

TOWN OF FARMINGTON, CONNECTICUT



COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

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Department of Finance

Joseph Swetcky, Jr.
Director of Finance

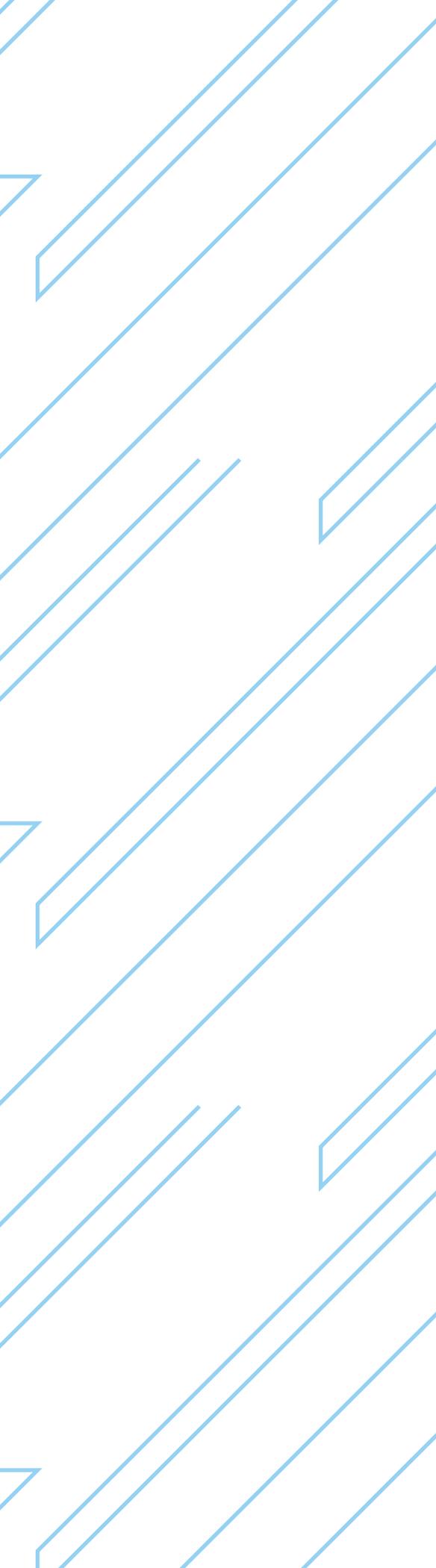
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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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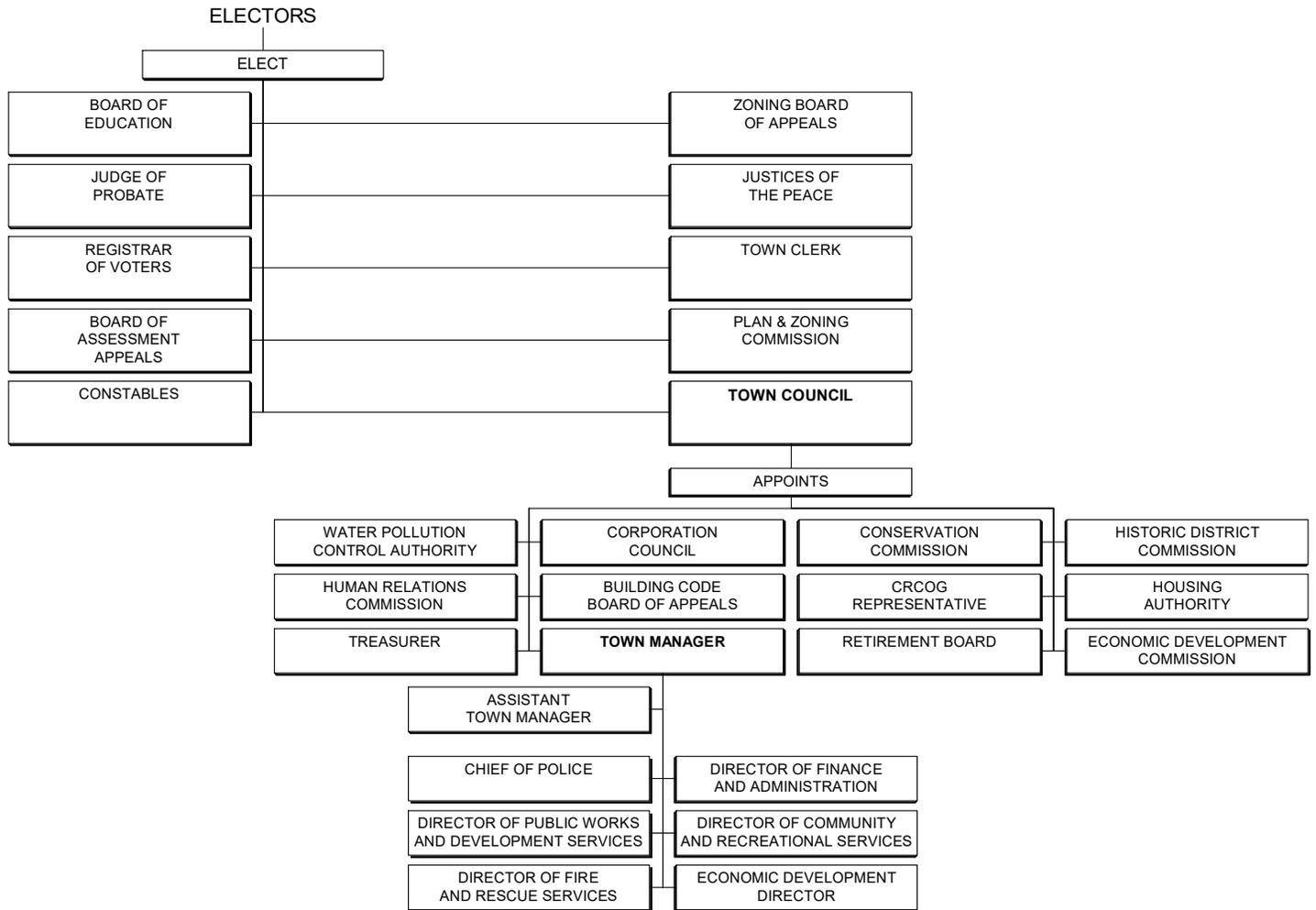
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INTRODUCTORY SECTION

TOWN OF FARMINGTON ORGANIZATION CHART



TOWN OF FARMINGTON, CONNECTICUT

PRINCIPAL OFFICIALS

TOWN COUNCIL

Nancy W. Nickerson, Chairperson
Patti Boye-Williams
Bruce Charette
Paul Cianci
Edward Giannaros
Beth Kintner
C. J. Thomas

BOARD OF EDUCATION

Christopher Fagan, Chairperson
Christine Arnold, Vice Chair
William Beckert
Mark Blore
Kristi Brouker
Elizabeth Fitzsimmons
Mecheal Hamilton
Ellen Siuta
Andrea Sobinski

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
Vincent LaFontan, School Business Administrator



December 26, 2018

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, 2018.

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's 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, 2018 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 unqualified opinion that the Town of Farmington's financial statements for the year ended June 30, 2018 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 require 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 2018 was 3.7%. This was below the 4.5% average for the State of Connecticut and a decrease of .4% from a year ago. The unemployment rate is expected to stabilize in the range between 3.5% to 4.0% 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 construction initiatives continue to be undertaken throughout town. These projects have resulted in modest 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 school infrastructure improvements, school security improvements, school roof replacements, road improvements, open space acquisition, firefighting apparatus replacement and waste water infrastructure improvements. The Plan requires the Town to commit 2.5% of the operating budget to capital projects.

Major Initiatives

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

Adopted a budget totaling \$106.3 million and set a tax rate of 27.18 mills for the Fiscal Year beginning July 1, 2018;

Issued \$2,700,000 in new general obligation bonds to finance open space acquisition, road improvements and a fire engine pumper;

Entered into a Clean Water Fund Loan obligation totaling \$33,679,274 to partially finance the cost of upgrading the wastewater treatment plant;

Entered into a \$1,000,000 lease financing obligation in order to purchase all of the streetlights on town-owned roads from Eversource and convert them to LED;

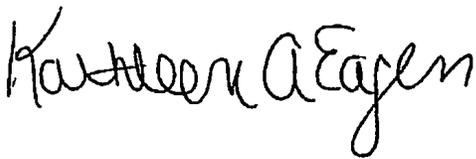
Accepted a donation of an artificial soccer turf field valued at \$730,000 from a local soccer association;

Accepted a donation of an expansion to the Town boathouse valued at \$130,000;

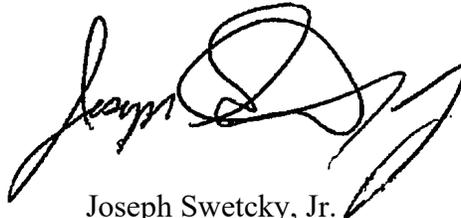
Applied for and was awarded a Small Cities Grant in the amount of \$800,000 for improvements to the New Horizons Village complex.

Approved and sent to referendum three bonding resolutions totaling \$4,580,000 to finance security and infrastructure improvements at various schools, to replace roofs at various schools and to purchase a fire pumper engine.

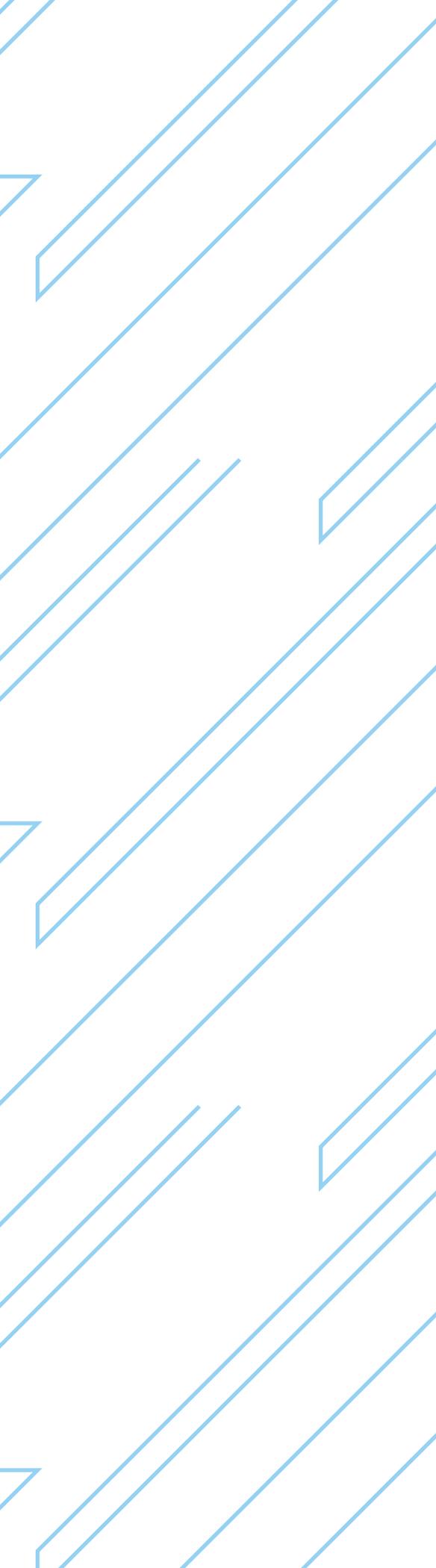
Respectfully submitted,



Kathleen A. Eagen
Town Manager



Joseph Swetcky, Jr.
Director of Finance/Treasurer



FINANCIAL SECTION

Independent Auditors' Report

To the Members of the 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, 2018, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2018 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.

Change in Accounting Principle

As discussed in Note 6 to the financial statements, during the fiscal year ended June 30, 2018, the Town of Farmington, Connecticut, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the Town of Farmington, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, 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 26, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Farmington, Connecticut's 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 26, 2018

Town of Farmington, Connecticut
Management's Discussion and Analysis
June 30, 2018

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, 2018. 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 \$83,791,646. Of this amount, \$123,431,761 represented net investment in capital assets.

The Town of Farmington's total net position increased by \$7,621,694. Net position for the governmental activities increased \$7,360,542, while net position for business-type activities increased by \$261,152.

At the close of the current fiscal year, the Town of Farmington's governmental funds reported combined ending fund balances of \$25,206,045, an increase of \$24,671,520 in comparison with the prior year. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14,428,990, or 12.87% 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 of Farmington'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 of Farmington's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position could 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 of Farmington'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 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, and the 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 non-major 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 of Farmington'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 and disposal, 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 of Farmington'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 22-58 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 of Farmington'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 59-68 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the information on Major Governmental Funds. Combining fund statements and schedules can be found on pages 69-90.

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 \$82,114,458 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 of Farmington'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, 2018 and 2017**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current assets	\$ 38,648,063	\$ 61,545,256	\$ 1,452,946	\$ 1,224,599	\$ 40,101,009	\$ 62,769,855
Capital assets	195,539,398	176,351,626	1,466,048	1,528,163	197,005,446	177,879,789
Total assets	<u>234,187,461</u>	<u>237,896,882</u>	<u>2,918,994</u>	<u>2,752,762</u>	<u>237,106,455</u>	<u>240,649,644</u>
Deferred outflows of resources	5,150,234	5,542,560			5,150,234	5,542,560
Current liabilities	9,337,883	52,483,789	1,071,943	921,506	10,409,826	53,405,295
Noncurrent liabilities	145,722,081	110,878,078	82,232	98,785	145,804,313	110,976,863
Total liabilities	<u>155,059,964</u>	<u>163,361,867</u>	<u>1,154,175</u>	<u>1,020,291</u>	<u>156,214,139</u>	<u>164,382,158</u>
Deferred inflows of resources	2,163,273	5,323,659	87,631	316,435	2,250,904	5,640,094
Net investment in capital assets	122,047,945	125,419,345	1,383,816	1,429,378	123,431,761	126,848,723
Unrestricted	<u>(39,933,487)</u>	<u>(50,665,429)</u>	<u>293,372</u>	<u>(13,342)</u>	<u>(39,640,115)</u>	<u>(50,678,771)</u>
Total Net Position	<u>\$ 82,114,458</u>	<u>\$ 74,753,916</u>	<u>\$ 1,677,188</u>	<u>\$ 1,416,036</u>	<u>\$ 83,791,646</u>	<u>\$ 76,169,952</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 \$7,621,694.

CHANGES IN NET POSITION
For the Years Ended June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 12,597,239	\$ 12,580,385	\$ 2,282,643	\$ 2,235,367	\$ 14,879,882	\$ 14,815,752
Operating grants and contributions	19,959,887	18,360,778			19,959,887	18,360,778
Capital grants and contributions	7,493,522	13,679,009			7,493,522	13,679,009
General revenues:						
Property taxes	96,352,196	92,630,759			96,352,196	92,630,759
Grants and contributions not restricted to specific programs	2,609,788	4,320,293			2,609,788	4,320,293
Investment income	705,279	461,499	3,027	1,967	708,306	463,466
Miscellaneous	649,179	1,075,294	75,390	8,515	724,569	1,083,809
Total revenues	<u>140,367,090</u>	<u>143,108,017</u>	<u>2,361,060</u>	<u>2,245,849</u>	<u>142,728,150</u>	<u>145,353,866</u>
Expenses:						
Education	87,786,522	84,917,315			87,786,522	84,917,315
Public safety	16,422,081	15,437,878			16,422,081	15,437,878
Public works	9,708,683	8,304,989			9,708,683	8,304,989
Culture and recreation	2,291,896	2,011,630			2,291,896	2,011,630
General administration	9,343,286	11,103,166			9,343,286	11,103,166
Plant operations	6,388,553	5,277,331			6,388,553	5,277,331
Debt service	1,390,527	2,243,688			1,390,527	2,243,688
Waste Collection			1,549,787	1,517,430	1,549,787	1,517,430
Golf Course			259,584	273,387	259,584	273,387
Total expenses	<u>133,331,548</u>	<u>129,295,997</u>	<u>1,809,371</u>	<u>1,790,817</u>	<u>135,140,919</u>	<u>131,086,814</u>
Capital Contributions and transfers						
Capital Contributions			34,463	13,400	34,463	13,400
Transfers in (out)	<u>325,000</u>	<u>317,000</u>	<u>(325,000)</u>	<u>(317,000)</u>	<u>-</u>	<u>-</u>
Change in net position	7,360,542	14,129,020	261,152	151,432	7,621,694	14,280,452
Net Position - July 1	74,753,916	84,879,514	1,416,036	1,264,604	76,169,952	86,144,118
Restatement		<u>(24,254,618)</u>				<u>(24,254,618)</u>
Net Position - June 30	<u>\$ 82,114,458</u>	<u>\$ 74,753,916</u>	<u>\$ 1,677,188</u>	<u>\$ 1,416,036</u>	<u>\$ 83,791,646</u>	<u>\$ 76,169,952</u>

Governmental Activities

Governmental activities increased the Town of Farmington's net position by \$7,360,542 thereby accounting for all of the decrease in the net position of the Town. Key elements of the change in net position are:

68.6% of all revenues were derived from property taxes, followed by 14.2% from operating grants and contributions.

Grants from all other sources and for all purposes made up 17.2% of all revenue. This was a decrease of 25.1% from the previous year.

Investment income increased by 52.8% as short-term interest rates continued to increase, as did the availability of idle funds to invest.

In total, expenses increased 3.1% over the prior year. Expense categories experiencing the largest increases were: Plant Operations +21.1%; Public Works +16.9% and Culture and recreation +13.9%. Expenses for Debt Service -38.0% and General Administration -15.9% were the only categories of expense to experience decreases.

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 of Farmington'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 of Farmington'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 \$14,875,601. Of this amount, \$446,611 was assigned for Board of Education encumbrances, and the remaining balance of \$14,428,990 was unassigned.

The Town of Farmington's General Fund balance increased by \$2,232,591 at the end of the fiscal year. The assigned fund balance decreased by \$148,758, and the unassigned fund balance increased by \$2,381,349.

The Capital Projects Fund had a fund balance of \$3,027,375 at the end of the fiscal year, an increase of \$20,825,188. The increase was the result of the Town entering into a permanent Clean Water Fund loan obligation with the State of Connecticut to finance the upgrade of the waste water treatment plant.

Proprietary Funds

The Town of Farmington'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, 2018 was \$462,966, an increase of \$53,511. The Unrestricted net position of the Westwoods Golf Course Fund at the end of the year amounted to (\$870,850), an increase of \$49,073. This is only the third year out of the last thirteen that the operations at the golf course resulted in an increase 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 \$1,164,222, an increase of \$257,641. 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, 2018, actual revenues and operating transfers in totaled \$117,828,747 while actual expenditures and operating transfers out totaled \$115,596,156. The excess of revenues and operating transfers in over expenditures and operating transfers out resulted in an increase of \$2,232,591 to budgetary fund equity. A detailed schedule of revenues and expenditures, budget and actual, can be found on pages 59-62 of this report.

Capital Asset and Debt Administration

Capital Assets

The Town of Farmington's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2018 amounted to \$195,539,398 and \$1,466,048 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, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 35,700,811	\$ 34,750,811	\$ 1,185,750	\$ 1,185,750	\$ 36,886,561	\$ 35,936,561
Improvements	6,592,587	6,151,829			6,592,587	6,151,829
Buildings	51,316,773	53,526,271			51,316,773	53,526,271
Machinery and equipment	7,010,419	6,316,330	280,298	342,413	7,290,717	6,658,743
Infrastructure	37,026,149	35,750,297			37,026,149	35,750,297
Construction in progress	57,892,659	39,856,088			57,892,659	39,856,088
Total	<u>\$ 195,539,398</u>	<u>\$ 176,351,626</u>	<u>\$ 1,466,048</u>	<u>\$ 1,528,163</u>	<u>\$ 197,005,446</u>	<u>\$ 177,879,789</u>

Additional information on the Town of Farmington'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 \$34,370,000. All of the debt is backed by the full faith and credit of the Town.

OUTSTANDING DEBT June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	<u>\$ 34,370,000</u>	<u>\$ 36,700,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,370,000</u>	<u>\$ 36,700,000</u>

The Town of Farmington's total debt had a net decrease of \$2,330,000 during the fiscal year. The Town undertook one long term debt issuance during the year. In December 2017 the Town issued \$2,700,000 of 15-year general obligation bonds with a true interest cost of 2.6014%.

The Town of Farmington'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 December 2017.

In May of 2018 the Town entered into a long term loan obligation totaling \$33,679,274 with the State of Connecticut Clean Water Fund. The loan which has a 20-year amortization schedule and a subsidized interest rate of 2.0% was used to partially pay off \$42,000,000 in maturing bond anticipation notes. The balance of the maturing bond anticipation notes were paid off with unused note proceeds.

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 \$648,740,561 which is significantly more than the Town of Farmington's outstanding general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

The Town of Farmington's unemployment rate was 3.7% as of June 2018, a slight decrease of .4% from June 2017. The June 2018 rate remains significantly lower than the 4.5% rate for the Hartford Labor Market Area and the State of Connecticut.

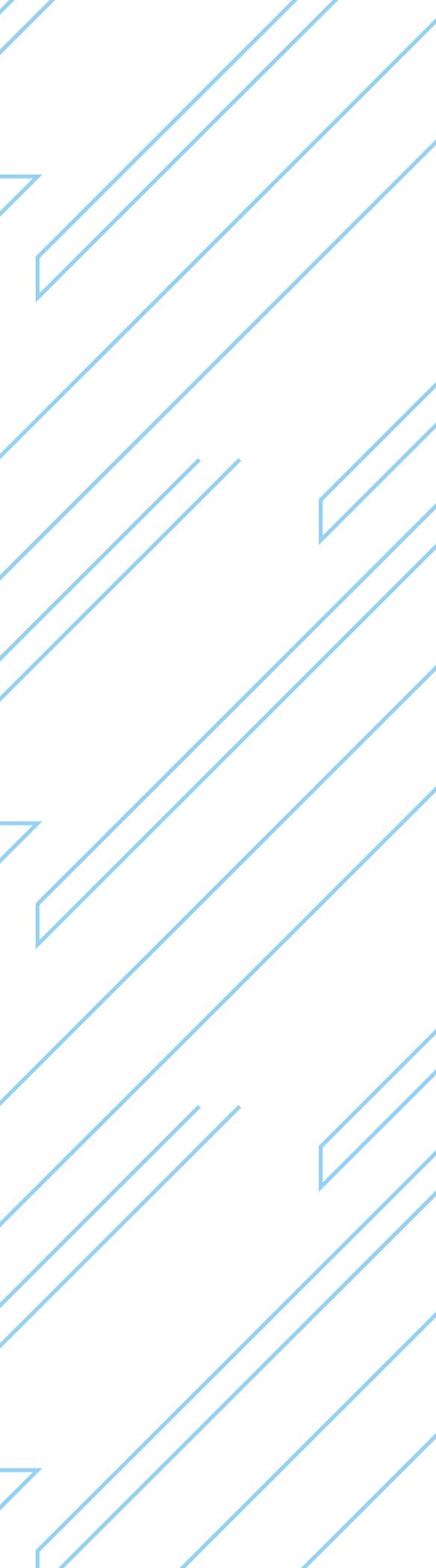
As of June 30, 2018, the unassigned fund balance in the General Fund was \$14,428,990 which was 12.87% of General Fund expenditures. The Town did not appropriate any of the fund balance for the fiscal year 2018-2019 budget.

In accordance with state statute, for the 2017 Grand List the Town revalued all taxable real property. The result was that the real property grand list grew by 1.7%. Based on a tax rate of 27.18 mills the average residential property owner experienced a .43% decrease in their property taxes for FY2018/2019.

The Town Council adopted a budget for FY2018/2019 that was 3.45% higher than the previous year's budget. This budget required a tax rate of 27.18 mills, which is .51 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 of Farmington'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, Connecticut 06032.



BASIC FINANCIAL STATEMENTS

TOWN OF FARMINGTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 33,721,186	\$ 1,435,529	\$ 35,156,715
Investments	1,300,427		1,300,427
Receivables, net of allowance:			
Property taxes	467,592		467,592
Other	1,053,420	17,417	1,070,837
Assessments	13,737		13,737
Due from other governments	1,194,770		1,194,770
Inventory	17,221		17,221
Prepays	2,866		2,866
Internal balances	876,844	(876,844)	-
Noncurrent assets:			
Capital assets, nondepreciable	93,593,470	1,185,750	94,779,220
Capital assets, net of accumulated depreciation	<u>101,945,928</u>	<u>280,298</u>	<u>102,226,226</u>
Total assets	<u>234,187,461</u>	<u>2,042,150</u>	<u>236,229,611</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	1,187,020		1,187,020
Changes related to pension	<u>3,963,214</u>		<u>3,963,214</u>
Total deferred outflows of resources	<u>5,150,234</u>	<u>-</u>	<u>5,150,234</u>
Liabilities:			
Accounts payable and accrued liabilities	7,061,390	195,099	7,256,489
Notes payable	692,472		692,472
Accrued interest	300,909		300,909
Unearned revenue	1,283,112		1,283,112
Noncurrent liabilities:			
Due within one year	6,914,036	17,175	6,931,211
Due in more than one year	<u>138,808,045</u>	<u>65,057</u>	<u>138,873,102</u>
Total liabilities	<u>155,059,964</u>	<u>277,331</u>	<u>155,337,295</u>
Deferred Inflows of Resources:			
Advance tax collections	42,642		42,642
Advance fee collections		87,631	87,631
Changes related to pension	616,569		616,569
Changes related to OPEB	<u>1,504,062</u>		<u>1,504,062</u>
Total deferred inflows of resources	<u>2,163,273</u>	<u>87,631</u>	<u>2,250,904</u>
Net Position:			
Net investment in capital assets	122,047,945	1,383,816	123,431,761
Unrestricted	<u>(39,933,487)</u>	<u>293,372</u>	<u>(39,640,115)</u>
Total Net Position	<u>\$ 82,114,458</u>	<u>\$ 1,677,188</u>	<u>\$ 83,791,646</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, 2018**

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	Total
Governmental activities:							
Education	\$ 87,786,522	\$ 3,928,778	\$ 18,223,516	\$ 393,335	\$ (65,240,893)	\$	\$ (65,240,893)
Public safety	16,422,081	1,671,799	134,969		(14,615,313)		(14,615,313)
Public works	9,708,683	5,008,902	373,815	6,321,687	1,995,721		1,995,721
Culture and recreation	2,291,896	746,492	24,103		(1,521,301)		(1,521,301)
General administration	9,343,286	1,241,268	1,203,484	778,500	(6,120,034)		(6,120,034)
Plant operations	6,388,553				(6,388,553)		(6,388,553)
Interest expense	1,390,527				(1,390,527)		(1,390,527)
Total governmental activities	<u>133,331,548</u>	<u>12,597,239</u>	<u>19,959,887</u>	<u>7,493,522</u>	<u>(93,280,900)</u>	<u>-</u>	<u>(93,280,900)</u>
Business-type activities:							
Westwoods Fund	259,584	601,000		34,463		375,879	375,879
Waste Collection Fund	1,549,787	1,681,643				131,856	131,856
Total business type activities	<u>1,809,371</u>	<u>2,282,643</u>	<u>-</u>	<u>34,463</u>	<u>-</u>	<u>507,735</u>	<u>507,735</u>
Total	<u>\$ 135,140,919</u>	<u>\$ 14,879,882</u>	<u>\$ 19,959,887</u>	<u>\$ 7,527,985</u>	<u>(93,280,900)</u>	<u>507,735</u>	<u>(92,773,165)</u>
General revenues:							
Property taxes					96,352,196		96,352,196
Grants and contributions not restricted to specific programs					2,609,788		2,609,788
Unrestricted investment earnings					705,279	3,027	708,306
Miscellaneous					649,179	75,390	724,569
Transfers					325,000	(325,000)	-
Total general revenues and transfers					<u>100,641,442</u>	<u>(246,583)</u>	<u>100,394,859</u>
Change in net position					7,360,542	261,152	7,621,694
Net Position at Beginning of Year, as Restated					<u>74,753,916</u>	<u>1,416,036</u>	<u>76,169,952</u>
Net Position at End of Year					<u>\$ 82,114,458</u>	<u>\$ 1,677,188</u>	<u>\$ 83,791,646</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF FARMINGTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 20,752,840	\$ 5,499,398	\$ 2,859,109	\$ 29,111,347
Investments			1,300,427	1,300,427
Receivables:				
Property taxes receivable, net	467,592			467,592
Due from other governments		1,120,890	73,880	1,194,770
Sewer assessments	726		13,011	13,737
Other receivables	411,963		614,859	1,026,822
Due from other funds	1,611,473	1,225,264	4,155,352	6,992,089
Inventories			17,221	17,221
Prepaid items			2,866	2,866
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>23,244,594</u>	\$ <u>7,845,552</u>	\$ <u>9,036,725</u>	\$ <u>40,126,871</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,960,464	\$ 3,774,583	\$ 257,701	\$ 5,992,748
Notes payable		692,472		692,472
Due to other funds	5,579,358		641,201	6,220,559
Unearned revenue	356,847	351,122	575,143	1,283,112
Total liabilities	<u>7,896,669</u>	<u>4,818,177</u>	<u>1,474,045</u>	<u>14,188,891</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	428,956			428,956
Unavailable revenue - sewer use			24,052	24,052
Unavailable revenue - sewer assessment	726		13,011	13,737
Unavailable revenue - loans receivable			222,548	222,548
Advance property tax collections	42,642			42,642
Total deferred inflows of resources	<u>472,324</u>	<u>-</u>	<u>259,611</u>	<u>731,935</u>
Fund balances:				
Nonspendable			20,087	20,087
Restricted			2,031,844	2,031,844
Committed			5,497,572	5,497,572
Assigned	446,611			446,611
Unassigned	14,428,990	3,027,375	(246,434)	17,209,931
Total fund balances	<u>14,875,601</u>	<u>3,027,375</u>	<u>7,303,069</u>	<u>25,206,045</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>23,244,594</u>	\$ <u>7,845,552</u>	\$ <u>9,036,725</u>	\$ <u>40,126,871</u>

(Continued on next page)

TOWN OF FARMINGTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

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)	\$ 25,206,045
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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	\$ 339,440,840	
Less accumulated depreciation	<u>(143,901,442)</u>	
Net capital assets		195,539,398

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

Property taxes receivable greater than 60 days	428,956
Sewer usage fees	24,052
Loans receivable	222,548
Interest receivable on property taxes	26,598
Assessments receivable	13,737
Deferred outflows related to pensions	3,963,214

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.	3,646,511
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Long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(34,370,000)
Clean Water Fund loan payable	(33,679,274)
Deferred charges on refunding	1,187,020
Premium on bond refunding	(1,852,146)
Interest payable on bonds	(300,909)
Other postemployment benefit obligation	(37,868,806)
Capital lease payable	(4,084,581)
Net pension liability	(31,571,619)
Compensated absences	(2,295,655)
Deferred inflows related to OPEB	(1,504,062)
Deferred inflows related to pensions	<u>(616,569)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 82,114,458</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, 2018**

	<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	\$ 96,298,121	\$ 7,103,153	\$ 3,225,676	\$ 96,298,121
Intergovernmental revenues	18,413,923		9,629,128	28,742,752
Charges for current services	1,240,202		19,242	10,869,330
Sewer assessments			7,050	19,242
Licenses and permits	914,813			921,863
Fines and penalties	24,712			24,712
Net investment income	350,743	193,638	123,124	667,505
Other local revenues	261,233	296,531	2,034,536	2,592,300
Total revenues	<u>117,503,747</u>	<u>7,593,322</u>	<u>15,038,756</u>	<u>140,135,825</u>
Expenditures:				
Current:				
Education	77,705,039		8,008,706	85,713,745
Public safety	9,735,594			9,735,594
Public works	4,727,459			4,727,459
Culture and recreation	858,812		641,950	1,500,762
Plant operations			3,100,529	3,100,529
General government	5,965,101			5,965,101
Pension and other employee benefits	6,929,946			6,929,946
Other			1,012,061	1,012,061
Debt service	6,153,269	197,557	577,046	6,927,872
Capital outlay		27,640,787		27,640,787
Total expenditures	<u>112,075,220</u>	<u>27,838,344</u>	<u>13,340,292</u>	<u>153,253,856</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,428,527</u>	<u>(20,245,022)</u>	<u>1,698,464</u>	<u>(13,118,031)</u>
Other Financing Sources (Uses):				
Issuance of general obligation bonds		2,700,000		2,700,000
Premium on general obligation bonds			85,277	85,277
Issuance of notes payable		33,679,274		33,679,274
Capital Lease		1,000,000		1,000,000
Transfers in from other funds	325,000	3,690,936	830,000	4,845,936
Transfers out to other funds	(3,520,936)		(1,000,000)	(4,520,936)
Total other financing sources (uses)	<u>(3,195,936)</u>	<u>41,070,210</u>	<u>(84,723)</u>	<u>37,789,551</u>
Net Change in Fund Balances	2,232,591	20,825,188	1,613,741	24,671,520
Fund Balances at Beginning of Year	<u>12,643,010</u>	<u>(17,797,813)</u>	<u>5,689,328</u>	<u>534,525</u>
Fund Balances at End of Year	<u>\$ 14,875,601</u>	<u>\$ 3,027,375</u>	<u>\$ 7,303,069</u>	<u>\$ 25,206,045</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, 2018**

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)	\$ 24,671,520
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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	24,799,486
Depreciation expense	(5,760,646)

The statement of activities reports losses arising from the disposals of existing capital assets. Conversely, governmental funds do not report any gain or loss on capital assets.

	(16,068)
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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.

	165,000
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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	50,970
Sewer usage revenue	12,564
Payments on loans receivable	(31,114)
Accrued interest on property taxes	3,105
Assessment revenue	(2,034)

Change in deferred inflows related to pensions	223,027
Change in deferred inflows related to OPEB	(1,504,062)

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.

General obligation bonds issued	(2,700,000)
Notes issued	(33,679,274)
Premium on bonds issued	(85,277)
Capital lease issuance	(1,000,000)
Principal payments on bonds, notes and leases	5,329,331

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	(206,780)
Change in accrued interest	52,584
Change in deferred outflows related in pension	(122,653)
Change in net pension liability	(2,134,466)
Change in net other post employment benefit obligation	(716,295)
Amortization of deferred charges on refunding	(269,673)
Amortization of bond premiums	348,758

The net income of the internal service funds is reported with governmental activities.	<u>(67,461)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 7,360,542</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, 2018

	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	\$ 185,197	\$ 1,250,332	\$ 1,435,529	\$ 4,609,839
Accounts receivable	835	16,582	17,417	
Due from other funds		93,428	93,428	105,314
Total current assets	<u>186,032</u>	<u>1,360,342</u>	<u>1,546,374</u>	<u>4,715,153</u>
Noncurrent assets:				
Capital assets, nondepreciable	1,185,750		1,185,750	
Capital assets, net of accumulated depreciation	<u>230,298</u>	<u>50,000</u>	<u>280,298</u>	
Total assets	<u>1,602,080</u>	<u>1,410,342</u>	<u>3,012,422</u>	<u>4,715,153</u>
Liabilities:				
Current liabilities:				
Accounts payable	17,206	177,893	195,099	4,049
Claims payable				1,064,593
Deferred Revenue				
Capital lease	17,175		17,175	
Due to other funds	<u>970,272</u>		<u>970,272</u>	
Total current liabilities	<u>1,004,653</u>	<u>177,893</u>	<u>1,182,546</u>	<u>1,068,642</u>
Noncurrent liabilities:				
Capital lease, net of current portion	<u>65,057</u>		<u>65,057</u>	
Total liabilities	<u>1,069,710</u>	<u>177,893</u>	<u>1,247,603</u>	<u>1,068,642</u>
Deferred Inflows of Resources:				
Advance fee collections	<u>69,404</u>	<u>18,227</u>	<u>87,631</u>	
Net Position:				
Net investment in capital assets	1,333,816	50,000	1,383,816	
Unrestricted	<u>(870,850)</u>	<u>1,164,222</u>	<u>293,372</u>	<u>3,646,511</u>
Total Net Position	<u>\$ 462,966</u>	<u>\$ 1,214,222</u>	<u>\$ 1,677,188</u>	<u>\$ 3,646,511</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, 2018**

	Business-Type Activities			Governmental
	Enterprise Funds		Total	Activities
	Westwoods Fund	Waste Collection Fund	Business-Type Activities	Internal Service Fund
Operating Revenues:				
Charges for services	\$ 601,000	\$ 1,681,643	\$ 2,282,643	\$
Other	2,212	73,178	75,390	2,970
Contributions			-	12,820,834
Total operating revenues	<u>603,212</u>	<u>1,754,821</u>	<u>2,358,033</u>	<u>12,823,804</u>
Operating Expenses:				
Claims				12,853,539
Operations	213,004	1,499,787	1,712,791	
Depreciation expense	46,580	50,000	96,580	
Other expenses			-	75,500
Total operating expenses	<u>259,584</u>	<u>1,549,787</u>	<u>1,809,371</u>	<u>12,929,039</u>
Operating Income (Loss)	343,628	205,034	548,662	(105,235)
Nonoperating Revenues:				
Interest	<u>420</u>	<u>2,607</u>	<u>3,027</u>	<u>37,774</u>
Income (Loss) Before Capital Contributions and Transfers	<u>344,048</u>	<u>207,641</u>	<u>551,689</u>	<u>(67,461)</u>
Capital Contributions	34,463		34,463	
Transfers Out	<u>(325,000)</u>		<u>(325,000)</u>	
Total Capital Contributions and Transfers	<u>(290,537)</u>	<u>-</u>	<u>(290,537)</u>	<u>-</u>
Change in Net Position	53,511	207,641	261,152	(67,461)
Net Position at Beginning of Year	<u>409,455</u>	<u>1,006,581</u>	<u>1,416,036</u>	<u>3,713,972</u>
Net Position at End of Year	<u>\$ 462,966</u>	<u>\$ 1,214,222</u>	<u>\$ 1,677,188</u>	<u>\$ 3,646,511</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, 2018

	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	\$ 605,845	\$ 1,519,905	\$ 2,125,750	\$ 12,823,804
Payments to suppliers	(228,763)	(1,471,343)	(1,700,106)	(12,904,842)
Payments for interfund services	(18,686)	156,437	137,751	(105,314)
Net cash provided by (used in) operating activities	<u>358,396</u>	<u>204,999</u>	<u>563,395</u>	<u>(186,352)</u>
Cash Flows from Noncapital Financing Activities:				
Transfers out to other funds	(325,000)			
Net cash provided by (used in) noncapital financing activities	<u>(325,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Payment on capital lease	(16,554)		(16,554)	
Net cash provided by (used in) capital and related financing activities	<u>(16,554)</u>	<u>-</u>	<u>(16,554)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest on investments	420	2,607	3,027	37,774
Net Increase (Decrease) in Cash and Cash Equivalents	17,262	207,606	549,868	(148,578)
Cash and Cash Equivalents at Beginning of Year	<u>167,935</u>	<u>1,042,726</u>	<u>1,210,661</u>	<u>4,758,417</u>
Cash and Cash Equivalents at End of Year	<u>\$ 185,197</u>	<u>\$ 1,250,332</u>	<u>\$ 1,435,529</u>	<u>\$ 4,609,839</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:				
Operating income (loss)	\$ 343,628	\$ 205,034	\$ 548,662	\$ (105,235)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	46,580	50,000	96,580	
Loss on disposal of equipment			-	
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(835)	(2,644)	(3,479)	
(Increase) decrease in loans from other funds	76	156,437	156,513	(105,314)
Increase (decrease) in loans to other funds	(18,762)		(18,762)	
Increase (decrease) in deferred inflows			-	
Increase (decrease) in accounts payable	(15,759)	28,444	12,685	(15,250)
Increase (decrease) in claims payable			-	39,447
Increase (decrease) in deferred revenue	3,468	(232,272)	(228,804)	
Total adjustments	<u>14,768</u>	<u>(35)</u>	<u>14,733</u>	<u>(81,117)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 358,396</u>	<u>\$ 204,999</u>	<u>\$ 563,395</u>	<u>\$ (186,352)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF FARMINGTON, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ <u>727,025</u>	\$ <u>1,528,946</u>
Investments:		
Fixed income	31,030,303	293,423
Domestic equities	33,449,665	
International equities	18,737,968	
Real estate investment trust	5,804,703	
Total investments	<u>89,022,639</u>	<u>293,423</u>
Accounts receivable	<u>109,447</u>	
Total Assets	<u>89,859,111</u>	<u>\$ 1,822,369</u>
Liabilities:		
Fiduciary deposits		\$ 1,822,369
Accounts payable	<u>16,653</u>	
Total Liabilities	<u>16,653</u>	<u>\$ 1,822,369</u>
Net Position Restricted for Pensions	<u>\$ 89,842,458</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, 2018**

Additions:

Contributions:

Employer	\$ 3,281,473
Plan members	1,463,603
Total contributions	<u>4,745,076</u>

Investment income:

Net change in fair value of investments	4,254,005
Interest	12,346
Dividends	1,913,378
Total investment income	<u>6,179,729</u>
Less investment expense	54,134
Net investment income	<u>6,125,595</u>

Total additions	<u>10,870,671</u>
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Deductions:

Benefits	6,758,662
Administrative expense	61,796
Total deductions	<u>6,820,458</u>

Change in Net Position	4,050,213
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Net Position at Beginning of Year	<u>85,792,245</u>
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Net Position at End of Year	<u>\$ 89,842,458</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 was amended in 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, as the governing body of the Authority is appointed by the Town. The 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.

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.

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.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

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.

**TOWN OF FARMINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

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.”

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

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 and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs and changes in investment returns. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. 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. The Town also reports deferred inflows related to pension and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). 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 Liability

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

J. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

K. 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.

L. 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.

M. 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
JUNE 30, 2018**

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.

N. 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 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.

O. 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, 2018 can be found at RSI-1 and RSI-2.

B. Fund Balance Deficits

The Special Projects Education Fund had a deficit fund balance of \$246,434. These deficits will be funded by grant receipts and charges for services.

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

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

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*, \$26,990,828 of the Town’s bank balance of \$30,284,245 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 23,962,403
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>3,028,425</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 26,990,828</u>

Cash Equivalents

At June 30, 2018, the Town’s cash equivalents amounted to \$5,775,444. 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.

	Standard & Poor’s
State Short-Term Investment Fund (STIF)	<u>AAAm</u>

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Investments

As of June 30, 2018, 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:				
Certificates of deposit	N/A	\$ 293,418	\$	\$ 293,418
Corporate bonds	A1	64,964	44,037	20,927
Corporate bonds	A3	52,920		52,920
Corporate bonds	A2	27,301		27,301
Corporate bonds	Ba1	<u>25,425</u>		<u>25,425</u>
		464,028	\$ <u>44,037</u>	\$ <u>419,991</u>
Other investments:				
Mutual funds		90,148,378		
Common stock		<u>4,083</u>		
Total Investments		\$ <u>90,616,489</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 allowed by State Statutes.

Concentration of Credit Risk

The Town has a policy limiting, with some exceptions, investments in any one issuer to no more than 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, 2018, the Town had \$4,083 of 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
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The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2018:

	June 30, 2018	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Corporate Bonds	\$ 170,610	\$	\$ 170,610	\$
Common Stock	4,083	4,083		
Mutual Funds	90,148,378	84,343,675		5,804,703
Total Investments by Fair Value Level	\$ 90,323,071	\$ 84,347,758	\$ 170,610	\$ 5,804,703

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

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:

	General	Capital Projects Fund	Westwoods Fund	Waste Collection Fund	Nonmajor Governmental Funds and Other	Total
Receivables:						
Taxes	\$ 520,885	\$	\$	\$	\$	\$ 520,885
Less allowance for uncollectibles	(53,293)					(53,293)
Taxes, net	467,592					467,592
Other governments		1,120,890			73,880	1,194,770
Assessments	726				13,011	13,737
Other	411,963		835	16,582	724,306	1,153,686
Net Total Receivables	\$ 880,281	\$ 1,120,890	\$ 835	\$ 16,582	\$ 811,197	\$ 2,829,785

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

C. Capital Assets

Capital asset activity for the year ended June 30, 2018 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	\$ 34,750,811	\$ 950,000	\$	\$ 35,700,811
Construction in progress	39,856,088	22,113,617	4,077,046	57,892,659
Total capital assets not being depreciated	<u>74,606,899</u>	<u>23,063,617</u>	<u>4,077,046</u>	<u>93,593,470</u>
Capital assets being depreciated:				
Buildings	115,173,291	130,000		115,303,291
Improvements	10,261,808	1,011,694		11,273,502
Machinery and equipment	18,171,959	1,572,813	360,220	19,384,552
Infrastructure	96,622,617	3,263,408		99,886,025
Total capital assets being depreciated	<u>240,229,675</u>	<u>5,977,915</u>	<u>360,220</u>	<u>245,847,370</u>
Less accumulated depreciation for:				
Buildings	61,647,020	2,339,498		63,986,518
Improvements	4,109,979	570,936		4,680,915
Machinery and equipment	11,855,629	862,656	344,152	12,374,133
Infrastructure	60,872,320	1,987,556		62,859,876
Total accumulated depreciation	<u>138,484,948</u>	<u>5,760,646</u>	<u>344,152</u>	<u>143,901,442</u>
Net capital assets being depreciated	<u>101,744,727</u>	<u>217,269</u>	<u>16,068</u>	<u>101,945,928</u>
Governmental Activities Capital Assets, Net	<u>\$ 176,351,626</u>	<u>\$ 23,280,886</u>	<u>\$ 4,093,114</u>	<u>\$ 195,539,398</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,185,750	\$	\$	\$ 1,185,750
Capital assets being depreciated:				
Improvements	253,829			253,829
Machinery and equipment	809,540	34,465		844,005
Total capital assets being depreciated	<u>1,063,369</u>	<u>34,465</u>	<u>-</u>	<u>1,097,834</u>
Less accumulated depreciation for:				
Improvements	253,829			253,829
Machinery and equipment	467,127	96,580		563,707
Total accumulated depreciation	<u>720,956</u>	<u>96,580</u>	<u>-</u>	<u>817,536</u>
Net capital assets being depreciated	<u>342,413</u>	<u>(62,115)</u>	<u>-</u>	<u>280,298</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,528,163</u>	<u>\$ (62,115)</u>	<u>\$ -</u>	<u>\$ 1,466,048</u>

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 559,452
Education	1,929,656
Public safety	720,802
Public works including depreciation of infrastructure	2,214,656
Treatment plant	240,199
Parks and recreation	<u>95,881</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>5,760,646</u></u>
Business-type activities:	
Westwoods Golf	\$ 46,580
Waste Collection	<u>50,000</u>
 Total Depreciation Expense - Business-type Activities	 \$ <u><u>96,580</u></u>

Construction Commitments

The Town has active construction projects as of June 30, 2018. 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:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Roads and Bridges	\$ 11,062,983	\$ 894,497
School Buildings	1,813,029	60,473
Town Buildings	1,149,493	55,507
Waste Water Treatment	49,305,429	15,478,002
Land Improvements	<u>4,039,793</u>	<u>1,660,207</u>
	 \$ <u><u>67,370,727</u></u>	 \$ <u><u>18,148,686</u></u>

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

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 641,201
	Westwoods Fund	<u>970,272</u>
		1,611,473
Capital Projects Fund	General Fund	1,225,264
Nonmajor Governmental Funds	General Fund	4,155,352
Waste Collection Fund	General Fund	93,428
Internal Service Fund	General Fund	<u>105,314</u>
		<u>\$ 7,190,831</u>

Interfund receivables and payables represent temporary loans for operations.

Interfund transfers that occurred during the year are as follows:

<u>Transfers Out</u>				
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Westwoods Fund</u>	<u>Total Transfers In</u>
General Fund	\$	\$	\$ 325,000	\$ 325,000
Nonmajor Governmental Fund	830,000			830,000
Capital Projects Fund	<u>2,690,936</u>	<u>1,000,000</u>		<u>3,690,936</u>
Total	<u>\$ 3,520,936</u>	<u>\$ 1,000,000</u>	<u>\$ 325,000</u>	<u>\$ 4,845,936</u>

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

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

E. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance (as restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 36,700,000	\$ 2,700,000	\$ 5,030,000	\$ 34,370,000	\$ 5,180,000
Issuance premiums	2,115,627	85,277	348,758	1,852,146	
	<u>38,815,627</u>	<u>2,785,277</u>	<u>5,378,758</u>	<u>36,222,146</u>	<u>5,180,000</u>
Clean Water Fund Loan		33,679,274		33,679,274	1,035,093
Capital lease	3,383,912	1,000,000	299,331	4,084,581	383,523
Total OPEB liability	37,152,511	716,295		37,868,806	
Net pension liability	29,437,153	2,134,466		31,571,619	
Compensated absences	<u>2,088,875</u>	<u>1,020,965</u>	<u>814,185</u>	<u>2,295,655</u>	<u>315,420</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 110,878,078</u>	<u>\$ 41,336,277</u>	<u>\$ 6,492,274</u>	<u>\$ 145,722,081</u>	<u>\$ 6,914,036</u>
Business-Type Activities:					
Capital lease	<u>\$ 98,785</u>	<u>\$ -</u>	<u>\$ 16,553</u>	<u>\$ 82,232</u>	<u>\$ 17,175</u>

For the governmental activities, compensated absences are generally liquidated by the fund where the employee is charged. Total OPEB liability has been restated; see Note 6 for further details.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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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.

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, 2018</u>
General Obligation Bonds	5/1/2009	\$ 13,475,000	2.25-5.00	9/15/2021	\$ 1,455,000- 1,560,000	\$ 5,880,000
General Obligation Bonds	6/23/2011	11,550,000	2.00-4.00	4/1/2026	210,000- 1,085,000	5,765,000
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	2,340,000
General Obligation Bonds	4/21/2015	4,075,000	2.00-4.00	4/15/2030	270,000- 275,000	3,250,000
General Obligation Bonds	6/17/2015	7,440,000	2.00-5.00	9/15/2020	760,000- 2,060,000	3,075,000
General Obligation Bonds	11/18/2015	2,100,000	2.00-4.00	11/15/2030	140,000	1,820,000
General Obligation Bonds	10/3/2016	5,500,000	2.00-4.00	10/1/2032	355,000- 380,000	5,120,000
General Obligation Bonds	12/7/2017	2,700,000	2.00-5.00	12/1/2032	180,000	<u>2,700,000</u>
Total						\$ <u><u>34,370,000</u></u>

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

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 5,180,000	\$ 1,116,744
2020	5,185,000	894,694
2021	4,660,000	681,219
2022	3,870,000	507,719
2023	2,350,000	383,719
2024-2028	9,835,000	971,000
2029-2033	<u>3,290,000</u>	<u>168,566</u>
	\$ <u><u>34,370,000</u></u>	\$ <u><u>4,723,661</u></u>

In December 2017, the Town issued \$2,700,000 of general obligation bonds with interest rates of 2.0% to 4.5%.

**TOWN OF FARMINGTON, CONNECTICUT
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On May 9, 2017, the Town retired \$42,000,000 of bond anticipation notes with a maturity date of May 9, 2018 and an interest rate of 3.0%.

Clean Water Fund Grant and Loan Program

During July 2016, the Town entered into a Project Loan and Grant Agreement totaling \$48.1 million with the State of Connecticut under the Clean Water Fund Program to finance the upgrade to the Wastewater Treatment Plant. As of June 30, 2018, the Town earned \$11,543,024 in grant advances, 33,679,274 in permanent loans, and \$692,472 in interim financing. Total expenditures for the project under this agreement through June 30, 2018 totaled \$51,751,296 and recorded in the Capital Projects fund.

Annual debt service requirements to maturity for the loan agreement with the State of Connecticut under this program with a 2% interest rate is as follows:

	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,035,093	\$ 773,355
2020	1,404,478	640,056
2021	1,432,827	611,707
2022	1,461,748	582,787
2023	1,491,252	553,282
2024-2028	7,920,095	2,302,575
2029-2033	8,752,330	1,470,340
2034-2038	9,672,017	550,654
2039	509,434	1,699
	<u>\$ 33,679,274</u>	<u>\$ 7,486,455</u>

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	\$ 216,744,055	\$ 26,501,850	\$ 190,242,205
Schools	433,488,110	11,116,300	422,371,810
Sewers	361,240,091	47,672,266	313,567,825
Urban renewal	313,074,746		313,074,746
Pension deficit	288,992,073		288,992,073

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$674,314,837.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Authorized but Unissued Bonds

The total of authorized but unissued bonds at June 30, 2018 is \$17,241,142. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Capital Leases

Governmental Activities

The Town has entered into lease agreements as lessee for financing the acquisition of rolling stock 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, 2018 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2019	\$ 491,025
2020	499,509
2021	451,572
2022	460,573
2023	469,844
2024-2028	1,963,897
2029-2033	378,920
Less amount representing interest	<u>(630,759)</u>
Present Value of Minimum Lease Payments	<u>\$ 4,084,581</u>

Business Activities

The Town has entered into a lease agreement as lessee for financing the acquisition of golf carts. 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, 2018 were as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>
2019	\$ 19,920
2020	19,920
2021	47,759
Less amount representing interest	<u>(5,367)</u>
Present Value of Minimum Lease Payments	<u>\$ 82,232</u>

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

F. Fund Balance

The components of fund balance for the governmental funds at June 30, 2018 are as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 17,221	\$ 17,221
Prepaid items			2,866	2,866
Restricted for:				
General government			633,141	633,141
Education			1,357,348	1,357,348
Public safety			41,355	41,355
Committed to:				
Public works			2,230,920	2,230,920
General government			225,866	225,866
Culture and recreation			222,904	222,904
Education			1,284,591	1,284,591
Debt Service			1,533,291	1,533,291
Assigned to:				
Education	446,611			446,611
Unassigned	<u>14,428,990</u>	<u>3,027,375</u>	<u>(246,434)</u>	<u>17,209,931</u>
 Total Fund Balances	 \$ <u>14,875,601</u>	 \$ <u>3,027,375</u>	 \$ <u>7,303,069</u>	 \$ <u>25,206,045</u>

Education encumbrances of \$446,611 are contained in the above table in the assigned category of the General Fund.

4. EMPLOYEE RETIREMENT PLAN

Pension Trust Fund

A. Plan Description and Benefits Provided

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 the 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.

Management of the plan rests with a 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.

**TOWN OF FARMINGTON, CONNECTICUT
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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. 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. 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. Any employees hired after July 1, 2011 are required to participate in a 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, 2017, the date of the latest actuarial valuation:

Retirees, disabled employees, and beneficiaries currently receiving benefits	253
Terminated employees entitled to benefits but not yet receiving them	109
Current plan members	<u>339</u>
	<u><u>701</u></u>

B. 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, 2018, the Town contributed \$3,281,473 which represents approximately 14.96% of covered payroll of \$21,941,418.

Administrative costs of the Plan are financed through investment earnings.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

C. 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, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. Core Fixed Income	34.50 %
U.S. Inflation-Indexed Bonds	1.67
U.S. Equity Market	22.50
U.S. Small Caps	5.00
U.S. Mid Caps	5.00
Foreign Developed Equity	20.00
Emerging Markets Equity	2.50
U.S. REIT's	5.00
Commodities	3.83
	<u>100.00 %</u>

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2018 were as follows:

Total pension liability	\$ 121,414,077
Plan fiduciary net position	<u>89,842,458</u>
Net Pension Liability	<u>\$ 31,571,619</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74.00%</u>

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2017, 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	7.00%

Mortality rates were based on the RP-2000 Mortality Tables for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection of future mortality improvement per Scale AA.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016-June 30, 2017.

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 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, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Core Fixed Income	2.65 %
U.S. Inflation-Indexed Bonds	1.81
U.S. Equity Market	4.86
U.S. Small Caps	5.81
U.S. Mid Caps	5.10
Foreign Developed Equity	5.79
Emerging Markets Equity	8.12
U.S. REIT's	5.07
Commodities	3.07

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2017	\$ 115,229,398	\$ 85,792,245	\$ 29,437,153
Changes for the year:			
Service cost	2,741,005		2,741,005
Interest on total pension liability	8,025,376		8,025,376
Differences between expected and actual experience	2,176,960		2,176,960
Employer contributions		3,281,473	(3,281,473)
Member contributions		1,463,603	(1,463,603)
Net investment income		6,125,595	(6,125,595)
Benefit payments, including refund to employee contributions	(6,758,662)	(6,758,662)	-
Administrative expenses		(61,796)	61,796
Net changes	<u>6,184,679</u>	<u>4,050,213</u>	<u>2,134,466</u>
Balances as of June 30, 2018	<u>\$ 121,414,077</u>	<u>\$ 89,842,458</u>	<u>\$ 31,571,619</u>

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 7.00%, 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total Net Pension Liability	\$ 45,275,646	\$ 31,571,619	\$ 20,157,117

**TOWN OF FARMINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the Town recognized pension expense of \$5,327,682. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Town's Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,332,836	\$ 616,569
Changes of assumptions	954,101	
Net difference between projected and actual earnings on pension plan investments	<u>676,277</u>	
Total	<u>\$ 3,963,214</u>	<u>\$ 616,569</u>

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

Year Ending June 30,

2019	\$ 1,893,448
2020	1,111,502
2021	(264,426)
2022	280,667
2023	325,454

Teachers Retirement

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

B. Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

**TOWN OF FARMINGTON, CONNECTICUT
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Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

C. Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

**TOWN OF FARMINGTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>106,476,441</u>
Total	<u>\$ 106,476,441</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2018, the Town recognized pension expense and revenue of \$12,316,214 on Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0	6.6
Emerging markets (non-U.S.)	9.0	8.3
Core fixed income	7.0	1.3
Inflation linked bond fund	3.0	1.0
Emerging market bond	5.0	3.7
High yield bonds	5.0	3.9
Real estate	7.0	5.1
Private equity	11.0	7.6
Alternative investments	8.0	4.1
Liquidity fund	6.0	0.4
Total	<u>100.0%</u>	

F. Discount Rate

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

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

I. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

5. OTHER POSTEMPLOYMENT BENEFITS

Town OPEB

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.

The Town OPEB plan is administered by the Town. Plan provisions are determined by union contract and may be amended by union negotiations.

At July 1, 2017, plan membership consisted of the following:

Actives	755
Retirees	192
Beneficiaries	11
Spouses of Retirees	<u>34</u>
	<u>992</u>

**TOWN OF FARMINGTON, CONNECTICUT
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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 certified school staff who are assumed to be covered by plans offered through the Connecticut Teachers Retirement Board.
- 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.

Total OPEB Liability

The Town's total OPEB liability of \$37,868,806 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.70%
Salary increases	Teachers and Administrators: graded by service All others: graded by age
Discount rate	3.87%
Healthcare cost trend rates	6.70%-4.50% over 76 years

The discount rate was based on the municipal bond index at the measurement date.

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

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012-June 30, 2017

	Total OPEB Liability
Balances as of July 1, 2017	\$ <u>37,152,511</u>
Changes for the year:	
Service cost	2,128,094
Interest on total OPEB liability	1,386,576
Changes of benefit terms	
Difference between expected and actual experience	
Changes in assumptions or other inputs	(1,689,749)
Benefit payments	<u>(1,108,626)</u>
Net changes	<u>716,295</u>
Balances as of June 30, 2018	\$ <u><u>37,868,806</u></u>

Changes in assumptions were a result of demographic changes, expected claim costs based on experience, medical costs inflation, and a slight increase in the municipal bond rate.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current discount rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 44,189,490	\$ 37,868,806	\$ 32,790,894

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.7% decreasing to 3.5%) or 1 percentage point higher (7.7% decreasing to 6.5%) than the current healthcare cost trend rates:

	1% Decrease (5.7% Decreasing to 3.5%)	Healthcare Cost Trend Rates (6.7% Decreasing to 4.5%)	1% Increase (7.7% Decreasing to 6.5%)
Total OPEB liability	\$ 31,778,426	\$ 37,868,806	\$ 45,786,255

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized OPEB expense of \$3,328,983. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ _____	\$ 1,504,062
Total	\$ <u> - </u>	\$ <u>1,504,062</u>

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

Year Ending June 30

2019	\$ 185,687
2020	185,687
2021	185,687
2022	185,687
2023	185,687
Thereafter	575,627

Teachers Retirement Plan

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

B. Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

Medicare Supplement with Prescriptions	\$ 92
Medicare Supplement with Prescriptions and Dental	136
Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the plan for these benefits.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

C. Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of credited service

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

**TOWN OF FARMINGTON, CONNECTICUT
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Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>27,405,833</u>
Total	<u>\$ 27,405,833</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$1,270,125 in Exhibit II for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

**TOWN OF FARMINGTON, CONNECTICUT
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The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

I. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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6. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

Governmental Activities:

Net position at June 30, 2017, as previously reported	\$ 99,008,534
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Adjustments:

Eliminate net OPEB obligation reported per GASB No. 45	12,897,893
Record starting total/net OPEB liability per GASB No. 75	<u>(37,152,511)</u>

Net Position at July 1, 2017, as Restated	<u>\$ 74,753,916</u>
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7. 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, 2018, 2017 or 2016.

The Town's self-insurance program, which commenced July 1, 1983, is used to account for 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 2018, total claims expense was \$12,853,539, which did not exceed 120% of expected claim payments and an estimate for claims incurred but not reported as of June 30, 2018.

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, 2018 of \$1,064,593.

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.

**TOWN OF FARMINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

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

	Accrued Liability Beginning of Fiscal Year		Current Year Claims and Changes in Estimates		Accrued Liability Claim Payments		Accrued Liability End of Fiscal Year
2017-2018	\$ 1,025,146	\$	12,853,539	\$	(12,814,092)	\$	1,064,593
2016-2017	908,587		12,481,250		(12,364,691)		1,025,146

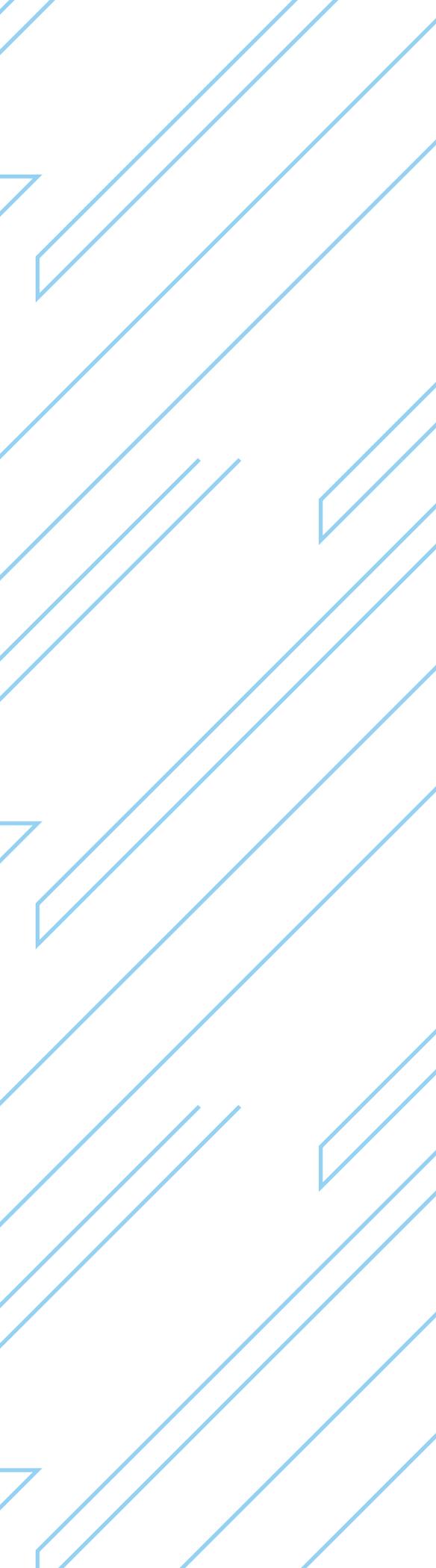
B. Contingent Liabilities

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.

There is an ongoing investigation involving several law enforcement agencies regarding wire fraud. The Town is actively pursuing remaining recovery through litigation. The Town is also making provisions to cover any remaining loss that is not covered through insurance or litigation. The amount of any further recovery cannot be determined at this time and therefore has not been recorded on the financial statements.



**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, 2018**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Property Taxes:				
Current taxes	\$ 94,845,433	\$ 94,845,433	\$ 95,029,976	\$ 184,543
Delinquent taxes	200,000	200,000	204,784	4,784
Interest and lien fees	225,000	225,000	178,838	(46,162)
Supplemental MV taxes	775,000	775,000	884,523	109,523
Total property taxes	<u>96,045,433</u>	<u>96,045,433</u>	<u>96,298,121</u>	<u>252,688</u>
Federal and State Grants:				
General education	382,416	382,416	752,106	369,690
School building			189,121	189,121
Social services grants	8,500	8,500	3,660	(4,840)
In lieu of taxes	2,820,391	2,820,391	2,063,984	(756,407)
Police grant	78,000	78,000	74,769	(3,231)
Highway grants	373,438	373,438	373,815	377
Municipal Revenue Sharing	482,637	482,637	545,804	63,167
Municipal Stabilization Grant			824,325	824,325
Total federal and state grants	<u>4,145,382</u>	<u>4,145,382</u>	<u>4,827,584</u>	<u>682,202</u>
Charges for Current Services:				
Housing	55,490	55,490	50,798	(4,692)
Police services	235,000	235,000	227,920	(7,080)
Rentals	6,000	6,000	9,160	3,160
Sewer inspection fees	7,500	7,500	10,929	3,429
Town clerk fees	285,000	285,000	280,830	(4,170)
Tower space rental	175,000	175,000	185,884	10,884
Conveyance tax	550,000	550,000	469,401	(80,599)
Busing fees	5,800	5,800	5,280	(520)
Total charges for current services	<u>1,319,790</u>	<u>1,319,790</u>	<u>1,240,202</u>	<u>(79,588)</u>
Licenses and Permits:				
Dog licenses	6,500	6,500	4,961	(1,539)
Building permits	625,000	625,000	900,612	275,612
Other permits	16,500	16,500	9,240	(7,260)
Total licenses and permits	<u>648,000</u>	<u>648,000</u>	<u>914,813</u>	<u>266,813</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, 2018**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Fines and Penalties:				
Court fines	\$ 37,000	\$ 37,000	\$ 22,435	\$ (14,565)
Dog fines and charges	2,000	2,000	2,277	277
Total fines and penalties	<u>39,000</u>	<u>39,000</u>	<u>24,712</u>	<u>(14,288)</u>
Investment Income	<u>150,000</u>	<u>150,000</u>	<u>350,743</u>	<u>200,743</u>
Other:				
Zoning hearings	22,500	22,500	36,132	13,632
Other assessments	2,000	2,000	2,745	745
Alarm fines and connections	15,000	15,000	10,200	(4,800)
Miscellaneous	<u>25,000</u>	<u>25,000</u>	<u>212,156</u>	<u>187,156</u>
Total other	<u>64,500</u>	<u>64,500</u>	<u>261,233</u>	<u>196,733</u>
Total revenues	<u>102,412,105</u>	<u>102,412,105</u>	<u>103,917,408</u>	<u>1,505,303</u>
Other Financing Sources:				
Operating Transfers In:				
Westwoods Contribution	<u>335,030</u>	<u>335,030</u>	<u>325,000</u>	<u>(10,030)</u>
Total Revenues and Other Financing Sources	<u>\$ 102,747,135</u>	<u>\$ 102,747,135</u>	104,242,408	<u>\$ 1,495,273</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 -OPEB	1,270,125
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted - Pension	<u>12,316,214</u>

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

\$ 117,828,747

**TOWN OF FARMINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government:				
General administration:				
Town Manager	\$ 505,321	\$ 525,371	\$ 525,367	\$ 4
Finance	1,129,472	1,166,602	1,166,600	2
Probate Court	15,000	15,000	14,939	61
Registrars	110,158	110,158	99,765	10,393
Town Council	56,300	56,300	53,481	2,819
Personnel services	215,300	158,300	39,152	119,148
Legal	185,000	185,000	103,819	81,181
Town Clerk	337,757	337,757	337,186	571
Economic Development	135,103	144,363	144,358	5
Payments to outside agencies	2,720,967	2,720,967	2,717,317	3,650
Planning and zoning	323,253	323,253	309,127	14,126
Public buildings	182,372	186,027	186,021	6
Insurance	294,615	269,615	267,969	1,646
	<u>6,210,618</u>	<u>6,198,713</u>	<u>5,965,101</u>	<u>233,612</u>
Public safety:				
Fire marshal	1,066,841	1,066,841	1,057,991	8,850
Fire department	1,525,081	1,537,581	1,537,574	7
Police department	5,955,833	5,955,833	5,909,076	46,757
Communications center	1,013,956	1,013,956	1,013,527	429
EMS services	22,055	22,055	22,054	1
Building inspector	191,808	195,383	195,372	11
	<u>9,775,574</u>	<u>9,791,649</u>	<u>9,735,594</u>	<u>56,055</u>
Public works:				
Highway and grounds	4,227,050	4,227,050	4,121,870	105,180
Engineering	542,071	542,071	502,491	39,580
Public works and development	103,790	103,790	103,098	692
	<u>4,872,911</u>	<u>4,872,911</u>	<u>4,727,459</u>	<u>145,452</u>
Community and recreation services:				
Community services	826,373	832,073	832,057	16
Housing	24,685	26,785	26,755	30
	<u>851,058</u>	<u>858,858</u>	<u>858,812</u>	<u>46</u>
Other:				
Benefits	7,043,787	7,031,817	6,929,946	101,871
Other	10,000	10,000		10,000
	<u>7,053,787</u>	<u>7,041,817</u>	<u>6,929,946</u>	<u>111,871</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, 2018**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Debt service	\$ 6,485,700	\$ 6,485,700	\$ 6,153,269	\$ 332,431
Total general government	35,249,648	35,249,648	34,370,181	879,467
Board of Education	63,976,551	63,976,551	63,969,942	6,609
Total Board of Education and General Government	99,226,199	99,226,199	98,340,123	886,076
Other Financing Uses:				
Transfers out:				
Capital Projects Fund	3,520,936	3,520,936	3,520,936	-
Total Expenditures, Encumbrances and Other Financing Uses	\$ 102,747,135	\$ 102,747,135	101,861,059	\$ 886,076

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 - Pension	12,316,214
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted- OPEB	1,270,125

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	(446,611)
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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	595,369
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Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV	\$ 115,596,156
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TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TOWN PENSION PLAN
LAST FIVE FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability:					
Service cost	\$ 2,423,489	\$ 2,617,259	\$ 2,685,011	\$ 2,767,051	\$ 2,741,005
Interest	6,781,290	7,136,946	7,488,073	7,746,331	8,025,376
Differences between expected and actual experience	2,633,994	1,716,934	1,032,773	(404,246)	2,176,960
Benefit payments, including refunds of member contributions	<u>(5,106,731)</u>	<u>(5,583,029)</u>	<u>(6,074,150)</u>	<u>(6,251,836)</u>	<u>(6,758,662)</u>
Net change in total pension liability	6,732,042	5,888,110	5,131,707	3,857,300	6,184,679
Total pension liability - beginning	<u>93,620,239</u>	<u>100,352,281</u>	<u>106,240,391</u>	<u>111,372,098</u>	<u>115,229,398</u>
Total pension liability - ending	<u>100,352,281</u>	<u>106,240,391</u>	<u>111,372,098</u>	<u>115,229,398</u>	<u>121,414,077</u>
Plan fiduciary net position:					
Contributions - employer	2,270,080	2,751,795	3,110,676	3,118,029	3,281,473
Contributions - member	1,365,672	1,363,022	1,325,776	1,525,212	1,463,603
Net investment income (loss)	9,995,112	1,630,361	(197,722)	9,183,296	6,125,595
Benefit payments, including refunds of member contributions	(5,106,731)	(5,583,029)	(6,074,150)	(6,251,836)	(6,758,662)
Administrative expense	(99,291)	(58,021)	(59,260)	(59,440)	(61,796)
Other	<u>34,041</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in plan fiduciary net position	8,458,883	104,128	(1,894,680)	7,515,261	4,050,213
Plan fiduciary net position - beginning	<u>71,608,653</u>	<u>80,067,536</u>	<u>80,171,664</u>	<u>78,276,984</u>	<u>85,792,245</u>
Plan fiduciary net position - ending	<u>80,067,536</u>	<u>80,171,664</u>	<u>78,276,984</u>	<u>85,792,245</u>	<u>89,842,458</u>
Net Pension Liability - Ending	<u>\$ 20,284,745</u>	<u>\$ 26,068,727</u>	<u>\$ 33,095,114</u>	<u>\$ 29,437,153</u>	<u>\$ 31,571,619</u>
Plan fiduciary net position as a percentage of the total pension liability	79.79%	75.46%	70.28%	74.45%	74.00%
Covered payroll	\$ 20,652,300	\$ 20,141,456	\$ 20,903,455	\$ 21,564,107	\$ 21,941,418
Net pension liability as a percentage of covered payroll	98.22%	129.43%	158.32%	136.51%	143.89%

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 1,135,040	\$ 1,951,127	\$ 2,013,158	\$ 1,971,693	\$ 2,108,977	\$ 2,267,150	\$ 2,751,795	\$ 3,040,676	\$ 3,118,029	\$ 3,281,473
Contributions in relation to the actuarially determined contribution	<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>	<u>2,751,795</u>	<u>3,110,676</u>	<u>3,118,029</u>	<u>3,281,473</u>
Contribution Deficiency (Excess)	\$ <u>(48,239)</u>	\$ <u>659,537</u>	\$ <u>63,158</u>	\$ <u>(83,797)</u>	\$ <u>(23)</u>	\$ <u>(2,930)</u>	\$ <u>-</u>	\$ <u>(70,000)</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 18,748,405	\$ 19,085,815	\$ 19,627,086	\$ 21,334,076	\$ 20,652,300	\$ 20,652,300	\$ 20,141,456	\$ 20,903,445	\$ 21,564,107	\$ 21,941,418
Contributions as a percentage of covered payroll	6.31%	6.77%	9.94%	9.63%	10.21%	10.99%	13.66%	14.88%	14.46%	14.96%

Notes to Schedule

Valuation date: July 1, 2017
Measurement date: June 30, 2018
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: 25 years
Asset valuation method: 5-year smoothed market
Inflation: 2.75%
Salary increases: Graded from 6.5% to 3.5%
Investment rate of return: 7.00%
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 AA

**TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS - TOWN PENSION PLAN
LAST FIVE FISCAL YEARS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	13.88%	2.03%	-0.25%	11.64%	7.11%

**TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST FOUR FISCAL YEARS**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>78,837,748</u>	<u>85,294,583</u>	<u>112,333,460</u>	<u>106,476,441</u>
Total	<u>\$ 78,837,748</u>	<u>\$ 85,294,583</u>	<u>\$ 112,333,460</u>	<u>\$ 106,476,441</u>
Town's covered payroll	\$ 30,857,874	\$ 31,383,849	\$ 33,357,931	\$ 33,054,319
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	59.50%	52.26%	55.93%

Notes to Schedule

Changes in benefit terms
Changes of assumptions

None

During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.

During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.

Actuarial cost method
Amortization method
Remaining amortization period
Asset valuation method
Investment rate of return

Entry age
Level percent of salary, closed
20.4 years
4-year smoothed market
8.50%, net of investment related expense

**TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OPEB PLAN
LAST FISCAL YEAR**

	<u>2018</u>
Total OPEB liability:	
Service cost	\$ 2,128,094
Interest	1,386,576
Changes of assumptions and other inputs	(1,689,749)
Benefit payments	<u>(1,108,626)</u>
Net change in total OPEB liability	716,295
Total OPEB liability - beginning	<u>37,152,511</u>
Total OPEB Liability - Ending	<u>\$ 37,868,806</u>
Covered payroll	\$ 55,406,597
Total OPEB liability as a percentage of covered-employee payroll	68.35%

Notes to Schedule:

Valuation date:	July 1, 2017
Measurement date:	June 30, 2018
Methods and assumptions used to determine contribution rates:	
Discount rate	3.87%
Actuarial cost method	Entry age normal
Inflation	2.70%
Salary increases	Teachers and Administrators: graded by service All others: graded by age
Medical Trend Rate	6.70%-4.50% over 76 years

TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FISCAL YEAR

	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>27,405,833</u>
Total	<u>\$ 27,405,833</u>
Town's covered payroll	\$ 33,054,319
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate. Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations. As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation



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, 2018

EXHIBIT A-1

	<u>Field/Playground Equipment</u>	<u>Housing Land Bank</u>	<u>Farmington Valley Greenways</u>	<u>Farmington Canal Heritage Greenway</u>	<u>Tunxis Meade Imps</u>	<u>Irrigation Improvements</u>	<u>High School Turf Field</u>	<u>Bridge Repair</u>	<u>Sidewalk Replacement</u>
Revenues:									
State and federal grants	\$	\$	\$ 24,210	\$ 1,233,299	\$	\$	\$	\$	\$
Other									
Total revenues	<u>-</u>	<u>-</u>	<u>24,210</u>	<u>1,233,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project Expenditures	<u>6,152</u>		<u>2,631</u>	<u>950,646</u>			<u>2,938</u>	<u>42,000</u>	<u>500</u>
Other Financing Sources (Uses):									
Capital Lease									
Bond and note proceeds									
Operating transfers in:									
General Fund									
Capital Projects Fund						19,922			
Water Pollution Control Authority									
Operating transfers out:									
Capital Projects Fund	<u>(1,126)</u>				<u>(15,152)</u>		<u>(3,644)</u>		<u>(14,591)</u>
Total other financing sources (uses)	<u>(1,126)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,152)</u>	<u>19,922</u>	<u>(3,644)</u>	<u>-</u>	<u>(14,591)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(7,278)	-	21,579	282,653	(15,152)	19,922	(6,582)	(42,000)	(15,091)
Project/Fund Balance at Beginning of Year	<u>7,278</u>	<u>7,637</u>	<u>42,064</u>	<u>107,669</u>	<u>15,152</u>	<u>(19,922)</u>	<u>41,193</u>	<u>107,936</u>	<u>48,589</u>
Project/Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 7,637</u>	<u>\$ 63,643</u>	<u>\$ 390,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,611</u>	<u>\$ 65,936</u>	<u>\$ 33,498</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, 2018

EXHIBIT A-1

	<u>Sidewalk Construction</u>	<u>Unionville Sidewalk Replacement</u>	<u>School Code & Safety</u>	<u>School Security</u>	<u>Districtwide Mechanical Equipment</u>	<u>Capital Facilities Report</u>	<u>Telephone System Replace</u>	<u>High School Renovation</u>	<u>FHS Schematic Design</u>
Revenues:									
State and federal grants	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other									
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project Expenditures		<u>315,784</u>	<u>48,280</u>	<u>55,674</u>	<u>144,415</u>	<u>84,438</u>			<u>29,315</u>
Other Financing Sources (Uses):									
Capital Lease									
Bond and note proceeds									
Operating transfers in:									
General Fund		375,000	50,000	50,000	156,000				
Capital Projects Fund		14,591							
Water Pollution Control Authority									
Operating transfers out:									
Capital Projects Fund								(161,000)	
Total other financing sources (uses)	<u>-</u>	<u>389,591</u>	<u>50,000</u>	<u>50,000</u>	<u>156,000</u>	<u>-</u>	<u>-</u>	<u>(161,000)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	73,807	1,720	(5,674)	11,585	(84,438)	-	(161,000)	(29,315)
Project/Fund Balance at Beginning of Year	<u>32,690</u>	<u>(90,375)</u>	<u>21,888</u>	<u>65,393</u>	<u>20,248</u>	<u>85,310</u>	<u>27,530</u>	<u>(25,746)</u>	<u>297,991</u>
Project/Fund Balance at End of Year	<u>\$ 32,690</u>	<u>\$ (16,568)</u>	<u>\$ 23,608</u>	<u>\$ 59,719</u>	<u>\$ 31,833</u>	<u>\$ 872</u>	<u>\$ 27,530</u>	<u>\$ (186,746)</u>	<u>\$ 268,676</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, 2018

EXHIBIT A-1

	<u>School Roof Replacement</u>	<u>School Wide Technology Improvements</u>	<u>School Furniture</u>	<u>Cafeteria Equipment</u>	<u>Special Education Vehicles</u>	<u>IAR Generator</u>	<u>IAR Parking Lot</u>	<u>IAR Parking Lot</u>	<u>IAR Heating System</u>
Revenues:									
State and federal grants	\$ 180,004	\$	\$	\$	\$	\$	\$	\$	\$
Other									26,248
Total revenues	<u>180,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,248</u>
Project Expenditures	<u>13,950</u>	<u>406,552</u>							<u>324,240</u>
Other Financing Sources (Uses):									
Capital Lease									
Bond and note proceeds									
Operating transfers in:									
General Fund		455,000			7,452				
Capital Projects Fund			64						
Water Pollution Control Authority									
Operating transfers out:									
Capital Projects Fund				(64)		(16,551)		(2,743)	
Total other financing sources (uses)	<u>-</u>	<u>455,000</u>	<u>64</u>	<u>(64)</u>	<u>7,452</u>	<u>(16,551)</u>	<u>-</u>	<u>(2,743)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	166,054	48,448	64	(64)	7,452	(16,551)	-	(2,743)	(297,992)
Project/Fund Balance at Beginning of Year	<u>(171,580)</u>	<u>56,219</u>	<u>(64)</u>	<u>96</u>	<u>(7,452)</u>	<u>54,070</u>	<u>2,743</u>	<u>411,211</u>	
Project/Fund Balance at End of Year	<u>\$ (5,526)</u>	<u>\$ 104,667</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 37,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,219</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, 2018

EXHIBIT A-1

	2003 Open Space Acquisition	2004 Open Space Acquisition	2005 Open Space Acquisition	2014 Open Space Acquisition	Road Reconstruction	New Britain Avenue Design	South Road Reconstruction	Street Lights Purchase
Revenues:								
State and federal grants	\$ 121,301	\$	\$ 109,774	\$ 347,425	\$	\$ 21,588	\$ 761,112	\$
Other								7,303
Total revenues	<u>121,301</u>	<u>-</u>	<u>109,774</u>	<u>347,425</u>	<u>-</u>	<u>21,588</u>	<u>761,112</u>	<u>7,303</u>
Project Expenditures		<u>5,560</u>		<u>963,280</u>	<u>1,558,734</u>	<u>348,756</u>	<u>761,112</u>	<u>515,851</u>
Other Financing Sources (Uses):								
Capital Lease								1,000,000
Bond and note proceeds				350,000	1,750,000			
Operating transfers in:								
General Fund								
Capital Projects Fund				161,000				
Water Pollution Control Authority								
Operating transfers out:								
Capital Projects Fund								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>511,000</u>	<u>1,750,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	121,301	(5,560)	109,774	(104,855)	191,266	(327,168)	-	491,452
Project/Fund Balance at Beginning of Year	<u>(121,301)</u>	<u>14,681</u>	<u>(109,774)</u>	<u>(242,559)</u>	<u>290,377</u>	<u>219,099</u>	<u>245</u>	
Project/Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 9,121</u>	<u>\$ -</u>	<u>\$ (347,414)</u>	<u>\$ 481,643</u>	<u>\$ (108,069)</u>	<u>\$ 245</u>	<u>\$ 491,452</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, 2018

EXHIBIT A-1

	<u>Town Hall Improvements</u>	<u>Building Equipment Improvements</u>	<u>Emergency Operations</u>	<u>Staples House Improvements</u>	<u>Stone House Renovations</u>	<u>SR CTR Improvements</u>	<u>SR CTR Exercise Equipment</u>	<u>WWGC Maintenance BLDG Improvements</u>
Revenues:								
State and federal grants	\$	\$	\$	\$	\$	\$	\$	\$
Other		98,384						
Total revenues	<u>-</u>	<u>98,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project Expenditures	<u>8,806</u>	<u>115,799</u>			<u>156</u>			<u>24,088</u>
Other Financing Sources (Uses):								
Capital Lease								
Bond and note proceeds								
Operating transfers in:								
General Fund					25,000			
Capital Projects Fund			19,294					
Water Pollution Control Authority								
Operating transfers out:								
Capital Projects Fund				(6,772)		(39,448)	(1,863)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>19,294</u>	<u>(6,772)</u>	<u>25,000</u>	<u>(39,448)</u>	<u>(1,863)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(8,806)	(17,415)	19,294	(6,772)	24,844	(39,448)	(1,863)	(24,088)
Project/Fund Balance at Beginning of Year	<u>629,634</u>	<u>118,642</u>	<u>(19,294)</u>	<u>6,772</u>	<u>-</u>	<u>39,448</u>	<u>1,863</u>	<u>28,339</u>
Project/Fund Balance at End of Year	<u>\$ 620,828</u>	<u>\$ 101,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,844</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,251</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, 2018

EXHIBIT A-1

	<u>Energy Performance Projects</u>	<u>Exterior Facility Lighting</u>	<u>Town Technology Improvements</u>	<u>Tax & Assessment Software</u>	<u>Real Property Revaluation</u>	<u>New Computer System</u>	<u>Land Record Indexing</u>	<u>Telephone System Police</u>
Revenues:								
State and federal grants	\$	\$	\$	\$	\$	\$	\$	\$
Other		89,550				5,015		
Total revenues	<u>-</u>	<u>89,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,015</u>	<u>-</u>	<u>-</u>
Project Expenditures	<u>269,555</u>	<u>888,204</u>	<u>48,355</u>	<u>-</u>	<u>206,802</u>	<u>7,812</u>	<u>24,649</u>	<u>4,640</u>
Other Financing Sources (Uses):								
Capital Lease								
Bond and note proceeds								
Operating transfers in:								
General Fund	265,484		100,000				25,000	
Capital Projects Fund		448,305			33,554			
Water Pollution Control Authority								
Operating transfers out:								
Capital Projects Fund	<u>(448,305)</u>			<u>(33,554)</u>				<u>(26,878)</u>
Total other financing sources (uses)	<u>(182,821)</u>	<u>448,305</u>	<u>100,000</u>	<u>(33,554)</u>	<u>33,554</u>	<u>-</u>	<u>25,000</u>	<u>(26,878)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(452,376)	(350,349)	51,645	(33,554)	(173,248)	(2,797)	351	(31,518)
Project/Fund Balance at Beginning of Year	<u>610,319</u>	<u>350,349</u>	<u>41,740</u>	<u>33,554</u>	<u>173,248</u>	<u>31,403</u>	<u>-</u>	<u>31,518</u>
Project/Fund Balance at End of Year	<u>\$ 157,943</u>	<u>\$ -</u>	<u>\$ 93,385</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,606</u>	<u>\$ 351</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, 2018

EXHIBIT A-1

	<u>Police Technology Improvements</u>	<u>Automated Fingerprint Machines</u>	<u>Communications Improvement</u>	<u>Police Supervisor Vehicle</u>	<u>Firearms Simulator</u>	<u>Police Building Improvements</u>	<u>Speed Sign Trailers</u>	<u>Environmental Code Compliance</u>	<u>Hydrologic Watershed Study</u>
Revenues:									
State and federal grants	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other									
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project Expenditures	<u>41,340</u>			<u>66,863</u>	<u>54,993</u>	<u>15,184</u>	<u>16,951</u>	<u>4,891</u>	
Other Financing Sources (Uses):									
Capital Lease									
Bond and note proceeds									
Operating transfers in:									
General Fund	50,000			68,000	55,000			35,000	
Capital Projects Fund		34,772				32,448			
Water Pollution Control Authority									
Operating transfers out:									
Capital Projects Fund				(1,137)					
Total other financing sources (uses)	<u>50,000</u>	<u>34,772</u>	<u>-</u>	<u>66,863</u>	<u>55,000</u>	<u>32,448</u>	<u>-</u>	<u>35,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	8,660	34,772	-	-	7	17,264	(16,951)	30,109	-
Project/Fund Balance at Beginning of Year	<u>106,201</u>		<u>28,500</u>			<u>25,000</u>	<u>20,380</u>	<u>20,478</u>	<u>26,125</u>
Project/Fund Balance at End of Year	<u>\$ 114,861</u>	<u>\$ 34,772</u>	<u>\$ 28,500</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 42,264</u>	<u>\$ 3,429</u>	<u>\$ 50,587</u>	<u>\$ 26,125</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, 2018

EXHIBIT A-1

	Open Space Management Plan	Urban Design Study	Shade Trees	Plan of Conservation Development	Farmington Center Improvements	Dump Truck Highway	Dump Truck Small	2.5 Ton Roller	Street Sweeper
Revenues:									
State and federal grants	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other									
Total revenues	-	-	-	-	-	-	-	-	-
Project Expenditures	4,750			14,060			64,787		
Other Financing Sources (Uses):									
Capital Lease									
Bond and note proceeds									
Operating transfers in:									
General Fund			25,000	25,000	325,000		70,000		
Capital Projects Fund							49,433		
Water Pollution Control Authority									
Operating transfers out:									
Capital Projects Fund		(1,476)		(10,940)		(4,652)		(4,904)	(4,523)
Total other financing sources (uses)	-	(1,476)	25,000	14,060	325,000	(4,652)	119,433	(4,904)	(4,523)
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(4,750)	(1,476)	25,000	-	325,000	(4,652)	54,646	(4,904)	(4,523)
Project/Fund Balance at Beginning of Year	18,070	1,476				4,652		4,904	4,523
Project/Fund Balance at End of Year	\$ 13,320	\$ -	\$ 25,000	\$ -	\$ 325,000	\$ -	\$ 54,646	\$ -	\$ -

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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, 2018

EXHIBIT A-1

	<u>Road Side Mower</u>	<u>Rotary Mower</u>	<u>Rotary Mower Golf</u>	<u>Golf Course Equipment</u>	<u>Rolling Stock</u>	<u>Dial-A-Ride Bus</u>	<u>Turnout Gear</u>	<u>SCBA System</u>	<u>Hose Replacement</u>
Revenues:									
State and federal grants	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other					21,765		15,000		
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,765</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>
Project Expenditures		46,531		34,463	37,851		79,212	1,810	
Other Financing Sources (Uses):									
Capital Lease									
Bond and note proceeds									
Operating transfers in:									
General Fund	130,000	55,000		35,000	20,000		45,000		
Capital Projects Fund						7,000			
Water Pollution Control Authority									
Operating transfers out:									
Capital Projects Fund	(9,816)	(8,469)	(2,227)	(548)					
Total other financing sources (uses)	<u>120,184</u>	<u>46,531</u>	<u>(2,227)</u>	<u>34,452</u>	<u>20,000</u>	<u>7,000</u>	<u>45,000</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	120,184	-	(2,227)	(11)	3,914	7,000	(19,212)	(1,810)	-
Project/Fund Balance at Beginning of Year			2,227	11	58,140		34,200	12,675	6,093
Project/Fund Balance at End of Year	<u>\$ 120,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,054</u>	<u>\$ 7,000</u>	<u>\$ 14,988</u>	<u>\$ 10,865</u>	<u>\$ 6,093</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, 2018

EXHIBIT A-1

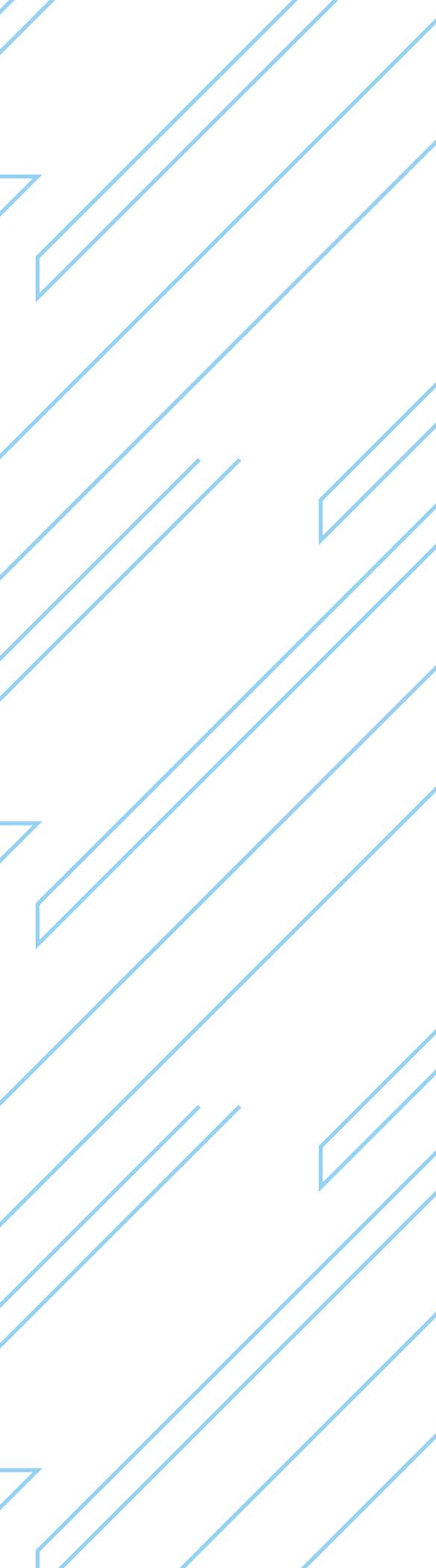
	<u>Engine Pumpers</u>	<u>Brush Truck</u>	<u>Live Burn Facility</u>	<u>Fire Station Study</u>	<u>Fire Technology IMPS</u>	<u>Plant Equipment Replacement</u>	<u>Plant Odor Abatement</u>	<u>Plant Upgrade Design</u>
Revenues:								
State and federal grants	\$	\$	\$ 200,000	\$	\$	\$	\$	\$
Other	38,506		285					
Total revenues	<u>38,506</u>	<u>-</u>	<u>200,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Project Expenditures	<u>642,667</u>	<u>416</u>		<u>146</u>	<u>4,306</u>	<u>12,450</u>		<u>10,428</u>
Other Financing Sources (Uses):								
Capital Lease								
Bond and note proceeds	600,000							
Operating transfers in:								
General Fund		95,000		25,000				
Capital Projects Fund			2,450					
Water Pollution Control Authority						25,000		
Operating transfers out:								
Capital Projects Fund				(2,450)				
Total other financing sources (uses)	<u>600,000</u>	<u>95,000</u>	<u>2,450</u>	<u>22,550</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(4,161)	94,584	202,735	22,404	(4,306)	12,550	-	(10,428)
Project/Fund Balance at Beginning of Year	<u>4,375</u>		<u>(202,449)</u>	<u>10,280</u>	<u>18,716</u>	<u>132,352</u>	<u>48,582</u>	<u>394,672</u>
Project/Fund Balance at End of Year	<u>\$ 214</u>	<u>\$ 94,584</u>	<u>\$ 286</u>	<u>\$ 32,684</u>	<u>\$ 14,410</u>	<u>\$ 144,902</u>	<u>\$ 48,582</u>	<u>\$ 384,244</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, 2018

EXHIBIT A-1

	<u>Plant Upgrade Construction</u>	<u>Upgrade Sewer Lines</u>	<u>Route 4 Sewer Line Replacements</u>	<u>Pump Station Improvements</u>	<u>Phosphorous Reduction</u>	<u>WPCA Rolling Stock</u>	<u>Loss Reserve</u>	<u>Total</u>
Revenues:								
State and federal grants	\$ 3,979,499	\$	\$ 124,941	\$	\$	\$	\$	\$ 7,103,153
Other	187,835	278						490,169
Total revenues	<u>4,167,334</u>	<u>278</u>	<u>124,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,593,322</u>
Project Expenditures	<u>18,062,740</u>	<u>116,546</u>	<u>16,180</u>	<u>117,265</u>		<u>70,190</u>		<u>27,838,344</u>
Other Financing Sources (Uses):								
Capital Lease								1,000,000
Bond and note proceeds	33,679,274							36,379,274
Operating transfers in:								
General Fund								2,690,936
Capital Projects Fund								822,833
Water Pollution Control Authority	600,000	125,000		175,000		75,000		1,000,000
Operating transfers out:								
Capital Projects Fund								(822,833)
Total other financing sources (uses)	<u>34,279,274</u>	<u>125,000</u>	<u>-</u>	<u>175,000</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>41,070,210</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	20,383,868	8,732	108,761	57,735	-	4,810	-	20,825,188
Project/Fund Balance at Beginning of Year	<u>(21,985,239)</u>	<u>555,554</u>	<u>(141,003)</u>	<u>645,726</u>	<u>71,731</u>	<u>160,227</u>	<u>(1,151,063)</u>	<u>(17,797,813)</u>
Project/Fund Balance at End of Year	<u>\$ (1,601,371)</u>	<u>\$ 564,286</u>	<u>\$ (32,242)</u>	<u>\$ 703,461</u>	<u>\$ 71,731</u>	<u>\$ 165,037</u>	<u>\$ (1,151,063)</u>	<u>\$ 3,027,375</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 used to offer low interest loans to eligible homeowners to make improvements to their homes.

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.

DEBT SERVICE FUNDS

Debt Service funds are used to account for money that will be used to pay the interest and principal of long-term debts.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to pay principal and interest.

TOWN OF FARMINGTON, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

EXHIBIT B-1

	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
ASSETS									
Cash and cash equivalents	\$ 125,296	\$	\$ 36,112	\$ 208,733	\$ 363,078	\$ 43,356	\$ 49,525	\$ 1,330,510	\$ 128,980
Investments									
Receivables:									
Accounts	13,624	33,000		15,153	4,340			66,793	58,506
Assessments									
Intergovernmental	58,948	361							
Due from other funds				1,980					
Inventories	17,221								
Prepaid assets					2,866				
Total Assets	\$ 215,089	\$ 33,361	\$ 36,112	\$ 225,866	\$ 370,284	\$ 43,356	\$ 49,525	\$ 1,397,303	\$ 187,486
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	\$ 11,713	\$	\$	\$ 1,980	\$	\$	\$ 13,987	\$
Due to other funds		250,390			70,466			279,064	
Unearned revenue	52,755	17,692			193,557		8,170	66,189	
Total liabilities	52,755	279,795	-	-	266,003	-	8,170	359,240	-
Deferred Inflows of Resources:									
Unavailable revenue - special assessments									
Unavailable revenue - sewer use									
Unavailable revenue - loans receivable									58,506
Total deferred inflows of resources	-	-	-	-	-	-	-	-	58,506
Fund Balances:									
Nonspendable	17,221				2,866				
Restricted							41,355		128,980
Committed	145,113		36,112	225,866	101,415	43,356		1,038,063	
Unassigned		(246,434)							
Total fund balances	162,334	(246,434)	36,112	225,866	104,281	43,356	41,355	1,038,063	128,980
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 215,089	\$ 33,361	\$ 36,112	\$ 225,866	\$ 370,284	\$ 43,356	\$ 49,525	\$ 1,397,303	\$ 187,486

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TOWN OF FARMINGTON, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

EXHIBIT B-1

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	Recreation Fund	Noah Wallace Fund	FLIS Scholarship Fund	Donation Fund	Municipal Grants	Small Cities	Water Pollution Control Authority	
ASSETS								
Cash and cash equivalents	\$ 238,751	\$ 53,370	\$ 3,784	\$	\$	\$ 10,242	\$ 267,372	\$ 2,859,109
Investments		1,300,427						1,300,427
Receivables:								
Accounts					235,349	164,042	24,052	614,859
Assessments							13,011	13,011
Intergovernmental					14,571			73,880
Due from other funds				81,781	417,747		2,120,553	4,155,352
Inventories								17,221
Prepaid assets								2,866
Total Assets	\$ 238,751	\$ 1,353,797	\$ 3,784	\$ 81,781	\$ 667,667	\$ 174,284	\$ 2,424,988	\$ 9,036,725
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 54,034	\$ 233	\$	\$ 2,964	\$ 18,935	\$	\$ 153,855	\$ 257,701
Due to other funds	41,281							641,201
Unearned revenue					233,630		3,150	575,143
Total liabilities	<u>95,315</u>	<u>233</u>	<u>-</u>	<u>2,964</u>	<u>252,565</u>	<u>-</u>	<u>157,005</u>	<u>1,474,045</u>
Deferred Inflows of Resources:								
Unavailable revenue - special assessments							13,011	13,011
Unavailable revenue - sewer use							24,052	24,052
Unavailable revenue - loans receivable						164,042		222,548
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,042</u>	<u>37,063</u>	<u>259,611</u>
Fund Balances:								
Nonspendable								20,087
Restricted		1,353,564	3,784	78,817	415,102	10,242		2,031,844
Committed	143,436						2,230,920	5,497,572
Unassigned								(246,434)
Total fund balances	<u>143,436</u>	<u>1,353,564</u>	<u>3,784</u>	<u>78,817</u>	<u>415,102</u>	<u>10,242</u>	<u>2,230,920</u>	<u>7,303,069</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 238,751	\$ 1,353,797	\$ 3,784	\$ 81,781	\$ 667,667	\$ 174,284	\$ 2,424,988	\$ 9,036,725

**TOWN OF FARMINGTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT B-2

	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
Revenues:									
Federal and state grants	\$ 380,415	\$ 2,565,302	\$	\$ 15,153	\$	\$	\$	\$	\$
Charges for current services	1,120,224			38,739	664,778			2,143,776	22,165
Sewer assessments									
Licenses and permits									
Net investment income	461		128	2,600		57	122		1,662
Other		1,189,625				27,261			
Total revenues	<u>1,501,100</u>	<u>3,754,927</u>	<u>128</u>	<u>56,492</u>	<u>664,778</u>	<u>27,318</u>	<u>122</u>	<u>2,143,776</u>	<u>23,827</u>
Expenditures:									
Education	1,478,140	3,791,207			657,082			2,065,560	
Culture and recreation									1,011
Plant operations									
Other				21,460					
Debt Service									
Total expenditures	<u>1,478,140</u>	<u>3,791,207</u>	<u>-</u>	<u>21,460</u>	<u>657,082</u>	<u>-</u>	<u>-</u>	<u>2,065,560</u>	<u>1,011</u>
Excess (Deficiency) of Revenues over Expenditures	<u>22,960</u>	<u>(36,280)</u>	<u>128</u>	<u>35,032</u>	<u>7,696</u>	<u>27,318</u>	<u>122</u>	<u>78,216</u>	<u>22,816</u>
Other Financing Sources (Uses):									
Premium on Bond Anticipation Notes									
Transfer In									
Transfers out									
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	22,960	(36,280)	128	35,032	7,696	27,318	122	78,216	22,816
Fund Balances at Beginning of Year	<u>139,374</u>	<u>(210,154)</u>	<u>35,984</u>	<u>190,834</u>	<u>96,585</u>	<u>16,038</u>	<u>41,233</u>	<u>959,847</u>	<u>106,164</u>
Fund Balances at End of Year	<u>\$ 162,334</u>	<u>\$ (246,434)</u>	<u>\$ 36,112</u>	<u>\$ 225,866</u>	<u>\$ 104,281</u>	<u>\$ 43,356</u>	<u>\$ 41,355</u>	<u>\$ 1,038,063</u>	<u>\$ 128,980</u>

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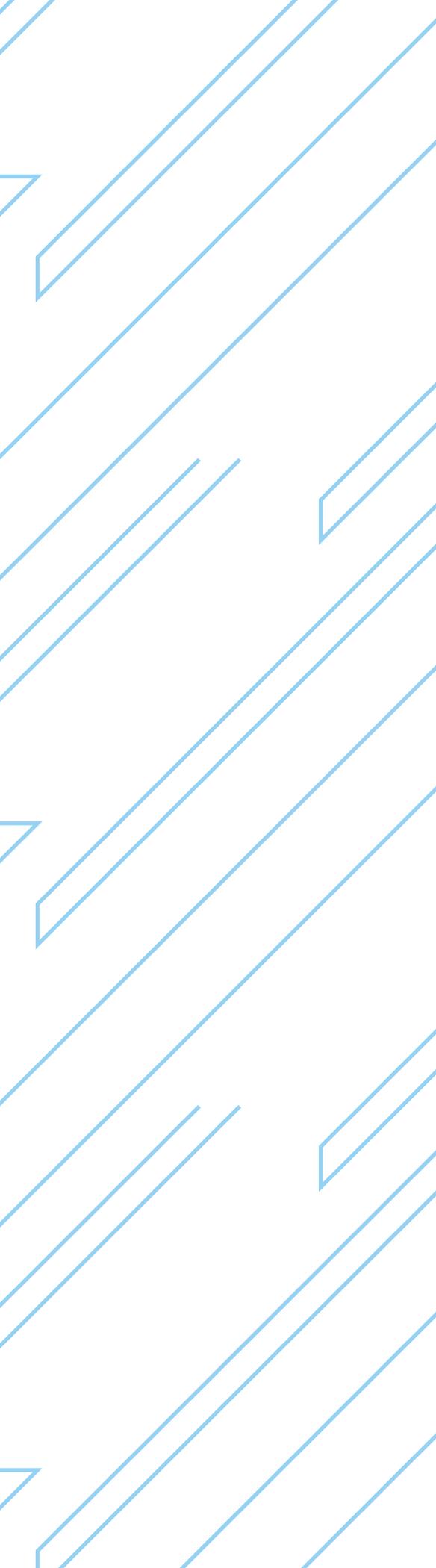
**TOWN OF FARMINGTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018**

EXHIBIT B-2

	Special Revenue						Debt Service	Total Nonmajor Governmental Funds
	Recreation Fund	Noah Wallace Fund	FLIS Scholarship Fund	Donation Fund	Municipal Grants	Small Cities	Water Pollution Control Authority	
Revenues:								
Federal and state grants	\$	\$	\$	\$	264,806	\$	\$	\$ 3,225,676
Charges for current services	726,922					4,912,524		9,629,128
Sewer assessments						19,242		19,242
Licenses and permits						7,050		7,050
Net investment income	626	113,775	15			20	3,658	123,124
Other				42,663	764,527	8,950	1,510	2,034,536
Total revenues	<u>727,548</u>	<u>113,775</u>	<u>15</u>	<u>42,663</u>	<u>1,029,333</u>	<u>8,970</u>	<u>4,943,984</u>	<u>15,038,756</u>
Expenditures:								
Education		16,217	500					8,008,706
Culture and recreation	640,939							641,950
Plant operations						3,100,529		3,100,529
Other				34,028	956,573			1,012,061
Debt Service						156,804	420,242	577,046
Total expenditures	<u>640,939</u>	<u>16,217</u>	<u>500</u>	<u>34,028</u>	<u>956,573</u>	<u>-</u>	<u>3,257,333</u>	<u>13,340,292</u>
Excess (Deficiency) of Revenues over Expenditures	<u>86,609</u>	<u>97,558</u>	<u>(485)</u>	<u>8,635</u>	<u>72,760</u>	<u>8,970</u>	<u>1,686,651</u>	<u>(420,242)</u>
Other Financing Sources (Uses):								
Premium on Bond Anticipation Notes							85,277	85,277
Transfer In							830,000	830,000
Transfers out							(1,000,000)	(1,000,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>915,277</u>
Net Changes in Fund Balances	86,609	97,558	(485)	8,635	72,760	8,970	686,651	495,035
Fund Balances at Beginning of Year	<u>56,827</u>	<u>1,256,006</u>	<u>4,269</u>	<u>70,182</u>	<u>342,342</u>	<u>1,272</u>	<u>1,544,269</u>	<u>1,038,256</u>
Fund Balances at End of Year	<u>\$ 143,436</u>	<u>\$ 1,353,564</u>	<u>\$ 3,784</u>	<u>\$ 78,817</u>	<u>\$ 415,102</u>	<u>\$ 10,242</u>	<u>\$ 2,230,920</u>	<u>\$ 1,533,291</u>

**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, 2018**

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Program revenues	\$ 4,310,955	\$ 4,310,955	\$ 4,943,984	\$ 633,029
Expenditures:				
Program expenditures	<u>3,310,955</u>	<u>3,310,955</u>	<u>3,257,333</u>	<u>53,622</u>
Excess of Revenues over Expenditures	1,000,000	1,000,000	1,686,651	686,651
Other Financing Uses:				
Operating transfers out:				
Capital Projects Fund	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	686,651	\$ <u>686,651</u>
Fund Balance at Beginning of Year			<u>1,544,269</u>	
Fund Balance at End of Year			\$ <u><u>2,230,920</u></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:

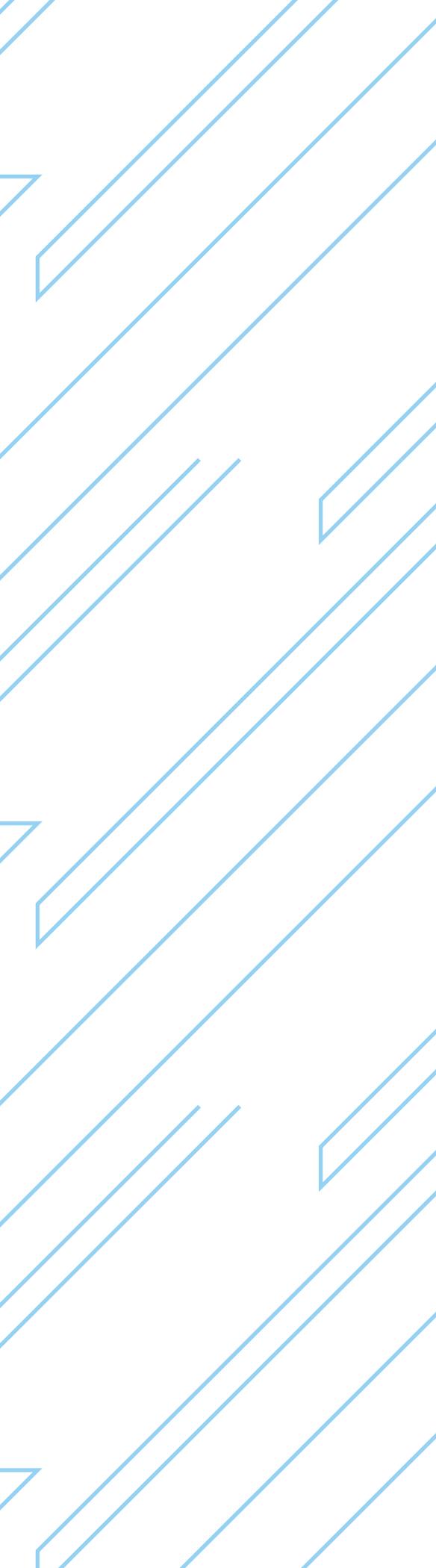
AGENCY FUNDS:

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.

**TOWN OF FARMINGTON, CONNECTICUT
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
Student Activities:				
Assets:				
Cash and cash equivalents	\$ 733,476	\$ 1,457,596	\$ 1,510,485	\$ 680,587
Investments	<u>290,579</u>	<u>2,844</u>		<u>293,423</u>
Total Assets	<u>\$ 1,024,055</u>	<u>\$ 1,460,440</u>	<u>\$ 1,510,485</u>	<u>\$ 974,010</u>
Liabilities:				
Fiduciary deposits	<u>\$ 1,024,055</u>	<u>\$ 1,460,440</u>	<u>\$ 1,510,485</u>	<u>\$ 974,010</u>
Contractor's Deposit:				
Assets:				
Cash and cash equivalents	<u>\$ 727,797</u>	<u>\$ 291,653</u>	<u>\$ 171,091</u>	<u>\$ 848,359</u>
Liabilities:				
Fiduciary deposits	<u>\$ 727,797</u>	<u>\$ 291,653</u>	<u>\$ 171,091</u>	<u>\$ 848,359</u>
Total:				
Assets:				
Cash and cash equivalents	\$ 1,461,273	\$ 1,749,249	\$ 1,681,576	\$ 1,528,946
Investments	<u>290,579</u>	<u>2,844</u>		<u>293,423</u>
Total Assets	<u>\$ 1,751,852</u>	<u>\$ 1,752,093</u>	<u>\$ 1,681,576</u>	<u>\$ 1,822,369</u>
Liabilities:				
Fiduciary deposits	<u>\$ 1,751,852</u>	<u>\$ 1,752,093</u>	<u>\$ 1,681,576</u>	<u>\$ 1,822,369</u>



**SUPPLEMENTAL
SCHEDULES**

**TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2018**

Date of Issuance/Description	Interest Rate	Fiscal Year of Maturity	Original Amount	Outstanding July 1, 2017	Current Year Transactions		Outstanding June 30, 2018
					Issued	Retired	
2009 Series A Refunding Bond School							
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
2011 School Bond Refunding							
2018-2022	4.00%	2018-2022	1,449,500	1,449,500		289,900	1,159,600
2023	3.13%	2023	268,300	268,300			268,300
2012 School Bond Refunding							
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
2015 School Bond Issue							
2018-2022	4.00%	2016-2022	840,000	600,000		120,000	480,000
2023-2025	2.00%	2023-2025	360,000	360,000			360,000
2026	2.25%	2026	120,000	120,000			120,000
2027	2.38%	2027	120,000	120,000			120,000
2028-2030	3.00%	2028-2030	360,000	360,000			360,000
2015 School Bond Refunding							
2018	3.00%	2017-2018	651,000	333,000		333,000	-
2019-2021	5.00%	2019-2021	860,000	860,000			860,000
2015 School Bond Issue Series B							
2018	3.00%	2018	15,000	15,000		15,000	-
2019-2020	4.00%	2019-2020	30,000	30,000			30,000
2021-2026	2.00%	2021-2026	90,000	90,000			90,000
2027	2.13%	2027	15,000	15,000			15,000
2028	2.25%	2028	15,000	15,000			15,000
2029	2.38%	2029	15,000	15,000			15,000
2030	2.50%	2030	15,000	15,000			15,000
2031	2.63%	2031	15,000	15,000			15,000
2016 School Bond Issue							
2018-2024	4.00%	2018-2024	900,000	900,000		130,000	770,000
2025-2030	2.00%	2025-2030	750,000	750,000			750,000
2031	2.13%	2031	250,000	125,000			125,000
2032	2.25%	2032	125,000	125,000			125,000
			<u>\$ 13,849,600</u>	<u>\$ 13,166,600</u>	<u>\$ -</u>	<u>\$ 2,050,300</u>	<u>\$ 11,116,300</u>
<u>SEWER BONDS</u>							
2011 Sewer Bond Refunding							
2018-2022	4.00%	2018-2022	596,500	596,500		119,300	477,200
2023	3.13%	2023	118,500	118,500			118,500
2012 Sewer Bond Refunding							
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>\$ 1,072,800</u>	<u>\$ 1,072,800</u>	<u>\$ -</u>	<u>\$ 119,300</u>	<u>\$ 953,500</u>

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**TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

Date of Issuance/Description	Interest Rate	Fiscal Year of Maturity	Original Amount	Outstanding July 1, 2017	Current Year Transactions		Outstanding June 30, 2018
					Issued	Retired	
<u>OTHER BONDS</u>							
2009 Series A Refunding Bonds General Purpose							
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
2011 General Purpose Bond Refunding							
2018-2022	4.00%	2018-2022	3,124,000	3,124,000		625,800	2,498,200
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							
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							
2018	3.00%	2016-2018	1,625,000	540,000		540,000	-
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
2015 General Obligation Bond							
2018-2022	4.00%	2016-2022	1,075,000	765,000		155,000	610,000
2023-2025	2.00%	2023-2025	450,000	450,000			450,000
2026	2.25%	2026	150,000	150,000			150,000
2027	2.38%	2027	150,000	150,000			150,000
2028-2030	3.00%	2028-2030	450,000	450,000			450,000
2015 General Obligation Bond Refunding							
2018	3.00%	2017-2018	1,654,000	842,000		842,000	-
2019-2021	5.00%	2019-2021	2,215,000	2,215,000			2,215,000
2015 General Purpose Bonds Series B							
2018	3.00%	2018	125,000	125,000		125,000	-
2019-2020	4.00%	2019-2020	250,000	250,000			250,000
2021-2026	2.00%	2021-2026	750,000	750,000			750,000
2027	2.13%	2027	125,000	125,000			125,000
2028	2.25%	2028	125,000	125,000			125,000
2029	2.38%	2029	125,000	125,000			125,000
2030	2.50%	2030	125,000	125,000			125,000
2031	2.63%	2031	125,000	125,000			125,000
2016 General Obligation Bond							
2018-2024	4.00%	2018-2024	1,710,000	1,710,000		250,000	1,460,000
2025-2030	2.00%	2025-2030	1,430,000	1,430,000			1,430,000
2031	2.13%	2031	230,000	230,000			230,000
2032	2.25%	2032	230,000	230,000			230,000
2017 General Purpose Bond							
2019	2.00%	2019	180,000		180,000		180,000
2020	4.00%	2020	180,000		180,000		180,000
2021-2024	5.00%	2021-2024	720,000		720,000		720,000
2025	2.00%	2025	180,000		180,000		180,000
2026	2.13%	2026	180,000		180,000		180,000
2027	2.25%	2027	180,000		180,000		180,000
2028	2.38%	2028	180,000		180,000		180,000
2029	2.50%	2029	180,000		180,000		180,000
2030-2033	3.00%	2030-2033	720,000		720,000		720,000
			<u>\$ 27,367,600</u>	<u>\$ 22,460,600</u>	<u>\$ 2,700,000</u>	<u>\$ 2,860,400</u>	<u>\$ 22,300,200</u>
Total Bonds Payable				<u>\$ 36,700,000</u>	<u>\$ 2,700,000</u>	<u>\$ 5,030,000</u>	<u>\$ 34,370,000</u>

**TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF TAX COLLECTIONS
FOR THE YEAR ENDED JUNE 30, 2018**

Grand List of October 1,	Mill Rate	Uncollected Taxes July 01, 2017	Adjustments and Transfers				Adjusted Taxes Collectible	Collections				Tax Refunds	Uncollected Taxes June 30, 2018
			Assessors Certificates of Correction and Other		Transfers to Suspend Tax Book	Net Additions (Deductions)		Taxes	Interest	Lien Fees	Total		
			Additions	Deductions									
2016	26.68	\$ 96,397,141	\$ 194,054	\$ (370,884)	\$ 15,872	\$ (160,958)	\$ 96,204,439	\$ 96,441,705	\$ 121,833	\$ 11,430	\$ 96,574,968	\$ 511,599	\$ 274,333
2015	25.78	272,359	5,687	(17,438)	1,236	(10,515)	259,372	174,122	29,920	4,750	208,792	18,484	103,734
2014	25.10	101,450	199	(1,712)	1,595	82	98,342	37,590	14,886	1,801	54,277	1,300	62,052
2013	24.44	52,978	41	223	18,517	18,781	34,725	9,016	4,229	407	13,652	530	26,239
2012	24.07	29,802		2,130	2,288	4,418	29,644	2,485	1,992	499	4,976	108	27,267
2011	21.90	18,351		890		890	19,241	989	868	128	1,985	99	18,351
2010	21.27	4,451		259		259	4,710	426	588	23	1,037	32	4,316
2009	20.46	183		159		159	342	320	424	76	820	31	53
2008	19.76	837		10		10	847	148	218	12	378	30	729
2007	19.47	606		114		114	720	114	204	44	362		606
2006	25.95	746		141		141	887	141	269	55	465		746
2005	25.24	616		42		42	658	42	91		133		616
2004	24.27	700		24		24	724	24	51		75		700
2003	23.30	672		-		-	672				-		672
2002	21.90	471		5		5	476	5	82		87		471
2001	26.50	258			258	258	-				-		-
		<u>\$ 96,881,621</u>	<u>\$ 199,981</u>	<u>\$ (386,037)</u>	<u>\$ 39,766</u>	<u>\$ (146,290)</u>	<u>\$ 96,655,799</u>	<u>\$ 96,667,127</u>	<u>\$ 175,655</u>	<u>\$ 19,225</u>	<u>\$ 96,862,007</u>	<u>\$ 532,213</u>	<u>\$ 520,885</u>

**TOWN OF FARMINGTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2018**

Total tax collections (including interest and lien fees received) for the year ended June 30, 2018	\$ 92,548,567
Reimbursement for revenue loss on: Tax relief for elderly	<u>128,656</u>
Base	<u>\$ 92,677,223</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2-1/4 times base	\$ 208,523,752	\$	\$	\$	\$
4-1/2 times base		417,047,504			
3-3/4 times base			347,539,586		
3-1/4 times base				301,200,975	
3 times base					278,031,669
Total debt limitation	<u>208,523,752</u>	<u>417,047,504</u>	<u>347,539,586</u>	<u>301,200,975</u>	<u>278,031,669</u>
Indebtedness:					
Outstanding debt:					
Bonds payable	22,300,200	11,116,300	953,500		
Notes Payable			34,371,746		
Debt authorized and unissued	<u>4,201,650</u>		<u>13,039,492</u>		
Total indebtedness for purpose of debt limitation calculation	<u>26,501,850</u>	<u>11,116,300</u>	<u>48,364,738</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 182,021,902</u>	<u>\$ 405,931,204</u>	<u>\$ 299,174,848</u>	<u>\$ 301,200,975</u>	<u>\$ 278,031,669</u>

In no case shall total indebtedness exceed \$648,740,561 (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, 2018**

Project	Assessments Collectible July 1, 2017	Current Year Additions	Current Year Deductions	Collections			Assessments Collectible June 30, 2018
				Principal	Interest	Total	
CC	\$	\$ 68,841	\$	\$ 68,841	\$	\$ 68,841	\$ -
NN	2,621	29,965	3	19,585	157	19,742	12,998
QQQ	13					-	13
	\$ <u>2,634</u>	\$ <u>98,806</u>	\$ <u>3</u>	\$ <u>88,426</u>	\$ <u>157</u>	\$ <u>88,583</u>	\$ <u>13,011</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net investment in capital assets	\$ 66,566,819	\$ 70,786,142	\$ 70,918,707	\$ 74,181,528	\$ 82,048,851	\$ 87,902,192	\$ 92,204,158	\$ 100,438,073	\$ 125,419,345	\$ 122,047,945
Unrestricted	16,090,463	13,980,396	17,509,749	17,958,223	15,398,607	12,699,697	(8,471,264)	(15,558,559)	(26,410,811)	(39,933,487)
Total governmental activities net position	<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>	<u>83,732,894</u>	<u>84,879,514</u>	<u>99,008,534</u>	<u>82,114,458</u>
Business-Type Activities:										
Net investment in capital assets	1,215,364	1,219,346	1,217,095	1,323,369	1,325,594	1,372,108	1,397,477	1,504,606	1,429,378	1,383,816
Unrestricted	(330,341)	(369,886)	(495,592)	(536,591)	(509,680)	(363,930)	(359,078)	(240,002)	(13,342)	293,372
Total business-type activities net position	<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>	<u>1,038,399</u>	<u>1,264,604</u>	<u>1,416,036</u>	<u>1,677,188</u>
Total:										
Net investment in capital assets	67,782,183	72,005,488	72,135,802	75,504,897	83,374,445	89,274,300	93,601,635	101,942,679	126,848,723	123,431,761
Unrestricted	15,760,122	13,610,510	17,014,157	17,421,632	14,888,927	12,335,767	(8,830,342)	(15,798,561)	(26,424,153)	(39,640,115)
Total Net Position	<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>	<u>\$ 84,771,293</u>	<u>\$ 86,144,118</u>	<u>\$ 100,424,570</u>	<u>\$ 83,791,646</u>

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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
Education	\$ 60,697,140	\$ 63,021,971	\$ 64,652,411	\$ 68,814,931	\$ 70,418,332	\$ 73,274,762	\$ 73,623,378	\$ 78,152,327	\$ 84,917,315	\$ 87,786,522
Public safety	11,892,238	11,700,832	11,260,073	12,514,185	11,862,365	13,319,434	14,877,800	15,555,472	15,437,878	16,422,081
Public works	7,593,395	7,270,315	8,109,725	8,524,648	7,384,025	8,044,343	8,476,511	9,123,730	8,304,989	9,708,683
Culture and recreation	1,826,626	2,732,501	2,123,408	2,127,313	1,783,833	2,018,087	2,163,703	2,217,159	2,011,630	2,291,896
Special services	1,342,513									
Human services	15,495	20,764	24,935	21,298						
General administration	6,968,782	7,604,911	6,887,454	7,858,753	7,888,970	9,415,184	9,778,229	10,542,768	11,103,166	9,343,286
Plant operations	3,788,840	3,997,886	4,213,197	4,614,668	3,935,919	3,835,971	4,810,134	5,733,834	5,277,331	6,388,553
Debt service	2,742,670	2,435,367	2,143,185	1,967,106	1,747,126	1,906,930	843,849	1,129,993	2,243,688	1,390,527
Total governmental activities	<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>	<u>114,573,604</u>	<u>122,455,283</u>	<u>129,295,997</u>	<u>133,331,548</u>
Business-type activities:										
Waste Collection Fund		1,411,865	1,490,559	700,108	664,729	644,009	687,521	639,196	273,387	259,584
Westwoods Fund	754,882	767,564	741,680	1,537,224	1,555,485	1,512,107	1,577,806	1,516,563	1,517,430	1,549,787
Total business-type activities	<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>	<u>2,265,327</u>	<u>2,155,759</u>	<u>1,790,817</u>	<u>1,809,371</u>
Total Expenses	<u>\$ 97,622,581</u>	<u>\$ 99,552,111</u>	<u>\$ 101,646,627</u>	<u>\$ 108,680,234</u>	<u>\$ 107,240,784</u>	<u>\$ 113,970,827</u>	<u>\$ 116,838,931</u>	<u>\$ 124,611,042</u>	<u>\$ 131,086,814</u>	<u>\$ 135,140,919</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
Education	\$ 3,132,163	\$ 3,191,193	\$ 3,272,594	\$ 3,262,316	\$ 3,291,208	\$ 3,328,115	\$ 3,508,176	\$ 3,712,275	\$ 3,795,110	\$ 3,928,778
Public safety	854,146	942,987	933,015	1,010,762	1,327,935	1,849,660	1,705,228	1,595,096	1,719,203	1,671,799
Public works	3,978,128	4,079,313	3,886,906	3,954,709	4,160,129	4,463,189	4,607,389	4,894,941	5,030,654	5,008,902
Culture and recreation	491,464	530,320	532,258	571,879	553,716	587,071	626,807	635,081	691,111	746,492
Special services	1,417,921	8,883	10,560							
Human services			2,888	2,888						
General administration	1,254,398	1,312,624	1,178,439	1,245,333	1,355,047	1,460,916	1,386,491	1,245,463	1,344,307	1,241,268
Plant operations										
Other										
Debt service										
Operating grants and contributions	9,604,738	9,743,514	10,747,054	13,599,923	12,224,690	13,887,649	13,139,053	14,194,691	18,360,778	19,959,887
Capital grants and contributions	5,682,481	3,588,534	2,309,334	3,145,481	806,419	1,635,327	2,273,299	3,943,121	13,679,009	7,493,522
Total governmental activities										
program revenues	26,415,439	23,397,368	22,873,048	26,793,291	23,719,144	27,211,927	27,246,443	30,220,668	44,620,172	40,050,648
Business-type activities:										
Charges for services	626,946	2,122,877	2,076,083	2,253,550	2,238,626	2,261,629	2,239,838	2,265,758	2,235,367	2,282,643
Capital grants and contributions	27,201	687,521	2,265,327	2,239,838			2,282,643	67,257	13,400	34,463
Total Program Revenues	<u>\$ 27,042,385</u>	<u>\$ 26,207,766</u>	<u>\$ 27,214,458</u>	<u>\$ 31,286,679</u>	<u>\$ 25,957,770</u>	<u>\$ 29,473,556</u>	<u>\$ 31,768,924</u>	<u>\$ 32,553,683</u>	<u>\$ 46,868,939</u>	<u>\$ 42,367,754</u>
Net Expense:										
Governmental activities	\$ (70,452,260)	\$ (75,387,179)	\$ (76,541,340)	\$ (79,649,611)	\$ (81,301,426)	\$ (84,602,784)	\$ (87,327,161)	\$ (92,234,615)	\$ (84,675,825)	\$ (93,280,900)
Business-type activities	(100,735)	630,969	2,109,171	2,256,056	18,412	105,513	2,257,154	177,256	457,950	507,735
Total										
Net Expense	<u>\$ (70,552,995)</u>	<u>\$ (74,756,210)</u>	<u>\$ (74,432,169)</u>	<u>\$ (77,393,555)</u>	<u>\$ (81,283,014)</u>	<u>\$ (84,497,271)</u>	<u>\$ (85,070,007)</u>	<u>\$ (92,057,359)</u>	<u>\$ (84,217,875)</u>	<u>\$ (92,773,165)</u>

(Continued on next page)

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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	\$ 71,108,035	\$ 73,052,220	\$ 76,149,789	\$ 79,578,060	\$ 82,425,145	\$ 83,659,303	\$ 85,676,586	\$ 89,079,774	\$ 92,630,759	\$ 96,352,196
Unrestricted grants and contributions	450,608	4,073,474	3,667,528	3,620,301	3,824,257	3,722,109	4,359,360	4,003,821	4,320,293	2,609,788
Investment earnings		243,739	259,363	80,052	232,993	272,091	111,892	139,833	461,499	705,279
Contributions	208,093									
Miscellaneous		127,002	129,466	82,493	126,738	103,712	270,242	157,807	1,075,294	649,179
Transfers									317,000	325,000
Total governmental activities	<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>	<u>90,418,080</u>	<u>93,381,235</u>	<u>98,804,845</u>	<u>100,641,442</u>
Business-type activities:										
Investment earnings	9,413	1,477	504	600	1,741	946	1,065	29,845	1,967	3,027
Miscellaneous	19,642	19,512	27,695	48,457	8,983	40,360	31,026	19,104	8,515	75,390
Transfers						45,445	23,619		(317,000)	(325,000)
Total business-type activities	<u>29,055</u>	<u>20,989</u>	<u>28,199</u>	<u>49,057</u>	<u>10,724</u>	<u>86,751</u>	<u>55,710</u>	<u>48,949</u>	<u>(306,518)</u>	<u>(246,583)</u>
Total	<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>	<u>\$ 90,473,790</u>	<u>\$ 93,430,184</u>	<u>\$ 98,498,327</u>	<u>\$ 100,394,859</u>
Changes in Net Position:										
Governmental activities	\$ 5,465,593	\$ 955,095	\$ 556,535	\$ 2,059,480	\$ 2,006,349	\$ 430,054	\$ 3,090,919	\$ 1,146,620	\$ 14,129,020	\$ 7,360,542
Business-type activities	<u>(71,680)</u>	<u>2,130,160</u>	<u>2,284,255</u>	<u>67,469</u>	<u>116,237</u>	<u>2,343,905</u>	<u>30,221</u>	<u>226,205</u>	<u>151,432</u>	<u>261,152</u>
Total	<u>\$ 5,393,913</u>	<u>\$ 3,085,255</u>	<u>\$ 2,840,790</u>	<u>\$ 2,126,949</u>	<u>\$ 2,122,586</u>	<u>\$ 2,773,959</u>	<u>\$ 3,121,140</u>	<u>\$ 1,372,825</u>	<u>\$ 14,280,452</u>	<u>\$ 7,621,694</u>

**TOWN OF FARMINGTON, CONNECTICUT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 493,720	\$ 102,654	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved	7,973,480	7,965,752								
Nonspendable				16,040						
Assigned			748,869	178,623	179,726	122,297	518,355	370,383	595,369	446,611
Unassigned			7,388,642	8,063,735	8,917,875	9,551,893	10,343,295	10,904,638	12,047,641	14,428,990
Total General Fund	\$ 8,467,200	\$ 8,068,406	\$ -	\$ 8,258,398	\$ 9,097,601	\$ 9,674,190	\$ 10,861,650	\$ 11,275,021	\$ 12,643,010	\$ 14,875,601
All other governmental funds:										
Reserved	\$ 31,247	\$ 31,193	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved, reported in:										
Special revenue funds	4,146,421	4,623,104								
Capital projects funds	2,440,088	2,452,336								
Nonspendable			34,208	53,778	45,508	31,792	28,890	81,343	24,173	20,087
Restricted			7,177,624	7,340,054	5,220,574	2,491,794	5,152,463	1,453,668	1,821,468	2,031,844
Committed			2,684,708	2,836,861	1,194,370	1,490,088	2,602,308	2,110,821	4,053,841	5,497,572
Unassigned			(11,859)	(215,277)	(71,481)	(64,271)	(44,973)	(826,892)	(18,007,967)	2,780,941
Total All Other Governmental Funds	\$ 6,617,756	\$ 7,106,633	\$ 9,884,681	\$ 10,015,416	\$ 6,388,971	\$ 3,949,403	\$ 7,738,688	\$ 2,818,940	\$ (12,108,485)	\$ 10,330,444

**TOWN OF FARMINGTON, CONNECTICUT
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Property taxes, interest and lien fees	\$ 71,216,753	\$ 73,010,027	\$ 76,077,290	\$ 79,556,089	\$ 82,373,994	\$ 83,594,831	\$ 85,678,697	\$ 89,179,689	\$ 92,566,548	\$ 96,298,121
Miscellaneous taxes										
Intergovernmental revenues	14,811,288	14,294,441	15,630,669	18,303,375	15,585,163	16,705,458	18,304,576	20,557,492	33,455,687	28,742,752
Charges for current services	10,189,547	8,987,102	8,800,343	8,972,400	9,245,718	9,533,033	9,983,548	10,215,305	10,750,873	10,869,330
Sewer assessments	35,289	18,462	16,059	20,407	22,664	51,537	94,021	16,672	64,444	19,242
Licenses and permits	561,317	480,171	486,816	581,888	1,007,226	1,260,924	875,946	584,363	666,005	921,863
Sale of lunches										
Fines and penalties	39,419	31,924	41,713	68,958	48,533	37,273	39,952	51,617	45,265	24,712
Investment income	440,131	242,257	256,799	78,232	226,868	266,238	105,831	128,377	438,738	667,505
Other local revenue	1,473,960	1,708,997	1,750,221	1,755,781	2,008,141	2,995,514	2,978,979	3,259,839	3,671,002	2,592,300
Total revenues	98,767,704	98,773,381	103,059,910	109,337,130	110,518,307	114,444,808	118,061,550	123,993,354	141,658,562	140,135,825
Expenditures:										
Current:										
Board of Education	58,948,132	60,603,300	62,860,458	66,634,890	68,674,090	71,319,322	71,760,806	76,035,500	82,277,885	85,713,745
Public safety	8,317,622	8,287,822	8,466,147	8,812,585	8,906,148	9,039,943	9,477,482	9,598,349	9,629,229	9,735,594
Public works	3,887,998	3,732,214	3,819,074	3,811,767	3,927,011	4,151,439	4,126,010	4,231,247	4,655,983	4,727,459
Culture and recreation	1,350,583	1,247,728	1,727,483	1,658,658	1,468,714	1,470,469	1,458,283	1,482,316	1,432,744	1,500,762
Special services	1,341,388									
Human resources	15,495	20,764								
Plant operations	2,751,077	2,822,608	2,720,153	2,884,309	2,784,865	2,683,662	2,744,068	3,282,785	3,072,276	3,100,529
General government	5,153,948	5,125,143	5,250,988	5,251,384	5,373,243	5,499,470	5,542,498	5,671,712	5,825,841	5,965,101
Pension and other employee benefits	4,550,117	4,859,597	5,081,050	5,392,810	5,726,404	5,637,982	5,976,301	6,407,090	6,604,788	6,929,946
Contractual services										
Other	372,445	648,652	653,862	2,784,996	566,851	891,649	915,574	1,287,169	1,062,345	1,012,061
Debt service	9,331,668	9,225,806	9,202,135	8,892,671	8,536,931	7,713,185	6,866,267	6,849,514	7,142,100	6,927,872
Capital outlay	2,977,620	3,507,244	3,882,521	6,772,528	8,101,962	7,900,666	8,959,596	15,807,179	40,397,058	27,640,787
Total expenditures	98,998,093	100,080,878	103,663,871	112,896,598	114,066,219	116,307,787	117,826,885	130,652,861	162,100,249	153,253,856
Deficiency of Revenues over Expenditures	(230,389)	(1,307,497)	(603,961)	(3,559,468)	(3,547,912)	(1,862,979)	234,665	(6,659,507)	(20,441,687)	(13,118,031)
Other Financing Sources (Uses):										
Proceeds from bond issue	13,475,000	17,635,000	3,200,000				4,296,823	2,100,000	6,565,231	2,785,277
Proceeds of refunding bonds	1,181,368		9,096,600	5,364,576	3,670,017		7,983,736	53,150		33,679,274
Payment to refunded bond escrow agent	(14,537,677)	(16,237,420)	(8,845,486)	(5,274,607)	(3,608,307)		(7,857,850)			
Proceeds from capital lease				3,705,081	715,000		319,371			1,000,000
Operating transfers in	2,086,000	1,335,937	2,766,309	1,710,000	4,587,891	4,061,763	4,853,273	5,446,612	5,465,591	4,845,936
Operating transfers out	(2,086,000)	(1,335,937)	(2,766,309)	(1,710,000)	(4,587,891)	(4,061,763)	(4,853,273)	(5,446,612)	(5,148,591)	(4,520,936)
Total other financing sources (uses)	118,691	1,397,580	3,451,114	3,795,050	776,710	-	4,742,080	2,153,150	6,882,231	37,789,551
Net Change in Fund Balances	(111,698)	90,083	2,847,153	235,582	(2,771,202)	(1,862,979)	4,976,745	(4,506,357)	(13,559,456)	24,671,520
Fund Balance at Beginning of Year	15,196,654	15,084,956	15,175,039	18,022,192	18,257,774	15,486,572	13,623,593	18,600,338	14,093,981	534,525
Fund Balance at End of Year	\$ 15,084,956	\$ 15,175,039	\$ 18,022,192	\$ 18,257,774	\$ 15,486,572	\$ 13,623,593	\$ 18,600,338	\$ 14,093,981	\$ 534,525	\$ 25,206,045
Debt Service as a Percentage to Noncapital Expenditures	9.63%	9.33%	8.99%	7.88%	7.48%	6.63%	5.83%	5.85%	5.78%	5.39%

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								
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	3,727,183	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	3,775,676	21.9	5,575,719	67.72%
2014	2,222,499	845,688	9,027	250,479	231,545	54,735	3,504,503	24.1	5,006,433	70.00%
2015	2,237,271	835,870	9,523	255,999	230,777	40,180	3,529,260	24.4	5,168,806	68.28%
2016	2,250,232	845,752	9,433	260,151	259,798	62,170	3,563,196	25.1	5,126,164	69.51%
2017	2,264,831	841,582	27,469	265,486	272,671	64,608	3,607,431	25.8	5,292,595	68.16%
2018	2,273,392	838,279	30,606	268,074	287,699	68,668	3,629,382	27.2	5,418,606	66.98%

Source: Assessor's Office, Town of Farmington

Note: Properties in the Town are reassessed once every five 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, 2018
CURRENT YEAR AND NINE YEARS AGO
(in thousands of dollars)**

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
West Farms Associates	\$ 147,148	1	3.20 %	\$ 102,359	1	2.80 %
Dunn-Sager Affiliates	55,905	2	1.20	24,285	6	0.67
United Technologies	48,915	3	1.10	45,781	2	1.25
CL&P	40,281	4	0.90	27,885	5	0.76
Trumpf, Inc	31,273	5	0.70	31,953	3	0.88
Delfino, William & Thomas	23,888	6	0.50	28,869	4	0.79
Columbia Prop Htfd LLC	22,861	7	0.50			
The Price Rite, Inc	20,197	8	0.40	23,184	7	0.64
Brookdale Living Communities	18,635	9	0.40			
NIC 13 Village Gate	17,794	10	0.40			
Fusco				22,680	8	0.62
NSHE Columbia Hartford LLC				21,043	9	0.58
The Gables of Farmington				18,459	10	0.51
	<u>\$ 426,897</u>		<u>9.30 %</u>	<u>\$ 346,498</u>		<u>9.50 %</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>
2018	\$ 96,204	\$ 95,930	99.7%	\$ 205	\$ 96,135	99.9%
2017	92,479	92,206	99.7% *	138	92,345	99.9%
2016	88,868	88,653	99.8%	303	88,956	100.1%
2015	85,501	85,190	99.6%	190	85,379	99.9%
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%

Source: Tax Collector, Town of Farmington

*Revised

TABLE 8

**TOWN OF FARMINGTON, CONNECTICUT
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	Operating Millage	Debt Service Millage	Total Town Millage
2018	24.8	1.9	26.7
2017	24.0	1.8	25.8
2016	23.3	1.8	25.1
2015	22.6	1.8	24.4
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

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				
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
2015	22,707	15,156	1,317	3,806	42,986	0.8%	0.79%	1.68
2016	21,450	13,181	1,194	3,602	39,427	0.8%	0.73%	1.55
2017	22,461	13,167	1,072	3,384	40,084	0.8%	0.74%	1.57
2018	22,300	11,116	954	4,084	38,454	0.7%	0.71%	1.51

Source: Finance Department, Town of Farmington

**TOWN OF FARMINGTON, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(in thousands of dollars)**

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 979,641	\$ 1,003,953	\$ 1,047,566	\$ 1,095,563	\$ 1,134,188	\$ 1,151,327	\$ 1,436,950	\$ 1,434,584	\$ 1,552,645	\$ 1,552,343
Total net debt applicable to limit	<u>90,838</u>	<u>65,633</u>	<u>57,520</u>	<u>55,748</u>	<u>48,766</u>	<u>53,266</u>	<u>45,015</u>	<u>110,930</u>	<u>102,135</u>	<u>85,983</u>
Legal Debt Margin	\$ <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>	\$ <u>1,391,935</u>	\$ <u>1,323,654</u>	\$ <u>1,450,510</u>	\$ <u>1,466,360</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.27%	6.54%	5.49%	5.09%	4.30%	4.63%	3.13%	7.73%	6.58%	5.54%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	\$ 3,560,714
Add back: exempt real property	<u>68,668</u>
Total assessed value	\$ <u>3,629,382</u>
Debt limit	\$ 1,552,343
Debt applicable to limit: Gross indebtedness	<u>85,290</u>
Legal Debt Margin	\$ <u>1,467,053</u>

Source: Assessor's Office, Town of Farmington

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

Fiscal Year	(1) Population	Personal Income (in thousands of dollars)	(1) Per Capita Personal Income	(1) Median Age	(2) School Enrollment	(3) Unemployment Rate
2009	23,641	\$ 924,576	\$ 39,109	40.4	4,145	4.6%
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%
2015	25,515 e	1,384,821 e	54,275	43.4 e	3,976	3.7%
2016	25,563 f	1,325,042 f	51,834	43.4 f	3,978	4.4%
2017	25,569 g	1,359,388 g	53,165	43.5 g	4,024	4.1%
2018	25,596 h	1,407,888 h	55,004	43.8 h	4,005	3.1%

(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
- e. 2010-2014 American Community Survey - 5 year Estimates
- f. 2011 -2015 American Community Survey - 5 year Estimates
- g. 2012 -2016 American Community Survey - 5 year Estimates
- h. 2013-2017 ACS Survey

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

(3) Connecticut Dept of Labor

TABLE 12

**TOWN OF FARMINGTON, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	2018			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
UCONN Health Center/Dempsey Hospital	6,355	1	52.81%	5,000	1	51.50%
Otis Elevator Co.	800	2	6.65%	782	2	8.05%
Town of Farmington/Board of Education (FTE)	718	3	5.97%	671	3	6.91%
Connecticare	700	4	5.82%	525	6	5.41%
United Technologies Corp	550	5	4.57%			
Macy's	500	6	4.16%			
Trumpf Inc	500	7	4.16%	600	4	6.18%
Tunxis Community College	500	8	4.16%	450	7	4.63%
American Red Cross	380	9	3.16%	383	8	3.94%
Allied World Assurance Co.	350	10	2.91%			
Connecticut Spring & Stamp	350	11	2.91%	370	9	3.81%
Nordstroms	300	12	2.49%	328	10	3.38%
Bank of America				600	5	6.18%

Source: Economic Development Department, Town of Farmington

**TOWN OF FARMINGTON, CONNECTICUT
 FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	33	33	33	33	33	32	32	33	34	34
Public safety:										
Police Officers	43	44	42	45	45	42	46	46	47	46
Civilians	15	16	15	15	15	15	14	14	15	15
Fire:										
Firefighters	9	10	10	10	9	10	10	9	10	9
Highways and streets:										
Engineering	7	7	7	7	7	6	7	7	6	6
Maintenance	33	32	33	33	32	33	32	33	33	32
Treatment Plant	14	14	14	13	14	12	14	14	11	13
Recreation	3	2	2	2	2	2	2	1	2	2
Public Education:										
Teachers	347	347	345	344	354	360	367	380	383	387
Administrative and other	172	168	171	176	187	196	240	258	257	272
Total	676	673	672	678	698	708	764	795	798	816

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety:										
Police:										
Homicides	0	0	0	0	0	0	0	0	0	N/A
Robbery	8	4	12	19	10	10	2	10	7	N/A
Assaults	109	110	94	95	68	52	38	32 *	51	N/A
Burglary	54	41	53	49	45	58	32	36 *	40	N/A
Larceny	746	762	656	686	688	695	752	606 *	476	N/A
Auto Theft	16	17	6	16	15	10	22	19 *	32	N/A
Fire:										
Number of calls answered	3,108	3,186	3,463	3,888 (5)	3,455	3,450	3,437	4,240	4,065	4,215
Inspections	514	599	646	636 (6)	599	670	623	718	714	664
Public Works and Development:										
Building										
Permits issued	1964	2109	1,964	2,514	2,593	2,385	2,028	2,072	1,872	1,967
Highway and Grounds:										
Recyclable collected (tons)	7432.87	7302.2	6421.0	5927.0 (7)	5628.8	5304.68	5996.44	7172.48	7377.32	6475.39
Treatment:										
Avg daily flow (millions of gallons)	4.1	4	3.9	4.4	3.5	3.8	3.75	3.56	2.79	3.35
Yearly avg pollution removal	97.6%	98.0%	98.0%	96.3%	97.0%	97.0%	95.2%	98.4%	97.0%	96.9%
Community and Recreational Services:										
Recreation:										
Registrations (2)	14,500	14,912	18,970	17,343	15,487	15,593	15,508	14,303	7,520	7,371
Unregistered (Community Attendance) (2)										8,000
Public Education:										
Per pupil expenditure (3)	11,968	12,620	13,163	14,103	14,403	15,132	15,813	16,237	16,531	16,572
Connecticut mastery test (4)										
(averaged scores for grades 4, 6, 8)	88%	88%	88%	90%	88%	(8)				
(averaged scores for grades 5, 8, 10) (9)							82%	83%	82%	(10)
Smarter Balanced Assessment										
(average scores for grades 4, 6, 8) (9)							75%	75%	79%	77%

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

TABLE 15

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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety:										
Police:										
Station	1	1	1	1	1	1	1	1	1	1
Vehicles:										
Marked	14	16	18	18	18	18	25	20	22	22
Unmarked	10	10	10	10	10	10	9	12	11	12
Fire:										
Stations	5	5	5	5	5	5	5	5	5	5
Public Works and Development:										
Highway										
**Streets (miles)	116.77	117.34	117.34	117.85	117.85	117.85	118.14	118.14	118.14	118.58
Street Lights	1,737	1,748	1,748	1,754	1,754	1,754	1,758	1,727	1,736	1,737
Sidewalks (miles)	47.24	47.68	47.68	48.45	48.45	48.45	48.88	48.88	49.15	49.29
Treatment:										
Sanitary sewers (miles)	140.12	140.91	141.63	142.26	142.26	142.26	142.38	142.38	142.48	142.82
Community and Recreational Services:										
Parks acreage	246.2	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