative fee. The plan is funded monthly by employee contributions, as required.

The following is a summary of changes in claims liability during the year:

Year Ended	Beginning Claims Payable	Current Year Claims	Claim Payments	Ending Claims Payable
2013	455,000	7,020,749	(7,017,749)	458,000
2014	458,000	5,831,501	(5,874,501)	415,000
2015	415,000	5,719,697	(5,732,697)	402,000

Town of New Fairfield, Connecticut

Notes to Financial Statements (Continued)

June 30, 2015

5. Other Information (Continued)

The internal service fund is substantially funded by the Town's General Fund based on estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability, reported in the internal service fund at June 30, 2015, is based on the requirements of GASB Statements number 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual estimated is based on the ultimate cost of settling the claim which includes past experience data, inflation, other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual estimate does not include other allocated or unallocated claims adjustment expenses.

D. Risks and Uncertainties

The Town invests in various securities, including commercial paper, government-sponsored enterprises, and alternative investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. The ongoing credit and liquidity crisis in the United States and throughout the global financial systems has resulted in substantial volatility in financial markets and the banking system. This and other economic events have had a significant adverse impact on investment portfolios. Due to the level of risks associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position and activities.

E. Motor Vehicle Tax Cap

Beginning in fiscal year 2017, the State of Connecticut Office of Policy and Management ("OPM") capped the mill rate for motor vehicle taxes. The motor vehicle mill rate cap for fiscal year 2017 will be 32 mills. The rate cap in fiscal year 2018 and thereafter will be 29.36 mills.

F. Municipal Spending Cap

Beginning in fiscal year 2018, OPM will impose a cap on municipal spending to limit general budget expenditures to 2.5 percent above the previous year or the rate of inflation, whichever is greater. Exemptions to the cap include debt service, special education expenditures, expenditures for implementing court orders, arbitration awards, expenditures related to major disaster or emergency declaration, and MRSA grant distributed to a special taxing district under certain circumstances.

Effective July 1, 2015, the Minimum Budget Requirement ("MBR") for education expenditures imposed by OPM will become more flexible. The new law gives the Town a greater ability to lower their MBR by allowing for larger reductions for declining enrollment, raising the cap on how much a town can reduce its MBR, and removing the limit on how many ways a town can qualify for MBR flexibility.

5. Other Information (Continued)

G. GASB Pronouncements Issued, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) is the standard setting board for governmental entities. The following are statements which have been approved by GASB, but are not yet effective:

- GASB Statement 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 is effective for fiscal years beginning after June 15, 2015.
- GASB Statement 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68* – This Statement establishes requirements for defined benefit and contribution pensions that are not within the scope of Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. This is effective for fiscal years beginning after June 15, 2016.
- GASB Statement 74 – *Financial Reporting for Postemployment Benefit Plans Other than Pensions* – This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with Other Post-Employment Benefits (OPEB), as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This is effective for fiscal years beginning after June 15, 2016.
- GASB Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits (OPEB) Other than Pensions* – This Statement establishes standards of accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) and applies to all governments whose employees are provided with OPEB. The requirements of this Statement are effective for fiscal years beginning after June 15, 2017.
- GASB Statement 76 – *The Hierarchy of Generally Accepted Accounting Principles (GAAP) for State and Local Governments* – This statement identifies the current hierarchy of GAAP. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.
- GASB Statement 77 – *Tax Abatement Disclosures* – This Statement requires governments to disclose information about their tax abatements and agreements and is effective for periods beginning after December 15, 2015.

Town of New Fairfield, Connecticut

Required Supplementary Information
June 30, 2015

Town of New Fairfield, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 General Fund
 For the Year Ended June 30, 2015

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
REVENUES					
Taxation Effort					
Property taxes	\$43,535,797	\$ -	\$43,535,797	\$43,807,217	\$ 271,420
Supplemental motor vehicle taxes	310,000	-	310,000	347,276	37,276
Interest and lien fees	175,000	-	175,000	216,377	41,377
	<u>44,020,797</u>	<u>-</u>	<u>44,020,797</u>	<u>44,370,870</u>	<u>350,073</u>
Intergovernmental Revenue					
Town aid	275,513	-	275,513	276,563	1,050
Aid to elderly relief	95,000	-	95,000	90,872	(4,128)
Judicial	1,000	-	1,000	4,227	3,227
PILOT - State owned property	18,414	-	18,414	20,607	2,193
Veterans exemption	18,000	-	18,000	16,293	(1,707)
Public library	1,200	-	1,200	1,158	(42)
Local capital improvement program	80,462	-	80,462	-	(80,462)
Mashantucket Pequot grant	23,037	-	23,037	26,468	3,431
School construction grant	34,213	-	34,213	34,213	-
Education cost sharing	4,453,833	-	4,453,833	4,461,430	7,597
Transportation	37,533	-	37,533	41,857	4,324
Special education	300,000	-	300,000	183,439	(116,561)
Adult education	4,141	-	4,141	-	(4,141)
School security grant	157,081	-	157,081	157,082	1
Emergency management performance grant	-	-	-	13,945	13,945
Municipal aid funding	1,081	-	1,081	1,081	-
	<u>5,500,508</u>	<u>-</u>	<u>5,500,508</u>	<u>5,329,235</u>	<u>(171,273)</u>
Licenses and Permits					
Health	30,000	-	30,000	36,000	6,000
Zoning board of appeals	6,000	-	6,000	6,192	192
Zoning	21,500	-	21,500	30,965	9,465
Building	125,000	-	125,000	202,173	77,173
Inland wetlands	10,000	-	10,000	8,194	(1,806)
Public work fees	200	-	200	800	600
Environmental enforcement	6,500	-	6,500	8,136	1,636
Other licenses and permits	6,000	-	6,000	9,935	3,935
	<u>205,200</u>	<u>-</u>	<u>205,200</u>	<u>302,395</u>	<u>97,195</u>
Local Revenues					
Town ordinance fines	500	-	500	-	(500)
Interest income	200,000	-	200,000	177,382	(22,618)
Real estate conveyance	120,000	-	120,000	223,243	103,243
Town clerk receipts	110,000	-	110,000	102,609	(7,391)
Police private duty	30,000	-	30,000	7,503	(22,497)
EMS/ Paramedic billings	210,000	-	210,000	234,697	24,697
Student tuition	750,480	-	750,480	864,670	114,190
Telephone line access	28,230	-	28,230	24,896	(3,334)
Senior center recreation fees	28,000	-	28,000	27,116	(884)
Other local revenue	9,000	-	9,000	53,755	44,755
Sale of equipment	-	-	-	286	286
	<u>1,486,210</u>	<u>-</u>	<u>1,486,210</u>	<u>1,716,157</u>	<u>229,947</u>
Total Revenues	<u>51,212,715</u>	<u>-</u>	<u>51,212,715</u>	<u>51,718,657</u>	<u>505,942</u>

(Continued)

Town of New Fairfield, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)
 General Fund
 For the Year Ended June 30, 2015

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
EXPENDITURES					
General Government					
Board of selectman	\$ 163,473	\$ 7,000	\$ 170,473	\$ 167,744	\$ 2,729
Town clerk	149,053	-	149,053	147,017	2,036
Probate	2,623	-	2,623	2,623	-
Registrars of voters	56,738	(7,900)	48,838	48,723	115
Finance	230,385	700	231,085	230,989	96
Board of finance	92,266	21,435	113,701	73,397	40,304
Treasurer	12,407	-	12,407	12,207	200
Assessor	160,015	-	160,015	157,708	2,307
Tax collector	177,213	-	177,213	176,545	668
Board of assessment appeal	1,052	-	1,052	671	381
Unclassified payroll & benefits	978,686	(42,994)	935,692	915,531	20,161
Professional services	109,000	43,775	152,775	142,403	10,372
Intergovernmental agencies	245,037	2,825	247,862	247,584	278
General insurance	180,000	(20,890)	159,110	157,869	1,241
Business machines	231,344	(15,700)	215,644	207,330	8,314
Human resources	30,000	(3,900)	26,100	26,100	-
Planning commission	4,290	-	4,290	2,224	2,066
Zoning commission	64,538	(12,400)	52,138	51,308	830
Zoning board of appeals	8,852	-	8,852	8,479	373
Utilities	457,300	(45,200)	412,100	410,820	1,280
Permanent building committee	2,251	-	2,251	1,225	1,026
General land use	9,763	-	9,763	9,726	37
Historical properties commission	250	-	250	-	250
Commission of the youth	2,893	(2,500)	393	-	393
Total general government	<u>3,369,429</u>	<u>(75,749)</u>	<u>3,293,680</u>	<u>3,198,223</u>	<u>95,457</u>
Public Safety and Protection					
Police	1,460,812	110,000	1,570,812	1,562,093	8,719
Communications center	248,991	-	248,991	246,942	2,049
Fire companies	621,182	-	621,182	604,253	16,929
Fire marshal	22,615	-	22,615	22,254	361
Building inspector	125,132	(3,700)	121,432	121,428	4
Office of emergency management	16,565	(6,300)	10,265	10,101	164
Total public safety and protection	<u>2,495,297</u>	<u>100,000</u>	<u>2,595,297</u>	<u>2,567,071</u>	<u>28,226</u>
Public Works					
Highway	2,196,742	133,390	2,330,132	2,299,599	30,533
Health and Welfare					
Health department	246,589	-	246,589	244,276	2,313
Inland/wetlands	5,890	-	5,890	2,789	3,101
WPCA	1,425	-	1,425	300	1,125
Social services	66,744	(3,600)	63,144	62,800	344
Senior services	155,192	-	155,192	144,338	10,854
Ball pond advisory committee	8,021	-	8,021	7,789	232
Commission on aging	3,497	-	3,497	2,670	827
Total health and welfare	<u>487,358</u>	<u>(3,600)</u>	<u>483,758</u>	<u>464,962</u>	<u>18,796</u>
Recreation					
Recreation salaries	53,508	-	53,508	52,990	518
Library	497,938	(9,500)	488,438	481,201	7,237
Total recreation	<u>551,446</u>	<u>(9,500)</u>	<u>541,946</u>	<u>534,191</u>	<u>7,755</u>

(Continued)

Town of New Fairfield, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Debt Service					
Town	\$ 161,537	\$ 581	\$ 162,118	\$ 162,118	\$ -
School	2,786,996	(123,687)	2,663,309	2,663,309	-
Total debt service	<u>2,948,533</u>	<u>(123,106)</u>	<u>2,825,427</u>	<u>2,825,427</u>	<u>-</u>
Board of Education	<u>31,840,186</u>	<u>-</u>	<u>31,840,186</u>	<u>31,820,373</u>	<u>19,813</u>
Capital Nonrecurring	<u>828,424</u>	<u>390,063</u>	<u>1,218,487</u>	<u>877,104</u>	<u>341,383</u>
Health Insurance	<u>6,495,300</u>	<u>-</u>	<u>6,495,300</u>	<u>6,495,300</u>	<u>-</u>
Total Expenditures	<u>51,212,715</u>	<u>411,498</u>	<u>51,624,213</u>	<u>51,082,250</u>	<u>541,963</u>
Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis	<u>\$ -</u>	<u>\$ (411,498)</u>	<u>\$ (411,498)</u>	636,407	<u>\$ 1,047,905</u>
Adjustments to Generally Accepted Accounting Principles (GAAP):					
Net Income from General Funds Not Included in the Budget					
Recreation				(207,753)	
Drop off center				(7,681)	
Surpluses Transferred to Other Funds					
Town Government to Capital Nonrecurring Fund				(324,647)	
To Fire Company Reserve Fund				(16,736)	
Payments on Behalf of the Town Not Recorded on a Budgetary Basis:					
Revenues from Connecticut for the teachers' retirement				3,650,800	
Expenditures for the teachers' retirement				(3,650,800)	
Revenue and Expenditures from Magnet School Grant Not Included in the Budget:					
Revenue				23,400	
Expenditures				(23,400)	
Encumbrances recorded on budget basis, but not on the modified accrual basis				530,972	
Previous year encumbrance recorded on modified accrual basis, but not the budget basis				(589,473)	
Other Financing Sources - Difference in Treatment of General Obligation Bond Refunding:					
Proceeds from Long Term Debt - General Obligation Bond				1,930,000	
Bond premium				30,000	
Debt Service Expenditure - General Obligation Bond				(1,960,000)	
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP Basis (Exhibit 4)				<u>\$ 21,089</u>	

Notes to Required Supplementary Information: This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as income or expenditures payments made for the teacher's retirement by the State of Connecticut on the Town's behalf; 2. Revenues and expenditures from capital leasing and for renewing or refunding long-term debt are included in the budget as the net revenue or expenditure expected; 3. Encumbrances are treated as expenditures against the budget in the year committed; 4. Certain other revenues and transfers are net with the related expenditures. 5. Income and expenditures from the recreation and drop off center activities are not included in the budget.

Town of New Fairfield, Connecticut

Required Supplementary Information
 Town of New Fairfield Employee Retirement Plan
 Schedule of Changes in Net Pension Liability and Related Ratios
 Last 10 Fiscal Years or Since Inception of GASB 67/68

	<u>2015</u>	<u>2014</u>
Town of New Fairfield Employee Retirement Plan		
Total Pension Liability		
Service cost	\$ 189,330	\$ 222,223
Interest on total pension liability	494,432	458,703
Effect of economic/demographic gains (losses)	23,999	6,101
Benefit payments	<u>(168,423)</u>	<u>(159,368)</u>
Net change in total pension liability	539,338	527,659
Total pension liability, beginning	<u>7,179,425</u>	<u>6,651,766</u>
Total pension liability, ending	<u>7,718,763</u>	<u>7,179,425</u>
Fiduciary Net Position		
Employer contributions	301,000	137,000
Investment income net of investment expenses	134,042	912,653
Benefit payments	(168,423)	(159,368)
Administrative expenses	<u>(23,335)</u>	<u>(28,855)</u>
Net change in plan fiduciary net position	243,284	861,430
Fiduciary net position, beginning	<u>6,792,216</u>	<u>5,930,786</u>
Fiduciary net position, ending	<u>7,035,500</u>	<u>6,792,216</u>
Net pension liability, ending	<u>\$ 683,263</u>	<u>\$ 387,209</u>
Fiduciary net position as a % of total pension liability	91.15%	94.61%
Covered payroll	\$2,565,373	\$2,445,222
Net pension liability as a % of covered payroll	26.63%	15.84%

Town of New Fairfield, Connecticut

Required Supplementary Information
Town of New Fairfield Employee Retirement Plan
Schedule of Employer Contributions
Last 10 Fiscal Years or Since Inception of GASB 67/68

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 301,363	\$ 279,785	\$ 262,094	\$ 262,019	\$ 254,490	\$ 295,689	\$ 265,845	\$ 261,064	\$ 261,827	\$ 251,168
Contributions in relation to the actuarially determined contribution	\$ 301,000	\$ 137,000	\$ -	\$ 262,019	\$ 254,490	\$ 295,689	\$ 264,000	\$ 252,000	\$ 246,000	\$ 221,000
Contribution deficiency (excess)	\$ 363	\$ 142,785	\$ 262,094	\$ -	\$ -	\$ -	\$ 1,845	\$ 9,064	\$ 15,827	\$ 30,168
Covered employee payroll	\$ 2,565,373	\$ 2,445,222	\$ 2,445,222	\$ 2,373,697	\$ 2,391,914	\$ 2,247,343	\$ 2,205,675	\$ 2,080,207	\$ 2,080,890	\$ 2,007,324
Contributions as a percentage of covered employee payroll	11.73%	5.60%	0.00%	11.04%	10.64%	13.16%	11.97%	12.11%	11.82%	11.01%

Notes to the Schedule

Valuation Date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent
Remaining amortization period	23 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age
Investment rate of return	6.75%
Retirement age	Varies by age
Mortality	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitant with generational projection per Scale AA.

Town of New Fairfield, Connecticut

Required Supplementary Information
Town of New Fairfield Employee Retirement Plan
Annual Money-Weighted Rate of Return
Last 10 Fiscal Years or Since Inception of GASB 67/68

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2015	1.98%
2014	15.59%
2013	NA
2012	NA
2011	NA
2010	NA
2009	NA
2008	NA
2007	NA
2006	NA

Town of New Fairfield, Connecticut

Required Supplementary Information
Town of New Fairfield Board of Education Retirement Plan
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Fiscal Years or Since Inception of GASB 67/68

	<u>2015</u>	<u>2014</u>
Town of New Fairfield Employee Retirement Plan		
Total Pension Liability		
Service cost	\$ 254,108	\$ 248,397
Interest on total pension liability	393,187	357,339
Effect of plan changes	15,637	-
Effect of economic/demographic gains (losses)	142,004	(130,516)
Benefit payments	<u>(73,678)</u>	<u>(56,583)</u>
Net change in total pension liability	731,258	418,637
Total pension liability, beginning	<u>5,915,523</u>	<u>5,496,886</u>
Total pension liability, ending	<u>6,646,781</u>	<u>5,915,523</u>
Fiduciary Net Position		
Employer contributions	320,000	320,280
Investment income net of investment expenses	116,004	731,838
Benefit payments	(73,678)	(56,583)
Administrative expenses	<u>(23,274)</u>	<u>(30,885)</u>
Net change in plan fiduciary net position	339,052	964,650
Fiduciary net position, beginning	<u>6,487,562</u>	<u>5,522,912</u>
Fiduciary net position, ending	<u>6,826,614</u>	<u>6,487,562</u>
Net pension liability (asset), ending	<u>\$ (179,833)</u>	<u>\$ (572,039)</u>
Fiduciary net position as a % of total pension liability	102.71%	109.67%
Covered payroll	\$3,501,799	\$3,548,459
Net pension liability as a % of covered payroll	-5.14%	-16.12%

Town of New Fairfield, Connecticut

Required Supplementary Information
Town of New Fairfield Board of Education Retirement Plan
Schedule of Employer Contributions
Last 10 Fiscal Years or Since Inception of GASB 67/68

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 289,476	\$ 317,946	\$ 299,243	\$ 400,267	\$ 356,906	\$ 331,207	\$ 248,264	\$ 230,184	\$ 219,111	\$ 178,067
Contributions in relation to the actuarially determined contribution	\$ 320,000	\$ 320,280	\$ 400,267	\$ 356,906	\$ 336,872	\$ 248,315	\$ 239,080	\$ 230,184	\$ 330,100	\$ 178,067
Contribution deficiency (excess)	\$ (30,524)	\$ (2,334)	\$ (101,024)	\$ 43,361	\$ 20,034	\$ 82,892	\$ 9,184	\$ -	\$ (110,989)	\$ -
Covered employee payroll	\$ 3,501,799	\$ 3,548,459	\$ 3,548,459	\$ 3,149,008	\$ 3,113,899	\$ 2,747,818	\$ 2,319,538	\$ 2,230,070	\$ 2,060,852	\$ 2,021,892
Contributions as a percentage of covered employee payroll	9.14%	9.03%	11.28%	11.33%	10.82%	9.04%	10.31%	10.32%	16.02%	8.81%

Notes to the Schedule

Valuation Date Actuarially determined contribution rates are calculated as of June 30, two years prior to the beginning of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent
Remaining amortization period	23 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age
Investment rate of return	6.25%
Retirement age	All members are assumed to retire at their Normal Retirement Age.
Mortality	RP-2000 Mortality for employees, healthy annuitants, and disabled annuitants with generational projection per Scale AA.

Town of New Fairfield, Connecticut

Required Supplementary Information
Town of New Fairfield Board of Education Retirement Plan
Annual Money-Weighted Rate of Return
Last 10 Fiscal Years or Since Inception of GASB 67/68

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2015	1.77%
2014	12.95%
2013	NA
2012	NA
2011	NA
2010	NA
2009	NA
2008	NA
2007	NA
2006	NA

Town of New Fairfield, Connecticut

Required Supplementary Information - Schedule of Funding Progress
 Other Post Employment Benefits Trust Fund
 Last Three Valuations

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Excess (Unfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	Excess AAL/ UAAL as a % of Covered Payroll
7/1/2013	\$ 1,178,014	\$ 6,818,066	\$ (5,640,052)	17.28%	\$ 16,805,190	-33.56%
7/1/2011	\$ -	\$ 6,424,000	\$ (6,424,000)	0.00%	\$ 15,632,558	41.09%
6/30/2009	\$ -	\$ 9,155,000	\$ (9,155,000)	0.00%	\$ 14,541,914	62.96%

Town of New Fairfield, Connecticut

Required Supplementary Information - Schedule of Employer Contributions
 Other Post Employment Benefits Trust Fund
 Last Six Fiscal years

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/2015	\$ 546,315	\$ 577,602	105.73%
6/30/2014	\$ 614,000	\$ 741,000	120.68%
6/30/2013	\$ 585,000	\$ 1,524,036	260.52%
6/30/2012	\$ 706,000	\$ 351,000	49.72%
6/30/2011	\$ 856,000	\$ 332,000	38.79%
6/30/2010	\$ 806,000	\$ 311,000	38.59%

See Independent Auditors' Report

Town of New Fairfield, Connecticut

Required Supplementary Information
Connecticut Municipal Employees' Retirement System
June 30, 2015

**Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Fiscal Years or Since Inception of GASB 68**

	<u>2015</u>
Employer percentage of collective net pension liability (police and fire with social security)	<u>1.190777%</u>
Town's portion net pension liability	<u>\$ 287,914</u>
Town's covered payroll	<u>\$ 477,053</u>
Town's portion net pension liability as a % of covered payroll	<u>60.35%</u>
Plan Fiduciary net position as a % of total pension liability	<u>90.48%</u>

**Schedule of Employer Contributions
Since Inception of GASB 68**

Town's contractually required contribution	\$ 426,296
Town's contributions in relation to the contractually required contribution	<u>426,296</u>
Town's contribution deficiency (excess)	<u>\$ -</u>
Town's covered employee payroll	<u>\$ 477,053</u>
Town's contributions as a percentage of covered employee payroll	<u>89.36%</u>

Notes to Schedule

Changes in benefit term	None
Changes in assumptions	None
Actuarial cost method	Entry age, normal cost method
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	5 year smoothed market
Investment rate of return	8.0% net of investment expense, including inflation

See Independent Auditors' Report

Town of New Fairfield, Connecticut

Required Supplementary Information
Connecticut Teachers Retirement System
June 30, 2015

**Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Fiscal Years or Since Inception of GASB 68**

	<u>2015</u>
Town's percentage of collective net pension liability	<u>0.479801%</u>
Town's proportionate share of the collective net pension liability	<u>\$ -</u>
State's proportionate share of the collective net pension liability associated with the employer	<u>\$48,658,784</u>
Total proportionate share of the collective net pension liability	<u>\$48,658,784</u>
Employer covered payroll	<u>\$ 18,387,131</u>
Employer proportionate share of the collective net pension liability as a % of covered payroll	<u>0.00%</u>
Plan fiduciary net position as a % of total pension liability	<u>61.51%</u>

**Schedule of Employer Contributions
Last 10 Fiscal Years or Since Inception of GASB 68**

Contractually required Town contribution	<u>\$ -</u>
--	-------------

The Town is not required to contribute to the plan. The State contributes on behalf of the Town.

Notes to Schedule

Changes in benefit term	None
Changes in assumptions	In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted as recommended by the Experience Study for the System.
Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4 year smoothed market
Investment rate of return	8.5% net of investment expense, including inflation

See Independent Auditors' Report

Town of New Fairfield, Connecticut

Combining Fund Financial Statements
June 30, 2015

Town of New Fairfield, Connecticut

Combining Balance Sheet
 General Fund - Sub Funds
 June 30, 2015

	General Fund	Recreation Programs	User Surcharges	Hidden Valley	Drop Off Center	Interfund Elimination	Total Consolidated General Fund
ASSETS							
Cash and equivalents	\$ 3,629,936	\$ 649,935	\$ -	\$ 22,179	\$ -	\$ -	\$ 4,302,050
Investments	11,928,742	-	-	-	-	-	11,928,742
Taxes receivable, net of allowance for uncollectible amounts	482,235	-	-	-	-	-	482,235
Other receivables							
Accounts	87,124	-	21,140	-	1,044	-	109,308
Intergovernmental	544,940	-	-	-	-	-	544,940
Due from other funds	214,347	9,340	340,592	-	100,842	(405,362)	259,759
Prepaid expenditures	-	6,036	-	-	-	-	6,036
Total Assets	<u>\$ 16,887,324</u>	<u>\$ 665,311</u>	<u>\$ 361,732</u>	<u>\$ 22,179</u>	<u>\$ 101,886</u>	<u>\$ (405,362)</u>	<u>\$ 17,633,070</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 1,126,415	\$ 5,121	\$ 107,136	\$ -	\$ 9,493	\$ -	\$ 1,248,165
Accrued payroll and related	316,750	13,171	-	-	1,070	-	330,991
Due to other funds	5,492,840	317,908	-	4,396	-	(405,362)	5,409,782
Total Liabilities	<u>6,936,005</u>	<u>336,200</u>	<u>107,136</u>	<u>4,396</u>	<u>10,563</u>	<u>(405,362)</u>	<u>6,988,938</u>
Deferred inflows of resources							
Deferred revenues - collected in advance	2,286,669	159,510	-	-	-	-	2,446,179
Deferred revenues - unavailable	917,388	-	13,095	-	-	-	930,483
	<u>3,204,057</u>	<u>159,510</u>	<u>13,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,376,662</u>
Fund balances							
Nonspendable	-	6,036	-	-	-	-	6,036
Assigned	855,972	163,565	241,501	17,783	91,323	-	1,370,144
Unassigned	5,891,290	-	-	-	-	-	5,891,290
Total Fund Balances	<u>6,747,262</u>	<u>169,601</u>	<u>241,501</u>	<u>17,783</u>	<u>91,323</u>	<u>-</u>	<u>7,267,470</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 16,887,324</u>	<u>\$ 665,311</u>	<u>\$ 361,732</u>	<u>\$ 22,179</u>	<u>\$ 101,886</u>	<u>\$ (405,362)</u>	<u>\$ 17,633,070</u>

See Independent Auditors' Report

Town of New Fairfield, Connecticut

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

	General Fund	Recreation Programs	User Surcharges	Hidden Valley	Drop Off Cener	Total Consolidated General Fund
REVENUES						
Property taxes	\$ 44,370,542	\$ -	\$ -	\$ -	\$ -	\$ 44,370,542
Intergovernmental	9,003,763	-	-	-	-	9,003,763
Interest income	177,382	-	-	-	-	177,382
Charges for services	302,395	482,539	225,960	-	112,940	1,123,834
Other revenues	<u>1,538,775</u>	<u>9,213</u>	<u>-</u>	<u>597</u>	<u>-</u>	<u>1,548,585</u>
Total Revenues	<u>55,392,857</u>	<u>491,752</u>	<u>225,960</u>	<u>597</u>	<u>112,940</u>	<u>56,224,106</u>
EXPENDITURES						
Current						
General government	3,247,276	-	-	-	-	3,247,276
Public safety	2,546,587	-	-	-	-	2,546,587
Public works	2,283,949	-	-	-	120,621	2,404,570
Health and welfare	464,962	-	-	-	-	464,962
Culture and recreation	534,191	436,615	369,046	1,401	-	1,341,253
Health insurance	6,495,300	-	-	-	-	6,495,300
Education	35,540,155	-	-	-	-	35,540,155
Debt service						
Principal	1,960,000	-	-	-	-	1,960,000
Interest	864,846	-	-	-	-	864,846
Bond issuance costs	<u>581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>581</u>
Total Expenditures	<u>53,937,847</u>	<u>436,615</u>	<u>369,046</u>	<u>1,401</u>	<u>120,621</u>	<u>54,865,530</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,455,010</u>	<u>55,137</u>	<u>(143,086)</u>	<u>(804)</u>	<u>(7,681)</u>	<u>1,358,576</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	(1,218,487)	(119,000)	-	-	-	(1,337,487)
Issuance of long term debt	1,930,000	-	-	-	-	1,930,000
Premium on financing	30,000	-	-	-	-	30,000
Payment to refunded bond escrow agent	<u>(1,960,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,960,000)</u>
Total Other Financing Sources (Uses)	<u>(1,218,487)</u>	<u>(119,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,337,487)</u>
Net Change in Fund Balances	236,523	(63,863)	(143,086)	(804)	(7,681)	21,089
Fund Balances - Beginning of Year	<u>6,510,739</u>	<u>233,464</u>	<u>384,587</u>	<u>18,587</u>	<u>99,004</u>	<u>7,246,381</u>
Fund Balances - End of Year	<u>\$ 6,747,262</u>	<u>\$ 169,601</u>	<u>\$ 241,501</u>	<u>\$ 17,783</u>	<u>\$ 91,323</u>	<u>\$ 7,267,470</u>

See Independent Auditors' Report

Town of New Fairfield, Connecticut

Combining Balance Sheet
 Other Governmental Funds
 June 30, 2015

	Special Revenue Funds	Capital Projects Funds	Permanent Fund - Sons of New Fairfield	Total Other Governmental Funds
ASSETS				
Cash and equivalents	\$ 334,512	\$ 377,799	\$ 3,771	\$ 716,082
Investments	2,003	-	307,756	309,759
Other receivables				
Accounts	16,714	88,578	-	105,292
Loans	1,200,878	-	-	1,200,878
Intergovernmental	24,430	609,664	-	634,094
Due from other funds	488,704	386,725	-	875,429
Inventories	8,311	-	-	8,311
Total Assets	<u>\$2,075,552</u>	<u>\$1,462,766</u>	<u>311,527</u>	<u>\$ 3,849,845</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 79,654	\$ 161,254	\$ -	\$ 240,908
Accrued payroll and related	18,245	-	-	18,245
Due to other funds	125,071	245,957	-	371,028
Unearned revenues	120,152	-	-	120,152
Total Liabilities	<u>343,122</u>	<u>407,211</u>	<u>-</u>	<u>750,333</u>
Deferred inflows of resources				
Deferred revenues - unavailable	<u>16,259</u>	<u>698,242</u>	<u>-</u>	<u>714,501</u>
Fund balances (deficits)				
Nonspendable	8,311	-	321,467	329,778
Restricted	1,547,629	-	-	1,547,629
Committed	136,066	645,500	-	781,566
Assigned	24,165	-	-	24,165
Unassigned	-	(288,187)	(9,940)	(298,127)
Total Fund Balances	<u>1,716,171</u>	<u>357,313</u>	<u>311,527</u>	<u>2,385,011</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$2,075,552</u>	<u>\$1,462,766</u>	<u>\$ 311,527</u>	<u>\$ 3,849,845</u>

Town of New Fairfield, Connecticut

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

	Special Revenue Funds	Capital Projects Funds	Permanent Fund - Sons of New Fairfield	Total Other Governmental Funds
REVENUES				
Intergovernmental	\$ 999,127	\$ -	\$ -	\$ 999,127
Interest income	358	568	5,994	6,920
Charges for services	1,078,773	-	-	1,078,773
Other revenues	110,523	6,200	5,945	122,668
Total Revenues	<u>2,188,781</u>	<u>6,768</u>	<u>11,939</u>	<u>2,207,488</u>
EXPENDITURES				
Current				
General government	73,134	-	-	73,134
Public safety	2,036	-	-	2,036
Public works	26,388	-	-	26,388
Health and welfare	99,366	-	309	99,675
Culture and recreation	15,003	-	-	15,003
Education	1,601,366	-	-	1,601,366
Capital outlay	-	1,003,043	-	1,003,043
Total Expenditures	<u>1,817,293</u>	<u>1,003,043</u>	<u>309</u>	<u>2,820,645</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>371,488</u>	<u>(996,275)</u>	<u>11,630</u>	<u>(613,157)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	124,146	827,763	-	951,909
Transfers out	(456,000)	-	(124,146)	(580,146)
Total Other Financing Sources (Uses)	<u>(331,854)</u>	<u>827,763</u>	<u>(124,146)</u>	<u>371,763</u>
Net Change in Fund Balances	39,634	(168,512)	(112,516)	(241,394)
Fund Balances - Beginning of Year	<u>1,676,537</u>	<u>525,825</u>	<u>424,043</u>	<u>2,626,405</u>
Fund Balances - End of Year	<u>\$1,716,171</u>	<u>\$ 357,313</u>	<u>\$ 311,527</u>	<u>\$ 2,385,011</u>

Town of New Fairfield, Connecticut

Combining Balance Sheet
 Special Revenue Funds
 June 30, 2015

	School Lunch Fund	Education Grants Fund	Drug Enforce- ment Fund	Small Cities Fund	Dog Registration Fund	Library Fund	Social Services Fund	Scholarship Fund
ASSETS								
Cash and equivalents	\$ 36,234	\$ 29,928	\$ 17,011	\$ 132,987	\$ 18,216	\$ 7,855	\$17,117	\$ 1,170
Investments	-	-	-	-	-	-	-	2,003
Other receivables								
Accounts	1,182	14,025	-	-	-	-	-	-
Loans	-	-	-	1,200,878	-	-	-	-
Intergovernmental	20,546	3,884	-	-	-	-	-	-
Due from other funds	11,528	235,724	-	-	93	-	-	-
Inventories	8,311	-	-	-	-	-	-	-
Total Assets	<u>\$ 77,801</u>	<u>283,561</u>	<u>\$ 17,011</u>	<u>\$1,333,865</u>	<u>\$ 18,309</u>	<u>\$ 7,855</u>	<u>\$17,117</u>	<u>\$ 3,173</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 58,192	\$ 11,746	\$ -	\$ 1,220	\$ 5,442	\$ -	\$ -	\$ -
Accrued payroll and related	-	13,110	-	-	-	-	-	-
Due to other funds	-	49,808	-	-	-	-	-	-
Unearned revenues	-	95,570	-	-	-	-	-	-
Total Liabilities	<u>58,192</u>	<u>170,234</u>	<u>-</u>	<u>1,220</u>	<u>5,442</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources								
Deferred revenues - unavailable	<u>-</u>	<u>16,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances								
Nonspendable	8,311	-	-	-	-	-	-	-
Restricted	-	97,068	17,011	1,332,645	-	-	17,117	3,173
Committed	-	-	-	-	-	7,855	-	-
Assigned	11,298	-	-	-	12,867	-	-	-
Total Fund Balances	<u>19,609</u>	<u>97,068</u>	<u>17,011</u>	<u>1,332,645</u>	<u>12,867</u>	<u>7,855</u>	<u>17,117</u>	<u>3,173</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 77,801</u>	<u>\$283,561</u>	<u>\$ 17,011</u>	<u>\$1,333,865</u>	<u>\$ 18,309</u>	<u>\$ 7,855</u>	<u>\$17,117</u>	<u>\$ 3,173</u>

(Continued)

Town of New Fairfield, Connecticut

Combining Balance Sheet
Special Revenue Funds
June 30, 2015

	Groovin' in New Fairfield Fund	Commun- ications Tower Fund	Misc. Grants Fund	Municipal Water System Fund	Beaver Bog Cemetery Fund	Senior Center Fund	Commission for the Youth Fund	Total Special Revenue Funds
ASSETS								
Cash and equivalents	\$ -	\$ -	\$ -	\$ 61,242	\$ 12,752	\$ -	\$ -	\$ 334,512
Investments	-	-	-	-	-	-	-	2,003
Other receivables								
Accounts	-	1,200	307	-	-	-	-	16,714
Loans	-	-	-	-	-	-	-	1,200,878
Intergovernmental	-	-	-	-	-	-	-	24,430
Due from other funds	8,514	105,567	81,577	-	-	34,385	11,316	488,704
Inventories	-	-	-	-	-	-	-	8,311
Total Assets	<u>\$ 8,514</u>	<u>\$ 106,767</u>	<u>\$ 81,884</u>	<u>\$ 61,242</u>	<u>\$ 12,752</u>	<u>\$ 34,385</u>	<u>\$ 11,316</u>	<u>\$ 2,075,552</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ -	\$ 2,854	\$ -	\$ -	\$ 200	\$ -	\$ 79,654
Accrued payroll and related	-	-	5,135	-	-	-	-	18,245
Due to other funds	-	70,000	4,948	315	-	-	-	125,071
Unearned revenues	-	-	20,914	-	-	3,668	-	120,152
Total Liabilities	<u>-</u>	<u>70,000</u>	<u>33,851</u>	<u>315</u>	<u>-</u>	<u>3,868</u>	<u>-</u>	<u>343,122</u>
Deferred inflows of resources								
Deferred revenues - unavailable	-	-	-	-	-	-	-	16,259
Fund balances								
Nonspendable	-	-	-	-	-	-	-	8,311
Restricted	8,514	-	48,033	-	12,752	-	11,316	1,547,629
Committed	-	36,767	-	60,927	-	30,517	-	136,066
Assigned	-	-	-	-	-	-	-	24,165
Total Fund Balances	<u>8,514</u>	<u>36,767</u>	<u>48,033</u>	<u>60,927</u>	<u>12,752</u>	<u>30,517</u>	<u>11,316</u>	<u>1,716,171</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,514</u>	<u>\$ 106,767</u>	<u>\$ 81,884</u>	<u>\$ 61,242</u>	<u>\$ 12,752</u>	<u>\$ 34,385</u>	<u>\$ 11,316</u>	<u>\$ 2,075,552</u>

See Independent Auditors' Report

Town of New Fairfield, Connecticut

Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Special Revenue Funds
For the Year Ended June 30, 2015

	School Lunch Fund	Education Grants Fund	Drug Enforce- ment Fund	Small Cities Fund	Dog Registration Fund	Library Fund	Social Services Fund	Scholar- ship Fund
REVENUES								
Intergovernmental	\$ 144,128	\$ 619,564	\$ -	\$ 176,051	\$ -	\$ 914	\$ -	\$ -
Interest income	57	-	-	150	-	104	-	13
Charges for services	568,463	205,892	-	-	3,122	17,531	-	-
Other revenues	-	96,376	-	-	-	484	13,463	-
Total Revenues	<u>712,648</u>	<u>921,832</u>	<u>-</u>	<u>176,201</u>	<u>3,122</u>	<u>19,033</u>	<u>13,463</u>	<u>13</u>
EXPENDITURES								
Current								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	2,036	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	53,279	-	-	11,697	-
Culture and recreation	-	-	-	-	-	9,792	-	-
Education	<u>792,368</u>	<u>807,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Total Expenditures	<u>792,368</u>	<u>807,998</u>	<u>-</u>	<u>53,279</u>	<u>2,036</u>	<u>9,792</u>	<u>11,697</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(79,720)</u>	<u>113,834</u>	<u>-</u>	<u>122,922</u>	<u>1,086</u>	<u>9,241</u>	<u>1,766</u>	<u>(987)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	124,146	-	-
Transfers out	-	-	-	-	-	(246,000)	-	-
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(121,854)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(79,720)	113,834	-	122,922	1,086	(112,613)	1,766	(987)
Fund Balances (Deficits) - Beginning of Year	<u>99,329</u>	<u>(16,766)</u>	<u>17,011</u>	<u>1,209,723</u>	<u>11,781</u>	<u>120,468</u>	<u>15,351</u>	<u>4,160</u>
Fund Balances - End of Year	<u>\$ 19,609</u>	<u>\$ 97,068</u>	<u>\$ 17,011</u>	<u>\$ 1,332,645</u>	<u>\$ 12,867</u>	<u>\$ 7,855</u>	<u>\$ 17,117</u>	<u>\$ 3,173</u>

(Continued)

Town of New Fairfield, Connecticut

Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Special Revenue Funds
For the Year Ended June 30, 2015

	Groovin' in New Fairfield Fund	Communi- cations Tower Fund	Misc. Grants Fund	Municipal Water System Fund	Beaver Bog Cemetery Fund	Senior Center Fund	Commission for the Youth Fund	Total Special Revenue Funds
REVENUES								
Intergovernmental	\$ -	\$ -	\$58,470	\$ -	\$ -	\$ -	\$ -	\$ 999,127
Interest income	-	-	-	34	-	-	-	358
Charges for services	3,851	205,835	6,360	21,519	-	45,800	400	1,078,773
Other revenues	-	-	-	-	-	200	-	110,523
Total Revenues	<u>3,851</u>	<u>205,835</u>	<u>64,830</u>	<u>21,553</u>	<u>-</u>	<u>46,000</u>	<u>400</u>	<u>2,188,781</u>
EXPENDITURES								
Current								
General government	-	-	27,586	-	-	45,548	-	73,134
Public safety	-	-	-	-	-	-	-	2,036
Public works	-	9,536	-	16,852	-	-	-	26,388
Health and welfare	-	-	34,390	-	-	-	-	99,366
Culture and recreation	5,131	-	-	-	-	-	80	15,003
Education	-	-	-	-	-	-	-	1,601,366
Total Expenditures	<u>5,131</u>	<u>9,536</u>	<u>61,976</u>	<u>16,852</u>	<u>-</u>	<u>45,548</u>	<u>80</u>	<u>1,817,293</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,280)</u>	<u>196,299</u>	<u>2,854</u>	<u>4,701</u>	<u>-</u>	<u>452</u>	<u>320</u>	<u>371,488</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	124,146
Transfers out	-	(210,000)	-	-	-	-	-	(456,000)
Total Other Financing Uses	<u>-</u>	<u>(210,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(331,854)</u>
Net Change in Fund Balances	(1,280)	(13,701)	2,854	4,701	-	452	320	39,634
Fund Balances (Deficits) - Beginning of Year	<u>9,794</u>	<u>50,468</u>	<u>45,179</u>	<u>56,226</u>	<u>12,752</u>	<u>30,065</u>	<u>10,996</u>	<u>1,676,537</u>
Fund Balances - End of Year	<u>\$ 8,514</u>	<u>\$ 36,767</u>	<u>\$48,033</u>	<u>\$ 60,927</u>	<u>\$ 12,752</u>	<u>\$30,517</u>	<u>\$ 11,316</u>	<u>\$1,716,171</u>

See Independent Auditors' Report

Town of New Fairfield, Connecticut

Combining Balance Sheet
 Capital Projects Funds
 June 30, 2015

	Fire Company Reserve Fund	BOE Technology Fund	School Capital Project Fund	MHHS Septic Fund	Town Center Beauti- fication Fund	MHHS/HS Renova- tions	Total Capital Projects Funds
ASSETS							
Cash and equivalents	\$ 377,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 377,799
Other receivables							
Accounts	88,578	-	-	-	-	-	88,578
Intergovernmental	-	-	214,673	-	-	394,991	609,664
Due from other funds	32,798	349,838	-	-	4,089	-	386,725
Total Assets	<u>\$ 499,175</u>	<u>\$ 349,838</u>	<u>\$ 214,673</u>	<u>\$ -</u>	<u>\$ 4,089</u>	<u>\$ 394,991</u>	<u>\$ 1,462,766</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)							
Liabilities							
Accounts payable	\$ -	\$ 111,361	\$ -	\$ -	\$ -	\$ 49,893	\$ 161,254
Due to other funds	-	7,663	28,658	90,565	-	119,071	245,957
Total Liabilities	<u>-</u>	<u>119,024</u>	<u>28,658</u>	<u>90,565</u>	<u>-</u>	<u>168,964</u>	<u>407,211</u>
Deferred inflows of resources							
Deferred revenues - unavailable	88,578	-	214,673	-	-	394,991	698,242
Fund balances (deficits)							
Committed	410,597	230,814	-	-	4,089	-	645,500
Unassigned	-	-	(28,658)	(90,565)	-	(168,964)	(288,187)
Total Fund Balances (Deficits)	<u>410,597</u>	<u>230,814</u>	<u>(28,658)</u>	<u>(90,565)</u>	<u>4,089</u>	<u>(168,964)</u>	<u>357,313</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 499,175</u>	<u>\$ 349,838</u>	<u>\$ 214,673</u>	<u>\$ -</u>	<u>\$ 4,089</u>	<u>\$ 394,991</u>	<u>\$ 1,462,766</u>

See Independent Auditors' Report

Town of New Fairfield, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Capital Projects Funds
 For the Year Ended June 30, 2015

	Fire Company Reserve Fund	BOE Technology Fund	School Capital Project Fund	MHHS Septic Fund	Town Center Beauti- fication Fund	MHHS/HS Renova- tions	Total Capital Projects Funds
REVENUES							
Interest income	\$ 568	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 568
Other revenues	6,200	-	-	-	-	-	6,200
Total Revenues	<u>6,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,768</u>
EXPENDITURES							
Capital outlay	96,438	615,063	-	-	-	291,542	1,003,043
Deficiency of Revenues Over Expenditures	<u>(89,670)</u>	<u>(615,063)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(291,542)</u>	<u>(996,275)</u>
OTHER FINANCING SOURCES							
Transfers in	149,660	678,103	-	-	-	-	827,763
Net Change in Fund Balances	59,990	63,040	-	-	-	(291,542)	(168,512)
Fund Balances (Deficits) - Beginning of Year	<u>350,607</u>	<u>167,774</u>	<u>(28,658)</u>	<u>(90,565)</u>	<u>4,089</u>	<u>122,578</u>	<u>525,825</u>
Fund Balances (Deficits) - End of Year	<u>\$ 410,597</u>	<u>\$ 230,814</u>	<u>\$ (28,658)</u>	<u>\$ (90,565)</u>	<u>\$ 4,089</u>	<u>\$ (168,964)</u>	<u>\$ 357,313</u>

Town of New Fairfield, Connecticut

Combining Statement of Net Position
Pension Trust Funds
June 30, 2015

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Investments, at fair value	\$ 13,860,888	\$ 1,953,133	\$ 15,814,021
Employer contributions receivable	<u>160,140</u>	<u>-</u>	<u>160,140</u>
Total Assets	<u>14,021,028</u>	<u>1,953,133</u>	<u>15,974,161</u>
NET POSITION			
Restricted for pension / OPEB benefits	<u>\$ 14,021,028</u>	<u>\$ 1,953,133</u>	<u>\$ 15,974,161</u>

Town of New Fairfield, Connecticut

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

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer	\$ 781,140	\$ 236,700	\$ 1,017,840
Investment income			
Interest and dividends	<u>250,047</u>	<u>26,124</u>	<u>276,171</u>
Total Additions	<u>1,031,187</u>	<u>262,824</u>	<u>1,294,011</u>
DEDUCTIONS			
Pension benefits	242,101	-	242,101
Administrative fees	<u>46,609</u>	<u>13,083</u>	<u>59,692</u>
Total Deductions	<u>288,710</u>	<u>13,083</u>	<u>301,793</u>
Change in Net Position	742,477	249,741	992,218
Net Position - Beginning of Year	<u>13,278,551</u>	<u>1,703,392</u>	<u>14,981,943</u>
Net Position - End of Year	<u>\$14,021,028</u>	<u>\$ 1,953,133</u>	<u>\$ 15,974,161</u>

See Independent Auditors' Report

Town of New Fairfield, Connecticut

Combining Statement of Net Position
 Agency Funds
 For the Year Ended June 30, 2015

	Balance Beginning	Additions	Deductions	Balance Ending
Student Activity Fund				
Assets				
Cash	\$ 405,588	\$ 757,357	\$ 736,578	\$ 426,367
Investments, at fair value	<u>99,079</u>	<u>-</u>	<u>2,527</u>	<u>96,552</u>
Total assets	<u>\$ 504,667</u>	<u>\$ 757,357</u>	<u>\$ 739,105</u>	<u>\$ 522,919</u>
Liabilities				
Due to others	<u>\$ 504,667</u>	<u>\$ 757,357</u>	<u>\$ 739,105</u>	<u>\$ 522,919</u>
Performance Bonds				
Assets				
Cash	<u>\$ 107,275</u>	<u>\$ 24,002</u>	<u>\$ 26,980</u>	<u>\$ 104,297</u>
Liabilities				
Due to others	<u>\$ 107,275</u>	<u>\$ 24,002</u>	<u>\$ 26,980</u>	<u>\$ 104,297</u>
Combined Total				
Assets				
Cash	\$ 512,863	\$ 781,359	\$ 763,558	\$ 530,664
Investments, at fair value	<u>99,079</u>	<u>-</u>	<u>2,527</u>	<u>96,552</u>
Total assets	<u>\$ 611,942</u>	<u>\$ 781,359</u>	<u>\$ 766,085</u>	<u>\$ 627,216</u>
Liabilities				
Due to others	<u>\$ 611,942</u>	<u>\$ 781,359</u>	<u>\$ 766,085</u>	<u>\$ 627,216</u>

See Independent Auditors' Report

Town of New Fairfield, Connecticut

Supplementary Schedules
June 30, 2015

Town of New Fairfield, Connecticut

Schedule of Expenditures
 Budget and Actual (Budgetary Basis)
 General Fund - Details of Board of Education Expenditures
 For the Year Ended June 30, 2015

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Salaries and Wages					
Administrators / directors	\$ 2,019,460	\$ 8,834	\$ 2,028,294	\$ 2,028,324	\$ (30)
Certified personnel / teachers	17,340,477	(397,314)	16,943,163	16,926,535	16,628
Maintenance / custodians	1,065,587	(30,704)	1,034,883	1,042,859	(7,976)
Secretaries	981,930	46,362	1,028,292	1,032,514	(4,222)
Occupational and physical therapists	266,189	5,995	272,184	273,124	(940)
Paraprofessionals	1,067,783	(46,671)	1,021,112	1,013,016	8,096
Technology	300,843	(19,995)	280,848	277,767	3,081
Homebound tutors	60,000	(34,151)	25,849	25,308	541
Counselors	16,079	-	16,079	16,079	-
Temporary employees / substitutes	397,156	1,120	398,276	385,378	12,898
Overtime	74,050	18,707	92,757	94,893	(2,136)
Dept head / activities / extra duties	167,344	(715)	166,629	153,708	12,921
Coaches	196,286	(6,198)	190,088	189,006	1,082
Co-curricular activities	131,946	(15,778)	116,168	116,733	(565)
Employee Benefits					
FICA / Medicare	578,519	-	578,519	576,526	1,993
Pension benefit	320,280	-	320,280	320,000	280
GASB 45	213,300	-	213,300	213,000	300
Tuition Reimbursement	19,546	-	19,546	19,545	2
Unemployment compensation	28,476	-	28,476	25,951	2,525
Workers' compensation	259,623	11,856	271,479	271,479	-
Other employee benefits	1,075	-	1,075	883	192
Purchased services					
Staff development and training	20,210	-	20,210	23,690	(3,480)
Instruction services	52,238	(8,999)	43,239	43,044	195
Pupil services	2,152	-	2,152	2,077	75
Other professional services	558,308	25,567	583,875	598,697	(14,822)
Legal counsel	35,000	(2,466)	32,534	33,254	(720)
Speech / language services	34,045	-	34,045	34,663	(618)
Repairs and maintenance	200,959	111,690	312,649	313,583	(934)
Service contracts	234,925	13,703	248,628	245,614	3,014
Rentals - postage machines and copiers	151,407	9,512	160,919	159,762	1,157
Projects - buildings and grounds	60,500	102,846	163,346	163,077	269
Other purchased property services	17,018	-	17,018	16,909	109
Pupil transportation (in-district)	1,430,091	(25,610)	1,404,481	1,393,594	10,887
Pupil transportation (out-of-district)	331,417	(1,800)	329,617	328,905	712
Property and liability insurance	248,412	6,449	254,861	254,861	-
Communications / telephones	48,544	8,102	56,646	59,390	(2,744)
Postage	12,446	(956)	11,490	10,813	677
Advertising	7,479	-	7,479	3,795	3,684
Printing and binding	12,239	(220)	12,019	12,712	(693)
Tuition					
Tuition in-state public	365,804	25,566	391,370	373,648	17,722
Tuition in-state private	302,500	67,075	369,575	368,918	657
Conferences and travel	20,059	(3,446)	16,613	15,670	943

(Continued)

Town of New Fairfield, Connecticut

Schedule of Expenditures
 Budget and Actual (Budgetary Basis)
 General Fund - Details of Board of Education Expenditures
 For the Year Ended June 30, 2015

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Supplies					
General supplies	\$ 18,440	\$ 3,827	\$ 22,267	\$ 14,165	\$ 8,102
Instructional supplies	265,523	2,650	268,173	268,029	144
Software	127,628	-	127,628	128,720	(1,092)
Custodial and maintenance supplies	84,877	23,324	108,201	108,390	(189)
Property					
Electricity	618,800	(22,051)	596,749	614,291	(17,542)
Bottled gas	23,205	-	23,205	24,188	(983)
Heating oil	344,300	(10,251)	334,049	334,047	2
Gasoline	3,134	1,800	4,934	7,047	(2,113)
Diesel fuel	171,754	(14,012)	157,742	171,105	(13,363)
Magazines and subscriptions	20,468	-	20,468	20,529	(61)
Textbooks and workbooks	67,797	45,638	113,435	104,151	9,284
Library books and periodicals	24,785	-	24,785	24,641	144
Other supplies and materials	94,667	5,018	99,685	98,111	1,574
Equipment	147,106	221,974	369,080	390,737	(21,657)
Dues and fees	27,572	4,500	32,072	36,441	(4,369)
Accreditation	7,060	-	7,060	6,700	360
Education adjustment	141,368	(130,778)	10,590	9,780	810
	<u>\$31,840,186</u>	<u>\$ -</u>	<u>\$31,840,186</u>	<u>\$31,820,373</u>	<u>\$ 19,813</u>

Town of New Fairfield, Connecticut

Internal Control and Compliance Reports
June 30, 2015

**Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

Independent Auditors' Report

**The Board of Finance
Town of New Fairfield, Connecticut**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of New Fairfield, Connecticut ("Town") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 22, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting as items SD-2013-01.

Town's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Town's response and, accordingly, we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Town in a separate letter dated January 22, 2016.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

PKF O'Connor Davies, LLP

January 22, 2016

Town of New Fairfield, Connecticut

State Single Audit
June 30, 2015

Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

Independent Auditors' Report

**The Board of Finance
Town of New Fairfield, Connecticut**

Report on Compliance for Each Major State Program

We have audited the Town of New Fairfield, Connecticut's ("Town") compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2015. The Town's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major State Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated January 22, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by the State Single Audit Act, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Schedule of Expenditures of State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PKF O'Connor Davies, LLP

January 22, 2016

Town of New Fairfield, Connecticut

Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2015

State Grantor Pass-Through Grantor Program Title	State Grant Program Core-CT Number	Expenditures
Connecticut State Library		
Grants to Public Libraries	11000-CSL66051-17003	\$ 1,158
Connecticard Payments	11000-CSL66051-17010	914
Historic Documents Preservation Grants	12060-CSL66094-35150	5,000
Department of Transportation		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	276,563
Department of Emergency Services and Public Protection		
Enhanced 911 Telecommunication Fund	12060-DPS32181-35190	1,164
School Security Infrastructure	12052-DPS32183-43546	156,987
Department of Justice		
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	1,780
Office of Policy and Management		
Reimbursement to Towns - Tax Loss on State Owned Property	11000-OPM20600-17004	20,607
Reimbursement of Property Tax - Disability Exemption	11000-OPM20600-17011	1,556
Property Tax Relief for Elderly Circuit Breaker	11000-OPM20600-17018	89,316
Property Tax Relief for Veterans	11000-OPM20600-17024	16,293
Local Capital Improvement Program (LOCIP)	12050-OPM20600-40254	80,517
Municipal Purposes and Projects	12052-OPM-20600-43587	1,081
Department of Education		
Development of Mastery Exams Grades 4, 6, 8	11000-SDE64370-12171	9,500
Primary Mental Health	11000-SDE64370-12198	19,600
Common Core	11000-SDE-64370-12566	3,912
Child Nutrition State Match	11000-SDE64370-16211	6,896
Health Foods Initiative	11000-SDE64370-16212	14,149
Adult Education	11000-SDE64370-17030	3,917
School Breakfast Program	11000-SDE64370-17046	6,067
Magnet Schools	11000-SDE64370-17057	<u>23,400</u>
Total State Financial Assistance before Exempt Programs		<u>740,377</u>
EXEMPT PROGRAMS		
Department of Education		
Education Cost Sharing	11000-SDE64370-17041	4,461,430
Public School Transportation	11000-SDE64370-17027	41,857
Special Education - Excess Cost - Student Based	11000-SDE64370-17047	183,439
Department of Administrative Services		
School Construction Grants	13009-DAS27636-40896	7,112
School Construction Grants	13010-DAS27636-40901	27,101
Office of Policy and Management		
Regional Performance Incentive	12060-OPM20600-35457	19,900
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	<u>26,468</u>
Total exempt programs		<u>4,767,307</u>
Total State Financial Assistance		<u>\$ 5,507,684</u>

The accompanying notes are an integral part of this schedule

Town of New Fairfield, Connecticut

Notes to Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2015

1. Summary of Significant Accounting Policies

General

The accompanying Schedule of Expenditures of State Financial Assistance includes state grant activity of the Town of New Fairfield, Connecticut ("Town") under programs of the State of Connecticut for the fiscal year ended June 30, 2015. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments.

The information in the Schedule of Expenditures of State Financial Assistance is presented based on regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The financial statements for the governmental fund types contained in the Town's basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements and the financial statements for the business-type activities are prepared on the full 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 for the current period,
- Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as certain other expenditures, when applicable, related to compensated absences, pension obligations, landfill closure costs, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations of the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

Town of New Fairfield, Connecticut

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported
- Noncompliance material to financial statements noted yes X no

State Financial Assistance

Internal control over major programs

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

 yes X no

The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Transportation Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	\$276,563
Department of Emergency Services and Public Protection School Security Infrastructure	12052-DPS32183-43546	\$99,541

Dollar threshold used to distinguish between type A and type B programs:

\$100,000

Section II - Financial Statement Findings

SD-2013-01 – Comprehensive Controls

Criteria – Internal controls are a coordinated set of policies and procedures that management uses to achieve their objectives and meet their fundamental responsibilities for effectiveness, efficiency, compliance and financial reporting. The literature recognizes five sections of internal control published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report) in Internal Control – Integrated Framework. These five interrelated components include:

Town of New Fairfield, Connecticut

Schedule of Findings and Questioned Costs Year Ended June 30, 2015

- *Control Environment* – A favorable control environment exists when management is knowledgeable about controls (entity wide and specific), is committed to establishing controls and communicates its support for internal controls to all individuals involved.
- *Risk Assessment* – This involves management's continual identification and assessment of the potential risks that might prevent management from fulfilling its responsibilities and achieving its objectives.
- *Information and Communication Systems* – These are the systems used to assure that appropriate individuals have timely and accurate information to carry out their responsibilities.
- *Control Activities* – These are management's response to the risks identified. These are the specific policies and procedures that are put in place to alert management of undesired actions in a timely manner.
- *Monitoring* – There is a responsibility of management to follow up on the controls that have been put in place to assure that they continue to function and function properly, effectively and efficiently.

Condition – The Town does not have an integrated framework established to deal with each of the interrelated entity level controls over and above the specific control policies and procedures that have been developed.

Effect – There are weaknesses in the controls, risks may exist that have not been specifically addressed, there are controls that are not documented, and monitoring is not addressed.

Recommendation – We recommend that the Town establish a committee of volunteers and employees that assesses the risk in the significant systems, reduces the risk by establishing control activities, documents the resulting processes, and continues to assess, adapt and monitor the processes.

Views of Responsible Officials and Planned Corrective Actions – The Town will follow the recommendations of the auditor. The Town is in the process of creating an accounting manual.

Section III - State Financial Assistance Findings and Questioned Costs

No findings or questioned cost are reported relating to State financial assistance programs.

Town of New Fairfield, Connecticut

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

SD-2013-01 – Comprehensive Controls

Condition: The Town does not have an integrated framework established to deal with each of the interrelated entity level controls over and above the specific control policies and procedures that have been developed.

Current Status: Repeated as finding number SD-2013-01.

Planned Corrective Action: See the response included in the current year Schedule of Findings and Questioned Costs.

Town of New Fairfield, Connecticut

Federal Single Audit
June 30, 2015

**Report on Compliance for Each Major Federal Program; Report on Internal Control
Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by
OMB Circular A-133**

Independent Auditors' Report

**To the Board of Finance
Town of New Fairfield, Connecticut**

Report on Compliance for Each Major Federal Program

We have audited the Town of New Fairfield, Connecticut's ("Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2015. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items NC-2015-01, NC-2015-02, and NC-2015-03. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2015, and have issued our report thereon dated January 22, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

PKF O'Connor Davies, LLP

January 22, 2016

Town of New Fairfield, Connecticut

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Program
U.S. Department of Agriculture			
Pass-Through programs from Connecticut State Department of Education			
Child Nutrition Cluster			
National School Lunch	10.555	12060-SDE64370-20560	\$ 113,526
School Breakfast Program	10.553	12060-SDE64370-20508	<u>6,592</u>
Total U.S. Department of Agriculture			<u>120,118</u>
U.S. Department of Transportation			
Pass-Through programs from Connecticut Department of Transportation			
Highway Planning and Construction	20.205	12062-DOT57191-22108	54,818
U.S. Department of Education			
Direct Programs			
Title III, Education Connection	84.031	Not Applicable	3,230
Pass-Through programs from Connecticut State Department of Education			
Special Education Cluster (IDEA)			
IDEA, Part B, Section 611, Handicapped - Current	84.027	12060-SDE64370-20977	147
IDEA, Part B, Section 611, Handicapped - Carryover	84.027	12060-SDE64370-20977	367,765
IDEA, Part B, Section 619, Preschool - Carryover	84.173	12060-SDE64370-20983	<u>12,513</u>
Total Special Education Cluster (IDEA)			<u>380,425</u>
Title I - Current	84.010	12060-SDE64370-20679	3,536
Title I - Carryover	84.010	12060-SDE64370-20679	94,640
Title II - Part A, Improving Teacher Quality - Carryover	84.367	12060-SDE64370-20858	29,817
Career and Technical Education - Basic Grants to States	84.048	12060-SDE64370-20742	<u>17,246</u>
Total U.S. Department of Education			<u>528,894</u>
U.S. Department of Health and Human Services			
Pass-Through programs from Connecticut Department of Public Health			
Public Health Emergency Preparedness	93.069	12060-DPH48558-22333	<u>32,830</u>

(continued)

The accompanying notes are an integral part of this schedule

Town of New Fairfield, Connecticut

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Program
U.S. Department of Homeland Security			
Pass-Through programs from Connecticut Department of Public Safety			
Hazard Mitigation	97.039	12060-DPS32983-22519	55,100
Emergency Management Performance Grant	97.042	12060-DPS32160-21881	27,867
U.S. Department of Housing and Urban Development			
Pass-Through programs from Connecticut Department of Economics and Community Development			
Community Development Block Grants/Entitlement Grants	14.218	12060-DOH46930-20730	<u>174,965</u>
U.S. Department of the Interior			
Pass-Through programs from Connecticut Department of Economics and Community Development			
Historic Preservation Fund Grants In Aid	15.904	12060-ECD46840-21494	<u>3,108</u>
Total Expenditures of Federal Awards			<u><u>\$ 997,700</u></u>

The accompanying notes are an integral part of this schedule

Town of New Fairfield, Connecticut

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

1. Summary Of Significant Accounting Policies

General

The accompanying Schedule of Expenditures of Federal Awards presents activity of all federal award programs for the year ended June 30, 2015. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the Schedule.

Basis of Accounting

The financial statements for the governmental fund types contained in Town of New Fairfield, Connecticut's ("Town") basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements and the financial statements for the business-type activities are prepared on the full 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 for the current period,
- Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as certain other expenditures, when applicable, related to compensated absences, pension obligations, landfill closure costs, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Town of New Fairfield, Connecticut

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted yes X no

Federal Awards

Internal control over major programs

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of report issued on compliance for major programs: unmodified

Audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? X yes no

The following schedule reflects the major programs included in the audit:

CFDA Number(s)	Name of Federal Program or Cluster
	Special Education Cluster (IDEA)
84.027	IDEA, Part B, Section 611, Handicapped – Current
84.027	IDEA, Part B, Section 611, Handicapped – Carryover
84.173	IDEA, Part B, Section 619, Preschool – Carryover
	Child Nutrition Cluster
10.555	National School Lunch
10.553	School Breakfast Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as a low risk auditee? yes X no

Section II - Financial Statement Findings:

SD-2013-01 – Comprehensive Controls

Criteria – Internal controls are a coordinated set of policies and procedures that management uses to achieve their objectives and meet their fundamental responsibilities for effectiveness, efficiency, compliance and financial reporting. The literature recognizes five sections of internal control published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report) in Internal Control – Integrated Framework. These five interrelated components include:

Town of New Fairfield, Connecticut

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2015

- *Control Environment* – A favorable control environment exists when management is knowledgeable about controls (entity wide and specific), is committed to establishing controls and communicates its support for internal controls to all individuals involved.
- *Risk Assessment* – This involves management’s continual identification and assessment of the potential risks that might prevent management from fulfilling its responsibilities and achieving its objectives.
- *Information and Communication Systems* – These are the systems used to assure that appropriate individuals have timely and accurate information to carry out their responsibilities.
- *Control Activities* – These are management’s response to the risks identified. These are the specific policies and procedures that are put in place to alert management of undesired actions in a timely manner.
- *Monitoring* – There is a responsibility of management to follow up on the controls that have been put in place to assure that they continue to function and function properly, effectively and efficiently.

Condition – The Town does not have an integrated framework established to deal with each of the interrelated entity level controls over and above the specific control policies and procedures that have been developed.

Effect – There are weaknesses in the controls, risks may exist that have not been specifically addressed, there are controls that are not documented, and monitoring is not addressed.

Recommendation – We recommend that the Town establish a committee of volunteers and employees that assesses the risk in the significant systems, reduces the risk by establishing control activities, documents the resulting processes, and continues to assess, adapt and monitor the processes.

Views of Responsible Officials and Planned Corrective Actions – The Town will follow the recommendations of the auditor. The Town is in the process of creating an accounting manual.

Town of New Fairfield, Connecticut

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section III - Federal Award Findings And Questioned Costs

Finding NC-2015-01 – Activities Allowed and Allowable Costs

Grantor: U.S. Department of Agriculture
Federal Program Name: Child Nutrition Cluster:
National School Lunch
School Breakfast Program
Pass-through Entity: Connecticut State Department of Education
CFDA Number: 10.555, 10.553

Criteria:

Authorization of activities allowed and allowable costs should be fixed in an individual who is knowledgeable of the requirements for determining activities allowed and allowable costs. The reports should be reviewed on a timely basis.

Condition:

The Business Manager reviews the monthly profit and loss statements and claim reimbursement requests submitted by the Food Service Management Company (“FSMC”). The review only consists of a reasonability check.

Questioned Cost:

Not applicable.

Context:

Not applicable.

Effect:

Reports may be submitted by the FSMC that are not correct.

Cause:

The Business Manager is not thoroughly reviewing the reports.

Recommendation:

The Business Manager should familiarize himself with the grant requirements and use that knowledge to review the reporting adequately.

Views of Responsible Officials and Planned Corrective Actions:

The Business Manager will review the reports more thoroughly in the future.

Town of New Fairfield, Connecticut

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Finding NC-2015-02 – Eligibility

Grantor:	U.S. Department of Agriculture
Federal Program Name:	Child Nutrition Cluster: National School Lunch School Breakfast Program
Pass-through Entity:	Connecticut State Department of Education
CFDA Number:	10.555, 10.553

Criteria:

Children must meet the income guidelines in order to be eligible for free or reduced price meals.

Condition:

One child tested had family income above the free threshold, and should have received reduced lunch, rather than free lunch.

Questioned Cost:

Not applicable. Calculated as below the \$10,000 reporting threshold.

Context:

This appears to be an isolated incident. The Board of Education appears to be reviewing all applications and this one was missed.

Effect:

The Board of Education may be submitting claims for reimbursements that are too high.

Cause:

The Board of Education incorrectly reviewed an application.

Recommendation:

The Board of Education should ensure applications are reviewed thoroughly.

Views of Responsible Officials and Planned Corrective Actions:

The Board of Education will institute procedures to ensure all applications are reviewed.

Town of New Fairfield, Connecticut

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Finding NC-2015-03 – Special Provisions – Paid Lunch Equity

Grantor:	U.S. Department of Agriculture
Federal Program Name:	Child Nutrition Cluster: National School Lunch School Breakfast Program
Pass-through Entity:	Connecticut State Department of Education
CFDA Number:	10.555, 10.553

Criteria:

A school's full charge lunch rate must be greater than the federal reimbursement rate for a free lunch (\$2.98 in 2014-15) less the federal reimbursement rate for a full paid lunch (40.28 in 2014-15). The full charge lunch rate must be at least \$2.70 for 2014-15.

Condition:

The Consolidated and Meeting House schools charged \$2.45 for full priced lunches which is \$0.25 below the paid equity rate.

Questioned Cost:

Not applicable. Calculated as below the \$10,000 reporting threshold.

Context:

The High School and Middle School paid lunch rates are equal to the paid equity rate of \$2.70.

Effect:

The Board of Education may be submitting claims for reimbursements that are too high.

Cause:

The Board of Education has consistently been voting to raise lunch prices but have still been under the rate.

Recommendation:

The Board of Education should ensure prices are at least equal to the current year's rate.

Views of Responsible Officials and Planned Corrective Actions:

The issue has been remedied in 2015-16. The threshold for 2015-16 has been met for all schools.

Town of New Fairfield, Connecticut

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

SD-2013-01 – Comprehensive Controls

Condition: The Town does not have an integrated framework established to deal with each of the interrelated entity level controls over and above the specific control policies and procedures that have been developed.

Current Status: Repeated as finding number SD-2013-01.

Planned Corrective Action: See the response included in the current year Schedule of Findings and Questioned Costs.