

# TOWN OF FARMINGTON, CONNECTICUT



COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014

# **TOWN OF FARMINGTON, CONNECTICUT**

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ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014

Department of Finance

Joseph Swetcky, Jr.  
Director of Finance

# **INTRODUCTORY SECTION**

**TOWN OF FARMINGTON, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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December 17, 2014

To Members of the Town Council and the Citizens of the Town of Farmington:

Connecticut State Statutes require that all municipal entities publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report for the Town of Farmington, Connecticut, for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To have a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed to both protect the Town's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town of Farmington's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Farmington financial statements have been audited by the firm of Blum, Shapiro & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Farmington for the fiscal year ended June 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Farmington's financial statements for the year ended June 30, 2014 are fairly presented in conformance with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The Town is required to undergo annual single audits in conformity with the provisions of Connecticut State Statutes, the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*. Information related to these single audits, such as the schedules of state and federal financial assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in separately issued single audit reports.



GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

### **Government Profile**

The Town of Farmington was incorporated in 1645 from what was known as Tunxis Plantation, one of the largest single land grants in the Colonies. Known as the "Mother Town," Farmington subsequently was partitioned into the towns of Avon, Bristol, Plainville, New Britain, Berlin, Southington and Burlington. Today Farmington comprises 28.7 square miles along the Farmington River, lying ten miles west of Hartford and equidistant from the cities of Bristol and New Britain. The Town is bordered on the north by Avon, on the east by West Hartford, New Britain and Newington, on the south by Plainville, and on the west by Bristol and Burlington.

Farmington operates under the Council-Manager form of government. The Town Charter, which is the primary organizational document, was first adopted in 1947 and last revised in May of 2003. The seven-member Town Council is elected biennially for a term of two years and serves without compensation. Minority party representation of at least two council members is guaranteed. A Town Manager is appointed by the Council and serves as a full-time chief executive.

The Town provides a full range of services to its residents. These services include police and fire protection; a K-12 public education system; sanitation services; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. The Farmington Housing Authority, The Farmington Village Green & Library Association and The Farmington Woods Tax District have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

The annual budget is adopted through a town meeting/referendum process. Not later than 45 days before the Annual Town Meeting the Town Manager presents budget estimates to the Town Council. Not later than 14 days before the Annual Town Meeting the Town Council holds a public hearing on its proposed budget and then prepares its recommended budget. The recommended budget is then presented to the Annual Town Meeting. On the tenth day after the Annual Town Meeting, a referendum is held on the recommended budget as amended (if any) at the Annual Town Meeting. The budget becomes effective unless it is rejected by a majority of those voting at the referendum and if at least 15% of the registered voters have participated in the referendum. The annual budget is prepared in the format of fund, function and department. By Town Charter, the Town Manager may make transfers within a department but the Town Council must approve all transfers between departments.

### **Local Economy**

Farmington lies at the hub of major Interstate 84 interchanges, giving it a strong location advantage as a site for businesses in central Connecticut. The Town is the site of numerous financial and insurance institutions as well as a major regional shopping center. In addition to its attractiveness to businesses, the Town is also home to the University of Connecticut Health Center and John Dempsey Hospital.

The Health Center is the Town's largest employer with over 5,000 employees. The Center is composed of the School of Medicine, the School of Dental Medicine, John Dempsey Hospital, the UConn Medical Group, UConn Health Partners and University Dentists. The Health Center offers degree programs in medicine, dental medicine and bio-medical science. It also offers master's degree programs in public health and dental science, postdoctoral fellowships and residency programs.

The unemployment rate for the Town during June 2014 was 4.9%. This was below the 6.5% average for the State of Connecticut and a decrease of 1.4% from a year ago. The unemployment rate is expected to continue to slowly lower both in Farmington and the State of Connecticut, as the state recovers from the last recession. The Town continues to see improvement in its economy as major construction initiatives continue to be initiated throughout town. These projects have resulted in increased building permit revenue and growth in the grand list.

### **Long-Term Financial Planning**

The Town has made a commitment to maintain and improve its land, buildings and equipment by adopting a five-year capital improvement plan that uses funding from annual appropriations, grants and debt issuance for road improvements, open space acquisition, fire fighting apparatus replacement and waste water infrastructure improvements. The Plan requires the Town to commit almost 3% of the operating budget to capital projects.

### **Major Initiatives**

The Town undertook several major initiatives during the year. These included:

Adopted a budget totaling \$94.3 million and set a tax rate of 24.44 mills for the Fiscal Year beginning July 1, 2014;

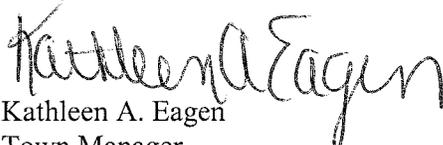
Approved two referendum questions which authorized the issuance of \$4.5 million in borrowing to replace a school roof and purchase open space;

Appropriated additional funding totaling \$666,000 to the Farmington Schools for safety upgrades and improvements at various schools;

Purchased approximately 25 acres of open space at a cost of \$515,250;

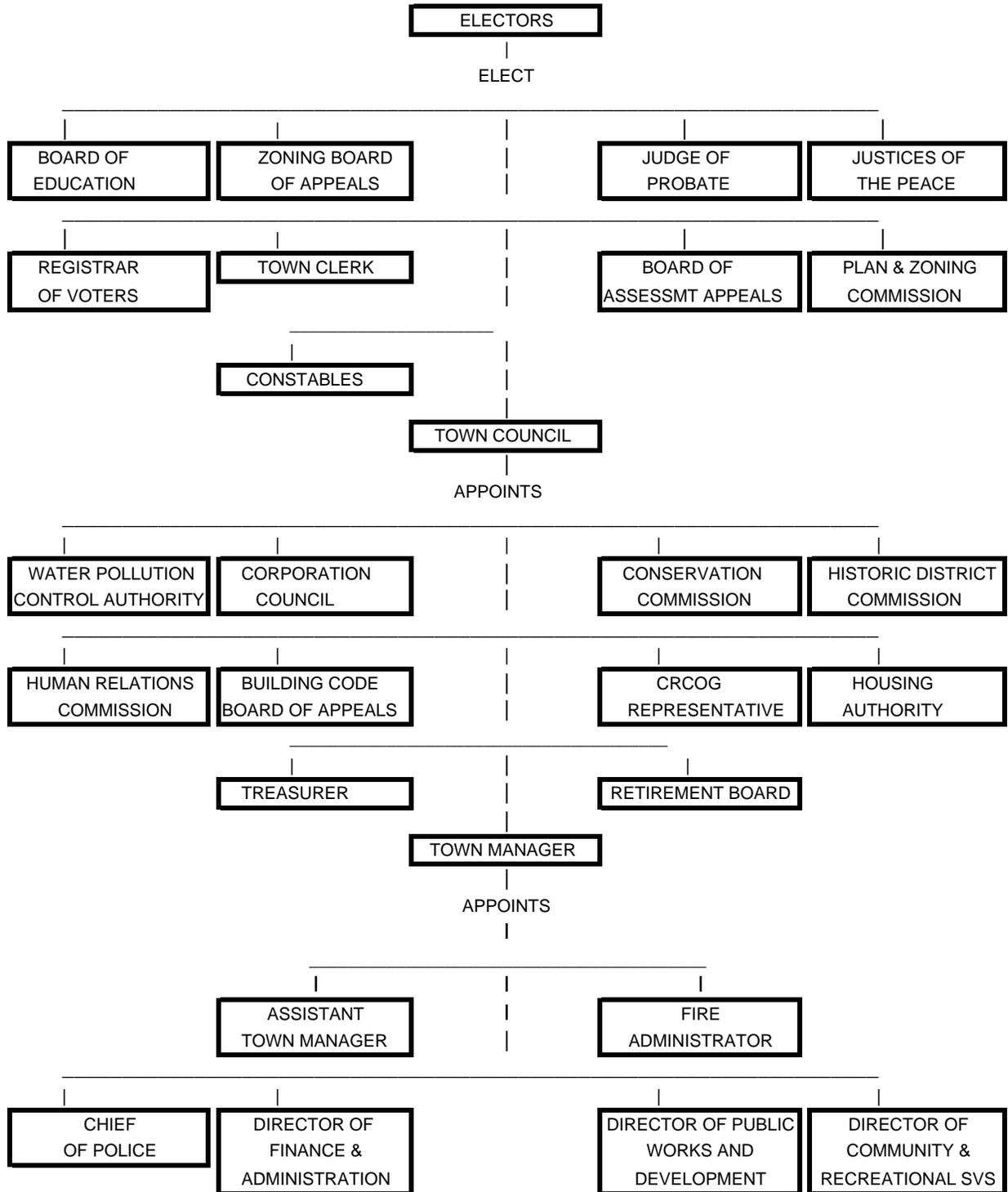
**Acknowledgments:** While the Director of Finance and the accounting division of the finance department are responsible for the preparation of the comprehensive annual financial report, staff from all divisions in some way have contributed to the financial success of the Town and to the publication of this report. Their cooperation and efforts are appreciated.

Respectfully submitted,

  
Kathleen A. Eagen  
Town Manager

  
Joseph Swetcky, Jr.  
Finance Director/Treasurer

# TOWN OF FARMINGTON ORGANIZATION CHART



**TOWN OF FARMINGTON, CONNECTICUT**

**PRINCIPAL OFFICIALS**

**TOWN COUNCIL**

Nancy W. Nickerson, Chairperson  
Jeffry Apuzzo  
John Landry  
Peter Mastrobattista  
Amy Suffredini  
Meredith Trimble  
John W. Vibert

**BOARD OF EDUCATION**

Mary Grace Reed, Chairperson  
Paula O'Brien, Vice Chair/Secretary  
William Baker  
Jean Baron  
William Beckert  
Mark Blore  
Bernard B. Erickson  
Christopher Fagan  
Ellen Siuta

**APPOINTED OFFICIALS**

Kathleen A. Eagen, Town Manager  
Kathleen C. Greider, Superintendent of Schools  
Halloran & Sage, LLP, Town Attorney  
Joseph Swetcky, Jr., Director of Finance/Treasurer  
Charles O Zettergren, School Business Administrator

# **FINANCIAL SECTION**

# BlumShapiro

Accounting | Tax | Business Consulting

## Independent Auditors' Report

To the Members of Town Council  
Town of Farmington, 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 Farmington, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Farmington, Connecticut'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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the budgetary comparison information on pages 55 through 58 and the supplementary pension information on pages 59 through 61 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014 on our consideration of the Town of Farmington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Farmington, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 17, 2014

**Town of Farmington, Connecticut  
Management's Discussion and Analysis  
June 30, 2014**

As management of the Town of Farmington, Connecticut, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Farmington for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal.

**Financial Highlights**

The assets of the Town of Farmington exceeded its liabilities at the close of the most recent fiscal year by \$101,610,067. Of this amount, \$12,335,767 may be used to meet the government's ongoing obligations to citizens and creditors.

The Town's total net position increased by \$3,346,695. Net position for the governmental activities increased \$3,154,431, while net position for business-type activities increased by \$192,264.

At the close of the current fiscal year, the Town of Farmington's governmental funds reported combined ending fund balances of \$13,623,593, a decrease of \$1,862,979 in comparison with the prior year. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,551,893, or 9.9% of total General Fund expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town of Farmington's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. In addition to the basic financial statements, this report contains other supplementary information.

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

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town of Farmington that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, education, public safety, public works and recreation. The business-type activities of the Town of Farmington include the Westwoods Golf Course and waste collection and disposal.

The government-wide financial statements can be found on Exhibits I and II of this report.

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

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

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

The Town of Farmington maintains 19 individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, and the Capital Projects Fund, because they are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found in Exhibits III and IV of this report.

**Proprietary Funds.** The Town of Farmington maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Farmington uses enterprise funds to account for the Westwoods Golf Course and for waste collection and disposal. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for employee health insurance. Because this service predominately benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Westwoods Golf Course, Waste Collection Fund and employee health insurance are the only activities in the proprietary fund financial statements; therefore, they are considered major funds and information for them is shown separately.

The basic proprietary fund statements can be found in Exhibits V through VII of this report.

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

The basic fiduciary fund financial statements can be found on Exhibits VIII and IX of this report.

**Notes to the Financial Statements.** The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-54 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

The Town of Farmington adopts an annual budget for its General Fund and Water Pollution Control Authority Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budget.

Required supplementary information can be found on pages 55-61 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the information on Major Governmental Funds. Combining fund statements and schedules can be found on pages 72-77.

## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the Town, assets exceeded liabilities by \$101,610,067 at the close of the most recent fiscal year.

By far, the largest portion of the Town of Farmington's net position is its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets, net of accumulated depreciation, is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### NET POSITION June 30, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 24,465,581	\$ 25,928,706	\$ 503,811	\$ 320,947	\$ 24,969,392	\$ 26,249,653
Capital assets	134,539,665	132,915,601	1,582,819	1,600,336	136,122,484	134,515,937
Noncurrent assets		544,445			-	544,445
Total assets	<u>159,005,246</u>	<u>159,388,752</u>	<u>2,086,630</u>	<u>1,921,283</u>	<u>161,091,876</u>	<u>161,310,035</u>
Deferred outflows of resources	<u>2,082,289</u>	<u>2,321,391</u>			<u>2,082,289</u>	<u>2,321,391</u>
Current liabilities	5,049,048	4,138,393	791,044	752,136	5,840,092	4,890,529
Noncurrent liabilities	55,163,440	59,734,769	210,711	274,742	55,374,151	60,009,511
Total liabilities	<u>60,212,488</u>	<u>63,873,162</u>	<u>1,001,755</u>	<u>1,026,878</u>	<u>61,214,243</u>	<u>64,900,040</u>
Deferred inflows of resources	<u>273,158</u>	<u>389,523</u>	<u>76,697</u>	<u>78,491</u>	<u>349,855</u>	<u>468,014</u>
Net investment in capital assets	87,902,192	82,048,851	1,372,108	1,325,594	89,274,300	83,374,445
Unrestricted	<u>12,699,697</u>	<u>15,398,607</u>	<u>(363,930)</u>	<u>(509,680)</u>	<u>12,335,767</u>	<u>14,888,927</u>
Total Net Position	<u>\$ 100,601,889</u>	<u>\$ 97,447,458</u>	<u>\$ 1,008,178</u>	<u>\$ 815,914</u>	<u>\$ 101,610,067</u>	<u>\$ 98,263,372</u>

Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

During the fiscal year, the government's total net position increased by \$3,346,695. The increase is primarily attributable to investments in capital assets.

**CHANGES IN NET POSITION**  
**For the Years Ended June 30, 2014 and 2013**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 11,688,951	\$ 10,688,035	\$ 2,261,629	\$ 2,238,626	\$ 13,950,580	\$ 12,926,661
Operating grants and contributions	13,887,649	12,224,690			13,887,649	12,224,690
Capital grants and contributions	1,635,327	806,419			1,635,327	806,419
General revenues:						
Property taxes	83,659,303	82,425,145			83,659,303	82,425,145
Grants and contributions not restricted to specific programs	3,722,109	3,824,257			3,722,109	3,824,257
Investment income	272,091	232,993	946	1,741	273,037	234,734
Capital contributions			45,445		45,445	
Miscellaneous	103,712	126,738	40,360	8,983	144,072	135,721
Total revenues	<u>114,969,142</u>	<u>110,328,277</u>	<u>2,348,380</u>	<u>2,249,350</u>	<u>117,317,522</u>	<u>112,577,627</u>
Expenses:						
Education	73,274,762	70,418,332			73,274,762	70,418,332
Public safety	13,319,434	11,862,365			13,319,434	11,862,365
Public works	8,044,343	7,384,025			8,044,343	7,384,025
Culture and recreation	2,018,087	1,783,833			2,018,087	1,783,833
General administration	9,415,184	7,888,970			9,415,184	7,888,970
Plant operations	3,835,971	3,935,919			3,835,971	3,935,919
Debt service	1,906,930	1,747,126			1,906,930	1,747,126
Waste Collection			1,512,107	1,555,485	1,512,107	1,555,485
Golf Course			644,009	664,729	644,009	664,729
Total expenses	<u>111,814,711</u>	<u>105,020,570</u>	<u>2,156,116</u>	<u>2,220,214</u>	<u>113,970,827</u>	<u>107,240,784</u>
Change in net position	3,154,431	5,307,707	192,264	29,136	3,346,695	5,336,843
Net Position - July 1	<u>97,447,458</u>	<u>92,139,751</u>	<u>815,914</u>	<u>786,778</u>	<u>98,263,372</u>	<u>92,926,529</u>
Net Position - June 30	<u>\$ 100,601,889</u>	<u>\$ 97,447,458</u>	<u>\$ 1,008,178</u>	<u>\$ 815,914</u>	<u>\$ 101,610,067</u>	<u>\$ 98,263,372</u>

## **Governmental Activities**

Governmental activities increased the Town of Farmington's net position by \$3,154,431 thereby accounting for the majority of the growth in the net position of the Town. Key elements of this increase are:

72.8% of all revenues were derived from property taxes, followed by 12.1% from operating grants and contributions.

Charges for Services revenue increased by 9.4% due to building permit revenue and sewer use charge increases.

Grants from all sources and for all purposes made up 16.7% of all revenue. This was an increase of 1.4% from the previous year.

Investment income increased by 16.8% due to favorable equity investment performance in certain special revenue funds.

In total, expenses increased 6.5% over the prior year. All expense categories except for Plant Operations (-2.5%) experienced spending increases. Expense categories experiencing the largest increases were: General Administration (+19.4%); Culture and Recreation (+13.1%); Public Safety (+12.3%); Debt Service (+9.2%).

## **Financial Analysis of the Fund Financial Statements**

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

### **Governmental Funds**

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund's total fund balance was \$9,674,190. Of this amount, \$122,297 is assigned for encumbrances, and the remaining balance of \$9,551,893 is unassigned.

The Town's General Fund fund balance increased by \$576,589 by the end of the fiscal year. The assigned fund balance decreased by \$57,429, and the unassigned fund balance increased by \$634,018.

The Capital Projects Fund had a fund balance of \$988,360 at the end of the fiscal year, a decrease of \$2,908,541. The decrease was the result of substantial capital outlays that were made during the year which will be funded by future debt issuance or reimbursed by capital grants from other governments.

## **Proprietary Funds**

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Town has three proprietary funds, the Westwoods Golf Course, the Waste Collection Fund and an internal service fund used for employee health insurance.

Total Net Position of the Westwoods Golf Course at June 30, 2014 was \$491,861, a decrease of \$4,598. The Total Net Position was helped by a capital contribution of \$45,445 from the General Fund. The Unrestricted net position of the Westwoods Golf Course Fund at the end of the year amounted to (\$776,084), a decrease of \$32,704. This is the ninth year out of the last ten that the operations at the golf course resulted in a decrease in Unrestricted net position.

The Waste Collection Fund was established in order to separately account for the costs of collecting and disposing of solid and bulky waste and recyclables and for the operation of the town landfill. At fiscal year end Unrestricted Net position equaled \$412,154, an increase of \$178,454. This was primarily a result of charges for services and other revenue exceeding operating expenses.

## **General Fund Budgetary Highlights**

For the fiscal year ended June 30, 2014, actual revenues and operating transfers in totaled \$92,614,957 while actual expenditures and operating transfers out totaled \$92,017,760. The excess of revenues and operating transfers in over expenditures and operating transfers out resulted in an increase of \$758,197 to budgetary fund equity. A detailed schedule of revenues and expenditures, budget and actual, can be found on pages 55-58 of this report.

## **Capital Asset and Debt Administration**

### **Capital Assets**

The Town's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2014 amounted to \$134,539,665 and \$1,582,819 respectively. This investment in capital assets included land, buildings and system improvements, machinery and equipment, park facilities, roads, highways and bridges.

**CAPITAL ASSETS (Net of Depreciation)  
June 30, 2014 and 2013**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 32,663,447	\$ 31,437,253	\$ 1,185,750	\$ 1,185,750	\$ 33,849,197	\$ 32,623,003
Improvements	5,225,517	4,252,862			5,225,517	4,252,862
Buildings	54,292,494	52,469,465			54,292,494	52,469,465
Machinery and equipment	3,884,160	3,470,540	397,069	414,586	4,281,229	3,885,126
Infrastructure	34,479,946	34,949,285			34,479,946	34,949,285
Construction in Progress	3,994,101	6,336,196			3,994,101	6,336,196
Total	<u>\$ 134,539,665</u>	<u>\$ 132,915,601</u>	<u>\$ 1,582,819</u>	<u>\$ 1,600,336</u>	<u>\$ 136,122,484</u>	<u>\$ 134,515,937</u>

Additional information on the Town's capital asset activity can be found in Note 3C.

**Long-Term Debt**

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$40,565,000. All of the debt is backed by the full faith and credit of the Town.

**OUTSTANDING DEBT  
June 30, 2014 and 2013**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 40,565,000	\$ 45,835,000	\$	\$	\$ 40,565,000	\$ 45,835,000
Loans payable		916,443			-	916,443
Total	<u>\$ 40,565,000</u>	<u>\$ 46,751,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,565,000</u>	<u>\$ 46,751,443</u>

The Town's total debt had a net decrease of \$6,186,443 during the current fiscal year. The decrease was a result of the Town paying its scheduled debt service. The Town did not issue any new debt during the year.

The Town's credit rating for all of its general obligation debt is AAA by Moody's Investor Services. This rating was reaffirmed by Moody's Investor Services in February 2013.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.0 times its total prior year tax collections. The current statutory debt limitation for the Town is \$586,159,308, which is significantly more than the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note 3E.

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

The Town's unemployment rate was 4.9% as of June 2014, a significant decrease of 1.4% from June 2013. The June 2013 rate remains significantly lower than the Hartford Labor Market Area and the State of Connecticut rates of 6.5%.

As of June 30, 2014, the unassigned fund balance in the General Fund was \$9,551,893 which was 9.9% of General Fund expenditures. The Town did not appropriate any of the fund balance for the 2014-2015 fiscal year budget.

The Town Council adopted a budget for FY2014/2015 that was 2.3% higher than the previous year's budget. This budget required a tax rate of 24.44 mills, which is .37 mills more than the prior year. The budget was approved by the voters at referendum on the first attempt.

## **Requests for Information**

This financial report is designed to provide a general overview for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, Town of Farmington, One Monteith Drive, Farmington, CT 06032.

**BASIC  
FINANCIAL  
STATEMENTS**

## TOWN OF FARMINGTON, CONNECTICUT

## STATEMENT OF NET POSITION

JUNE 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 19,772,969	\$ 490,510	\$ 20,263,479
Investments	1,102,655		1,102,655
Receivables, net of allowance:			
Property taxes	461,223		461,223
Other	1,650,997	13,301	1,664,298
Assessments	318,814		318,814
Due from other governments	265,552		265,552
Inventory	23,760		23,760
Prepays	8,032		8,032
Due from fiduciary fund	190,446		190,446
Internal balances	671,133	(671,133)	-
Noncurrent assets:			
Capital assets, nondepreciable	36,657,548	1,185,750	37,843,298
Capital assets, net of accumulated depreciation	97,882,117	397,069	98,279,186
Total assets	<u>159,005,246</u>	<u>1,415,497</u>	<u>160,420,743</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	<u>2,082,289</u>		<u>2,082,289</u>
Liabilities:			
Accounts payable and accrued liabilities	3,830,547	119,911	3,950,458
Accrued interest	442,092		442,092
Unearned revenue	776,409		776,409
Noncurrent liabilities:			
Due within one year	5,755,700	88,134	5,843,834
Due in more than one year	49,407,740	122,577	49,530,317
Total liabilities	<u>60,212,488</u>	<u>330,622</u>	<u>60,543,110</u>
Deferred Inflows of Resources:			
Advance tax collections	273,158		273,158
Advance fee collections		76,697	76,697
Total deferred inflows of resources	<u>273,158</u>	<u>76,697</u>	<u>349,855</u>
Net Position:			
Net investment in capital assets	87,902,192	1,372,108	89,274,300
Unrestricted	<u>12,699,697</u>	<u>(363,930)</u>	<u>12,335,767</u>
Total Net Position	<u>\$ 100,601,889</u>	<u>\$ 1,008,178</u>	<u>\$ 101,610,067</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF FARMINGTON, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

Function/Program Activities	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental activities:						
Education	\$ 73,274,762	\$ 3,328,115	\$ 12,844,155	\$ 179,531	\$ (56,922,961)	\$ (56,922,961)
Public safety	13,319,434	1,849,660	160,493	47,095	(11,262,186)	(11,262,186)
Public works	8,044,343	4,463,189	490,022	693,957	(2,397,175)	(2,397,175)
Culture and recreation	2,018,087	587,071	67,356	17,275	(1,346,385)	(1,346,385)
General administration	9,415,184	1,460,916	161,877	697,469	(7,094,922)	(7,094,922)
Plant operations	3,835,971				(3,835,971)	(3,835,971)
Interest expense	1,906,930		163,746		(1,743,184)	(1,743,184)
Total governmental activities	<u>111,814,711</u>	<u>11,688,951</u>	<u>13,887,649</u>	<u>1,635,327</u>	<u>(84,602,784)</u>	<u>(84,602,784)</u>
Business-type activities:						
Westwoods Fund	644,009	581,058			(62,951)	(62,951)
Waste Collection Fund	<u>1,512,107</u>	<u>1,680,571</u>			<u>168,464</u>	<u>168,464</u>
Total business type activities	<u>2,156,116</u>	<u>2,261,629</u>	<u>-</u>	<u>-</u>	<u>105,513</u>	<u>105,513</u>
Total	<u>\$ 113,970,827</u>	<u>\$ 13,950,580</u>	<u>\$ 13,887,649</u>	<u>\$ 1,635,327</u>	<u>(84,602,784)</u>	<u>(84,497,271)</u>
General revenues:						
Property taxes				83,659,303		83,659,303
Grants and contributions not restricted to specific programs				3,722,109		3,722,109
Unrestricted investment earnings				272,091	946	273,037
Capital contribution					45,445	45,445
Miscellaneous				<u>103,712</u>	<u>40,360</u>	<u>144,072</u>
Total general revenues				<u>87,757,215</u>	<u>86,751</u>	<u>87,843,966</u>
Change in net position				3,154,431	192,264	3,346,695
Net Position at Beginning of Year				<u>97,447,458</u>	<u>815,914</u>	<u>98,263,372</u>
Net Position at End of Year				<u>\$ 100,601,889</u>	<u>\$ 1,008,178</u>	<u>\$ 101,610,067</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF FARMINGTON, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	<b>General</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,080,535	\$ 455,671	\$ 1,603,040	\$ 14,139,246
Investments			1,102,655	1,102,655
Receivables:				
Property taxes receivable, net	461,223			461,223
Due from other governments	77,933	17,275	170,344	265,552
Sewer assessments	279,580		39,234	318,814
Other receivables	569,378		730,790	1,300,168
Due from other funds	1,150,468	1,790,060	627,041	3,567,569
Prepaid assets			8,032	8,032
Inventories			23,760	23,760
<b>Total Assets</b>	<b>\$ 14,619,117</b>	<b>\$ 2,263,006</b>	<b>\$ 4,304,896</b>	<b>\$ 21,187,019</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,300,559	\$ 1,274,646	\$ 249,655	\$ 2,824,860
Due to other funds	2,466,890		202,118	2,669,008
Unearned revenue	214,700		561,709	776,409
Total liabilities	<u>3,982,149</u>	<u>1,274,646</u>	<u>1,013,482</u>	<u>6,270,277</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	410,040			410,040
Unavailable revenue - sewer use			17,539	17,539
Unavailable revenue - sewer assessment	279,580		39,234	318,814
Unavailable revenue - loans receivable			273,598	273,598
Advance property tax collections	273,158			273,158
Total deferred inflows of resources	<u>962,778</u>	<u>-</u>	<u>330,371</u>	<u>1,293,149</u>
Fund balances:				
Nonspendable			31,792	31,792
Restricted		988,360	1,503,434	2,491,794
Committed			1,490,088	1,490,088
Assigned	122,297			122,297
Unassigned	9,551,893		(64,271)	9,487,622
Total fund balances	<u>9,674,190</u>	<u>988,360</u>	<u>2,961,043</u>	<u>13,623,593</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 14,619,117</b>	<b>\$ 2,263,006</b>	<b>\$ 4,304,896</b>	<b>\$ 21,187,019</b>

(Continued on next page)

## TOWN OF FARMINGTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 13,623,593
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 256,119,079	
Less accumulated depreciation	(121,579,414)	
Net capital assets	<u>134,539,665</u>	134,539,665

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

Property taxes receivable greater than 60 days	410,040
Sewer usage fees	17,539
Loans receivable	273,598
Interest receivable on property taxes	29,254
Assessments receivable	318,814
Receivable from the State for school construction projects	321,575

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.

	4,591,054
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(40,565,000)
Deferred charges on refunding	2,082,289
Premium on bond refunding	(2,387,027)
Interest payable on bonds	(442,092)
Other postemployment benefit obligation	(5,958,025)
Capital lease payable	(3,685,446)
Net pension obligation	(324,831)
Compensated absences	<u>(2,243,111)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 100,601,889</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF FARMINGTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes, interest and lien fees	\$ 83,594,831	\$	\$	\$ 83,594,831
Intergovernmental revenues	13,512,775	70,278	3,122,405	16,705,458
Charges for current services	1,268,663		8,264,370	9,533,033
Sewer assessments			51,537	51,537
Licenses and permits	1,258,724		2,200	1,260,924
Fines and penalties	37,273			37,273
Net investment income	70,621	14	195,603	266,238
Other local revenues	225,696	782,213	1,987,605	2,995,514
Total revenues	<u>99,968,583</u>	<u>852,505</u>	<u>13,623,720</u>	<u>114,444,808</u>
Expenditures:				
Current:				
Education	63,908,106		7,411,216	71,319,322
Public safety	9,039,343		600	9,039,943
Public works	4,151,439			4,151,439
Culture and recreation	845,572		624,897	1,470,469
Plant operations			2,683,662	2,683,662
General government	5,499,470			5,499,470
Pension and other employee benefits	5,637,982			5,637,982
Other			891,649	891,649
Debt service	7,504,478		208,707	7,713,185
Capital outlay		7,822,809	77,857	7,900,666
Total expenditures	<u>96,586,390</u>	<u>7,822,809</u>	<u>11,898,588</u>	<u>116,307,787</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,382,193</u>	<u>(6,970,304)</u>	<u>1,725,132</u>	<u>(1,862,979)</u>
Other Financing Sources (Uses):				
Transfers in from other funds		4,061,763		4,061,763
Transfers out to other funds	(2,805,604)		(1,256,159)	(4,061,763)
Total other financing sources (uses)	<u>(2,805,604)</u>	<u>4,061,763</u>	<u>(1,256,159)</u>	<u>-</u>
Net Change in Fund Balances	576,589	(2,908,541)	468,973	(1,862,979)
Fund Balances at Beginning of Year	<u>9,097,601</u>	<u>3,896,901</u>	<u>2,492,070</u>	<u>15,486,572</u>
Fund Balances at End of Year	<u>\$ 9,674,190</u>	<u>\$ 988,360</u>	<u>\$ 2,961,043</u>	<u>\$ 13,623,593</u>

(Continued on next page)

## TOWN OF FARMINGTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because  
of the following:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (1,862,979)
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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.

Capital outlay	6,867,925
Depreciation expense	(5,827,521)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	583,660
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Revenues in the statement of activities that do not provide current financial resources are not reported  
as revenues in the funds.

Property taxes collected after 60 days	93,319
Sewer usage revenue	(30,984)
Accrued interest on property taxes	(28,847)
Assessment revenue	(107,773)
Intergovernmental revenue on school bonds	(163,746)
Housing loans	172,853

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

Premium and amortization, and other net	(272,053)
Deferred charges on refunding	(239,102)
Accrued interest	39,134
Principal payments on bonds, notes and leases	6,278,276

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.

Change in long-term compensated absences	60,477
Change in net pension obligation	(2,271)
Change in net other post employment benefit obligation	(2,037,545)

The net income of the internal service funds is reported with governmental activities.	<u>(368,392)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 3,154,431</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF FARMINGTON, CONNECTICUT

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2014

	Business-Type Activities			Governmental
	Enterprise Funds		Total	Activities
	Westwoods Fund	Waste Collection Fund	Business-Type Activities	Internal Service Fund
Assets:				
Current assets:				
Cash and cash equivalents	\$ 31,877	\$ 458,633	\$ 490,510	\$ 5,633,723
Accounts receivable	3,904	9,397	13,301	
Due from other funds		49,789	49,789	
Total current assets	<u>35,781</u>	<u>517,819</u>	<u>553,600</u>	<u>5,633,723</u>
Noncurrent assets:				
Capital assets, nondepreciable	1,185,750		1,185,750	
Capital assets, net of accumulated depreciation	<u>147,069</u>	<u>250,000</u>	<u>397,069</u>	
Total assets	<u>1,368,600</u>	<u>767,819</u>	<u>2,136,419</u>	<u>5,633,723</u>
Liabilities:				
Current liabilities:				
Accounts payable	25,683	94,228	119,911	64,363
Claims payable			-	941,324
Capital lease	16,762	71,372	88,134	
Due to other funds	<u>720,922</u>	<u></u>	<u>720,922</u>	<u>36,982</u>
Total current liabilities	<u>763,367</u>	<u>165,600</u>	<u>928,967</u>	<u>1,042,669</u>
Noncurrent liabilities:				
Capital lease, net of current portion	<u>48,112</u>	<u>74,465</u>	<u>122,577</u>	
Total liabilities	<u>811,479</u>	<u>240,065</u>	<u>1,051,544</u>	<u>1,042,669</u>
Deferred Inflows of Resources:				
Advance fee collections	<u>65,260</u>	<u>11,437</u>	<u>76,697</u>	
Net Position:				
Net investment in capital assets	1,267,945	104,163	1,372,108	
Unrestricted	<u>(776,084)</u>	<u>412,154</u>	<u>(363,930)</u>	<u>4,591,054</u>
Total Net Position	<u>\$ 491,861</u>	<u>\$ 516,317</u>	<u>\$ 1,008,178</u>	<u>\$ 4,591,054</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF FARMINGTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities			Governmental
	Enterprise Funds		Total	Activities
	Westwoods Fund	Waste Collection Fund	Business-Type Activities	Internal Service Fund
Operating Revenues:				
Charges for services	\$ 581,058	\$ 1,680,571	\$ 2,261,629	\$
Other	12,691	27,669	40,360	44,784
Contributions			-	10,135,687
Total operating revenues	<u>593,749</u>	<u>1,708,240</u>	<u>2,301,989</u>	<u>10,180,471</u>
Operating Expenses:				
Claims			-	10,554,716
Operations	609,984	1,462,107	2,072,091	
Depreciation expense	34,025	50,000	84,025	
Total operating expenses	<u>644,009</u>	<u>1,512,107</u>	<u>2,156,116</u>	<u>10,554,716</u>
Operating Income (Loss)	(50,260)	196,133	145,873	(374,245)
Nonoperating Revenues:				
Interest	<u>217</u>	<u>729</u>	<u>946</u>	<u>5,853</u>
Income (Loss) Before Capital Contributions	(50,043)	196,862	146,819	(368,392)
Capital Contributions	<u>45,445</u>		<u>45,445</u>	
Change in Net Position	(4,598)	196,862	192,264	(368,392)
Net Position, Beginning of Year	<u>496,459</u>	<u>319,455</u>	<u>815,914</u>	<u>4,959,446</u>
Net Position, End of Year	<u>\$ 491,861</u>	<u>\$ 516,317</u>	<u>\$ 1,008,178</u>	<u>\$ 4,591,054</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF FARMINGTON, CONNECTICUT

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities			Governmental
	Enterprise Funds		Total	Activities
	Westwoods Fund	Waste Collection Fund	Business-Type Activities	Internal Service Fund
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 597,933	\$ 1,726,819	\$ 2,324,752	\$ 10,180,471
Payments to suppliers	(610,323)	(1,475,911)	(2,086,234)	(10,532,919)
Payments for interfund services	28,568		28,568	393,863
Net cash provided by operating activities	<u>16,178</u>	<u>250,908</u>	<u>267,086</u>	<u>41,415</u>
Cash Flows from Capital and Related Financing Activities:				
Payment on capital lease	(16,686)	(68,408)	(85,094)	
Net cash used in capital and related financing activities	<u>(16,686)</u>	<u>(68,408)</u>	<u>(85,094)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest on investments	<u>217</u>	<u>729</u>	<u>946</u>	<u>5,853</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(291)	183,229	182,938	47,268
Cash and Cash Equivalents at Beginning of Year	<u>32,168</u>	<u>275,404</u>	<u>307,572</u>	<u>5,586,455</u>
Cash and Cash Equivalents at End of Year	<u>\$ 31,877</u>	<u>\$ 458,633</u>	<u>\$ 490,510</u>	<u>\$ 5,633,723</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (50,260)	\$ 196,133	\$ 145,873	\$ (374,245)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	34,025	50,000	84,025	
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	1,233	(1,159)	74	
(Increase) decrease in loans from other funds			-	393,863
Increase (decrease) in loans to other funds	28,568	32,721	61,289	
Increase (decrease) in deferred inflows	2,951	(12,983)	(10,032)	
Increase (decrease) in accounts payable	(339)	(13,804)	(14,143)	23,465
Increase (decrease) in claims payable				(1,668)
Total adjustments	<u>66,438</u>	<u>54,775</u>	<u>121,213</u>	<u>415,660</u>
Net Cash Provided by Operating Activities	<u>\$ 16,178</u>	<u>\$ 250,908</u>	<u>\$ 267,086</u>	<u>\$ 41,415</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF FARMINGTON, CONNECTICUT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2014**

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents		\$ <u>1,261,752</u>
Investments:		
Fixed income	\$ 28,429,106	279,980
Domestic equities	32,066,844	
International equities	15,570,535	
Real estate investment trust	4,099,277	
Total investments	<u>80,165,762</u>	<u>279,980</u>
Accounts receivable	<u>106,899</u>	
Total assets	<u>80,272,661</u>	<u>\$ 1,541,732</u>
Liabilities:		
Fiduciary deposits		\$ 1,541,732
Accounts payable	14,679	
Due to general fund	<u>190,446</u>	
Total liabilities	<u>205,125</u>	<u>\$ 1,541,732</u>
Net Position:		
Held in Trust for Pension Benefits	<u>\$ 80,067,536</u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF FARMINGTON, CONNECTICUT

## PENSION TRUST FUND

## STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

## FOR THE YEAR ENDED JUNE 30, 2014

Additions:		
Contributions:		
Employer	\$	2,270,080
Plan members		1,365,672
Other		34,041
Total contributions		<u>3,669,793</u>
Investment income:		
Net appreciation in fair value of investments		8,756,927
Interest		101
Dividends		1,238,041
Operating income		43
Net investment income		<u>9,995,112</u>
Total additions		<u>13,664,905</u>
Deductions:		
Benefits		5,106,731
Administrative expense		99,291
Total deductions		<u>5,206,022</u>
Change in Net Position		8,458,883
Net Position, Beginning of Year		<u>71,608,653</u>
Net Position, End of Year	\$	<u><u>80,067,536</u></u>

The accompanying notes are an integral part of the financial statements

# TOWN OF FARMINGTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The Town of Farmington, Connecticut (the Town) was settled in 1640 and incorporated in 1645. Its current charter was adopted in 1947 and amended as of 2003. The Town operates under a Council-Manager form of government. The financial statements include all of the funds of the Town that meet the criteria for inclusion as set forth in Statement of Governmental Accounting Standards No. 14 issued by the Governmental Accounting Standards Board (GASB).

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

The Farmington Housing Authority (the Authority) has been determined to be a related organization of the Town of Farmington, Connecticut, as the governing body of the Authority is appointed by the Town. The Farmington Housing Authority is not included in this report, as the Town is not obligated to finance any deficit that the Authority may incur, nor does the Town significantly subsidize the Authority; the Town obtains no financial benefit, nor can it impose its will upon the Authority.

#### B. Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

#### **Government-Wide and Fund Financial Statements**

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

## TOWN OF FARMINGTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirement of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**TOWN OF FARMINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

The Town reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment. Capital projects of greater than one year's duration have been accounted for in the capital projects fund. Most of the capital outlays are financed by the issuance of general obligation bonds. Other sources include capital grants, current tax revenues and low-interest state loans.

The Town reports the following major proprietary funds:

The *Westwoods Fund* is a proprietary (enterprise) fund used to account for the operation and maintenance of the Westwoods Golf Course, which is owned by the Town and is primarily supported through charges to customers.

The *Waste Collection Fund* is a proprietary (enterprise) fund used to account for the operation and maintenance of Waste Collection and Recycling and Landfill operations within the Town and is primarily supported through charges to customers.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* is used to account for the Town's self-insurance program, which provides health insurance coverage for Town and Board of Education employees.

The *Pension Trust Fund* is used to account for the activities of the Town's defined benefit plan, which accumulates resources for pension benefit payments to qualified employees.

The *Agency Funds* account for the various student activities and clubs and contractors deposits.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## TOWN OF FARMINGTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

#### **C. Cash Equivalents**

For purposes of reporting cash flows, all savings, checking and money market accounts and certificates of deposit with an original maturity of less than 90 days are considered to be cash equivalents.

#### **D. Investments**

Investments are stated at fair value.

#### **E. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of donated commodities are stated at fair market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

#### **F. Receivables and Payables**

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

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property tax receivables are shown net of an allowance for uncollectibles.

**G. 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 government as assets with an initial, individual cost of more than \$25,000 and an estimated useful life of more than five 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.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Land improvements	20-30
Irrigation system	15
Buildings	25-40
Sewage treatment plant	25
Pump station and drainage	30
Vehicles	5-15
Construction equipment	10
School equipment	10-12
Public safety equipment	5-10
Office equipment	10
Roads	40
Bridges	50

## TOWN OF FARMINGTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### **H. Deferred Outflows/Inflows of Resources**

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

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

#### **I. Net Pension Obligation/Net Other Postemployment Benefit (OPEB) Obligation**

The net pension obligation/net OPEB obligation represents the cumulative difference between the annual pension/OPEB cost and the Town's contributions to the plans. The amounts are calculated on an actuarial basis and are recorded as noncurrent liabilities in the government-wide financial statements.

#### **J. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

## TOWN OF FARMINGTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### **K. Compensated Absences**

Under the terms of various union contracts, Town and Board of Education employees are granted vacation in varying amounts based on length of service. Town and noncertified Board of Education employees may carry over five unused vacation days to subsequent years. Police may carry over vacation days equal to the number of days the employee was entitled to for the present year. In the event of termination of employment, employees are reimbursed for accumulated vacation.

Town employees covered by the AFSCME union agreement accumulate 1¼ sick days per month up to a maximum of 150 working days. Employees receive 35% of accumulated sick leave upon retirement or 25% upon termination of employment after at least five years of service in good standing.

Firefighters covered by the union agreement receive 35% of accumulated sick leave upon retirement. They receive no accumulated sick leave upon resignation or termination.

Other employees including Police employees are not compensated for accumulated sick leave upon retirement or termination of employment. Sick leave is expensed when incurred.

All vacation and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### **L. Equity**

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

**Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**Restricted Net Position** - Restrictions on net position are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Town currently has no restricted net position.

**Unrestricted Net Position** - This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**TOWN OF FARMINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council) through the passage of a resolution.

Assigned Fund Balance - This represents amounts constrained for the intent to be used for a specific purpose by the Town Council or Finance Director to assign amounts by the Town Charter.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

**M. Property Taxes**

The Town’s property tax is levied each July 1 on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town. Although taxes are levied in July, the legal right to attach property does not exist until August 1. Taxes are due and payable in two installments, on July 1 following the date of the Grand List and on January 1 of the subsequent year.

Additional property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1.

Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. The Town files liens against property if taxes that are due July 1 remain unpaid on the following June 30.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial

# TOWN OF FARMINGTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

### **N. Accounting Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

The Town uses the following procedures in establishing the budgetary data included in the financial statements. No later than 45 days before the annual town meeting, the Town Manager submits a proposed budget for the General Fund to the Town Council. On the third Monday in April, the budget is presented to the annual town meeting; 10 days thereafter, the budget is voted on at a Town-wide referendum. Town management may transfer amounts between line items within a department, but only the Town Council is authorized to transfer the legally budgeted amounts between departmental accounts. In this function, departmental budget accounts serve as the level of management control. Formal legally adopted annual budgets are employed as a management control device in the General Fund (including capital expenditures) and the Water Pollution Control Authority (WPCA) special revenue funds. The legal level of budgetary control is at the fund level for the WPCA.

All unencumbered appropriations lapse at year-end, except for those for capital expenditures. Appropriations for these expenditures are continued until completion of applicable projects, which often last more than one fiscal year.

The Town's budgeting system requires accounting for certain transactions to be on a basis other than GAAP. The major difference between the budgetary and GAAP basis is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued, and, accordingly, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures of the current year, whereas, on a GAAP basis, encumbrances are recorded as either restricted, committed or assigned fund balance, depending on the level of restriction.

As explained above, the Town's budgetary fund structure accounts for certain transactions differently than reporting in conformity with GAAP. A reconciliation of these differences at June 30, 2014 can be found at RSI-1 and RSI-2.

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**B. Fund Balance Deficits**

The Special Projects Education Fund has a deficit balance of \$64,271 and will be funded by future grant receipts and donations.

**3. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by the Statutes or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market 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. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**Deposits**

*Deposit Custodial Credit Risk* - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the state of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$14,019,963 of the Town's bank balance of \$17,073,027 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,498,907
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,521,056</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 14,019,963</u>

**Cash Equivalents**

At June 30, 2014, the Town's cash equivalents amounted to \$6,076,031. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<b>Standard &amp; Poor's</b>	<b>Fitch Ratings</b>
State Short-Term Investment Fund (STIF)	AAAm	
Cutwater Asset Management		AAAm

**TOWN OF FARMINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Investments**

As of June 30, 2014, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>	
			<u>Less Than 1</u>	<u>1 -10</u>
Interest-bearing investments:				
U.S. Treasury bonds	N/A	\$ 915,287	\$ 915,287	\$
Certificates of deposit	N/A	279,980		279,980
U.S. Treasury notes	N/A	<u>187,368</u>		<u>187,368</u>
		1,382,635	<u>\$ 915,287</u>	<u>\$ 467,348</u>
Other investments:				
Mutual funds		76,069,952		
Real estate investment trust		<u>4,099,277</u>		
Total Investments		<u>\$ 81,551,864</u>		

N/A - Not applicable

*Interest Rate Risk* - 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 increasing interest rates.

*Credit Risk - Investments* - As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes.

*Concentration of Credit Risk* - The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments. No more than 5% of the Town's investments were invested in any one issuer.

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2014, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**B. Receivables**

Receivables at year end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Westwoods Fund</u>	<u>Waste Collection Fund</u>	<u>Nonmajor Governmental Funds and Other</u>	<u>Total</u>
Receivables:						
Taxes	\$ 553,357	\$	\$	\$	\$	\$ 553,357
Less allowance for uncollectibles	<u>(92,134)</u>					<u>(92,134)</u>
Taxes, net	461,223					461,223
Other governments	77,933	17,275			170,344	265,552
Assessments	279,580				39,234	318,814
Other	<u>569,378</u>		<u>3,904</u>	<u>9,397</u>	<u>837,689</u>	<u>1,420,368</u>
Net Total Receivables	<u>\$ 1,388,114</u>	<u>17,275</u>	<u>\$ 3,904</u>	<u>\$ 9,397</u>	<u>\$ 1,047,267</u>	<u>\$ 2,465,957</u>

**C. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 31,437,253	\$ 1,226,194	\$	\$ 32,663,447
Construction in progress	6,336,196	4,038,762	6,380,857	3,994,101
Total capital assets not being depreciated	<u>37,773,449</u>	<u>5,264,956</u>	<u>6,380,857</u>	<u>36,657,548</u>
Capital assets being depreciated:				
Buildings	102,503,170	4,817,633		107,320,803
Improvements	6,574,376	1,267,042		7,841,418
Machinery and equipment	13,688,961	1,066,677	47,771	14,707,867
Infrastructure	<u>88,175,309</u>	<u>1,416,134</u>		<u>89,591,443</u>
Total capital assets being depreciated	<u>210,941,816</u>	<u>8,567,486</u>	<u>47,771</u>	<u>219,461,531</u>
Less accumulated depreciation for:				
Buildings	50,033,705	2,994,604		53,028,309
Improvements	2,321,514	294,387		2,615,901
Machinery and equipment	10,218,421	653,057	47,771	10,823,707
Infrastructure	<u>53,226,024</u>	<u>1,885,473</u>		<u>55,111,497</u>
Total accumulated depreciation	<u>115,799,664</u>	<u>5,827,521</u>	<u>47,771</u>	<u>121,579,414</u>
Net capital assets being depreciated	<u>95,142,152</u>	<u>2,739,965</u>	<u>-</u>	<u>97,882,117</u>
Governmental Activities Capital Assets, Net	<u>\$ 132,915,601</u>	<u>\$ 8,004,921</u>	<u>\$ 6,380,857</u>	<u>\$ 134,539,665</u>

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Business-type activities:

Capital assets not being depreciated:

Land	\$ <u>1,185,750</u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>1,185,750</u>
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Capital assets being depreciated:

Improvements	253,829			253,829
Machinery and equipment	<u>624,330</u>	<u>66,507</u>	<u>          </u>	<u>690,837</u>
Total capital assets being depreciated	<u>878,159</u>	<u>66,507</u>	<u>          </u>	<u>944,666</u>

Less accumulated depreciation for:

Improvements	253,829			253,829
Machinery and equipment	<u>209,744</u>	<u>84,024</u>	<u>          </u>	<u>293,768</u>
Total accumulated depreciation	<u>463,573</u>	<u>84,024</u>	<u>          </u>	<u>547,597</u>

Net capital assets being depreciated	<u>414,586</u>	<u>(17,517)</u>	<u>          </u>	<u>397,069</u>
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Business-Type Activities Capital Assets, Net	\$ <u><u>1,600,336</u></u>	\$ <u><u>(17,517)</u></u>	\$ <u><u>          </u></u>	\$ <u><u>1,582,819</u></u>
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Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:

General government	\$ 389,592
Education	1,639,648
Public safety	622,154
Public works including depreciation of infrastructure	2,028,994
Treatment plant	1,032,926
Parks and recreation	<u>114,207</u>

Total Depreciation Expense - Governmental Activities	\$ <u><u>5,827,521</u></u>
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Business-type activities:

Westwoods Golf	\$ 34,024
Waste Collection	<u>50,000</u>

Total Depreciation Expense - Business-type Activities	\$ <u><u>84,024</u></u>
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**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Construction Commitments**

The Town has active construction projects as of June 30, 2014. The projects include widening and reconstruction of existing streets and bridges, the construction of pump stations, and bike/walking trails. At year end, the government's commitments with contractors are as follows:

	<b>Spent to Date</b>	<b>Remaining Commitment</b>
Roads and Bridges	\$ 1,601,726	\$ 1,398,274
School Buildings	332,196	1,767,804
Town Buildings	244,163	520,837
Waste Water Treatment	1,904,831	1,791,485
Land Improvements	5,893	1,179,107
	\$ 4,088,809	\$ 6,657,507

The commitments are being financed with general obligation bonds, state and federal grants and town appropriations.

**D. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2014 is as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Nonmajor Governmental Funds	\$ 202,118
	Westwoods Fund	720,922
	Fiduciary Fund	190,446
	Internal Service Fund	36,982
		1,150,468
Capital Projects Fund	General Fund	1,790,060
Nonmajor Governmental Funds	General Fund	627,041
Waste Collection Fund	General Fund	49,789
		\$ 3,617,358

Interfund receivables and payables represent temporary loans for operations.

**TOWN OF FARMINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Interfund transfers that occurred during the year are as follows:

	<b>Transfers Out</b>		
	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Transfers In</b>
Capital Projects Fund	\$ 2,805,604	\$ 1,256,159	\$ 4,061,763

Interfund transfers represent monies used to fund projects, return excess monies to originating fund from completed projects, or to cover budget overages.

**E. Long-Term Debt**

**Changes in Long-Term Liabilities**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 45,835,000	\$ -	\$ 5,270,000	\$ 40,565,000	\$ 5,195,000
Issuance premiums	2,659,419		272,392	2,387,027	
	48,494,419	-	5,542,392	42,952,027	5,195,000
Clean water fund loans	916,443		916,443	-	
Capital lease	3,777,279		91,833	3,685,446	142,239
OPEB obligation	3,920,480	2,037,545		5,958,025	
Net pension obligation	322,560	2,271		324,831	
Compensated absences	2,303,588	741,778	802,255	2,243,111	418,461
Governmental Activities Long-Term Liabilities	\$ 59,734,769	\$ 2,781,594	\$ 7,352,923	\$ 55,163,440	\$ 5,755,700
Business-Type Activities:					
Capital lease	\$ 274,742	\$ 21,062	\$ 85,093	\$ 210,711	\$ 88,134

For the governmental activities, compensated absences are generally liquidated by the fund where the employee is charged.

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**General Obligation Bonds**

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. School building grants of \$321,575 will be used to repay respective debt; however, the Town is liable for all outstanding bonds.

General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate (%)</u>	<u>Date of Maturity</u>	<u>Annual Principal</u>	<u>Principal Outstanding June 30, 2014</u>
General Obligation Bonds	2/15/2008	\$ 8,000,000	3.25-4.25	2/15/2028	\$ 420,000-425,000	\$ 420,000
General Obligation Bonds	5/1/2009	13,475,000	2.25-5.00	9/15/2021	1,455,000-1,560,000	11,915,000
General Obligation Bonds	7/9/2009	16,385,000	2.00-5.00	9/15/2020	120,000-2,040,000	8,990,000
General Obligation Bonds	7/9/2009	1,250,000	2.00-4.00	9/15/2020	100,000-125,000	750,000
General Obligation Bonds	6/23/2011	11,550,000	2.00-4.00	4/1/2026	210,000-1,085,000	9,980,000
General Obligation Bonds	5/24/2012	4,840,000	2.00-4.00	7/1/2025	420,000-790,000	4,420,000
General Obligation Bonds	1/31/2013	4,220,000	2.00-3.00	1/15/2028	115,000-545,000	4,090,000
Total						<u>\$ 40,565,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 5,195,000	\$ 1,381,699
2016	5,140,000	1,217,436
2017	4,260,000	1,061,599
2018	4,300,000	913,750
2019	4,285,000	731,775
2020-2024	13,765,000	1,484,675
2025-2028	3,620,000	152,906
	<u>\$ 40,565,000</u>	<u>\$ 6,943,840</u>

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**General Obligation Bonds - In Substance Defeasance**

In May 2012, the Town advance refunded \$2,520,000 of outstanding 2008 general obligation bonds. The balance of the defeased bonds outstanding at June 30, 2014 is \$2,100,000 and the amount in escrow is \$2,175,839.

In February 2013, the Town advance refunded an additional \$3,360,000 of outstanding 2008 general obligation bonds. The balance of the defeased bonds outstanding at June 30, 2014 is \$3,360,000 and the amount in escrow is \$3,449,381.

**Legal Debt Limit**

The Town's indebtedness does not exceed the legal debt limitation as established by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General Purpose	\$ 188,398,924	\$ 32,456,141	\$ 155,942,783
Schools	376,797,848	19,640,299	357,157,549
Sewers	313,998,206	1,169,525	312,828,681
Urban renewal	272,131,779		272,131,779

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$557,404,667.

**Authorized but Unissued Bonds**

The total of authorized but unissued bonds at June 30, 2014 is \$13,294,615. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

**Clean Water Fund Loans**

The State of Connecticut under the Clean Water Fund Program issued the project loan obligation. The loan proceeds financed the Water Treatment Plant Construction project. The obligation was paid in full during the fiscal year ended June 30, 2014.

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**Capital Leases**

Governmental Activities

The Town has entered into lease agreements as lessee for financing the acquisition of garbage containers and for energy conservation improvements to various Town and School buildings. The leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2014 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2015	\$ 250,123
2016	257,661
2017	265,425
2018	273,422
2019	281,659
2020-2024	1,540,764
2025-2028	1,787,079
Less amount representing interest	<u>(970,687)</u>
Present Value of Minimum Lease Payments	<u>\$ 3,685,446</u>

Business Activities

The Town has entered into lease agreements as lessee for financing the acquisition of golf carts and recycling containers. The lease qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2014 were as follows:

<u>Year Ending June 30</u>	<u>Business Activities</u>
2015	\$ 96,219
2016	116,458
2017	9,725
Less amount representing interest	<u>(11,691)</u>
Present Value of Minimum Lease Payments	<u>\$ 210,711</u>

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**F. Fund Balance**

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

	<b>General Fund</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 23,760	\$ 23,760
Prepaid items			8,032	8,032
Restricted for:				
General government			312,485	312,485
Education			1,149,751	1,149,751
Public safety			40,958	40,958
Capital projects		988,360	240	988,600
Committed to:				
Public works			504,265	504,265
General government			119,611	119,611
Culture and recreation			72,029	72,029
Education			794,183	794,183
Assigned to:				
Education	122,297			122,297
Unassigned	9,551,893		(64,271)	9,487,622
<b>Total Fund Balances</b>	<b>\$ 9,674,190</b>	<b>\$ 988,360</b>	<b>\$ 2,961,043</b>	<b>\$ 13,623,593</b>

**4. EMPLOYEE RETIREMENT PLAN**

**A. Pension Trust Fund**

**Plan Description**

The Town is the administrator of a single-employer defined-benefit pension plan, the Public Employee Retirement System (PERS), established and administered by the Town to provide pension benefits to substantially all full-time employees, except certified personnel of the Board of Education who are covered under the State Teachers' Retirement System. Both the employer and the employee are obligated to contribute to this plan. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. The Plan does not issue a separate stand-alone financial report.

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Management of the plans rests with the Retirement Board, which consists of eleven (11) members appointed by the Town Council. At least one member of the Board must also be a member of the Town Council and at least five members of the Retirement Board must be Town employees. The Board has all the powers necessary for the proper administration of the Plan. These powers include prescribing procedures to be followed in filing applications for benefits; having periodic actuarial valuations of the Plan undertaken by an actuary; and directing and monitoring investment Plan assets.

The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. All eligible full-time employees must participate in the Town's pension plan. To be eligible, a Town employee, including fire employees, must have attained age 25 if hired before July 1, 1983; if hired after such date, the employee is eligible at date of hire. All employees, except police, are 100% vested after 5 years of service. Police are 100% vested after 10 years of service. Employees who retire at normal retirement age receive a retirement benefit. The Town of Farmington has the authority to establish and amend the contribution requirements of the Plan. Effective July 1, 2011, the Plan was closed to all new employees, except police, fire and education employees. Any employees hired after July 1, 2011 are required to participate in the defined contribution plan.

Municipal employees are entitled to 2% of final earnings times years of credited service with the maximum benefit being 65% of final earnings. Firemen are entitled to 2.5% of final earnings times years of credited service with the maximum benefit being 60% of final earnings. Police are entitled to 2.5% of final earnings times years of credited service with the maximum benefit being 65% (70% for supervisors) of final earnings. Police who retire after January 12, 2012 are subject to a maximum benefit equal to 105% of the Police employee's base salary at time of retirement. Police who are hired after June 12, 2012 are subject to a maximum benefit equal to 85% of their base salary at time of retirement. Early eligibility is available at age 55 with 5 years of service for municipal employees and age 55 with 10 years of service for firemen. Benefits are fixed by contract and may be amended by union negotiations.

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

Retirees, disabled employees, and beneficiaries currently receiving benefits	202
Terminated employees entitled to benefits but not yet receiving them	69
Current plan members	<u>326</u>
	<u><u>597</u></u>

# TOWN OF FARMINGTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### Summary of Significant Accounting Policies

Basis of Accounting: The Town's Pension Plan's financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

All funds are administered through a custodial contract with Wells Fargo Bank, N.A. and are reported at fair value.

### Funding Policy

Town employees other than fire employees and police contribute 6%, while fire employees contribute 7.75% and police contribute 7% of their respective gross earnings.

The Town is required to contribute the amount necessary to finance the benefits for its employees. For the fiscal year ended June 30, 2014, the Town contributed \$2,270,080 which represents approximately 10.99% of covered payroll of \$20,652,300.

Administrative costs of the Plan are financed through investment earnings.

### Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	2.67 %
Core Fixed Income	24.50
High Yield Bonds	2.50
Non-US Fixed income	6.20
Large Cap US Equities	21.80
Small Cap US Equities	10.80
Emerging Market Equities	2.45
Developed Foreign Equities	20.60
Real Estate (REITS)	5.00
Commodities	3.48
	<u>100.00 %</u>

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.88%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability of the Town**

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town at June 30, 2014 were as follows:

Total pension liability	\$	100,352,281
Plan fiduciary net position		<u>80,067,536</u>
Net pension liability	\$	<u><u>20,284,745</u></u>
Plan fiduciary net position as a percentage of the total pension liability		<u><u>79.79%</u></u>

The Town's net pension liability will be required to be recorded on the government-wide statement of net position at June 30, 2015.

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

Inflation	2.75%
Salary increases	Graded from 6.5% to 3.5%
Investment rate of return	7.25

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2012-June 30, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	0.49 %
Core Fixed Income	1.95
High Yield Bonds	3.90
Non-US Fixed income	0.73
Large Cap US Equities	4.39
Small Cap US Equities	4.63
Emerging Market Equities	4.88
Developed Foreign Equities	4.39
Real Estate (REITS)	3.90
Commodities	2.93

**Discount Rate:** The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate:** The following presents the net pension liability of the Town, calculated using the discount rate of 7.25%, 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 (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Total Net Pension Liability \$	31,864,780 \$	20,284,745 \$	10,457,272

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Annual Pension Cost and Net Pension Obligation**

In accordance with GASB Statement No. 27, the Town's annual pension cost and net pension obligation to the Town's Pension Plan for the year ended June 30, 2014 were as follows:

Annual required contribution (ARC)	\$	2,267,150
Interest on net pension obligation		24,192
Adjustment to annual required contribution		<u>(18,991)</u>
Annual pension cost		2,272,351
Contributions made		<u>2,270,080</u>
Increase in net pension obligation		2,271
Net pension obligation, beginning of year		<u>322,560</u>
Net Pension Obligation, End of Year	\$	<u><u>324,831</u></u>

The annual required contribution for the current year was determined as part of the July 1, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) an 7.25% investment rate of return and (b) graded 6.5% to 3.5% projected salary increases. Both (a) and (b) included an inflation component of 2.75%. The assumptions did not include post-retirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The net pension obligation is being amortized as a level percentage of projected payroll on a closed basis over 29 years beginning July 1, 2013.

**Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2012	\$ 1,970,501	\$ 2,055,490	104.31%	\$ 317,464
6/30/2013	2,114,096	2,109,000	99.76%	322,560
6/30/2014	2,272,351	2,270,080	99.90%	324,831

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2008	\$ 65,598,547	\$ 71,510,628	\$ 5,912,081	91.73%	\$ 18,748,405	31.53%
7/1/2009	60,947,199	76,261,879	15,314,680	79.92%	19,085,815	80.24%
7/1/2010	63,390,361	80,461,338	17,070,977	78.78%	19,627,086	86.98%
7/1/2011	69,589,308	85,980,068	16,390,760	80.94%	21,334,076	76.83%
7/1/2012	68,084,231	86,942,969	18,858,738	78.31%	20,652,300	91.32%
7/1/2013	69,620,427	93,620,239	23,999,812	74.40%	20,141,456	119.20%

**B. Teachers**

Teachers participate in a contributory defined-benefit plan established under Chapter 167a of the Connecticut General Statutes and administered by the Connecticut State Teachers' Retirement Board. Full-time certified teachers are vested in the system after 10 years of service in this state.

All certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings. The Board of Education does not contribute to the plan. Prior to July 1, 1989, teachers were vested in their contributions up to 5% of their earnings prior to five years of service. After five years of service, teachers were fully vested in their own contributions. After 10 years of service, teachers are fully vested and entitled to a monthly pension benefit that is payable at the age of 60. The State of Connecticut contributes amounts based on the actuarial reserve basis described in C.G.S. Sections 10-183 b(7). For the year ended June 30, 2014, teachers of the Town contributed \$2,150,559 to the plan, and covered payroll for the year was \$29,662,883. The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2014 was \$7,353,626 and is recognized in the General Fund GAAP-basis statement of revenues, expenditures and changes in fund balances.

Effective July 1, 2004, 1.25% of the mandatory 7.25% contribution is placed into a fund from which retirees' health insurance premiums will be paid. This 1.25% contribution is no longer credited to the member's individual account and does not vest.

**TOWN OF FARMINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**5. OTHER POSTEMPLOYMENT BENEFITS**

**A. Summary of Significant Accounting Policies**

Basis of Accounting - The Town funding and payment of postemployment benefits are accounted for in the Internal Service Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

**B. Plan Description**

The Town, in accordance with various collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees and their spouses. The Post-Retirement Medical Program (RMP) covers Town and Board of Education employees. The RMP is a single-employer defined benefit healthcare plan administered by the Town. Retired program members and beneficiaries currently receiving benefits are required to contribute active employee premiums. The percentage contribution of the employees and retirees for these benefits vary and are detailed within the Town's various bargaining agreements. The Town does not issue a separate stand-alone financial statement for this program.

At July 1, 2014, plan membership consisted of the following:

Retired participants and spouses	237
Active plan members	<u>752</u>
	<u><u>989</u></u>

**C. Funding Policy**

The Town's funding strategy for postemployment obligations is based upon characteristics of benefits on Town and Board of Education employees established within their respective collective bargaining units and/or contracts and include the following:

- All Town and Board of Education employees retiring with at least 15 years of creditable service are eligible at age 55, excluding retired teachers who are assumed to be covered by plans offered through the Connecticut Teachers Retirement Board.

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

- Benefits are payable to the employee and to a spouse for their lifetime, regardless of when the retiree dies.
- Police employees are covered 100%; however, Police Benevolent Association pays 25% of the premium cost. Spouses pay 50% of the premium cost.
- All other employees pay 50% of the premium cost and spouses pay 100% of the premium cost.

**D. Annual OPEB Cost and Net OPEB Obligations**

The Town of Farmington’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town’s net OPEB obligation:

Annual required contribution (ARC)	\$	3,132,286
Interest on net OPEB obligation		156,819
Adjustment to annual required contribution		<u>(150,288)</u>
Annual OPEB cost		3,138,817
Contributions made		<u>1,101,272</u>
Increase in net OPEB obligation		2,037,545
Net OPEB obligation, beginning of year		<u>3,920,480</u>
Net OPEB Obligation, End of Year	\$	<u><u>5,958,025</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2014 is presented below. The year of transition was June 30, 2009.

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	\$ 2,181,129	\$ 1,118,293	51.27%	\$ 2,890,565
6/30/2013	2,291,036	1,261,121	55.05%	3,920,480
6/30/2014	3,138,817	1,101,272	35.09%	5,958,025

**TOWN OF FARMINGTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a percentage of Covered Payroll (b-a)/c</b>
6/30/2009	\$ -	\$ 23,383,486	\$ 23,383,486	0%	N/A	N/A
6/30/2011	-	30,822,853	30,822,853	0%	N/A	N/A
7/1/2013	-	36,108,188	36,108,188	0%	N/A	N/A

**Schedule of Employer Contributions**

<b>Fiscal Year</b>	<b>Employer Contribution</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>
6/30/2012	\$ 1,118,293	\$ 2,166,027	51.63%
6/30/2013	1,261,121	2,268,808	55.59%
6/30/2014	1,101,272	3,132,286	35.16%

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

In the June 30, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 6.8% initially, reduced by decrements to an ultimate rate of 4.7% after 70 years. The general inflation assumption is 3.5%. Projected salary increases start at 6.5% and are reduced to 3.5% depending on age. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized on a level dollar basis with a remaining amortization period at June 30, 2014 at 30 years.

**TOWN OF FARMINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**6. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the years ended June 30, 2014, 2013 or 2012.

The Town's self-insurance program, which commenced July 1, 1983, is used to account for accident and health insurance coverage for Town and Board of Education employees on a cost-reimbursement basis. The program also covers retired employees under 65, provided that they pay a yearly premium to the Town. Under the program, the Town is obligated for claim payments. A stop loss insurance contract executed with an insurance carrier covers claims in excess of 120% of expected claim payments in the aggregate for the Town and 125% of expected claim payments in the aggregate for the Board of Education. In addition, the policies on an individual basis cover claims in excess of \$100,000 (Town) and \$125,000 (Board of Education). During 2014, total claims expense was \$10,554,716, which did not exceed 120% of expected claim payments and an estimate for claims incurred but not reported as of June 30, 2014.

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded claims payable at June 30, 2014 of \$941,324.

Premium payments are reported as quasi-external interfund transactions for the General Fund, Enterprise Fund and the WPCA Fund, and, accordingly, they are treated as operating revenues of the Self-Insurance Fund and operating expenditures of the participating funds.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimate.

**TOWN OF FARMINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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Changes in the claims liability for the past two years are as follows:

	<b>Accrued Liability Beginning of Fiscal Year</b>		<b>Current Year Claims and Changes in Estimates</b>		<b>Accrued Liability Claim Payments</b>		<b>Accrued Liability End of Fiscal Year</b>
2012-13	\$ 940,514	\$	9,951,447	\$	(9,948,969)	\$	942,992
2013-14	942,992		10,554,716		(10,556,384)		941,324

**B. Contingent Liabilities**

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, are believed by counsel to be likely to result in judgment or judgments that could materially affect the Town's financial position.

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

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

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

## TOWN OF FARMINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Property Taxes:				
Current taxes	\$ 82,760,370	\$ 82,760,370	\$ 82,544,833	\$ (215,537)
Delinquent taxes	250,000	250,000	153,837	(96,163)
Interest and lien fees	235,000	235,000	211,565	(23,435)
Supplemental MV taxes	550,000	550,000	684,596	134,596
Total property taxes	<u>83,795,370</u>	<u>83,795,370</u>	<u>83,594,831</u>	<u>(200,539)</u>
Federal and State Grants:				
General education	4,523,350	4,523,350	1,658,971	(2,864,379)
School building	179,230	179,230	179,231	1
Social services grants	18,000	18,000	38,181	20,181
In lieu of taxes	310,437	310,437	3,074,807	2,764,370
Police grant	73,800	73,800	78,808	5,008
State capital improvement	175,000	175,000		(175,000)
Snow removal assistance			109,674	109,674
Highway grants	372,393	372,393	372,175	(218)
Municipal Revenue Sharing			621,616	621,616
Hold Harmless Grant	396,467	396,467	25,686	(370,781)
Total federal and state grants	<u>6,048,677</u>	<u>6,048,677</u>	<u>6,159,149</u>	<u>110,472</u>
Charges for Current Services:				
Housing	35,000	35,000	47,690	12,690
Police services	226,000	226,000	233,520	7,520
Rentals	6,000	6,000	5,804	(196)
Sewer inspection fees	20,000	20,000	17,947	(2,053)
Town clerk fees	325,000	325,000	258,943	(66,057)
Tower space rental	155,496	155,496	172,378	16,882
Conveyance tax	425,000	425,000	527,136	102,136
Busing fees	4,000	4,000	5,245	1,245
Total charges for current services	<u>1,196,496</u>	<u>1,196,496</u>	<u>1,268,663</u>	<u>72,167</u>
Licenses and Permits:				
Dog licenses	6,000	6,000	4,724	(1,276)
Building permits	580,000	580,000	1,242,227	662,227
Other permits	13,500	13,500	11,773	(1,727)
Total licenses and permits	<u>599,500</u>	<u>599,500</u>	<u>1,258,724</u>	<u>659,224</u>

(Continued on next page)

## TOWN OF FARMINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Fines and Penalties:				
Court fines	\$ 45,000	\$ 45,000	\$ 35,253	\$ (9,747)
Dog fines and charges	4,500	4,500	2,020	(2,480)
Total fines and penalties	<u>49,500</u>	<u>49,500</u>	<u>37,273</u>	<u>(12,227)</u>
Investment Income	<u>90,000</u>	<u>90,000</u>	<u>70,621</u>	<u>(19,379)</u>
Other:				
Zoning hearings	11,500	11,500	22,632	11,132
Other assessments	149,195	149,195	151,469	2,274
Alarm fines and connections	12,500	12,500	14,380	1,880
Miscellaneous	<u>68,000</u>	<u>68,000</u>	<u>37,215</u>	<u>(30,785)</u>
Total other	<u>241,195</u>	<u>241,195</u>	<u>225,696</u>	<u>(15,499)</u>
Total Revenues and Other Financing Sources	\$ <u>92,020,738</u>	\$ <u>92,020,738</u>	92,614,957	\$ <u>594,219</u>
Budgetary revenues are different than GAAP revenues because: State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			<u>7,353,626</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit - IV			\$ <u>99,968,583</u>	

## TOWN OF FARMINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government:				
General administration:				
Town Manager	\$ 377,248	\$ 392,116	\$ 392,016	\$ 100
Finance	1,046,812	1,048,711	1,048,614	97
Probate Court	12,500	12,500	12,425	75
Registrars	87,449	80,449	80,310	139
Town Council	61,500	61,500	60,822	678
Personnel services	288,800	65,800	65,006	794
Legal	140,000	221,300	221,291	9
Town Clerk	336,923	324,923	324,499	424
Economic Development	114,722	114,722	109,706	5,016
Payments to outside agencies	2,450,927	2,450,927	2,450,667	260
Planning and zoning	273,025	320,767	320,665	102
Public buildings	218,528	169,660	169,558	102
Insurance	287,625	244,625	243,891	734
	<u>5,696,059</u>	<u>5,508,000</u>	<u>5,499,470</u>	<u>8,530</u>
Public safety:				
Fire marshal	930,662	942,528	942,429	99
Fire department	1,473,508	1,470,690	1,457,544	13,146
Police department	5,540,962	5,485,568	5,468,963	16,605
Communications center	899,957	954,957	954,875	82
EMS services	35,456	58,381	58,369	12
Building inspector	203,237	200,445	157,163	43,282
	<u>9,083,782</u>	<u>9,112,569</u>	<u>9,039,343</u>	<u>73,226</u>
Public works:				
Highway and grounds	3,528,168	3,588,795	3,588,696	99
Engineering	443,471	456,021	456,014	7
Public works and development	101,049	106,829	106,729	100
	<u>4,072,688</u>	<u>4,151,645</u>	<u>4,151,439</u>	<u>206</u>
Community and recreation services:				
Community services	823,096	822,998	822,714	284
Housing	27,325	27,325	22,858	4,467
	<u>850,421</u>	<u>850,323</u>	<u>845,572</u>	<u>4,751</u>
Other:				
Benefits	5,618,000	5,638,000	5,637,982	18
Other	10,000			-
	<u>5,628,000</u>	<u>5,638,000</u>	<u>5,637,982</u>	<u>18</u>

(Continued on next page)

## TOWN OF FARMINGTON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -  
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Debt service	\$ 7,579,198	\$ 7,579,198	\$ 7,504,478	\$ 74,720
Total general government	32,910,148	32,839,735	32,678,284	161,451
Board of Education	56,547,790	56,536,399	56,533,872	2,527
Total Board of Education and General Government	89,457,938	89,376,134	89,212,156	163,978
Other Financing Uses:				
Transfers out:				
Capital Projects Fund	2,562,800	2,805,604	2,805,604	-
Total Expenditures, Encumbrances and Other Financing Uses	\$ 92,020,738	\$ 92,181,738	92,017,760	\$ 163,978

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	7,353,626
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes	(122,297)
Encumbrances for purchases and commitments ordered in the previous fiscal year are not reported in the current fiscal year for budgetary purposes, but are shown in the year expended for financial reporting purposes	142,905
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV	\$ 99,391,994

## TOWN OF FARMINGTON, CONNECTICUT

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

## LAST FISCAL YEAR

	<u>2014</u>
Total pension liability:	
Service cost	\$ 2,423,489
Interest	6,781,290
Differences between expected and actual experience	2,633,994
Benefit payments, including refunds of member contributions	<u>(5,106,731)</u>
Net change in total pension liability	6,732,042
Total pension liability - beginning	<u>93,620,239</u>
Total pension liability - ending	<u>100,352,281</u>
Plan fiduciary net position:	
Contributions - employer	2,270,080
Contributions - member	1,365,672
Net investment income	9,995,112
Benefit payments, including refunds of member contributions	<u>(5,106,731)</u>
Administrative expense	(99,291)
Other	<u>34,041</u>
Net change in plan fiduciary net position	8,458,883
Plan fiduciary net position - beginning	<u>71,608,653</u>
Plan fiduciary net position - ending	<u>80,067,536</u>
Net Pension Liability - Ending	<u>\$ 20,284,745</u>
Plan fiduciary net position as a percentage of the total pension liability	79.79%
Covered-employee payroll	\$ 20,652,300
Net pension liability as a percentage of covered-employee payroll	98.22%

**TOWN OF FARMINGTON, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 717,978	\$ 764,182	\$ 854,474	\$ 945,584	\$ 1,135,040	\$ 1,951,127	\$ 2,013,158	\$ 1,971,693	\$ 2,108,977	\$ 2,267,150
Contributions in relation to the actuarially determined contribution	<u>717,978</u>	<u>764,182</u>	<u>854,474</u>	<u>992,469</u>	<u>1,183,279</u>	<u>1,291,590</u>	<u>1,950,000</u>	<u>2,055,490</u>	<u>2,109,000</u>	<u>2,270,080</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46,885)</u>	<u>\$ (48,239)</u>	<u>\$ 659,537</u>	<u>\$ 63,158</u>	<u>\$ (83,797)</u>	<u>\$ (23)</u>	<u>\$ (2,930)</u>
Covered-employee payroll	\$	\$ 16,232,926	\$ 17,180,785	\$ 18,324,455	\$ 18,748,405	\$ 19,085,815	\$ 19,627,086	\$ 21,334,076	\$ 20,652,300	\$ 20,652,300
Contributions as a percentage of covered-employee payroll		4.71%	4.97%	5.42%	6.31%	6.77%	9.94%	9.63%	10.21%	10.99%

**Notes to Schedule**

Valuation date: July 1, 2013

Measurement date: June 30, 2014

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

## Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Graded from 6.5% to 3.5%
Investment rate of return	7.25%
Retirement age	Rates that vary by age and group

Mortality RP-2000 Mortality for Employees, Health Annuitants, and Disabled Annuitants, with generational projection per Scale

**TOWN OF FARMINGTON, CONNECTICUT**

**SCHEDULE OF INVESTMENT RETURNS**

**LAST FISCAL YEAR**

**2014**

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Annual money-weighted rate of return, net of investment expense

13.88%

# **MAJOR GOVERNMENTAL FUNDS**

## **CAPITAL PROJECTS FUND**

Capital projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities and equipment.

**TOWN OF FARMINGTON, CONNECTICUT**  
**CAPITAL PROJECTS FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN PROJECT/FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Fields/Play Ground Equipment</u>	<u>Housing Land Bank</u>	<u>Farmington Valley Greenways</u>	<u>Farmington Canal Heritage Greenway</u>	<u>Tunxis Meade Imps</u>	<u>High School Turf Field</u>	<u>High School Tennis Courts</u>	<u>High School Track</u>
Total Project Authorization	\$ 389,000	\$ 390,000	\$ 3,532,148	\$ -	\$ -	\$ -	\$ 400,000	\$ 100,000
Revenues:								
State and federal grants	\$	\$	\$	\$ 17,275	\$	\$	\$	\$
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,275</u>	<u>650</u>	<u>20,187</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,275</u>	<u>650</u>	<u>20,187</u>	<u>-</u>	<u>-</u>
Project Expenditures	<u>28,688</u>	<u>-</u>	<u>57,309</u>	<u>761</u>	<u>933</u>	<u>4,960</u>	<u>356,582</u>	<u>79,750</u>
Other Financing Sources (Uses):								
Operating transfers in:								
General Fund	30,000						400,000	100,000
Capital Projects Fund								
Water Pollution Control Authority								
Special Revenue Fund								
Operating transfers out:								
Capital Projects Fund	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>100,000</u>
Total other financing sources (uses)	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>100,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	1,312	-	(57,309)	16,514	(283)	15,227	43,418	20,250
Project/Fund Balance at Beginning of Year	<u>-</u>	<u>7,637</u>	<u>267,558</u>	<u>-</u>	<u>(18,201)</u>	<u>-</u>	<u>(2,123)</u>	<u>-</u>
Project/Fund Balance at End of Year	<u>\$ 1,312</u>	<u>\$ 7,637</u>	<u>\$ 210,249</u>	<u>\$ 16,514</u>	<u>\$ (18,484)</u>	<u>\$ 15,227</u>	<u>\$ 41,295</u>	<u>\$ 20,250</u>

(Continued on next page)

TOWN OF FARMINGTON, CONNECTICUT

CAPITAL PROJECTS FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN PROJECT/FUND BALANCE (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Bridge Repair</u>	<u>Sidewalk Replacement</u>	<u>Sidewalk Construction</u>	<u>School Pipe Replacement</u>	<u>School Code &amp; Safety</u>	<u>5/6 School</u>	<u>High School Renovation</u>	<u>Chiller Replacement</u>
Total Project Authorization	\$ 815,000	\$ 467,800	\$ 215,000	\$ 581,750	\$ 1,075,000	\$ 26,400,000	\$ 8,500,000	\$ 168,250
Revenues:								
State and federal grants	\$	\$	\$	\$	\$	\$	\$	\$
Other	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-
Project Expenditures					565,104			
Other Financing Sources (Uses):								
Operating transfers in:								
General Fund	50,000				75,000			
Capital Projects Fund					505,000			
Water Pollution Control Authority								
Special Revenue Fund								
Operating transfers out:								
Capital Projects Fund				(56,005)		(505,000)		
Total other financing sources (uses)	50,000	-	-	(56,005)	580,000	(505,000)	-	-
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	50,000	-	-	(56,005)	14,896	(505,000)	-	-
Project/Fund Balance at Beginning of Year	7,936	8,021	32,690	56,005	5,469	507,810	(189,556)	2,479
Project/Fund Balance at End of Year	\$ 57,936	\$ 8,021	\$ 32,690	\$ -	\$ 20,365	\$ 2,810	\$ (189,556)	\$ 2,479

(Continued on next page)

## TOWN OF FARMINGTON, CONNECTICUT

## CAPITAL PROJECTS FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN PROJECT/FUND BALANCE (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	<u>School Roof Replacement</u>	<u>School Wide Technology Improvements</u>	<u>Underground Storage Tanks</u>	<u>School Furniture</u>	<u>Oil Tank Replacement</u>	<u>IAR Generator</u>	<u>IAR Tennis Courts</u>	<u>IAR Heating System</u>
Total Project Authorization	\$ <u>2,147,500</u>	\$ <u>1,177,800</u>	\$ <u>145,000</u>	\$ <u>110,000</u>	\$ <u>300,000</u>	\$ <u>225,000</u>	\$ <u>200,000</u>	\$ <u>1,100,000</u>
Revenues:								
State and federal grants	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other								
Total revenues	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project Expenditures	<u>274,368</u>	<u>523,616</u>	<u>99,101</u>	<u>98,461</u>	<u>-</u>	<u>3,154</u>	<u>139,848</u>	<u>52,878</u>
Other Financing Sources (Uses):								
Operating transfers in:								
General Fund		527,800	145,000	110,000				
Capital Projects Fund			(45,899)	106,651				
Water Pollution Control Authority								
Special Revenue Fund								
Operating transfers out:								
Capital Projects Fund					(4,746)			
Total other financing sources (uses)	<u>-</u>	<u>527,800</u>	<u>99,101</u>	<u>216,651</u>	<u>(4,746)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(274,068)	4,184	-	118,190	(4,746)	(3,154)	(139,848)	(52,878)
Project/Fund Balance at Beginning of Year	<u>(130,102)</u>	<u>13,609</u>	<u>-</u>	<u>-</u>	<u>4,746</u>	<u>-</u>	<u>-</u>	<u>(4,950)</u>
Project/Fund Balance at End of Year	\$ <u>(404,170)</u>	\$ <u>17,793</u>	\$ <u>-</u>	\$ <u>118,190</u>	\$ <u>-</u>	\$ <u>(3,154)</u>	\$ <u>(139,848)</u>	\$ <u>(57,828)</u>

(Continued on next page)

## TOWN OF FARMINGTON, CONNECTICUT

## CAPITAL PROJECTS FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN PROJECT/FUND BALANCE (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	2003 Open Space Acquisition	2004 Open Space Acquisition	2005 Open Space Acquisition	Road Reconstruction	Middle Road Reconstruction	New Britain Avenue Design	Town Hall Improvements
Total Project Authorization	\$ 3,500,000	\$ 1,500,000	\$ 1,000,000	\$ 7,228,000	\$ 1,800,000	\$ 125,000	\$ 2,269,500
Revenues:							
State and federal grants	\$	\$	\$	\$	\$ 12,703	\$	\$
Other				21,909			
Total revenues	-	-	-	21,909	12,703	-	-
Project Expenditures		426,957	225,857	1,482,202			22,533
Other Financing Sources (Uses):							
Operating transfers in:							
General Fund							265,000
Capital Projects Fund							
Water Pollution Control Authority							
Special Revenue Fund					81,159		
Operating transfers out:							
Capital Projects Fund							(9,520)
Total other financing sources (uses)	-	-	-	-	81,159.00	-	255,480
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	(426,957)	(225,857)	(1,460,293)	93,862	-	232,947
Project/Fund Balance at Beginning of Year	(77,096)	(418,613)	-	(141,433)	(93,862)	125,000	134,547
Project/Fund Balance at End of Year	\$ (77,096)	\$ (845,570)	\$ (225,857)	\$ (1,601,726)	\$ -	\$ 125,000	\$ 367,494

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**TOWN OF FARMINGTON, CONNECTICUT**  
**CAPITAL PROJECTS FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN PROJECT/FUND BALANCE (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Building Equipment Improvements</u>	<u>Telephone System</u>	<u>Emergency Operations</u>	<u>Fuel Tank Replacement</u>	<u>Staples House Improvements</u>	<u>WWGC Maintenance Shed</u>	<u>Energy Performance Projects</u>	<u>Exterior Facility Lighting</u>
Total Project Authorization	\$ 180,000	\$ 110,000	\$ 130,000	\$ 250,000	\$ 180,000	\$ 25,000	\$ 3,705,081	\$
Revenues:								
State and federal grants	\$	\$	\$	\$	\$	\$	\$	\$
Other							657,482	
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>657,482</u>	<u>-</u>
Project Expenditures	<u>74,798</u>	<u>(471)</u>	<u>9,887</u>				<u>486,967</u>	<u>4,316</u>
Other Financing Sources (Uses):								
Operating transfers in:								
General Fund	80,000		130,000		25,000		242,804	
Capital Projects Fund		9,520						
Water Pollution Control Authority								
Special Revenue Fund								
Operating transfers out:								
Capital Projects Fund								
Total other financing sources (uses)	<u>80,000</u>	<u>9,520</u>	<u>130,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>242,804</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	5,202	9,991	120,113	-	25,000	-	413,319	(4,316)
Project/Fund Balance at Beginning of Year	<u>77,430</u>	<u>(9,991)</u>	<u>-</u>	<u>12,991</u>	<u>(33,880)</u>	<u>25,000</u>	<u>252,088</u>	<u>-</u>
Project/Fund Balance at End of Year	<u>\$ 82,632</u>	<u>\$ -</u>	<u>\$ 120,113</u>	<u>\$ 12,991</u>	<u>\$ (8,880)</u>	<u>\$ 25,000</u>	<u>\$ 665,407</u>	<u>\$ (4,316)</u>

(Continued on next page)

## TOWN OF FARMINGTON, CONNECTICUT

## CAPITAL PROJECTS FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN PROJECT/FUND BALANCE (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Town Technology Improvements</u>	<u>Tax &amp; Assessment Software</u>	<u>New Computer System</u>	<u>Land Record Indexing</u>	<u>Revaluation</u>	<u>Radio Replacement</u>	<u>Police Technology Improvements</u>	<u>Storm Water Management Plan</u>
Total Project Authorization	\$ <u>127,000</u>	\$ <u>-</u>	\$ <u>328,220</u>	\$ <u>25,000</u>	\$ <u>445,000</u>	\$ <u>175,000</u>	\$ <u>147,000</u>	\$ <u>25,000</u>
Revenues:								
State and federal grants	\$	\$	\$	\$	\$	\$	\$	\$
Other			12,900					
Total revenues	<u>-</u>	<u>-</u>	<u>12,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project Expenditures	<u>25,754</u>	<u>95,088</u>	<u>4,405</u>	<u>22,820</u>		<u>22,359</u>	<u>18,584</u>	
Other Financing Sources (Uses):								
Operating transfers in:								
General Fund	30,000			25,000	40,000		50,000	
Capital Projects Fund								
Water Pollution Control Authority								
Special Revenue Fund								
Operating transfers out:								
Capital Projects Fund								
Total other financing sources (uses)	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>40,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	4,246	(95,088)	8,495	2,180	40,000	(22,359)	31,416	-
Project/Fund Balance at Beginning of Year	<u>4,420</u>	<u>-</u>	<u>31,227</u>	<u>-</u>	<u>(40,000)</u>	<u>22,359</u>	<u>5,511</u>	<u>8,862</u>
Project/Fund Balance at End of Year	\$ <u>8,666</u>	\$ <u>(95,088)</u>	\$ <u>39,722</u>	\$ <u>2,180</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>36,927</u>	\$ <u>8,862</u>

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**TOWN OF FARMINGTON, CONNECTICUT**  
**CAPITAL PROJECTS FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN PROJECT/FUND BALANCE (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Town Code Compliance</u>	<u>Environmental Code Compliance</u>	<u>Hydrologic Watershed Study</u>	<u>Open Space Management Plan</u>	<u>Pumper Fire Truck</u>	<u>Dump Truck Highway</u>	<u>Dump Truck Bodies</u>	<u>Dump Truck Small</u>
Total Project Authorization	\$ 131,900	\$ 275,000	\$ 25,000	\$ 50,000	\$ 644,730	\$ 1,135,000	\$ 115,000	\$ 379,000
Revenues:								
State and federal grants	\$	\$	\$	\$	\$	\$	\$	\$
Other								
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project Expenditures	<u>9,465</u>	<u>2,027</u>			<u>2,831</u>	<u>153,952</u>		<u>35,791</u>
Other Financing Sources (Uses):								
Operating transfers in:								
General Fund						180,000		
Capital Projects Fund							436	3,139
Water Pollution Control Authority								
Special Revenue Fund								
Operating transfers out:								
Capital Projects Fund						(2,483)		
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,517</u>	<u>436</u>	<u>3,139</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(9,465)	(2,027)	-	-	(2,831)	23,565	436	(32,652)
Project/Fund Balance at Beginning of Year	<u>15,258</u>	<u>73,254</u>	<u>26,125</u>	<u>14,638</u>	<u>3,050</u>	<u>-</u>	<u>(436)</u>	<u>32,652</u>
Project/Fund Balance at End of Year	<u>\$ 5,793</u>	<u>\$ 71,227</u>	<u>\$ 26,125</u>	<u>\$ 14,638</u>	<u>\$ 219</u>	<u>\$ 23,565</u>	<u>\$ -</u>	<u>\$ -</u>

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**TOWN OF FARMINGTON, CONNECTICUT**  
**CAPITAL PROJECTS FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN PROJECT/FUND BALANCE (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Utility Tractor</u>	<u>Rotary Mower</u>	<u>Rotary Mower Golf</u>	<u>Rolling Stock</u>	<u>Dial-A-Ride Bus</u>	<u>Turnout Gear</u>	<u>SCBA System</u>	<u>Hose Replacement</u>
Total Project Authorization	\$ 50,000	\$ 300,000	\$ 50,000	\$ 251,760	\$ 79,000	\$ 345,000	\$ 375,000	\$ 50,000
Revenues:								
State and federal grants	\$	\$	\$	\$	\$ 40,000	\$	\$	\$
Other				22,004				
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,004</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project Expenditures		<u>55,000</u>	<u>45,445</u>	<u>17,628</u>	<u>50,439</u>	<u>54,306</u>	<u>51,749</u>	
Other Financing Sources (Uses):								
Operating transfers in:								
General Fund		55,000	50,000			50,000	50,000	
Capital Projects Fund								
Water Pollution Control Authority								
Special Revenue Fund								
Operating transfers out:								
Capital Projects Fund	(1,092)							
Total other financing sources (uses)	<u>(1,092)</u>	<u>55,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(1,092)	-	4,555	4,376	(10,439)	(4,306)	(1,749)	-
Project/Fund Balance at Beginning of Year	<u>1,092</u>	<u>-</u>	<u>-</u>	<u>42,001</u>	<u>40,000</u>	<u>6,885</u>	<u>76,153</u>	<u>25,821</u>
Project/Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,555</u>	<u>\$ 46,377</u>	<u>\$ 29,561</u>	<u>\$ 2,579</u>	<u>\$ 74,404</u>	<u>\$ 25,821</u>

(Continued on next page)

## TOWN OF FARMINGTON, CONNECTICUT

## CAPITAL PROJECTS FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN PROJECT/FUND BALANCE (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Thermal Imaging Cameras</u>	<u>Apparatus Refurbishing</u>	<u>Medic Truck</u>	<u>Tunxis Hose Boiler</u>	<u>Live Burn Facility</u>	<u>Plant Equipment Replacement</u>	<u>Plant Odor Abatement</u>
Total Project Authorization	\$ 72,000	\$ 25,000	\$ 305,000	\$ 25,000	\$ -	\$ 375,000	\$ 650,000
Revenues:							
State and federal grants	\$	\$	\$	\$	\$	\$	\$
Other					47,095		
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,095</u>	<u>-</u>	<u>-</u>
Project Expenditures		<u>9,916</u>	<u>91,033</u>		<u>4,207</u>	<u>32,792</u>	
Other Financing Sources (Uses):							
Operating transfers in:							
General Fund			95,000				
Capital Projects Fund							
Water Pollution Control Authority						50,000	
Special Revenue Fund							
Operating transfers out:							
Capital Projects Fund						(47,536)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>2,464</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	(9,916)	3,967	-	42,888.00	(30,328)	-
Project/Fund Balance at Beginning of Year	<u>2,030</u>	<u>10,810</u>	<u>1,085</u>	<u>2,657</u>	<u>17,850</u>	<u>76,951</u>	<u>48,582</u>
Project/Fund Balance at End of Year	<u>\$ 2,030</u>	<u>\$ 894</u>	<u>\$ 5,052</u>	<u>\$ 2,657</u>	<u>\$ 60,738</u>	<u>\$ 46,623</u>	<u>\$ 48,582</u>

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**TOWN OF FARMINGTON, CONNECTICUT**  
**CAPITAL PROJECTS FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN PROJECT/FUND BALANCE (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Plant Upgrade Design</u>	<u>Upgrade Sewer Lines</u>	<u>Pump Station Improvements</u>	<u>Hyde Road Pump Station</u>	<u>Chemical Building Improvements</u>	<u>WPCA Rolling Stock</u>	<u>Total</u>
Total Project Authorization	\$ 3,044,197	\$ 2,719,197	\$ 700,000	\$ 720,360	\$ 554,216	\$ 145,000	\$ 86,255,409
Revenues:							
State and federal grants	\$	\$	\$	\$	\$	\$	\$ 70,278
Other							782,227
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>852,505</u>
Project Expenditures	<u>1,562,087</u>	<u>342,744</u>	<u>26,179</u>		<u>67,649</u>		<u>7,822,809</u>
Other Financing Sources (Uses):							
Operating transfers in:							
General Fund							2,805,604
Capital Projects Fund				7,154	47,536		633,537
Water Pollution Control Authority	500,000	500,000	100,000			25,000	1,175,000
Special Revenue Fund							81,159
Operating transfers out:							
Capital Projects Fund			(7,155)				(633,537)
Total other financing sources (uses)	<u>500,000</u>	<u>500,000</u>	<u>92,845</u>	<u>7,154</u>	<u>47,536</u>	<u>25,000</u>	<u>4,061,763</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(1,062,087)	157,256	66,666	7,154	(20,113)	25,000	(2,908,541)
Project/Fund Balance at Beginning of Year	<u>2,560,230</u>	<u>152,119</u>	<u>145,002</u>	<u>(7,154)</u>	<u>20,113</u>	<u>56,545</u>	<u>3,896,901</u>
Project/Fund Balance at End of Year	<u>\$ 1,498,143</u>	<u>\$ 309,375</u>	<u>\$ 211,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,545</u>	<u>\$ 988,360</u>

# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

Special revenue funds are used to account for proceeds of special revenue sources (except for major capital projects and trust funds) that are legally restricted to expenditure for specific purposes. The Town's special revenue funds are:

**Cafeteria** - To account for the food service operations of the public school system.

**Special Projects Education** - To account for federal and state education grants and other special projects.

**Farmington Festival** - To account for donations and expenditures related to the annual Farmington Festival.

**Open Space Rental** - To account for revenues and expenditures related to Town land designated as open space.

**Adult Education** - To account for educational programs for adults of the Town.

**Veterans' Memorial** - To account for the donations received for the building and maintenance of a veterans' memorial.

**Drug Enforcement** - To account for drug enforcement forfeiture monies received from the federal and state governments.

**School Aged Child Care** - To account for a childcare program operated by the Board of Education.

**Community Development** - To account for receipts and expenditures related to a residential housing improvement program.

**Recreation** - To account for various recreational, cultural and social programs.

**Noah Wallace** - To account for a bequest made to the Town by a former resident of Farmington.

**FLIS Scholarship** - To account for a scholarship fund in honor of a former town manager.

**Donation** - To account for the receipt and use of donations received by the Department of Community and Recreational Services.

**Municipal Grants** - To account for the receipt and use of grants received from the federal and state governments.

**Small Cities** - To account for grants from the Department of Housing and Urban Development for the rehabilitation of Maple Village on behalf of the Housing Authority of the Town.

**Water Pollution Control Authority** - To account for sewer assessments, user charges and sewer plan operations. The fund's major source of revenue comes from assessments and user charges.

## CAPITAL PROJECTS FUND

**STEAP Grant** - To account for grants received from the Department of Economic and Community Development under the Small Town Economic Assistance Program.

TOWN OF FARMINGTON, CONNECTICUT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

	Special Revenue								
	Cafeteria Fund	Special Projects Education Fund	Farmington Festival Fund	Open Space Rental Fund	Adult Education Fund	Veterans' Memorial Fund	Drug Enforcement Fund	School Aged Child Care Fund	Community Development Fund
<b>ASSETS</b>									
Cash and cash equivalents	\$ 5,280	\$	\$ 35,762	\$ 102,622	\$ 215,844	\$ 16,431	\$ 38,495	\$ 674,874	\$ 105,055
Investments									
Receivables:									
Accounts	21,622	195,579			7,187			46,663	100,606
Assessments									
Intergovernmental	55,717	112,226							
Due from other funds				1,368			2,463		
Inventories	23,760								
Prepaid assets					8,032				
<b>Total Assets</b>	<b>\$ 106,379</b>	<b>\$ 307,805</b>	<b>\$ 35,762</b>	<b>\$ 103,990</b>	<b>\$ 231,063</b>	<b>\$ 16,431</b>	<b>\$ 40,958</b>	<b>\$ 721,537</b>	<b>\$ 205,661</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 17,842	\$ 101,665	\$	\$ 810	\$	\$	\$	\$	\$
Due to other funds		169,867							
Unearned revenue	40,606	100,544			136,122			38,434	
<b>Total liabilities</b>	<b>58,448</b>	<b>372,076</b>	<b>-</b>	<b>810</b>	<b>136,122</b>	<b>-</b>	<b>-</b>	<b>38,434</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>									
Unavailable revenue - special assessments									
Unavailable revenue - sewer use									
Unavailable revenue - loans receivable									100,606
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,606</b>
<b>Fund Balances:</b>									
Nonspendable	23,760				8,032				
Restricted							40,958		105,055
Committed	24,171		35,762	103,180	86,909	16,431		683,103	
Unassigned		(64,271)							
<b>Total fund balances</b>	<b>47,931</b>	<b>(64,271)</b>	<b>35,762</b>	<b>103,180</b>	<b>94,941</b>	<b>16,431</b>	<b>40,958</b>	<b>683,103</b>	<b>105,055</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 106,379</b>	<b>\$ 307,805</b>	<b>\$ 35,762</b>	<b>\$ 103,990</b>	<b>\$ 231,063</b>	<b>\$ 16,431</b>	<b>\$ 40,958</b>	<b>\$ 721,537</b>	<b>\$ 205,661</b>

(Continued on next page)

**TOWN OF FARMINGTON, CONNECTICUT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2014**

	<u>Special Revenue</u>							<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Recreation Fund</u>	<u>Noah Wallace Fund</u>	<u>FLIS Scholarship Fund</u>	<u>Donation Fund</u>	<u>Municipal Grants</u>	<u>Small Cities</u>	<u>Water Pollution Control Authority</u>	<u>STEAP Grant</u>	
<b>ASSETS</b>									
Cash and cash equivalents	\$ 97,514	\$ 43,210	\$ 5,736	\$ -	\$ -	\$ 1,259	\$ 260,958	\$ -	\$ 1,603,040
Investments		1,102,655							1,102,655
Receivables:									
Accounts					168,602	172,992	17,539		730,790
Assessments							39,234		39,234
Intergovernmental					2,401				170,344
Due from other funds				96,314	144,689		345,051	37,156	627,041
Inventories									23,760
Prepaid assets									8,032
<b>Total Assets</b>	<b>\$ 97,514</b>	<b>\$ 1,145,865</b>	<b>\$ 5,736</b>	<b>\$ 96,314</b>	<b>\$ 315,692</b>	<b>\$ 174,251</b>	<b>\$ 662,782</b>	<b>\$ 37,156</b>	<b>\$ 4,304,896</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 30,846	\$ -	\$ -	\$ 11,656	\$ 2,313	\$ -	\$ 84,523	\$ -	\$ 249,655
Due to other funds	30,401	1,850							202,118
Unearned revenue					191,866		17,221	36,916	561,709
<b>Total liabilities</b>	<b>61,247</b>	<b>1,850</b>	<b>-</b>	<b>11,656</b>	<b>194,179</b>	<b>-</b>	<b>101,744</b>	<b>36,916</b>	<b>1,013,482</b>
<b>Deferred Inflows of Resources:</b>									
Unavailable revenue - special assessments							17,539		17,539
Unavailable revenue - sewer use							39,234		39,234
Unavailable revenue - loans receivable						172,992			273,598
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>172,992</b>	<b>56,773</b>	<b>-</b>	<b>330,371</b>
<b>Fund Balances:</b>									
Nonspendable									31,792
Restricted		1,144,015	5,736	84,658	121,513	1,259		240	1,503,434
Committed	36,267						504,265		1,490,088
Unassigned									(64,271)
<b>Total fund balances</b>	<b>36,267</b>	<b>1,144,015</b>	<b>5,736</b>	<b>84,658</b>	<b>121,513</b>	<b>1,259</b>	<b>504,265</b>	<b>240</b>	<b>2,961,043</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 97,514</b>	<b>\$ 1,145,865</b>	<b>\$ 5,736</b>	<b>\$ 96,314</b>	<b>\$ 315,692</b>	<b>\$ 174,251</b>	<b>\$ 662,782</b>	<b>\$ 37,156</b>	<b>\$ 4,304,896</b>

**TOWN OF FARMINGTON, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Special Revenue</u>							
	<u>Cafeteria Fund</u>	<u>Special Projects Education Fund</u>	<u>Farmington Festival Fund</u>	<u>Open Space Rental Fund</u>	<u>Adult Education Fund</u>	<u>Veterans' Memorial Fund</u>	<u>Drug Enforcement Fund</u>	<u>School Aged Child Care Fund</u>
Revenues:								
Federal and state grants	\$ 309,364	\$ 2,518,896	\$	\$	\$	\$	\$ 3,811	\$
Charges for current services	1,062,992			35,200	445,502			1,819,621
Sewer assessments								
Licenses and permits								
Net investment income	249		70	322		48	63	
Other		1,330,790					8,258	
Total revenues	<u>1,372,605</u>	<u>3,849,686</u>	<u>70</u>	<u>35,522</u>	<u>445,502</u>	<u>48</u>	<u>12,132</u>	<u>1,819,621</u>
Expenditures:								
Education	1,341,534	3,863,894			427,893			1,756,122
Public safety							600	
Culture and recreation						8,376		
Plant operations								
Other				206,578				
Debt service								
Capital outlay								
Total expenditures	<u>1,341,534</u>	<u>3,863,894</u>	<u>-</u>	<u>206,578</u>	<u>427,893</u>	<u>8,376</u>	<u>600</u>	<u>1,756,122</u>
Excess (Deficiency) of Revenues over Expenditures	<u>31,071</u>	<u>(14,208)</u>	<u>70</u>	<u>(171,056)</u>	<u>17,609</u>	<u>(8,328)</u>	<u>11,532</u>	<u>63,499</u>
Other Financing Uses:								
Transfers out								
Net Changes in Fund Balances	31,071	(14,208)	70	(171,056)	17,609	(8,328)	11,532	63,499
Fund Balances at Beginning of Year	<u>16,860</u>	<u>(50,063)</u>	<u>35,692</u>	<u>274,236</u>	<u>77,332</u>	<u>24,759</u>	<u>29,426</u>	<u>619,604</u>
Fund Balances at End of Year	<u>\$ 47,931</u>	<u>\$ (64,271)</u>	<u>\$ 35,762</u>	<u>\$ 103,180</u>	<u>\$ 94,941</u>	<u>\$ 16,431</u>	<u>\$ 40,958</u>	<u>\$ 683,103</u>

(Continued on next page)

**TOWN OF FARMINGTON, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Special Revenue</u>							<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>	
	<u>Community Development Fund</u>	<u>Recreation Fund</u>	<u>Noah Wallace Fund</u>	<u>FLIS Scholarship Fund</u>	<u>Donation Fund</u>	<u>Municipal Grants</u>	<u>Small Cities</u>	<u>Water Pollution Control Authority</u>		<u>STEAP Grant</u>
Revenues:										
Federal and state grants	\$	\$	\$	\$	\$	\$ 145,121	\$ 67,356	\$	\$ 77,857	\$ 3,122,405
Charges for current services		568,133					4,332,922			8,264,370
Sewer assessments							51,537			51,537
Licenses and permits							2,200			2,200
Net investment income	145	246	193,468	12			973			195,603
Other					55,614	568,019	24,924			1,987,605
Total revenues	<u>145</u>	<u>568,379</u>	<u>193,468</u>	<u>12</u>	<u>55,614</u>	<u>713,140</u>	<u>67,363</u>	<u>4,412,556</u>	<u>77,857</u>	<u>13,623,720</u>
Expenditures:										
Education			21,273	500						7,411,216
Public safety										600
Culture and recreation		543,011					73,510			624,897
Plant operations							2,683,662			2,683,662
Other					36,360	648,711				891,649
Debt service							208,707			208,707
Capital outlay									77,857	77,857
Total expenditures	<u>-</u>	<u>543,011</u>	<u>21,273</u>	<u>500</u>	<u>36,360</u>	<u>648,711</u>	<u>73,510</u>	<u>2,892,369</u>	<u>77,857</u>	<u>11,898,588</u>
Excess (Deficiency) of Revenues over Expenditures	<u>145</u>	<u>25,368</u>	<u>172,195</u>	<u>(488)</u>	<u>19,254</u>	<u>64,429</u>	<u>(6,147)</u>	<u>1,520,187</u>	<u>-</u>	<u>1,725,132</u>
Other Financing Uses:										
Transfers out						(81,159)		(1,175,000)		(1,256,159)
Net Changes in Fund Balances	145	25,368	172,195	(488)	19,254	(16,730)	(6,147)	345,187	-	468,973
Fund Balances at Beginning of Year	<u>104,910</u>	<u>10,899</u>	<u>971,820</u>	<u>6,224</u>	<u>65,404</u>	<u>138,243</u>	<u>7,406</u>	<u>159,078</u>	<u>240</u>	<u>2,492,070</u>
Fund Balances at End of Year	<u>\$ 105,055</u>	<u>\$ 36,267</u>	<u>\$ 1,144,015</u>	<u>\$ 5,736</u>	<u>\$ 84,658</u>	<u>\$ 121,513</u>	<u>\$ 1,259</u>	<u>\$ 504,265</u>	<u>\$ 240</u>	<u>\$ 2,961,043</u>

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## TOWN OF FARMINGTON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - WATER POLLUTION CONTROL AUTHORITY FUND

FOR THE YEAR ENDED JUNE 30, 2014

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Program revenues	\$ 4,451,985	4,451,985	\$ 4,412,556	\$ (39,429)
Expenditures:				
Program expenditures	<u>3,304,485</u>	<u>3,304,485</u>	<u>2,892,369</u>	<u>412,116</u>
Excess of Revenues over Expenditures	1,147,500	1,147,500	1,520,187	372,687
Other Financing Uses:				
Operating transfers out:				
Capital Projects Fund	<u>(1,147,500)</u>	<u>(1,147,500)</u>	<u>(1,175,000)</u>	<u>(27,500)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	345,187	<u>\$ 345,187</u>
Fund Balance at Beginning of Year			<u>159,078</u>	
Fund Balance at End of Year			<u>\$ 504,265</u>	

# **FIDUCIARY FUND TYPES**

Fiduciary fund types are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations or others. The Town's fiduciary funds are:

## **AGENCY FUNDS:**

**Student Activities** - To account for various student activities and clubs.

**Contractor's Deposit** - To account for deposits from contractors and developers, which are held by the Town as surety for satisfactory completion of construction and development projects.

## **TRUST FUND:**

**Pension Trust** - To account for the accumulation of resources to be used for retirement benefits.

## TOWN OF FARMINGTON, CONNECTICUT

## AGENCY FUNDS

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
Student Activities:				
Assets:				
Cash and cash equivalents	\$ 645,831	\$ 1,698,857	\$ 1,686,246	\$ 658,442
Investments	275,920	4,060		279,980
Total Assets	<u>\$ 921,751</u>	<u>\$ 1,702,917</u>	<u>\$ 1,686,246</u>	<u>\$ 938,422</u>
Liabilities:				
Fiduciary deposits	<u>\$ 921,751</u>	<u>\$ 1,702,917</u>	<u>\$ 1,686,246</u>	<u>\$ 938,422</u>
Contractor's Deposit:				
Assets:				
Cash and cash equivalents	<u>\$ 521,524</u>	<u>\$ 275,602</u>	<u>\$ 193,816</u>	<u>\$ 603,310</u>
Liabilities:				
Fiduciary deposits	<u>\$ 521,524</u>	<u>\$ 275,602</u>	<u>\$ 193,816</u>	<u>\$ 603,310</u>
Total:				
Assets:				
Cash and cash equivalents	\$ 1,167,355	\$ 1,974,459	\$ 1,880,062	\$ 1,261,752
Investments	275,920	4,060		279,980
Total Assets	<u>\$ 1,443,275</u>	<u>\$ 1,978,519</u>	<u>\$ 1,880,062</u>	<u>\$ 1,541,732</u>
Liabilities:				
Fiduciary deposits	<u>\$ 1,443,275</u>	<u>\$ 1,978,519</u>	<u>\$ 1,880,062</u>	<u>\$ 1,541,732</u>

# **SUPPLEMENTAL SCHEDULES**

**TOWN OF FARMINGTON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN BOND INDEBTEDNESS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

Date of Issuance/Description	Interest Rate	Fiscal Year of Maturity	Original Amount	Outstanding July 1, 2013	Current Year Transactions		Outstanding June 30, 2014
					Issued	Retired	
2009 Series A Refunding Bond School							
2014	4.00%	2014	\$ 1,221,100	\$ 1,221,100	\$	\$ 1,221,100	\$ -
2015	2.25%	2015	1,209,400	1,209,400			1,209,400
2016	2.50%	2016	1,185,900	1,185,900			1,185,900
2017	3.46%	2017	1,166,300	1,166,300			1,166,300
2018	5.00%	2018	1,162,400	1,162,400			1,162,400
2019	4.00%	2019	1,158,500	1,158,500			1,158,500
2020	5.00%	2020	1,154,600	1,154,600			1,154,600
2021-2022	4.00%	2021-2022	2,289,600	2,289,600			2,289,600
2009 Series B Refunding Bond School							
2014	2.69%	2014	600,200	600,200		600,200	-
2015-2021	4.00%	2015-2021	2,767,200	2,767,200			2,767,200
2011 School Bond Refunding							
2012-2014	2.00%	2012-2014	321,300	302,300		302,300	-
2015-2016	3.00%	2015-2016	595,900	595,900			595,900
2017	2.00%	2017	295,200	295,200			295,200
2018-2022	4.00%	2018-2022	1,449,500	1,449,500			1,449,500
2023	3.13%	2023	268,300	268,300			268,300
2012 School Bond Refunding							
2014	2.00%	2014	5,200	5,200		5,200	-
2019-2022	4.00%	2019-2022	20,600	20,600			20,600
2024	2.50%	2024	271,900	271,900			271,900
2025	2.75%	2025	266,700	266,700			266,700
2026	3.00%	2026	261,500	261,500			261,500
			<u>\$ 17,671,300</u>	<u>\$ 17,652,300</u>	<u>\$ -</u>	<u>\$ 2,128,800</u>	<u>\$ 15,523,500</u>
<b><u>SEWER BONDS</u></b>							
2011 Sewer Bond Refunding							
2012-2014	2.00%	2012-2014	\$ 134,600	\$ 126,600	\$	\$ 126,600	\$ -
2015-2016	3.00%	2015-2016	247,300	247,300			247,300
2017	2.00%	2017	121,500	121,500			121,500
2018-2022	4.00%	2018-2022	596,500	596,500			596,500
2023	3.13%	2023	118,500	118,500			118,500
2012 Sewer Bond Refunding							
2014	2.00%	2014	2,200	2,200		2,200	-
2019-2022	4.00%	2019-2022	9,000	9,000			9,000
2024	2.50%	2024	118,500	118,500			118,500
2025	2.75%	2025	116,300	116,300			116,300
2026	3.00%	2026	114,000	114,000			114,000
			<u>\$ 1,578,400</u>	<u>\$ 1,570,400</u>	<u>\$ -</u>	<u>\$ 128,800</u>	<u>\$ 1,441,600</u>

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**TOWN OF FARMINGTON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN BOND INDEBTEDNESS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u>Date of Issuance/Description</u>	<u>Interest Rate</u>	<u>Fiscal Year of Maturity</u>	<u>Original Amount</u>	<u>Outstanding July 1, 2013</u>	<u>Current Year Transactions</u>		<u>Outstanding June 30, 2014</u>
					<u>Issued</u>	<u>Retired</u>	
<u>OTHER BONDS</u>							
2008 General Obligation Bond							
2012-2016	3.25%	2012-2016	\$ 2,110,000	\$ 420,000	\$ -	\$ -	\$ 420,000
2009 Series A Refunding Bonds General Purpose							
2014	4.00%	2014	338,900	338,900		338,900	-
2015	2.25%	2015	335,600	335,600			335,600
2016	2.50%	2016	329,100	329,100			329,100
2017	3.46%	2017	323,700	323,700			323,700
2018	5.00%	2018	322,600	322,600			322,600
2019	4.00%	2019	321,500	321,500			321,500
2020	5.00%	2020	320,400	320,400			320,400
2021-2022	4.00%	2021-2022	635,400	635,400			635,400
2009 Series B Refunding Bond General Purpose							
2014	2.69%	2014	1,349,800	1,349,800		1,349,800	-
2015-2021	4.00%	2015-2021	6,222,800	6,222,800			6,222,800
2009 Series C Refunding Bond General Purpose							
2014	2.50%	2014	125,000	125,000		125,000	-
2015	2.75%	2015	125,000	125,000			125,000
2016	3.00%	2016	125,000	125,000			125,000
2017	3.25%	2017	100,000	100,000			100,000
2018	3.50%	2018	100,000	100,000			100,000
2019-2021	4.00%	2019-2021	300,000	300,000			300,000
2011 General Purpose Bond Refunding							
2012-2014	2.00%	2012-2014	1,114,100	656,100		656,100	-
2015-2016	3.00%	2015-2016	1,286,800	1,286,800			1,286,800
2017	2.00%	2017	633,300	633,300			633,300
2018-2022	4.00%	2018-2022	3,124,000	3,124,000			3,124,000
2023	3.13%	2023	613,200	613,200			613,200
2024	3.25%	2024	210,000	210,000			210,000
2025	3.50%	2025	210,000	210,000			210,000
2026	3.63%	2026	210,000	210,000			210,000
2012 General Obligation Bond Refunding							
2014	2.00%	2014	412,600	412,600		412,600	-
2019-2023	4.00%	2019-2023	2,065,400	2,065,400			2,065,400
2024	2.50%	2024	399,600	399,600			399,600
2025	2.75%	2025	392,000	392,000			392,000
2026	3.00%	2026	384,500	384,500			384,500
2013 General Obligation Bond Refunding							
2014-2015	2.00%	2014-2015	255,000	255,000		130,000	125,000
2016-2018	3.00%	2016-2018	1,625,000	1,625,000			1,625,000
2019-2020	2.00%	2019-2020	235,000	235,000			235,000
2024-2026	2.00%	2024-2026	1,290,000	1,290,000			1,290,000
2027	2.25%	2027	410,000	410,000			410,000
2028	2.00%	2028	405,000	405,000			405,000
			<u>\$ 28,760,300</u>	<u>\$ 26,612,300</u>	<u>\$ -</u>	<u>\$ 3,012,400</u>	<u>\$ 23,599,900</u>
<b>Total Bonds Payable</b>				<u>\$ 45,835,000</u>	<u>\$ -</u>	<u>\$ 5,270,000</u>	<u>\$ 40,565,000</u>

TOWN OF FARMINGTON, CONNECTICUT

SCHEDULE OF TAX COLLECTIONS

FOR THE YEAR ENDED JUNE 30, 2014

Grand List of October 1,	Mill Rate	Uncollected Taxes July 1, 2013	Adjustments and Transfers				Adjusted Taxes Collectible	Collections				Tax Refunds	Uncollected Taxes June 30, 2014
			Assessors Certificates of Correction		Transfers to Suspense Tax Book	Net Additions (Deductions)		Taxes	Interest	Lien Fees	Total		
			Additions	Deductions									
2012	24.07	\$ 83,919,705	\$ 303,625	\$ 684,286	\$ (4,887)	\$ (385,548)	\$ 83,534,157	\$ 83,442,866	\$ 160,626	\$ 1,264	\$ 83,604,756	\$ 210,496	\$ 301,787
2011	21.90	299,107	10,855	35,391	(2,770)	(27,306)	271,801	126,959	27,455	1,432	155,846	8,549	153,391
2010	21.27	121,319	572	22,370	(9,299)	(31,097)	90,222	31,075	6,355	353	37,783	5,678	64,825
2009	20.46	22,946	31	304	(2,247)	(2,520)	20,426	1,031	980	47	2,058	335	19,730
2008	19.76	5,763	30	30	(2,455)	(2,455)	3,308	704	1,417	51	2,172	59	2,663
2007	19.47	3,597	29	29	(1,032)	(1,032)	2,565	247	992	40	1,279	58	2,376
2006	25.95	2,886	2		(318)	(316)	2,570	801	1,144	51	1,996		1,769
2005	25.24	1,689	3		(54)	(51)	1,638	513	1,034	84	1,631		1,125
2004	24.27	1,086	96	96		-	1,086		644	47	691		1,086
2003	23.30	1,042	16	16		-	1,042		474	20	494		1,042
2002	21.90	829	84	84		-	829		1,702	26	1,728		829
2001	26.50	754	614	614		-	754		645	3	648		754
2000	25.00	709	481	481		-	709		2,420	30	2,450		709
1999	23.60	646	382	382		-	646		2,003	6	2,009		646
1998	22.80	624				-	624		276		276		624
1997	22.80	625			(624)	(624)	1				-		1
		<u>\$ 84,383,327</u>	<u>\$ 316,820</u>	<u>\$ 744,083</u>	<u>\$ (23,686)</u>	<u>\$ (450,949)</u>	<u>\$ 83,932,378</u>	<u>\$ 83,604,196</u>	<u>\$ 208,167</u>	<u>\$ 3,454</u>	<u>\$ 83,815,817</u>	<u>\$ 225,175</u>	<u>\$ 553,357</u>

08

## TOWN OF FARMINGTON, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

## FOR THE YEAR ENDED JUNE 30, 2014

Total tax collections (including interest and lien fees received) for the year ended June 30, 2013	\$ 83,590,642
Reimbursement for revenue loss on: Tax relief for elderly	<u>142,213</u>
Base	\$ <u><u>83,732,855</u></u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Total</u>
Debt Limitation:					
2-1/4 times base	\$ 188,398,924	\$	\$	\$	\$ 188,398,924
4-1/2 times base		376,797,848			376,797,848
3-3/4 times base			313,998,206		313,998,206
3-1/4 times base				<u>272,131,779</u>	<u>272,131,779</u>
Total debt limitation	<u>188,398,924</u>	<u>376,797,848</u>	<u>313,998,206</u>	<u>272,131,779</u>	<u>1,151,326,757</u>
Indebtedness:					
Outstanding debt:					
Bonds	23,599,900	15,523,500	1,441,600		40,565,000
Debt authorized and unissued	<u>8,856,241</u>	<u>4,438,374</u>	<u>1,441,600</u>		<u>13,294,615</u>
	32,456,141	19,961,874	1,441,600	-	53,859,615
Less:					
State of Connecticut school building grant receivable		321,575			321,575
Proportionate share of costs allocated to other governments			<u>272,075</u>		<u>272,075</u>
Total indebtedness for purpose of debt limitation calculation	<u>32,456,141</u>	<u>19,640,299</u>	<u>1,169,525</u>	<u>-</u>	<u>53,265,965</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 155,942,783</u>	<u>\$ 357,157,549</u>	<u>\$ 312,828,681</u>	<u>\$ 272,131,779</u>	<u>\$ 1,098,060,792</u>

In no case shall total indebtedness exceed \$557,404,667 (seven times the annual base for debt limitation computations).

## TOWN OF FARMINGTON, CONNECTICUT

## SPECIAL REVENUE FUND

## WATER POLLUTION CONTROL AUTHORITY FUND

## SCHEDULE OF SEWER ASSESSMENTS LEVIED, COLLECTED AND OUTSTANDING

## FOR THE YEAR ENDED JUNE 30, 2014

Project	Assessments Collectible July 1, 2013	Current Year Additions	Current Year Deductions	Collections			Assessments Collectible June 30, 2014
				Principal	Interest	Total	
CC	\$	\$ 171,567	\$	\$ 171,567	\$	\$ 171,567	\$ -
NN	7,026	83,978	8,400	48,473	1,665	50,138	34,131
BBB	3,819			545	229	774	3,274
DDD	2,271			455	136	591	1,816
QQQ	25			12	21	33	13
	<u>\$ 13,141</u>	<u>\$ 255,545</u>	<u>\$ 8,400</u>	<u>\$ 221,052</u>	<u>\$ 2,051</u>	<u>\$ 223,103</u>	<u>\$ 39,234</u>

# STATISTICAL SECTION INFORMATION

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

Statistical section information is presented in the following categories:

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

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

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

## TOWN OF FARMINGTON, CONNECTICUT

## NET POSITION BY COMPONENT

## LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Net investment in capital assets	\$ 15,264,575	\$ 22,036,765	\$ 55,323,795	\$ 60,678,758	\$ 66,566,819	\$ 70,786,142	\$ 70,918,707	\$ 74,181,528	\$ 82,048,851	\$ 87,902,192
Unrestricted	20,760,942	17,644,550	15,833,869	16,512,931	16,090,463	13,980,396	17,509,749	17,958,223	15,398,607	12,699,697
Total governmental activities net position	<u>36,025,517</u>	<u>39,681,315</u>	<u>71,157,664</u>	<u>77,191,689</u>	<u>82,657,282</u>	<u>84,766,538</u>	<u>88,428,456</u>	<u>92,139,751</u>	<u>97,447,458</u>	<u>100,601,889</u>
Business-Type Activities:										
Net investment in capital assets	1,221,323	1,211,666	1,196,623	1,193,904	1,215,364	1,219,346	1,217,095	1,323,369	1,325,594	1,372,108
Unrestricted	(120,019)	(239,842)	(310,331)	(237,201)	(330,341)	(369,886)	(495,592)	(536,591)	(509,680)	(363,930)
Total business-type activities net position	<u>1,101,304</u>	<u>971,824</u>	<u>886,292</u>	<u>956,703</u>	<u>885,023</u>	<u>849,460</u>	<u>721,503</u>	<u>786,778</u>	<u>815,914</u>	<u>1,008,178</u>
Total:										
Net investment in capital assets	16,485,898	23,248,431	56,520,418	61,872,662	67,782,183	72,005,488	72,135,802	75,504,897	83,374,445	89,274,300
Unrestricted	20,640,923	17,404,708	15,523,538	16,275,730	15,760,122	13,610,510	17,014,157	17,421,632	14,888,927	12,335,767
∞ Total Net Position	<u>\$ 37,126,821</u>	<u>\$ 40,653,139</u>	<u>\$ 72,043,956</u>	<u>\$ 78,148,392</u>	<u>\$ 83,542,305</u>	<u>\$ 85,615,998</u>	<u>\$ 89,149,959</u>	<u>\$ 92,926,529</u>	<u>\$ 98,263,372</u>	<u>\$ 101,610,067</u>

TOWN OF FARMINGTON, CONNECTICUT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
Education	\$ 48,104,708	\$ 54,715,445	\$ 58,185,128	\$ 76,033,311	\$ 60,697,140	\$ 63,021,971	\$ 64,652,411	\$ 68,814,931	\$ 70,418,332	\$ 73,274,762
Public safety	9,782,278	10,050,300	10,620,878	10,709,514	11,892,238	11,700,832	11,260,073	12,514,185	11,862,365	13,319,434
Public works	4,927,021	5,274,293	6,696,672	7,776,218	7,593,395	7,270,315	8,109,725	8,524,648	7,384,025	8,044,343
Culture and recreation	1,403,644	1,565,407	1,234,897	1,076,083	1,826,626	2,732,501	2,123,408	2,127,313	1,783,833	2,018,087
Special services	1,293,635	1,322,572	1,332,198	1,239,733	1,342,513					
Human services	1,888,801	13,341	32,044	2,400	15,495	20,764	24,935	21,298		
General administration	5,514,792	6,264,567	5,355,343	7,506,490	6,968,782	7,604,911	6,887,454	7,858,753	7,888,970	9,415,184
Plant operations	3,476,798	3,256,371	3,479,603	3,991,935	3,788,840	3,997,886	4,213,197	4,614,668	3,935,919	3,835,971
Debt service	2,597,568	2,663,803	3,147,147	2,847,221	2,742,670	2,435,367	2,143,185	1,967,106	1,747,126	1,906,930
Total governmental activities	<u>78,989,245</u>	<u>85,126,099</u>	<u>90,083,910</u>	<u>111,182,905</u>	<u>96,867,699</u>	<u>98,784,547</u>	<u>99,414,388</u>	<u>106,442,902</u>	<u>105,020,570</u>	<u>111,814,711</u>
Business-type activities:										
Waste Collection Fund						1,411,865	1,490,559	700,108	664,729	644,009
Westwoods Fund	621,947	612,831	734,219	722,187	754,882	767,564	741,680	1,537,224	1,555,485	1,512,107
Total business type activities	<u>621,947</u>	<u>612,831</u>	<u>734,219</u>	<u>722,187</u>	<u>754,882</u>	<u>2,179,429</u>	<u>2,232,239</u>	<u>2,237,332</u>	<u>2,220,214</u>	<u>2,156,116</u>
Total Expenses	<u>\$ 79,611,192</u>	<u>\$ 85,738,930</u>	<u>\$ 90,818,129</u>	<u>\$ 111,905,092</u>	<u>\$ 97,622,581</u>	<u>\$ 100,963,976</u>	<u>\$ 101,646,627</u>	<u>\$ 108,680,234</u>	<u>\$ 107,240,784</u>	<u>\$ 113,970,827</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
Education	\$ 2,766,021	\$ 2,721,338	\$ 3,051,543	\$ 3,152,847	\$ 3,132,163	\$ 3,191,193	\$ 3,272,594	\$ 3,262,316	\$ 3,291,208	\$ 3,328,115
Public safety	1,191,553	1,232,883	707,161	1,085,864	854,146	942,987	933,015	1,010,762	1,327,935	1,849,660
Public works	2,409,423	2,802,639	3,391,620	3,601,991	3,978,128	4,079,313	3,886,906	3,954,709	4,160,129	4,463,189
Culture and recreation	514,289	498,869	500,020	602,337	491,464	530,320	532,258	571,879	553,716	587,071
Special services	1,323,636	1,298,185	1,345,978	1,367,711	1,417,921	8,883	10,560			
Human services	43,478	49,031	18,744				2,888	2,888		
General administration	1,435,001	1,310,159	1,316,991	1,550,030	1,254,398	1,312,624	1,178,439	1,245,333	1,355,047	1,460,916
Plant operations										
Other										
Debt service		186,958								
Operating grants and contributions	4,675,301	6,404,232	6,799,564	24,845,653	9,604,738	9,743,514	10,747,054	13,599,923	12,224,690	13,887,649
Capital grants and contributions	1,183,208	657,360	991,887	2,047,483	5,682,481	3,588,534	2,309,334	3,145,481	806,419	1,635,327
Total governmental activities program revenues	<u>15,541,910</u>	<u>17,161,654</u>	<u>18,123,508</u>	<u>38,253,916</u>	<u>26,415,439</u>	<u>23,397,368</u>	<u>22,873,048</u>	<u>26,793,291</u>	<u>23,719,144</u>	<u>27,211,927</u>
Business-type activities:										
Charges for services	444,745	478,217	631,117	738,935	626,946	2,122,877	2,076,083	2,253,550	2,238,626	2,261,629
Capital grants and contributions					27,201	581,058	2,261,629			
Total Program Revenues	<u>\$ 15,986,655</u>	<u>\$ 17,639,871</u>	<u>\$ 18,754,625</u>	<u>\$ 38,992,851</u>	<u>\$ 27,069,586</u>	<u>\$ 26,101,303</u>	<u>\$ 27,210,760</u>	<u>\$ 29,046,841</u>	<u>\$ 25,957,770</u>	<u>\$ 29,473,556</u>
Net Expense:										
Governmental activities	\$ (63,447,335)	\$ (67,964,445)	\$ (71,960,402)	\$ (72,928,989)	\$ (70,452,260)	\$ (75,387,179)	\$ (76,541,340)	\$ (79,649,611)	\$ (81,301,426)	\$ (84,602,784)
Business-type activities	(177,202)	(134,614)	(103,102)	16,748	(100,735)	524,506	2,105,473	16,218	18,412	105,513
Total										
Net Expense	<u>\$ (63,624,537)</u>	<u>\$ (68,099,059)</u>	<u>\$ (72,063,504)</u>	<u>\$ (72,912,241)</u>	<u>\$ (70,552,995)</u>	<u>\$ (74,862,673)</u>	<u>\$ (74,435,867)</u>	<u>\$ (79,633,393)</u>	<u>\$ (81,283,014)</u>	<u>\$ (84,497,271)</u>

(Continued on next page)

**TOWN OF FARMINGTON, CONNECTICUT**  
**CHANGES IN NET POSITION (CONTINUED)**  
**LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	\$ 61,414,927	\$ 64,964,369	\$ 68,660,227	\$ 71,144,342	\$ 71,108,035	\$ 73,052,220	\$ 76,149,789	\$ 79,578,060	\$ 82,425,145	\$ 83,659,303
Unrestricted grants and contributions	4,089,941	4,105,513	4,143,319	4,146,675	4,151,117	4,073,474	3,667,528	3,620,301	3,824,257	3,722,109
Investment earnings	702,668	1,328,401	1,949,609	1,265,058	450,608	243,739	259,363	80,052	232,993	272,091
Contributions										
Miscellaneous	275,318	1,221,960		95,320	208,093	127,002	129,466	82,493	126,738	103,712
Transfers										
Total governmental activities	<u>66,482,854</u>	<u>71,620,243</u>	<u>74,753,155</u>	<u>76,651,395</u>	<u>75,917,853</u>	<u>77,496,435</u>	<u>80,206,146</u>	<u>83,360,906</u>	<u>86,609,133</u>	<u>87,757,215</u>
Business-type activities:										
Investment earnings	1,419	1,344	8,498	14,630	9,413	1,477	504	600	1,741	946
Miscellaneous	3,951	3,790	9,072	39,033	19,642	19,512	27,695	48,457	8,983	40,360
Transfers										
Total business-type activities	<u>5,370</u>	<u>5,134</u>	<u>17,570</u>	<u>53,663</u>	<u>29,055</u>	<u>20,989</u>	<u>28,199</u>	<u>49,057</u>	<u>10,724</u>	<u>86,751</u>
Total	<u>\$ 66,488,224</u>	<u>\$ 71,625,377</u>	<u>\$ 74,770,725</u>	<u>\$ 76,705,058</u>	<u>\$ 75,946,908</u>	<u>\$ 77,517,424</u>	<u>\$ 80,234,345</u>	<u>\$ 83,409,963</u>	<u>\$ 86,619,857</u>	<u>\$ 87,843,966</u>
Changes in Net Position:										
Governmental activities	\$ 3,035,519	\$ 3,655,798	\$ 2,792,753	\$ 3,722,406	\$ 5,465,593	\$ 2,109,256	\$ 3,664,806	\$ 3,711,295	\$ 5,307,707	\$ 3,154,431
Business-type activities	<u>(171,832)</u>	<u>(129,480)</u>	<u>(85,532)</u>	<u>70,411</u>	<u>(71,680)</u>	<u>545,495</u>	<u>2,133,672</u>	<u>65,275</u>	<u>29,136</u>	<u>192,264</u>
Total	<u>\$ 2,863,687</u>	<u>\$ 3,526,318</u>	<u>\$ 2,707,221</u>	<u>\$ 3,792,817</u>	<u>\$ 5,393,913</u>	<u>\$ 2,654,751</u>	<u>\$ 5,798,478</u>	<u>\$ 3,776,570</u>	<u>\$ 5,336,843</u>	<u>\$ 3,346,695</u>

TOWN OF FARMINGTON, CONNECTICUT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Reserved	\$ 431,398	\$ 535,942	\$ 448,180	\$ 455,676	\$ 493,720	\$ 102,654	\$	\$	\$	\$
Unreserved	7,114,247	7,879,886	8,045,726	8,584,291	7,973,480	7,965,752				
Nonspendable								16,040		
Assigned							748,869	178,623	179,726	122,297
Unassigned							7,388,642	8,063,735	8,917,875	9,551,893
Total General Fund	\$ 7,545,645	\$ 8,415,828	\$ 8,493,906	\$ 9,039,967	\$ 8,467,200	\$ 8,068,406	\$ -	\$ 8,258,398	\$ 9,097,601	\$ 9,674,190
All other governmental funds:										
Reserved	\$	\$	\$	\$ 25,345	\$ 31,247	\$ 31,193	\$	\$	\$	\$
Unreserved, reported in:										
Special revenue funds	3,203,831	3,299,651	3,653,268	3,933,499	4,146,421	4,623,104				
Capital projects funds	(11,039,548)	2,339,603	641,903	2,197,843	2,440,088	2,452,336				
Nonspendable							34,208	53,778	45,508	31,792
Restricted							7,177,624	7,340,054	5,220,574	2,491,794
Committed							2,684,708	2,836,861	1,194,370	1,490,088
Unassigned							(11,859)	(215,277)	(71,481)	(64,271)
Total All Other Governmental Funds	\$ (7,835,717)	\$ 5,639,254	\$ 4,295,171	\$ 6,156,687	\$ 6,617,756	\$ 7,106,633	\$ 9,884,681	\$ 10,015,416	\$ 6,388,971	\$ 3,949,403

**TOWN OF FARMINGTON, CONNECTICUT**  
**REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues:</b>										
Property taxes, interest and lien fees	\$ 60,794,345	\$ 64,640,537	\$ 68,584,419	\$ 71,041,430	\$ 71,216,753	73,010,027	\$ 76,077,290	\$ 79,556,089	\$ 82,373,994	\$ 83,594,831
Miscellaneous taxes	2,055,537	1,765,899								
Intergovernmental revenues	10,252,093	11,039,905	12,678,308	30,309,249	14,811,288	14,294,441	15,630,669	18,303,375	15,585,163	16,705,458
Charges for current services	6,395,571	6,996,789	8,513,826	9,948,208	10,189,547	8,987,102	8,800,343	8,972,400	9,245,718	9,533,033
Sewer assessments	29,544	34,840	25,631	4,864	35,289	18,462	16,059	20,407	22,664	51,537
Licenses and permits	713,436	709,097	605,394	1,003,152	561,317	480,171	486,816	581,888	1,007,226	1,260,924
Sale of lunches	1,113,287	1,231,694	719,937							
Fines and penalties	19,322	18,892	38,900	22,719	39,419	31,924	41,713	68,958	48,533	37,273
Investment income	684,676	1,255,484	1,580,405	1,206,774	440,131	242,257	256,799	78,232	226,868	266,238
Other local revenue	574,146	514,065	685,614	1,766,631	1,473,960	1,708,997	1,750,221	1,755,781	2,008,141	2,995,514
<b>Total revenues</b>	<b>82,631,957</b>	<b>88,207,202</b>	<b>93,432,434</b>	<b>115,303,027</b>	<b>98,767,704</b>	<b>98,773,381</b>	<b>103,059,910</b>	<b>109,337,130</b>	<b>110,518,307</b>	<b>114,444,808</b>
<b>Expenditures:</b>										
<b>Current:</b>										
Board of Education	47,500,369	52,477,299	54,891,751	73,245,357	58,948,132	60,603,300	62,860,458	66,634,890	68,674,090	71,319,322
Public safety	7,502,863	7,798,584	7,869,928	8,237,968	8,317,622	8,287,822	8,466,147	8,812,585	8,906,148	9,039,943
Public works	3,493,311	3,596,963	3,758,288	3,739,734	3,887,998	3,732,214	3,819,074	3,811,767	3,927,011	4,151,439
Culture and recreation	1,155,783	1,329,045	1,361,395	1,312,340	1,350,583	1,247,728	1,727,483	1,658,658	1,468,714	1,470,469
Special services	1,293,635	1,322,572	1,332,048	1,239,583	1,341,388					
Human resources	1,888,801	13,341	22,833	20,726	15,495	20,764				
Plant operations	2,211,369	2,387,383	2,686,757	2,825,204	2,751,077	2,822,608	2,720,153	2,884,309	2,784,865	2,683,662
General government	2,686,617	4,539,915	4,969,829	5,169,202	5,153,948	5,125,143	5,250,988	5,251,384	5,373,243	5,499,470
Pension and other employee benefits	3,259,235	3,470,172	3,837,132	4,175,626	4,550,117	4,859,597	5,081,050	5,392,810	5,726,404	5,637,982
Contractual services										
Other	13,649	17,635	269,672	318,534	372,445	648,652	653,862	2,784,996	566,851	891,649
Debt service	8,080,958	7,897,578	9,049,542	9,038,857	9,331,668	9,225,806	9,202,135	8,892,671	8,536,931	7,713,185
Capital outlay	6,752,728	5,266,503	4,517,383	11,965,189	2,977,620	3,507,244	3,882,521	6,772,528	8,101,962	7,900,666
<b>Total expenditures</b>	<b>85,839,318</b>	<b>90,116,990</b>	<b>94,566,558</b>	<b>121,288,320</b>	<b>98,998,093</b>	<b>100,080,878</b>	<b>103,663,871</b>	<b>112,896,598</b>	<b>114,066,219</b>	<b>116,307,787</b>
Deficiency of Revenues over Expenditures	(3,207,361)	(1,909,788)	(1,134,124)	(5,985,293)	(230,389)	(1,307,497)	(603,961)	(3,559,468)	(3,547,912)	(1,862,979)
<b>Other Financing Sources (Uses):</b>										
Proceeds from bond issue		16,000,000		8,000,000	13,475,000	17,635,000	3,200,000			
Proceeds of refunding bonds					1,181,368		9,096,600	5,364,576	3,670,017	
Payment to refunded bond escrow agent					(14,537,677)	(16,237,420)	(8,845,486)	(5,274,607)	(3,608,307)	
Proceeds from capital lease		123,061		392,870				3,705,081	715,000	
Operating transfers in	1,637,767	2,514,220	2,176,750	3,339,833	2,086,000	1,335,937	2,766,309	1,710,000	4,587,891	4,061,763
Operating transfers out	(1,637,767)	(2,514,220)	(2,176,750)	(3,339,833)	(2,086,000)	(1,335,937)	(2,766,309)	(1,710,000)	(4,587,891)	(4,061,763)
<b>Total other financing sources</b>	<b>-</b>	<b>16,123,061</b>	<b>-</b>	<b>8,392,870</b>	<b>118,691</b>	<b>1,397,580</b>	<b>3,451,114</b>	<b>3,795,050</b>	<b>776,710</b>	<b>-</b>
Net Change in Fund Balances	(3,207,361)	14,213,273	(1,134,124)	2,407,577	(111,698)	90,083	2,847,153	235,582	(2,771,202)	(1,862,979)
Fund Balance at Beginning of Year	2,917,289	(290,072)	13,923,201	12,789,077	15,196,654	15,084,956	15,175,039	18,022,192	18,257,774	15,486,572
Fund Balance at End of Year	\$ (290,072)	\$ 13,923,201	\$ 12,789,077	\$ 15,196,654	\$ 15,084,956	\$ 15,175,039	\$ 18,022,192	\$ 18,257,774	\$ 15,486,572	\$ 13,623,593
Debt Service as a Percentage to Noncapital Expenditures	9.98%	9.05%	9.94%	8.13%	9.63%	9.33%	8.88%	7.88%	7.48%	6.63%

**TOWN OF FARMINGTON, CONNECTICUT**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

**LAST TEN FISCAL YEARS  
(in thousands of dollars)**

Fiscal Year Ended June 30,	Real Property		All Land	Motor Vehicles	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assess Value as a Percentage of Actual Value
	Residential Property	Commercial Property								
2005	1,670,319	571,299	9,027	178,139	211,001	29,129	2,610,656	23.3	4,636,803	56.30%
2006	1,696,359	577,999	8,822	192,728	211,460	28,585	2,658,782	24.3	5,009,071	53.08%
2007	1,724,272	579,242	7,870	201,113	206,144	27,158	2,691,484	25.2	5,034,467	53.46%
2008	1,749,858	580,610	7,840	205,367	209,825	30,381	2,723,119	26.0	5,846,001	46.58%
2009	2,478,576	774,810	11,343	234,639	214,720	37,180	3,676,908	19.5	5,252,725	70.00%
2010	2,502,442	771,483	11,003	217,100	236,431	41,541	3,696,918	19.8	5,677,957	65.11%
2011	2,519,851	784,785	9,322	218,027	241,339	46,141	3,727,182	20.5	5,658,391	65.87%
2012	2,541,816	786,452	9,293	231,438	230,819	46,022	3,753,797	21.3	5,404,257	69.46%
2013	2,554,665	782,958	9,337	249,236	232,723	53,243	3,775,877	21.9	5,575,719	67.72%
2014	2,222,499	845,688	9,027	250,479	231,545	54,735	33,504,503	24.1	5,404,257	70.00%

Source: Assessor's Office, Town of Farmington

Note: Properties in the Town are reassessed once every four years per State statute. The Town assesses all property at approximately 70% of actual value. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of assessed value.

## TOWN OF FARMINGTON, CONNECTICUT

## PRINCIPAL TAXPAYERS

JUNE 30, 2014

CURRENT YEAR AND NINE YEARS AGO  
(in thousands of dollars)

<u>Taxpayer</u>	<u>2014</u>			<u>2005</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
West Farms Associates	\$ 122,854	1	3.53 %	\$ 87,617	1	3.36 %
United Technologies	41,300	2	1.19	34,264	2	1.31
Dunn-Sager Affiliates	39,863	3	1.15			
CL&P	34,408	4	0.99	18,412	6	0.71
Trumpf, Inc	33,793	5	0.97	25,941	3	0.99
NSHE Columbia Hartford LLC	22,823	6	0.66			
Delfino, William & Thomas	22,255	7	0.64	19,265	5	0.74
Fusco	20,537	8	0.59	17,675	7	0.68
The Price Rite, Inc.	20,197	9	0.58	17,324	8	0.66
The Gables of Farmington	18,590	10	0.53			
Richard Gordon, ETALS				21,432	4	0.82
HMC/RGI Hartford LP				14,678	9	0.56
New Boston Exchange LTD.				12,888	10	0.49
	<u>\$376,620</u>		<u>10.83 %</u>	<u>\$ 269,496</u>		<u>10.32 %</u>

Source: Assessor's Office, Town of Farmington

**TOWN OF FARMINGTON, CONNECTICUT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**  
(in thousands of dollars)

<u>Fiscal Year Ended June 30,</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2014	\$ 83,534	\$ 83,232	99.6%	\$ 154	\$ 83,386	99.8%
2013	82,228	81,929	99.6%	237	82,166	99.9%
2012	79,292	78,958	99.6%	347	79,305	100.0%
2011	75,889	75,568	99.6%	220	75,788	99.9%
2010	72,659	72,460	99.7%	199	72,659	100.0%
2009	70,893	70,715	99.7%	185	70,900	100.0%
2008	70,882	70,662	99.7%	183	70,845	99.9%
2007	68,336	68,169	99.8%	127	68,296	99.9%
2006	64,843	64,677	99.7%	186	64,863	100.0%
2005	61,160	60,984	99.7%	143	61,127	99.9%

Source: Tax Collector, Town of Farmington

**TOWN OF FARMINGTON, CONNECTICUT**

**PROPERTY TAX RATES**

**DIRECT AND OVERLAPPING GOVERNMENTS**

**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Operating Millage</b>	<b>Debt Service Millage</b>	<b>Total Town Millage</b>
2014	22.1	2.0	24.1
2013	19.9	2.0	21.9
2012	19.2	2.1	21.3
2011	18.3	2.2	20.5
2010	17.6	2.2	19.8
2009	17.4	2.1	19.5
2008	23.3	2.7	26.0
2007	22.5	2.7	25.2
2006	21.8	2.5	24.3
2005	20.7	2.6	23.3

Source: Assessor's Office, Town of Farmington

**TOWN OF FARMINGTON, CONNECTICUT**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

**LAST TEN FISCAL YEARS**

(in thousands of dollars, except per capita amount)

Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Estimated Actual Value of Property	Percentage of Personal Income	Per Capita
	General Obligation Bonds	School Bonds	Sewer Bonds	Capital Leases					
2005	\$ 24,134	\$ 33,884	\$ 9,682	\$ -	\$ 67,700	1.5%	1.73%	2.86	
2006	36,136	31,255	11,055	75	78,521	1.6%	2.01%	3.32	
2007	34,081	28,583	9,889	34	72,587	1.3%	1.86%	3.07	
2008	39,907	25,870	8,704	393	74,874	1.3%	1.91%	3.17	
2009	33,000	28,235	7,499	334	69,068	1.3%	1.77%	2.92	
2010	31,447	25,121	6,274	272	63,114	1.1%	1.61%	2.67	
2011	31,693	22,690	5,047	292	59,722	1.1%	1.17%	2.37	
2012	28,668	20,160	3,778	3,847	56,453	1.0%	1.11%	2.23	
2013	26,612	17,652	1,570	3,777	49,611	0.9%	0.99%	1.95	
2014	23,600	15,523	1,442	3,685	44,250	0.9%	0.91%	1.73	

Source: Finance Department, Town of Farmington

**TOWN OF FARMINGTON, CONNECTICUT**

**LEGAL DEBT MARGIN INFORMATION**

**LAST TEN FISCAL YEARS**

(in thousands of dollars)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 844,330	\$ 902,239	\$ 943,746	\$ 978,678	\$ 979,641	\$ 1,003,953	\$ 1,047,566	\$ 1,095,563	\$ 1,134,188	\$ 1,151,327
Total net debt applicable to limit	<u>93,557</u>	<u>85,587</u>	<u>73,920</u>	<u>77,914</u>	<u>90,838</u>	<u>65,633</u>	<u>57,520</u>	<u>55,748</u>	<u>48,766</u>	<u>53,266</u>
Legal Debt Margin	<u>\$ 750,773</u>	<u>\$ 816,652</u>	<u>\$ 869,826</u>	<u>\$ 900,764</u>	<u>\$ 888,803</u>	<u>\$ 938,320</u>	<u>\$ 990,046</u>	<u>\$ 1,039,815</u>	<u>\$ 1,085,422</u>	<u>\$ 1,098,061</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.08%	9.49%	7.83%	7.96%	9.27%	6.54%	5.49%	5.09%	4.30%	4.63%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Assessed value	\$ 3,449,768
Add back: exempt real property	<u>54,735</u>
Total assessed value	<u>\$ 3,504,503</u>
Debt limit	\$ <u>1,151,327</u>
Debt applicable to limit:	
Gross indebtedness	53,860
Debt payable by other governments	<u>(594)</u>
Total net debt applicable to limit	<u>53,266</u>
Legal Debt Margin	<u>\$ 1,098,061</u>

Source: Assessor's Office, Town of Farmington

**TOWN OF FARMINGTON, CONNECTICUT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>(1) Population</b>	<b>Personal Income (in thousands of dollars)</b>	<b>(1) Per Capita Personal Income</b>	<b>(1) Median Age</b>	<b>(2) School Enrollment</b>	<b>(3) Unemployment Rate</b>
2005	23,641	924,576	39,109	40.4	4,257 *	4.0%
2006	23,641	924,576	39,109	40.4	4,221 *	3.5%
2007	23,641	924,576	39,109	40.4	4,166 *	3.3%
2008	23,641	924,576	39,109	40.4	4,145	4.6%
2009	23,641	924,576	39,109	40.4	4,108	6.4%
2010	23,641	924,576	39,109	40.4	4,068	7.4%
2011	25,224 a	1,288,440 a	51,080	42.7 a	4,009	6.8%
2012	25,307 b	1,282,654 b	50,684	43.2 b	4,014	6.4%
2013	25,450 c	1,280,775 c	50,325	43.2 c	3,959	6.3%
2014	25,527 d	1,226,454 d	48,045	42.8 d	3,946	4.9%

(1) U.S. Census Bureau

a. 2008-2010 American Community Survey - 3 year Estimates

b. 2009-2011 American Community Survey - 3 year Estimates

c. 2010-2012 American Community Survey - 3 year Estimates

d. 2011-2013 American Community Survey - 3 year Estimates

(2) B.O.E. School Enrollment Report as of October 1

(3) Connecticut Dept of Labor

\*Revised

## TOWN OF FARMINGTON, CONNECTICUT

## PRINCIPAL EMPLOYERS

## CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
UCONN Health Center/Dempsey Hospital	5,309	1	43.88%	4,726	1	48.94%
UTC includes Otis, UTC Fire & Security	2,500	2	20.66%			
Town of Farmington/Board of Education (FTE)	708	3	5.85%	670	2	6.94%
Connecticare	578	4	4.78%	532	3	5.51%
Trumpf	485	5	4.01%	444	6	4.60%
Connecticut Spring & Stamp	455	6	3.76%	292	9	3.02%
American Red Cross	300	7	2.48%	460	5	4.76%
Macy's	270	8	2.23%			
J.C. Penney Co	265	9	2.19%			
Nordstroms	245	10	2.02%	282	11	2.92%
Moore Medical LLC	240	11	1.98%			
Discover RE Managers, Inc.	230	12	1.90%			
Mott Corporation	190	13	1.57%			
ebm-Pabst	175	14	1.45%	284	10	2.94%
Marriot Hotel	150	15	1.24%	230	14	2.38%
Otis Elevator				257	12	2.66%
Hamilton SundStrand				400	7	4.14%
Royal and Sun Alliance				350	8	3.62%
Fleet Bank				499	4	5.17%
Lord & Taylor				230	13	2.38%

Source: Economic Development Department, Town of Farmington  
(1) Finance Department/Farmington BOE Business Office

## TOWN OF FARMINGTON, CONNECTICUT

## FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION

## LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	39	37	33	31	33	33	33	33	33	32
Public safety:										
Police Officers	45	44	43	43	43	44	42	45	45	42
Civilians	14	10	16	16	15	16	15	15	15	15
Fire:										
Firefighters	9	9	9	9	9	10	10	10	9	10
Highways and streets:										
Engineering	6	6	6	7	7	7	7	7	7	6
Maintenance	29	28	34	34	33	32	33	33	32	33
Treatment Plant	14	14	15	15	14	14	14	13	14	12
Recreation	3	3	3	3	3	2	2	2	2	2
Public Education:										
Teachers	349	347	347	347	347	347	345	344	354	360
Administrative and other	162	163	163	166	172	168	171	176	187	196
Total	<u>670</u>	<u>661</u>	<u>669</u>	<u>671</u>	<u>676</u>	<u>673</u>	<u>672</u>	<u>678</u>	<u>698</u>	<u>708</u>

Sources: Finance Department, Town of Farmington  
 Business Office, Farmington Board of Education

**TOWN OF FARMINGTON, CONNECTICUT**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety:										
Police:										
Homicides	0	0	0	0	0	0	0	0	0	N/A
Robbery	2	11	10	7	8	4	12	19	10	N/A
Assaults	105	105	98	36	109	110	94	95	68	N/A
Burglary	67	61	78	77	54	41	53	49	45	N/A
Larceny	634	711	667	698	746	762	656	686	688	N/A
Auto Theft	28	28	21	20	16	17	6	16	15	N/A
Fire:										
Number of calls answered	2,698	2,866	3,068	3,193	3,108	3,186	3,463 (5)	3,888	3,455	3,450
Inspections	331	348	402	415	514	599	646 (6)	636	599	670
Public Works and Development:										
Building										
Permits issued	2487	2494	2351	2062	1964	2,109	1,964	2,514	2,593	2,385
Highway and Grounds:										
Recyclable collected (tons)	6192	6451	5,993	7382.1	7432.9	7302.2	6421.0 (7)	5,927.0	5,628.8	5304.68
Treatment:										
Avg daily flow (millions of gallons)	4.4	4.9	4.3	3.9	4.1	4.0	3.9	4.4	3.5	3.8
Yearly avg pollution removal	95.5%	97.3%	97.6%	97.0%	97.6%	98.0%	98.0%	96.3%	97.0%	97.0%
Community and Recreational Services:										
Recreation:										
Registrations (2)	8,488	8,628	11,425	13,573	14,500	14,912	18,970	17,343	15,487	15,593
Public Education:										
Per pupil expenditure (3)	9,566	10,513	11,311	11,868	11,968	12,620	13,163	14,103	N/A	N/A
Connecticut mastery test (4) (averaged scores for grades 4, 6, 8)	84%	82%	86%	83%	88%	88%	88%	90%	88%	(8)

Source: All data from the Town of Farmington Annual Report unless otherwise noted  
N/A: Information not available

- (1) Police Dept, Town of Farmington, Police Statistics on calendar year basis
- (2) Recreation Dept., Town of Farmington
- (3) Business Office, Farmington Board of Education
- (4) Farmington Public Schools website
- (5) Fire and Rescue Services Dept., Town of Farmington
- (6) Fire Marshall, Town of Farmington
- (7) Highway and Grounds Dept, Town of Farmington
- (8) Farmington students participated in the pilot SBAC testing in Reading, Writing, and Math. No individual student performance data was collected this year.

**TOWN OF FARMINGTON, CONNECTICUT**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety:										
Police:										
Station	1	1	1	1	1	1	1	1	1	1
Vehicles:										
Marked	14	14	14	14	14	16	18	18	18	20
Unmarked	8	10	10	10	10	10	10	10	10	10
Fire:										
Stations	5	5	5	5	5	5	5	5	5	5
Public Works and Development:										
Highway										
**Streets (miles)	116.94	117.79	115.31	116.31	116.77	117.34	117.34	117.85	117.85	117.85
Street Lights	1,739	1,739	1,730	1,730	1,737	1,748	N/A	1754	1,754	1,754
Sidewalks (miles)	46.8	46.8	46.8	46.8	47.24	47.68	47.68	48.45	48.45	48.45
Treatment:										
Sanitary sewers (miles)	135.8	137.06	138.01	140.41	140.12	140.91	141.63	142.26	142.26	142.26
Community and Recreational Services:										
Parks acreage	246	246.2	246.2	246.2	246.2	246.2	246.2	246.2	246.2	246.2
Parks	6	6	6	6	6	6	6	6	6	6
Athletic fields	49	49	49	49	49	49	49	49	49	49
Tennis courts	12	12	12	12	12	12	12	12	12	12
Public Education:										
Schools	7	7	7	7	7	7	7	7	7	7

Source: Annual financial statements except where noted

\*\*annual report to Department of Transportation