

**TOWN OF THOMPSON, CONNECTICUT**  
**FINANCIAL STATEMENTS**

**JUNE 30, 2014**

# TOWN OF THOMPSON, CONNECTICUT

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## Independent Auditors' Report

To the Board of Finance  
Town of Thompson, Connecticut

### Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

## ***Opinions***

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

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information on pages 43 through 48, the schedule of changes in the net pension liability and related ratios on page 49, the schedule of employer contributions on page 50 and the schedule of investment returns on page 51 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 Thompson, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Thompson, Connecticut, as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated November 14, 2013, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2013 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2013 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

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

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

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

West Hartford, Connecticut  
December 17, 2014

**TOWN OF THOMPSON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

This discussion and analysis of the Town of Thompson, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

**Financial Highlights**

- Net position of our governmental activities decreased by \$346 thousand, or .9%.
- During the year, the Town had expenses that were \$346 thousand more than the \$28.5 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$28.8 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$2.8 million.
- The resources available for appropriation were \$88 thousand more than budgeted for the General Fund. Expenditures were kept within spending limits.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

**Government-Wide Financial Statements**

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in the net position. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town reports its activities as follows:

- *Governmental Activities* - The Town's basic services are reported here, including education, public safety, public works, civic and cultural, and general government. Property taxes, charges for services, and state and federal grants finance most of these activities.

## **Fund Financial Statements**

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by State Statutes. However, the Board of Finance establishes many other funds to help control and manage financial activities for particular purposes (like the Sewer Operating Fund) or to show that it is meeting legal responsibilities for using grants, and other money (like grants received for education from the State and Federal governments). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V to VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. The Town's proprietary funds consist of the Town's internal service fund, which is used to report activities that provide supplies and services for the Town's other programs and activities, such as the Town's Data Processing Fund and risk management internal service funds.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. All of the Town's fiduciary activities are reported in separate statements of net position - fiduciary funds and changes in net position - fiduciary fund. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position changed from a year ago decreasing from \$37.4 million to \$37.1 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1**  
**NET POSITION**  
(In Thousands)

	<b>Governmental</b>	
	<b>Activities</b>	
	<u><b>2014</b></u>	<u><b>2013</b></u>
Current and other assets	\$ 9,237	\$ 8,587
Capital assets, net of accumulated depreciation	41,193	42,677
Total assets	<u>50,430</u>	<u>51,264</u>
Long-term debt outstanding	12,546	13,000
Other liabilities	787	821
Total liabilities	<u>13,333</u>	<u>13,821</u>
Net Position:		
Net investment in capital assets	30,992	31,850
Restricted for:		
Perpetual care:		
Expendable	271	247
Nonexpendable	2,828	2,697
Unrestricted	<u>3,006</u>	<u>2,649</u>
Total Net Position	<u>\$ 37,097</u>	<u>\$ 37,443</u>

Net position of the Town's governmental activities decreased by .9% (\$37.1 million compared to \$37.4 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$2.6 million at June 30, 2013 to \$3.0 million at the end of this year.

**TABLE 2**  
**CHANGE IN NET POSITION**  
(In Thousands)

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
Revenues:		
Program revenues:		
Charges for services	\$ 1,386	\$ 1,363
Operating grants and contributions	11,647	10,989
Capital grants and contributions	773	431
General revenues:		
Property taxes	13,938	13,756
Grants and contributions not restricted to specific purposes	310	457
Unrestricted investment earnings	262	170
Other general revenues	167	62
Total revenues	28,483	27,228
Program expenses:		
General government	1,392	1,375
Public safety	520	629
Public works	3,116	2,966
Human services	850	224
Civic and cultural	1,282	1,140
Development and planning	205	210
Education	21,038	20,457
Interest on long-term debt	426	446
Total program expenses	28,829	27,447
Decrease in Net Position	\$ (346)	\$ (219)

The Town's total revenues were \$28.5 million. The total cost of all programs and services was \$28.8 million. Our analysis below separately considers the operations of governmental activities.

### **Governmental Activities**

- The Town is looking into options to help cleanup and encourage redevelopment of the former Belding-Corticelli Mill site. A Town committee has been formed and has been looking into State grants and programs to help remedy the site. The State of Connecticut Department of Economic and Community Development awarded the Town of Thompson a \$200,000 Brownfield Assessment Grant for completion of Phase I and Phase II Environmental Site Assessments, and Preparation of a Clean-up and Reuse Plan for the site.
- The Town submitted a pre-application for funds through the Federal-Local Bridge Program for replacement of the Quaddick Road Bridge. The pre-application has been approved for further processing. It is anticipated that, if final approval is awarded, grant funds will total between \$800,000 and \$900,000 for the project, of which the Town will be responsible for 20%. In lieu of the Federal grant, which would have included extremely onerous and expensive reporting requirements, the Town has opted to participate in the State Program, which is a substantial savings. The State Program funds, which will, indeed, be adequate to complete the project, total 49.12% (\$244,175) of the total project cost (\$497,100).

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

**TABLE 3**  
**GOVERNMENTAL ACTIVITIES**  
(In Thousands)

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Education	\$ 21,038	\$ 20,457	\$ 9,891	\$ 9,271
Public works	3,116	2,966	1,685	2,186
General government	1,392	1,375	1,154	1,139
Interest on long-term debt	426	446	426	446
Civic and cultural	1,282	1,140	995	838
All others	1,575	1,063	872	784
<b>Total</b>	<b>\$ 28,829</b>	<b>\$ 27,447</b>	<b>\$ 15,023</b>	<b>\$ 14,664</b>

**TOWN FUNDS FINANCIAL ANALYSIS**

**Governmental Funds**

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$7.1 million, which is a \$572 thousand increase from last year’s total. Included in this year’s total change in fund balance is an increase of \$37 thousand in the Town’s General Fund. The primary reasons for the General Fund’s increase mirror the governmental activities analysis highlighted in Exhibit IV.

In the Capital Projects Fund, the Town funded projects and capital outlays of \$.5 million, most of which was for paving.

**General Fund Budgetary Highlights**

The original Town expenditure budget of \$23.1 million was increased by \$16 thousand during the year.

The Town’s General Fund balance of \$2.8 million reported on Exhibit III differs from the General Fund’s budgetary fund balance. This is principally because budgetary fund balance does not include \$146 thousand of outstanding encumbrances at year end, which are reported as expenditures for budgetary purposes.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2014, the Town had \$41.2 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, and infrastructure (roads, bridges, etc.) - Table 4. This amount represents a net decrease (including additions and deductions) of \$1.5 million, or 3.5%, from last year.

**TABLE 4**  
**CAPITAL ASSETS (Net of Depreciation)**  
(In Thousands)

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
Land	\$ 2,475	\$ 2,475
Construction in progress		
Buildings and improvements	33,347	34,400
Machinery and equipment	474	614
Infrastructure	4,897	5,188
	<hr/>	<hr/>
Total	\$ 41,193	\$ 42,677
	<hr/> <hr/>	<hr/> <hr/>

There were no major additions in the fiscal year ended June 30, 2014.

### Long-Term Debt

At June 30, 2014, the Town had \$10.1 million in bonds outstanding versus \$10.6 million last year - a decrease of \$535 thousand - as shown in Table 5.

**TABLE 5**  
**OUTSTANDING DEBT, AT YEAR END**  
(In Thousands)

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
General obligation bonds (backed by the Town)	\$ 10,100	\$ 10,635
	<hr/> <hr/>	<hr/> <hr/>

The Town received a general obligation bond rating of A3 as of November 13, 2007, by a national rating agency. This rating was changed to A1 by the rating agency as of May 2010. The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$97.4 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 8 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2015 budget tax rates. One of those factors is the economy. The Town had employment growth in fiscal year 2014 of 1%. Unemployment in the Town decreased to 6.5%. This compares with the State's unemployment rate of 6.5% and the national rate of 6.1%.

These indicators were taken into account when adopting the General Fund budget for 2014-15. Amounts available for appropriation in the General Fund budget are \$23.2 million, an increase of \$.1 million over final 2014 budget.

The Town has added no major new programs or initiatives to the 2015 budget.

If these estimates are realized, the Town's budgetary General Fund balance is expected to decrease by \$80,000 during fiscal 2015.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Thompson, 815 Riverside Drive, Thompson, Connecticut 06255.

## TOWN OF THOMPSON, CONNECTICUT

## STATEMENT OF NET POSITION

JUNE 30, 2014

	<b>Governmental Activities</b>
Assets:	
Cash and cash equivalents	\$ 4,695,582
Investments	2,843,833
Receivables, net	1,685,335
Inventory	12,179
Capital assets not being depreciated	2,475,200
Capital assets being depreciated, net	38,718,072
Total assets	<u>50,430,201</u>
Liabilities:	
Accounts and other payables	568,569
Due to fiduciary funds	11,800
Unearned revenue	206,432
Noncurrent liabilities:	
Due within one year	836,814
Due in more than one year	11,709,594
Total liabilities	<u>13,333,209</u>
Net Position:	
Net investment in capital assets	30,992,362
Restricted for:	
Trust purposes:	
Nonexpendable	271,043
Expendable	2,827,572
Unrestricted	<u>3,006,015</u>
Total Net Position	<u>\$ 37,096,992</u>

The accompanying notes are an integral part of the financial statements



## TOWN OF THOMPSON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Tourtellotte Trust Fund</u>	<u>Other Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,151,838	\$	\$ 29,337	\$ 245,857	\$ 77,997	\$ 4,505,029
Investments			2,843,833			2,843,833
Receivables, net	1,089,916			371,997	223,340	1,685,253
Due from other funds	472,265	913,837			703,680	2,089,782
Inventories					12,179	12,179
Total Assets	<u>\$ 5,714,019</u>	<u>\$ 913,837</u>	<u>\$ 2,873,170</u>	<u>\$ 617,854</u>	<u>\$ 1,017,196</u>	<u>\$ 11,136,076</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ 283,338	\$ 4,330	\$	\$ 193,560	\$ 49,161	\$ 530,389
Due to other funds	1,629,665		104,913	335,075	31,929	2,101,582
Unearned revenue				71,801	134,631	206,432
Total liabilities	<u>1,913,003</u>	<u>4,330</u>	<u>104,913</u>	<u>600,436</u>	<u>215,721</u>	<u>2,838,403</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	704,031					704,031
Unavailable revenue - accrued interest on delinquent taxes	332,143					332,143
Unavailable revenue - mortgage loans					71,281	71,281
Unavailable revenue - sewer use charges					102,201	102,201
Total deferred inflows of resources	<u>1,036,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,482</u>	<u>1,209,656</u>
Fund balances:						
Nonspendable					283,222	283,222
Restricted	266,490		2,768,257		59,315	3,094,062
Committed				17,418	295,701	313,119
Assigned	145,684	909,507				1,055,191
Unassigned	2,352,668				(10,245)	2,342,423
Total fund balances	<u>2,764,842</u>	<u>909,507</u>	<u>2,768,257</u>	<u>17,418</u>	<u>627,993</u>	<u>7,088,017</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,714,019</u>	<u>\$ 913,837</u>	<u>\$ 2,873,170</u>	<u>\$ 617,854</u>	<u>\$ 1,017,196</u>	<u>\$ 11,136,076</u>

(Continued on next page)

## TOWN OF THOMPSON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

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

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)	\$ 7,088,017
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 69,236,513
Less accumulated depreciation	<u>(28,043,241)</u>
Net capital assets	41,193,272
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Property tax receivables greater than 60 days	704,031
Interest receivable on property taxes	332,143
Housing loans	71,281
Sewer use charges	102,201
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	186,656
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(10,100,000)
Interest payable on bonds and notes	(34,201)
Compensated absences	(900,969)
Capital lease	(100,910)
Net OPEB obligation	<u>(1,444,529)</u>
Net Position of Governmental Activities (Exhibit I)	<u>\$ 37,096,992</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF THOMPSON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Tourtellotte Trust Fund</u>	<u>Other Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 13,886,301	\$	\$	\$	\$	\$ 13,886,301
Intergovernmental revenue	10,141,990	509,369		881,560	1,006,676	12,539,595
Charges for services	565,450	3,918			873,711	1,443,079
Interest	6,470		254,996		676	262,142
Other revenues	180,997	10,371	4,972		39,543	235,883
Total revenues	<u>24,781,208</u>	<u>523,658</u>	<u>259,968</u>	<u>881,560</u>	<u>1,920,606</u>	<u>28,367,000</u>
Expenditures:						
Current:						
General government	925,167			8,018	21,155	954,340
Public safety	462,945				8,755	471,700
Public works	1,476,192			163,671	405,173	2,045,036
Human services	123,686			704,668	3,775	832,129
Civic and cultural	584,357			51,968	257,987	894,312
Development and planning	136,306				382	136,688
Sundry	1,043,532					1,043,532
Education	18,544,267		26,365		1,242,134	19,812,766
Capital outlay	25,177	525,606				550,783
Debt service	1,053,259					1,053,259
Total expenditures	<u>24,374,888</u>	<u>525,606</u>	<u>26,365</u>	<u>928,325</u>	<u>1,939,361</u>	<u>27,794,545</u>
Excess (Deficiency) of Revenues over Expenditures	<u>406,320</u>	<u>(1,948)</u>	<u>233,603</u>	<u>(46,765)</u>	<u>(18,755)</u>	<u>572,455</u>
Other Financing Sources (Uses):						
Transfers in	122,600	493,719				616,319
Transfers out	(491,572)		(100,000)		(24,747)	(616,319)
Total other financing sources (uses)	<u>(368,972)</u>	<u>493,719</u>	<u>(100,000)</u>	<u>-</u>	<u>(24,747)</u>	<u>-</u>
Net Change in Fund Balances	37,348	491,771	133,603	(46,765)	(43,502)	572,455
Fund Balances at Beginning of Year	<u>2,727,494</u>	<u>417,736</u>	<u>2,634,654</u>	<u>64,183</u>	<u>671,495</u>	<u>6,515,562</u>
Fund Balances at End of Year	<u>\$ 2,764,842</u>	<u>\$ 909,507</u>	<u>\$ 2,768,257</u>	<u>\$ 17,418</u>	<u>\$ 627,993</u>	<u>\$ 7,088,017</u>

(Continued on next page)

## TOWN OF THOMPSON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 572,455
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Governmental funds report capital outlays as expenditures. In the statement of activities,  
the cost of those assets is allocated over their estimated useful lives and reported as  
depreciation expense:

Capital outlay	9,350
Depreciation expense	(1,492,861)

Revenues in the statement of activities that do not provide current financial resources are  
not reported as revenues in the funds, and revenues recognized in the funds are not reported  
in the statement of activities:

Property tax receivable - accrual basis change	24,151
Property tax interest and lien revenue - accrual basis change	27,103
Sewer use receivable	(12,343)
Housing loans receivable	(2,563)

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 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  
amortized and deferred in the statement of activities. The details of these differences in  
the treatment of long-term debt and related items are as follows:

Bond principal payments	535,000
Capital lease payments	90,687

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 the governmental funds.

Compensated absences	46,547
Accrued interest	1,672
Net OPEB obligation	(218,731)

Internal service funds are used by management to charge costs to individual funds. The net  
revenue of certain activities of internal services funds is reported with governmental activities.

Internal service funds are used by management to charge costs of medical insurance to individual departments	<u>73,486</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (346,047)</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF THOMPSON, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF NET POSITION

JUNE 30, 2014

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
Assets:	
Cash and cash equivalents	\$ 190,553
Accounts receivable	<u>82</u>
Total assets	190,635
Liabilities:	
Claims payable	<u>3,979</u>
Net Position:	
Unrestricted	\$ <u><u>186,656</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF THOMPSON, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

## FOR THE YEAR ENDED JUNE 30, 2014

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
	<u>                    </u>
Operating Revenues:	
Charges for services	\$ <u>186,058</u>
Operating Expenses:	
Claims incurred	97,910
Administration	<u>14,662</u>
Total operating expenses	<u>112,572</u>
Change in Net Position	73,486
Net Position at Beginning of Year	<u>113,170</u>
Net Position at End of Year	<u><u>\$ 186,656</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF THOMPSON, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
Cash Flows from Operating Activities:	
Cash received from charges for services	\$ 57,761
Cash received for interfund services used	151,692
Cash paid for benefits	(98,000)
Cash paid for administration	(14,662)
Net cash provided by operating activities	<u>96,791</u>
Net Increase in Cash and Cash Equivalents	96,791
Cash and Cash Equivalents at Beginning of Year	<u>93,762</u>
Cash and Cash Equivalents at End of Year	<u>\$ 190,553</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 73,486
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in accounts receivable	23,395
Decrease in claims payable	(90)
Net Cash Provided by Operating Activities	<u>\$ 96,791</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF THOMPSON, CONNECTICUT

## STATEMENT OF NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2014

	<b>Pension Trust Fund</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
Assets:		
Cash and cash equivalents	\$	\$ 205,965
Investments - mutual funds	5,367,313	
Due from other funds		11,800
	<u>                    </u>	<u>                    </u>
Total assets	5,367,313	\$ <u>217,765</u>
Liabilities:		
Deposits and amounts due to student groups and others		\$ <u>217,765</u>
Net Position:		
Held in trust for pension benefits	\$ <u>5,367,313</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF THOMPSON, CONNECTICUT**

**STATEMENT OF CHANGES IN NET POSITION**

**FIDUCIARY FUND**

**FOR THE YEAR ENDED JUNE 30, 2014**

Additions:	
Contributions:	
Plan members	\$ 99,599
Employer	144,788
Total contributions	<u>244,387</u>
Investment income:	
Net appreciation in fair value of investments	<u>769,706</u>
Total additions	<u>1,014,093</u>
Deductions:	
Benefits	292,853
Administration	6,894
Total deductions	<u>299,747</u>
Net Increase	714,346
Net Position at Beginning of Year	<u>4,652,967</u>
Net Position at End of Year	<u><u>\$ 5,367,313</u></u>

The accompanying notes are an integral part of the financial statements

# TOWN OF THOMPSON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Thompson, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

#### A. Reporting Entity

The Town operates under the provisions of the General Statutes of the State of Connecticut. The form of government includes an elected Board of Selectmen consisting of a First Selectman and two other members, an elected Board of Education and an elected Board of Finance.

The legislative power of the Town is vested with the Board of Selectmen and the Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The administration of the Town offices and agencies, with the exception of the Board of Education, is the responsibility of the First Selectman.

The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

The Town provides the following services: general government, education, public safety, public works, sewer, human services, parks, civic and cultural, and development and planning.

#### B. 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 segments 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

### **C. 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 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. 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, are recorded only when payment is due.

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. 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.

The Town reports the following major governmental funds:

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

The Capital Projects Fund accounts for the construction or acquisition of major capital facilities and assets. The major sources of revenues for this fund are capital grants, and the proceeds from the issuance of general obligation bonds.

The Tourtellotte Trust Fund accounts for donated funds provided for the maintenance and educational efforts of Free Memorial High School. The major sources of revenues for this fund are donations and investment income.

The Other Grants Fund accounts for Town grant projects, most significantly the Gladys Green projects and water quality improvement projects. The major sources of revenues for this fund are State and Federal grants.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for the self-insurance activities related to health benefits and deductibles on commercial insurance policies.

The Pension Trust Fund accounts for the activities of the Board of Education nonteacher retirement system, which accumulates resources for pension benefit payments to qualified Board of Education employees.

The Agency Funds account for the various student activities and contractor 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 payments in lieu of taxes and other charges between certain Town functions because the 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 property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's Internal Service Fund are charges for medical insurance premiums. Operating expenses for the Internal Service Fund include the cost of medical claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town does not have a formal policy in regard to the use of fund balance. In accordance with GASB 54, the Town will use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

#### **D. Deposits and Investments**

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

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

#### **E. 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." All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance of \$10,000 is equal to 1.3% of outstanding taxes as of June 30, 2014. The allowance for uncollectible housing loans is \$591,000 or 89% of total loans.

Property taxes are assessed as of October 1 and billed the following July. Payments not received within one month after the due date become delinquent, with interest charged at the rate of 1-1/2% per month. 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 (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as a deferred revenue. Liens are filed on real property, which have unpaid property taxes as of June 30.

#### **F. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. 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.

## 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 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 \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	10-25
Machinery and equipment	3-10
Infrastructure	25-50

## H. Deferred Outflows/Inflows of Resources

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. 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, interest on property taxes, long-term loans, and sewer use charges. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

## I. Compensated Absences

Employees may accumulate a limited amount of vested vacation and unused sick leave. Additionally, the Board of Education offers employees, by contract, certain retirement incentives.

Vacation, sick pay and other compensated absences are recorded as a liability in the government-wide financial statements.

## J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

## **K. 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 - Net position is restricted because of 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 assets under restriction for trust purposes.

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

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 of Thompson Board of Finance).

Assigned Fund Balance - This represents amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts 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.

## **L. Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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**

### **Budgetary Information**

#### **General Fund**

The First Selectman compiles preliminary estimates for all departments and agencies, with the exception of the Board of Education, for the annual budget for presentation to the Board of Selectmen. After making such alterations or changes as it deems necessary, the Board of Selectmen presents the compiled budget to the Board of Finance. The Board of Education submits its estimates directly to the Board of Finance.

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

Additional appropriations may be approved by the Board of Finance upon recommendation of the Board of Selectmen. Town Meeting approval may be required as determined by State Statute. There was \$16,300 of additional appropriations made during the year. Unexpended appropriations of the General Fund lapse at fiscal year end.

The General Fund budget is prepared on a modified accrual basis of accounting. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year.

## **3. CASH, CASH EQUIVALENTS 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 Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank," as defined by the Statutes, which is not a "qualified public depository."

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

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

## 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*, \$1,988,826 of the Town's bank balance of \$2,701,236 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 285,659
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,703,167</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 1,988,826</u>

## Cash Equivalents

At June 30, 2014, the Town's cash equivalents amounted to \$2,367,017. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<b><u>Standard &amp; Poor's</u></b>
State Short-Term Investment Fund (STIF)	AAAm

## Investments

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

<b><u>Investment Type</u></b>	<b><u>Credit Rating</u></b>	<b><u>Fair Value</u></b>	<b><u>Investment Maturities (Years)</u></b>		
			<b><u>Less Than 1</u></b>	<b><u>1 - 10</u></b>	<b><u>More Than 10</u></b>
Interest-bearing investments:					
Corporate bonds	A	\$ 291,580	\$	291,580	\$
Corporate bonds	AA	218,026		218,026	
Corporate bonds	AAA	77,674		77,674	
Corporate bonds	BBB	<u>136,538</u>		<u>136,538</u>	
		723,818	\$	<u>-</u>	\$
				<u>723,818</u>	<u>-</u>
Other investments:					
Equity securities		1,065,137			
Mutual funds		<u>6,422,191</u>			
Total Investments		<u>\$ 8,211,146</u>			

*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 no investment policy that would further its investment choices.

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

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

#### 4. RECEIVABLES

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

	<u>General</u>	<u>Other Grants</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 332,143	\$	\$	\$ 332,143
Taxes	759,494			759,494
Accounts and other	8,279		103,996	112,275
Intergovernmental		371,997	49,395	421,392
Housing and development loans			661,031	661,031
Gross receivables	<u>1,099,916</u>	<u>371,997</u>	<u>814,422</u>	<u>2,286,335</u>
Less allowance for uncollectibles	<u>(10,000)</u>		<u>(591,000)</u>	<u>(601,000)</u>
Net Total Receivables	<u>\$ 1,089,916</u>	<u>\$ 371,997</u>	<u>\$ 223,422</u>	<u>\$ 1,685,335</u>

## 5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,475,200	\$ _____	\$ _____	\$ 2,475,200
Capital assets being depreciated:				
Buildings	53,814,360			53,814,360
Building improvements	58,350			58,350
Machinery and equipment	3,604,017	9,350		3,613,367
Infrastructure	9,275,236			9,275,236
Total capital assets being depreciated	<u>66,751,963</u>	<u>9,350</u>	<u>-</u>	<u>66,761,313</u>
Less accumulated depreciation for:				
Buildings	(19,454,840)	(1,051,461)		(20,506,301)
Building improvements	(18,001)	(1,680)		(19,681)
Machinery and equipment	(2,989,628)	(149,825)		(3,139,453)
Infrastructure	(4,087,911)	(289,895)		(4,377,806)
Total accumulated depreciation	<u>(26,550,380)</u>	<u>(1,492,861)</u>	<u>-</u>	<u>(28,043,241)</u>
Total capital assets being depreciated, net	<u>40,201,583</u>	<u>(1,483,511)</u>	<u>-</u>	<u>38,718,072</u>
Governmental Activities Capital Assets, Net	<u>\$ 42,676,783</u>	<u>\$ (1,483,511)</u>	<u>\$ -</u>	<u>\$ 41,193,272</u>

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

Governmental activities:	
General government	\$ 12,053
Public safety	2,709
Public works	368,971
Human services	16,302
Civic and cultural	85,540
Education	<u>1,007,286</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,492,861</u>

## Construction Commitments

A summary of capital projects at June 30, 2014 is as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Paving/resurfacing	\$ 1,900,260	\$ 436,903
Other	<u>934,757</u>	<u>418,803</u>
Total	<u>\$ 2,835,017</u>	<u>\$ 855,706</u>

The commitments are being financed by bonds, state and federal grants, and General Fund appropriations.

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2014 is presented below:

Balances generally reflect recurring reimbursement type transactions to be repaid in the subsequent period.

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 472,265	\$ 1,629,665
Capital Projects Fund	913,837	
Tourtellotte Trust Fund		104,913
Other Grants Fund		335,075
Nonmajor Governmental Funds	703,680	31,929
Fiduciary Funds - Agency Funds:		
Escrow Account	<u>11,800</u>	
Total	<u>\$ 2,101,582</u>	<u>\$ 2,101,582</u>

Interfund transfers:

	<u>General</u>	<u>Capital Projects</u>	<u>Total Transfers Out</u>
Transfers out:			
General	\$	\$ 491,572	\$ 491,572
Tourtellotte Trust Fund	100,000		100,000
Nonmajor Governmental	<u>22,600</u>	<u>2,147</u>	<u>24,747</u>
Total Transfers In	<u>\$ 122,600</u>	<u>\$ 493,719</u>	<u>\$ 616,319</u>

All transfers represent routine transactions moving resources from one fund to another.

## 7. CAPITAL LEASE OBLIGATIONS

The Town has entered into capital lease agreements for a payloader, a truck, an air sweeper and tax software. The following is a schedule of the future minimum lease payments under the capitalized leases together with the present value of the net minimum lease payments as of June 30, 2014.

### Year Ending June 30,

2015	\$	58,305
2016		16,775
2017		16,775
2018		16,775
Total minimum lease payments		<u>108,630</u>
Less amount representing interest		<u>7,720</u>
Present Value of Net Minimum Lease Payments	\$	<u><u>100,910</u></u>

## 8. LONG-TERM DEBT

### Changes in Long-Term Liabilities

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General obligation bonds	\$ 10,635,000	\$	\$ 535,000	\$ 10,100,000	\$ 550,000
Capital leases	191,597		90,687	100,910	54,223
Net OPEB obligation	1,225,798	218,731		1,444,529	
Compensated absences	947,516	9,060	55,607	900,969	232,591
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 12,999,911</u>	<u>\$ 227,791</u>	<u>\$ 681,294</u>	<u>\$ 12,546,408</u>	<u>\$ 836,814</u>

### General Obligation Bonds

A schedule of bonds outstanding at June 30, 2014 is presented below:

<u>Description</u>	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Amount of</u> <u>Original</u> <u>Issue</u>	<u>Balance</u> <u>Outstanding</u> <u>June 30, 2014</u>
Bonds:					
School Bonds	2008	2028	3.6-5.0	\$ 13,000,000	<u><u>\$ 10,100,000</u></u>

The following is a schedule of bond maturities as of June 30, 2014:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 550,000	\$ 399,408	\$ 949,408
2016	575,000	376,908	951,908
2017	595,000	353,508	948,508
2018	620,000	329,208	949,208
2019	645,000	303,907	948,907
2010-2024	3,635,000	1,102,940	4,737,940
2025-2028	3,480,000	301,030	3,781,030
Total	\$ <u>10,100,000</u>	\$ <u>3,166,909</u>	\$ <u>13,266,909</u>

The Town's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule (in thousands):

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 31,330	\$	\$ 31,330
Schools	62,600	10,100	52,500
Sewers	52,166		52,166
Urban renewal	45,211		45,211
Pension deficit	41,733		41,733

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$97.4 million. The indebtedness reflected above includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes or bonds are issued.

**9. FUND BALANCES**

**A. Components**

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Tourtellotte Trust Fund</u>	<u>Other Grants Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Inventory	\$	\$	\$	\$	\$ 12,179	\$ 12,179
Permanent fund principal					271,043	271,043
Restricted for:						
Civic and cultural					59,315	59,315
Education			2,768,257			2,768,257
Debt service	266,490					266,490
Committed to:						
General government				17,418	91,593	109,011
Public safety					45,964	45,964
Sewer operating					63,131	63,131
Human services					40,428	40,428
Civic and cultural					54,585	54,585
Assigned to:						
General government	35,258					35,258
Public safety	9,795					9,795
Human services	7,305					7,305
Civic and cultural	21,620					21,620
Development and planning	1,902					1,902
Education	20,177					20,177
Capital outlay	49,627	909,507				959,134
Unassigned	<u>2,352,668</u>				<u>(10,245)</u>	<u>2,342,423</u>
Total Fund Balances	<u>\$ 2,764,842</u>	<u>\$ 909,507</u>	<u>\$ 2,768,257</u>	<u>\$ 17,418</u>	<u>\$ 627,993</u>	<u>\$ 7,088,017</u>

Encumbrances at June 30, 2014 are contained in the above table in the assigned category of the General Fund, the assigned category of the capital projects fund, and in the committed category of the Nonmajor Governmental Funds, in amounts of \$145,684, \$3,260 and \$480 respectively.

**B. Fund Deficit**

The following fund had a fund deficit as of June 30, 2014:

Nonmajor Governmental Funds:	
Youth Center	\$ 6,041

The Town plans to fund the deficit through future charges and fees.

## **10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

### **Municipal Employees' Retirement Fund**

All Town of Thompson full-time employees, except teachers who are eligible to participate in the State of Connecticut Teachers' Retirement System and other Board of Education employees who participate in the Board's Pension Trust Fund, participate in the Municipal Employees' Retirement Fund (MERF), a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

*Funding Policy* - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 7% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2014, 2013 and 2012 were \$183,612, \$206,680 and \$203,003, respectively, equal to the required contributions for each year.

### **Teachers' Retirement System**

All Town certified teachers participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2014, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$1,668,138 as payments made by the State of Connecticut on behalf of the Town.

### **Pension Trust Fund**

#### **A. Plan Description**

The Board of Education Retirement System (BERS) is a single-employer retirement system established and administered by the Board to provide pension benefits to substantially all full-time employees, except certified personnel covered under the State Teachers' Retirement System. The BERS 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.

Management of the plans rests with the Board of Education, which consists of nine elected members.

The BERS provides retirement and death benefits to plan members and their beneficiaries. Plan members vest in accrued service benefits after 5 years of eligible service, are eligible for normal retirement at age 65 and early retirement at age 55, and are eligible for benefit payments of a maximum of 50% of average monthly earning (final 5 years), reduced by the percentage of credited service under the maximum service period of 20 years.

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

Retired	11
Terminated plan members entitled to benefits but not yet receiving them	3
Current plan members	<u>49</u>
 Total	 <u><u>63</u></u>

**B. Summary of Significant Accounting Policies and Plan Asset Matters**

Basis of Accounting: BERS financial statements are prepared using the accrual basis of accounting for the three defined benefit pension plans. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the BERS.

Method Used to Value Investments: Investments are reported at market value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

**C. Funding Policy**

The contribution requirements of plan members are established and may be amended by the Board of Education, subject to union contract negotiation. Plan members are required to contribute a variable rate equal to one-half of the ratio of normal cost to covered payroll, with no contributions required after 20 years of service. Plan members' contributions are 8.36% of annual covered payroll. The Board is required to contribute at an actuarially determined rate; the current rate is 11.45% of annual covered payroll.

## D. Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Education by a majority vote of its members. It is the policy of the 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 following was the Board's adopted asset allocation policy as of June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap	37.00%
US Mid/Small Cap	8.00%
Developed International Equities	10.00%
Emerging Market Equities	4.00%
Intermediate Corporate	31.00%
Intermediate Government	4.00%
High-Yield Bonds	4.00%
Commodities	1.00%
Inflation/Cash	1.00%
Total	<u>100.00%</u>

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## E. Net Pension Liability (Asset)

In accordance with Government Accounting Standards Board Statement No. 67, the components of the net pension liability (asset) of the Town at June 30, 2014, were as follows:

Total pension liability	\$ 5,051,983
Plan fiduciary net position	<u>5,367,313</u>
Net Pension Asset	<u>\$ (315,330)</u>
Plan fiduciary net position as a percentage of the total pension liability	106.24%

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

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

Inflation	3.00%
Salary increases	5% at age 20, graded down to 4% at age 60, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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

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 the real rates of return for each major asset class as of June 30, 2014 are included in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap	4.75%
US Mid/Small Cap	5.50%
Developed International Equities	5.25%
Emerging Market Equities	6.00%
Intermediate Corporate	2.25%
Intermediate Government	1.75%
High-Yield Bonds	3.25%
Commodities	5.00%
Inflation/Cash	0.00%

**Discount Rate:** The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate:** The following presents the net pension liability (asset) of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net Pension Liability (Asset)	\$ 305,783	\$ (315,330)	\$ (846,220)

#### **F. Annual Pension Cost and Net Pension Obligations**

In accordance with GASB Statement No. 27, the Board of Education's annual pension cost and required contribution to the BERS for the current year was \$144,788. There is no net pension obligation as of June 30, 2014.

## G. Trend Information

<u>Fiscal Year Ending</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>		<u>Net Pension Obligation</u>
6/30/2012	\$	156,172	100.0%	\$	-
6/30/2013		170,931	100.0%		-
6/30/2014		144,788	100.0%		-

## Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) - Aggregate Actuarial Cost (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
7/01/08	\$ 2,719,438	\$ 3,436,597	\$ 717,159	79.1%	\$ 1,336,086	53.7%
7/01/09	2,478,233	3,590,879	1,112,646	69.0%	1,473,941	75.5%
7/01/10	3,093,635	4,122,328	1,028,693	75.0%	1,469,290	70.0%
7/01/11	3,882,189	4,356,271	474,082	89.1%	1,363,421	34.8%
7/01/12	4,074,180	4,670,211	596,031	87.2%	1,435,768	41.5%
7/01/13	4,652,967	4,830,107	177,140	96.3%	1,554,058	11.4%

## 11. OTHER POSTEMPLOYMENT BENEFITS

### A. 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. Retired program members and beneficiaries currently receiving benefits are required to contribute active employee premiums if under 65 years of age and premiums for Medicare supplement if over 65 years of age. The percentage contribution of the employees and retirees for these benefits vary and are detailed within the Town's various bargaining agreements. The Town does not issue a separate stand-alone financial statement for this program.

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

	<u>Post- Retirement Medical Program</u>
Retired participants and spouses	22
Active plan members	198
Total Participants	<u>220</u>

## B. Funding Policy

The Town funding and payment of postemployment benefits are accounted for in the General 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. The Town's funding strategy for postemployment obligations is based upon characteristics of benefits on ten distinct groups of employees established within their respective collective bargaining units and/or contracts and includes the following:

- Full-time employees of the Town or the Board of Education who retire from the Town are eligible if they meet the following criteria by bargaining group:
  - Town employees and Secretaries: Age 55 with 10 years of service
  - Business Manager, Technicians and Teachers: Age 55 with 20 years of service or Age 60 with 10 years
  - Paraprofessional, Cafeteria, Nurses and Media: 25 years of service
  - Facilities Manager: 10 years of service
- Retirees who are under 65 years of age pay the active employee premium.
- Retirees who are over 65 pay the premium for a Medicare Supplement.
- Life insurance is only available to active employees. Upon retirement, no life insurance is available.
- Spouses of retirees are eligible for postretirement medical coverage and contribute the full premium for medical benefits.
- Dental insurance is available to both employee and spouse and contribute the full cost of the dental insurance.

## C. Annual OPEB Cost and Net OPEB Obligations

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

	<b>Post- Retirement Medical Program</b>
Annual required contribution (ARC)	\$ 349,700
Interest on net OPEB obligation	55,161
Adjustment to annual required contribution	(72,021)
Annual OPEB cost	<u>332,840</u>
Contributions made	<u>114,109</u>
Increase in net OPEB obligation	218,731
Net OPEB obligation, beginning of year	<u>1,225,798</u>
Net OPEB Obligation, End of Year	<u>\$ 1,444,529</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2014, 2013 and 2012, is presented below.

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/12	\$ 296,778	\$ 97,236	32.76%	\$ 984,017
6/30/13	332,766	90,985	27.34%	1,225,798
6/30/14	332,840	114,109	34.28%	1,444,529

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

#### Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liabilities (AAL)</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2008	\$ 5,310,199	\$ 5,310,199	\$ 0.00%	\$ 8,801,155	\$ 60.00%
January 1, 2010	3,769,873	3,769,873	0.00%	10,956,781	34.00%
January 1, 2012	4,423,800	4,423,800	0.00%	9,723,292	45.50%

#### Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/2010	\$ 398,572	\$ 93,145	23%
6/30/2011	304,288	114,529	38%
6/30/2012	307,568	97,236	32%
6/30/2013	346,300	90,985	26%
6/30/2014	349,700	114,109	33%

In the January 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized on a level dollar basis with a remaining amortization period at January 1, 2014 of 30 years.

## 12. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors or omissions; injuries to employees or natural disasters. The Town purchases commercial insurance for all risks of loss. There are no significant reductions in insurance coverage from the prior year. The amount of claim settlements has not exceeded insurance coverage for each of the past three years.

### Dental Insurance Internal Service Fund

The Town's dental self-insurance fund is used to account for dental insurance coverage for Town employees. The Town examines the coverage on a yearly basis to determine adequate coverage and minimize risk. A schedule of changes in the claims liability for the years ended June 30, 2013 and 2014, is presented below:

	<u>Claims Payable July 1</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30</u>
2012-2013	\$ 5,695	\$ 98,598	\$ 100,224	\$ 4,069
2013-2014	4,069	97,910	98,000	3,979

## 13. CONTINGENT LIABILITIES

The Town is a defendant in various lawsuits. It is the opinion of Town officials that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town that would materially adversely affect its financial position.

## TOWN OF THOMPSON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Property taxes:				
Current taxes levies	\$ 13,503,708	\$ 13,503,708	\$ 13,197,780	\$ (305,928)
Prior year's levies	170,000	170,000	317,574	147,574
Interest and liens	140,000	140,000	208,427	68,427
Motor vehicle supplement	120,000	120,000	162,520	42,520
Total property taxes	<u>13,933,708</u>	<u>13,933,708</u>	<u>13,886,301</u>	<u>(47,407)</u>
Intergovernmental revenues:				
General government:				
State of Connecticut:				
Elderly Homeowner	85,000	85,000	85,029	29
Disability exemption	2,650	2,650	2,411	(239)
Grant in lieu of taxes	9,156	9,156	10,625	1,469
In lieu of taxes - Federal	2,156	2,156	6,944	4,788
Boating	2,500	2,500		(2,500)
Veterans	19,700	19,700	18,820	(880)
Pequot Indian Grant	59,439	59,439	69,723	10,284
FEMA			27,436	27,436
Miscellaneous	15,000	15,000	13,064	(1,936)
Total general government	<u>195,601</u>	<u>195,601</u>	<u>234,052</u>	<u>38,451</u>
Education:				
State of Connecticut and Federal government:				
Education Cost Sharing	7,678,747	7,678,747	7,699,079	20,332
Special education	550,000	550,000	419,152	(130,848)
Transportation			86,509	86,509
Special Health Grant	7,500	7,500	2,002	(5,498)
Non-public transportation	743	743	5,419	4,676
Magnet School Transportation	10,000	10,000	8,884	(1,116)
Total education	<u>8,246,990</u>	<u>8,246,990</u>	<u>8,221,045</u>	<u>(25,945)</u>
Total intergovernmental revenues	<u>8,442,591</u>	<u>8,442,591</u>	<u>8,455,097</u>	<u>12,506</u>

(Continued on next page)

## TOWN OF THOMPSON, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Local revenues:				
Finance:				
Telephone Access Line	\$ 20,000	\$ 20,000	\$ 18,755	\$ (1,245)
Investment income	4,200	4,200	6,470	2,270
Cell Town Rent	22,000	22,000	24,661	2,661
Miscellaneous	20,000	20,000	156,336	136,336
Housing Authority	8,000	8,000	9,615	1,615
Three Rows PILOT	28,000	28,000	35,517	7,517
PILOT - Justice Institute	34,500	34,500	39,670	5,170
Reimbursement Shared Employee	11,575	11,575	16,000	4,425
Total finance	<u>148,275</u>	<u>148,275</u>	<u>307,024</u>	<u>158,749</u>
Town Clerk and Treasurer:				
Licenses and permits	11,550	11,550	14,810	3,260
Conveyance tax	50,000	50,000	44,978	(5,022)
Town Clerk fees	59,000	59,000	56,614	(2,386)
Driveways	650	650	200	(450)
Total Town Clerk and Treasurer	<u>121,200</u>	<u>121,200</u>	<u>116,602</u>	<u>(4,598)</u>
Education:				
Tuition payments	<u>33,000</u>	<u>33,000</u>	<u>49,350</u>	<u>16,350</u>
Library:				
Fines and lost books	1,900	1,900	1,210	(690)
Copier	750	750	581	(169)
Total library	<u>2,650</u>	<u>2,650</u>	<u>1,791</u>	<u>(859)</u>
Development and planning:				
Planning hearings	5,400	5,400	10,132	4,732
Conservation	1,000	1,000	884	(116)
Building fees	45,500	45,500	74,893	29,393
Total development and planning	<u>51,900</u>	<u>51,900</u>	<u>85,909</u>	<u>34,009</u>
Recycling	<u>45,000</u>	<u>45,000</u>	<u>33,932</u>	<u>(11,068)</u>
Tipping fees	<u>25,000</u>	<u>25,000</u>	<u>32,199</u>	<u>7,199</u>

(Continued on next page)

## TOWN OF THOMPSON, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Transfer station permits	\$ <u>145,500</u>	\$ <u>145,500</u>	\$ <u>144,865</u>	\$ <u>(635)</u>
Prior year encumbrances cancelled			<u>1,526</u>	<u>1,526</u>
Total local revenues	<u>572,525</u>	<u>572,525</u>	<u>773,198</u>	<u>200,673</u>
Total budgeted revenues	<u>22,948,824</u>	<u>22,948,824</u>	<u>23,114,596</u>	<u>165,772</u>
Other financing sources:				
Use of fund balance	80,000	80,000		(80,000)
Transfers from other funds:				
Dog License Fund	2,000	2,000	4,000	2,000
Tourtellotte Trust Fund	100,000	100,000	100,000	-
Sewer Operating Fund	<u>18,600</u>	<u>18,600</u>	<u>18,600</u>	<u>-</u>
Total other financing sources	<u>200,600</u>	<u>200,600</u>	<u>122,600</u>	<u>(78,000)</u>
Total	\$ <u><u>23,149,424</u></u>	\$ <u><u>23,149,424</u></u>	23,237,196	\$ <u><u>87,772</u></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.			1,668,138	
Cancellation of prior year encumbrances are recognized as budgetary revenue.			<u>(1,526)</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV			\$ <u><u>24,903,808</u></u>	

## TOWN OF THOMPSON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Total Budgetary Expenditures	Variance Favorable (Unfavorable)
	Original	Final		
General government:				
Board of Finance	\$ 24,108	\$ 24,108	\$ 23,541	\$ 567
Board of Selectmen	25,823	25,823	23,138	2,685
First Selectman	126,865	128,165	126,605	1,560
Finance and Treasurer	140,747	140,747	139,903	844
Tax Collector	146,023	146,023	143,113	2,910
Assessors	99,440	99,440	95,101	4,339
Board of Tax Review	4,320	4,320	3,817	503
Elections and registrations	50,650	50,650	39,487	11,163
Town Clerk	121,859	122,489	122,484	5
Town Counsel	45,000	65,900	65,892	8
Probate Court	5,670	5,670	4,754	916
Maintenance of municipal buildings	100,120	100,120	98,187	1,933
Data processing	47,052	47,052	40,390	6,662
Total	<u>937,677</u>	<u>960,507</u>	<u>926,412</u>	<u>34,095</u>
Public safety:				
Fire Marshal	14,449	14,449	11,949	2,500
Fire Departments	443,970	425,070	425,011	59
Civil Defense	1,975	1,975	1,740	235
Canine Control	27,221	27,221	27,132	89
Total	<u>487,615</u>	<u>468,715</u>	<u>465,832</u>	<u>2,883</u>
Public works:				
Roads and drainage	829,318	829,318	825,010	4,308
Grounds	16,450	16,450	16,134	316
Transfer station	311,770	264,770	264,725	45
Cemeteries	1,500	1,500	173	1,327
Snow removal	204,500	250,050	250,018	32
Building official	86,331	86,331	85,291	1,040
Building Board of Appeals	10	10		10
Town Garage	31,750	34,150	34,136	14
Total	<u>1,481,629</u>	<u>1,482,579</u>	<u>1,475,487</u>	<u>7,092</u>

(Continued on next page)

## TOWN OF THOMPSON, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Total Budgetary Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Human services:				
General assistance	\$ 68,654	\$ 68,654	\$ 67,197	\$ 1,457
Veterans service	4,672	4,672	4,564	108
Public Health Nursing	38,654	38,654	38,495	159
Total	<u>111,980</u>	<u>111,980</u>	<u>110,256</u>	<u>1,724</u>
Civic and cultural:				
Library administration	368,286	368,286	368,139	147
Celebrations	2,365	2,365	2,365	-
Recreation Commission	86,607	86,607	86,097	510
Community Center Building	142,387	142,387	141,939	448
Total	<u>599,645</u>	<u>599,645</u>	<u>598,540</u>	<u>1,105</u>
Development and planning:				
Zoning and Wetlands				
Enforcement officer	28,818	28,818	28,015	803
Zoning Board of Appeals	3,126	3,126	2,570	556
Conservation Commission	17,786	17,786	17,657	129
Historical society	975	975	975	-
Economic and community development	62,553	62,703	62,687	16
Inland Wetland Commission	23,994	23,994	23,382	612
Economic development	2,470	2,470	1,210	1,260
Total	<u>139,722</u>	<u>139,872</u>	<u>136,496</u>	<u>3,376</u>
Sundry:				
Fringe benefits	1,029,185	1,012,455	967,743	44,712
Municipal insurance	61,500	74,500	74,489	11
Contingency	35,000	35,000		35,000
Total	<u>1,125,685</u>	<u>1,121,955</u>	<u>1,042,232</u>	<u>79,723</u>
Board of Education	<u>16,814,203</u>	<u>16,814,203</u>	<u>16,757,276</u>	<u>56,927</u>

(Continued on next page)

## TOWN OF THOMPSON, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Total Budgetary Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Capital outlay	\$ 216,000	\$ 81,000	\$ 72,005	\$ 8,995
Debt Service Fund	893,696	893,696	893,259	437
Total expenditures	<u>22,807,852</u>	<u>22,674,152</u>	<u>22,477,795</u>	<u>196,357</u>
Other financing uses:				
Capital Projects Fund	<u>341,572</u>	<u>491,572</u>	<u>491,572</u>	<u>-</u>
Total	\$ <u>23,149,424</u>	\$ <u>23,165,724</u>	22,969,367	\$ <u>196,357</u>

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.

1,668,138

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 statement reporting purposes.

(105,618)

Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for financial statement reporting purposes.

174,573

Debt service fund expenditures

160,000Total Expenditures and Other Financing Uses as Reported on the  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds - Exhibit IV\$ 24,866,460

## TOWN OF THOMPSON, CONNECTICUT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND  
RELATED RATIOS

## LAST FISCAL YEAR

	<u>2014</u>
Total pension liability:	
Service cost	\$ 178,768
Interest	328,620
Benefit payments, including refunds of member contributions	<u>(285,512)</u>
Net change in total pension liability	221,876
Total pension liability - beginning	<u>4,830,107</u>
Total pension liability - ending	<u>5,051,983</u>
Plan fiduciary net position:	
Contributions - employer	144,788
Contributions - member	92,031
Net investment income	768,770
Benefit payments, including refunds of member contributions	<u>(285,512)</u>
Administrative expense	<u>(5,731)</u>
Net change in plan fiduciary net position	714,346
Plan fiduciary net position - beginning	<u>4,652,967</u>
Plan fiduciary net position - ending	<u>5,367,313</u>
Total Net Pension Liability (Asset) - Ending	<u>\$ (315,330)</u>
Plan fiduciary net position as a percentage of the total pension liability	106.24%
Covered-employee payroll	\$ 1,554,058
Net pension liability as a percentage of covered-employee payroll	-20.29%

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 186,713	\$ 180,577	\$ 189,451	\$ 185,736	\$ 195,065	\$ 217,089	\$ 206,774	\$ 156,172	\$ 170,931	\$ 144,788
Contributions in relation to the actuarially determined contribution	<u>186,713</u>	<u>180,577</u>	<u>189,451</u>	<u>185,736</u>	<u>195,065</u>	<u>217,089</u>	<u>206,774</u>	<u>156,172</u>	<u>170,931</u>	<u>144,788</u>
Contribution Deficiency (Excess)	<u>\$ -</u>									
Covered-employee payroll	\$ 1,214,917	\$ 1,269,807	\$ 1,253,439	\$ 1,224,076	\$ 1,336,086	\$ 1,473,941	\$ 1,469,290	\$ 1,363,421	\$ 1,435,768	\$ 1,554,058
Contributions as a percentage of covered-employee payroll	15.37%	14.22%	15.11%	15.17%	14.60%	14.73%	14.07%	11.45%	11.91%	9.32%

**Notes to Schedule**

Valuation date: July 1, 2013  
 Measurement date: June 30, 2014  
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method                   Entry Age Normal  
 Amortization method                   Level percentage of salary  
 Remaining amortization period       11.76 years  
 Asset valuation method                Market value  
 Inflation                                   3.00%  
 Salary increases                         Graded scale from 5% at age 20 decreasing to 3% at age 60, including inflation  
 Investment rate of return             6.75%, net of pension plan investment expense, including inflation  
 Retirement age                         Age 65 or immediately, if age 65 or older.  
 Mortality                                 RP-200 Mortality Table with separate male and female rates, with no collar adjustments, combined tables for non-annuitants and annuitants, projected to the valuation date with Scale AA.

**TOWN OF THOMPSON, CONNECTICUT**  
**SCHEDULE OF INVESTMENT RETURNS**  
**LAST FISCAL YEAR**

**2014**

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

16.76%

## TOWN OF THOMPSON, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,151,838	\$ 3,836,096
Property taxes receivable, net of allowance of \$10,000 for 2014 and 2013	749,494	749,995
Grants and other receivables	340,422	480,020
Due from other funds	<u>472,265</u>	<u>251,760</u>
Total Assets	<u>\$ 5,714,019</u>	<u>\$ 5,317,871</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 283,338	\$ 505,399
Due to other funds	<u>1,629,665</u>	<u>1,100,058</u>
Total liabilities	<u>1,913,003</u>	<u>1,605,457</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	704,031	679,880
Unavailable revenue - accrued interest on delinquent taxes	<u>332,143</u>	<u>305,040</u>
Total deferred inflows of resources	<u>1,036,174</u>	<u>984,920</u>
Fund balance:		
Restricted	266,490	426,490
Assigned	145,684	216,220
Unassigned	<u>2,352,668</u>	<u>2,084,784</u>
Total fund balance	<u>2,764,842</u>	<u>2,727,494</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 5,714,019</u>	<u>\$ 5,317,871</u>

**TOWN OF THOMPSON, CONNECTICUT**

**GENERAL FUND**

**REPORT OF TAX COLLECTOR**

**FOR THE YEAR ENDED JUNE 30, 2014**

Grand List	Uncollected Taxes July 1, 2013	Current Year Levy	Assessor's Additions	Assessor's Deductions	Net Amount Collectible	Suspended Accounts	Collections			Uncollected Taxes June 30, 2014	
							Taxes	Interest, Liens and Other Fees	Total		
2012	\$	\$ 13,794,184	\$	\$ 32,209	\$ 13,761,975	\$ 111,406	\$ 13,384,066	\$ 62,654	\$ 13,446,720	\$ 266,503	
2011		299,844		2,888	296,956	127	127,437	34,113	161,550	169,392	
2010		173,236		1,520	171,716	436	65,989	28,879	94,868	105,291	
2009		93,583		786	92,797		28,069	21,009	49,078	64,728	
2008		57,101			57,101		10,980	8,505	19,485	46,121	
2007		44,888			44,888		12,521	10,204	22,725	32,367	
2006		30,366			30,366		2,934	5,327	8,261	27,432	
2005		21,471			21,471		3,829	7,499	11,328	17,642	
2004		12,308			12,308		3,214	4,634	7,848	9,094	
2003		12,256			12,256		1,724	5,026	6,750	10,532	
2002		5,768			5,768		2,816	1,659	4,475	2,952	
2001		1,887			1,887				-	1,887	
2000		1,947			1,947				-	1,947	
1999		1,924			1,924				-	1,924	
1998		1,780			1,780				-	1,682	
Total	\$	<u>758,359</u>	\$	<u>37,403</u>	\$ <u>14,515,140</u>	\$ <u>111,969</u>	13,643,677	189,636	13,833,313	\$ <u>759,494</u>	
Suspense collections:											
1998-2012								60,920	16,720	77,640	
Total							\$	<u>13,704,597</u>	\$ <u>206,356</u>	13,910,953	
Property taxes receivable considered available:											
June 30, 2013										(70,114)	
June 30, 2014										<u>50,491</u>	
Total Taxes										\$ <u>13,891,330</u>	

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**TOWN OF THOMPSON, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

**JUNE 30, 2014**

	<u>Special Revenue Funds</u>							
	<u>Sewer Operating</u>	<u>Dog License</u>	<u>Probate Court</u>	<u>School Cafeteria</u>	<u>Educational Grants</u>	<u>Open Space</u>	<u>Youth Center</u>	<u>Medicaid</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 76,186			\$ 561				
Accounts receivable	103,854			60				
Due from other governments				31,300	18,095			
Inventory				12,179				
Due from other funds		54,719	13,084		53,114	78,941		40,428
Total Assets	<u>\$ 180,040</u>	<u>\$ 54,719</u>	<u>\$ 13,084</u>	<u>\$ 44,100</u>	<u>\$ 71,209</u>	<u>\$ 78,941</u>	<u>\$ -</u>	<u>\$ 40,428</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 11,911	\$ 8,755	\$ 432	\$ 240	\$ 20,650			\$
Due to other funds	2,797			23,091			6,041	
Unearned revenue				10,987	50,559			
Total liabilities	<u>14,708</u>	<u>8,755</u>	<u>432</u>	<u>34,318</u>	<u>71,209</u>	<u>-</u>	<u>6,041</u>	<u>-</u>
Deferred Inflows of Resources:								
Unavailable revenue - mortgage loans								
Unavailable revenue - sewer use charges	102,201							
Total deferred inflows of resources	<u>102,201</u>	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Nonspendable				12,179				
Restricted								
Committed	63,131	45,964	12,652			78,941		40,428
Unassigned				(2,397)			(6,041)	
Total fund balances	<u>63,131</u>	<u>45,964</u>	<u>12,652</u>	<u>9,782</u>	<u>-</u>	<u>78,941</u>	<u>(6,041)</u>	<u>40,428</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 180,040</u>	<u>\$ 54,719</u>	<u>\$ 13,084</u>	<u>\$ 44,100</u>	<u>\$ 71,209</u>	<u>\$ 78,941</u>	<u>\$ -</u>	<u>\$ 40,428</u>

(Continued on next page)

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

JUNE 30, 2014

	Special Revenue Funds			Permanent Funds				Total Nonmajor Funds
	Recreation	Small Cities	Total	Library Trust	Cemetery Trust	Scholarship	Total	
<b>ASSETS</b>								
Cash and cash equivalents	\$	\$ 1,250	\$ 77,997	\$	\$	\$	\$	\$ 77,997
Accounts receivable		70,031	173,945					173,945
Due from other governments			49,395					49,395
Inventory			12,179					12,179
Due from other funds	133,506		373,792	89,810	10,226	229,852	329,888	703,680
Total Assets	\$ 133,506	\$ 71,281	\$ 687,308	\$ 89,810	\$ 10,226	\$ 229,852	\$ 329,888	\$ 1,017,196
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 5,838	\$	\$ 47,826	\$ 1,335	\$	\$	\$ 1,335	\$ 49,161
Due to other funds			31,929					31,929
Unearned revenue	73,085		134,631					134,631
Total liabilities	78,923	-	214,386	1,335	-	-	1,335	215,721
Deferred Inflows of Resources:								
Unavailable revenue - mortgage loans		71,281	71,281					71,281
Unavailable revenue - sewer use charges			102,201					102,201
Total deferred inflows of resources	-	71,281	173,482	-	-	-	-	173,482
Fund Balances:								
Nonspendable			12,179	29,158	10,226	231,659	271,043	283,222
Restricted			-	59,315			59,315	59,315
Committed	54,583		295,699				2	295,701
Unassigned			(8,438)			(1,807)	(1,807)	(10,245)
Total fund balances	54,583	-	299,440	88,475	10,226	229,852	328,553	627,993
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 133,506	\$ 71,281	\$ 687,308	\$ 89,810	\$ 10,226	\$ 229,852	\$ 329,888	\$ 1,017,196

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

	<u>Special Revenue Funds</u>							
	<u>Sewer Operating</u>	<u>Dog License</u>	<u>Probate Court</u>	<u>School Cafeteria</u>	<u>Educational Grants</u>	<u>Open Space</u>	<u>Youth Center</u>	<u>Medicaid</u>
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Charges for services	390,324	14,597	22,610	232,572	764,135			9,969
Income on investments	121			192,482		112		
Miscellaneous				4				
Total revenues	<u>390,445</u>	<u>14,597</u>	<u>22,610</u>	<u>426,854</u>	<u>776,668</u>	<u>112</u>	<u>-</u>	<u>9,969</u>
Expenditures:								
Current:								
General government			21,155					
Public safety		8,755						
Public works	405,173							
Human services								2,150
Civic and cultural								
Development and planning								
Education				465,466	776,668			
Total expenditures	<u>405,173</u>	<u>8,755</u>	<u>21,155</u>	<u>465,466</u>	<u>776,668</u>	<u>-</u>	<u>-</u>	<u>2,150</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(14,728)</u>	<u>5,842</u>	<u>1,455</u>	<u>(38,612)</u>	<u>-</u>	<u>112</u>	<u>-</u>	<u>7,819</u>
Other Financing Sources (Uses):								
Transfers out	<u>(18,600)</u>	<u>(4,000)</u>						
Net Change in Fund Balance	(33,328)	1,842	1,455	(38,612)	-	112	-	7,819
Fund Balances - Beginning of Year	<u>96,459</u>	<u>44,122</u>	<u>11,197</u>	<u>48,394</u>	<u>-</u>	<u>78,829</u>	<u>(6,041)</u>	<u>32,609</u>
Fund Balances - End of Year	<u>\$ 63,131</u>	<u>\$ 45,964</u>	<u>\$ 12,652</u>	<u>\$ 9,782</u>	<u>\$ -</u>	<u>\$ 78,941</u>	<u>\$ (6,041)</u>	<u>\$ 40,428</u>

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**TOWN OF THOMPSON, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Special Revenue Funds</u>			<u>Permanent Funds</u>				<b>Total Nonmajor Governmental Funds</b>
	<u>Recreation</u>	<u>Small Cities</u>	<u>Total</u>	<u>Library Trust</u>	<u>Cemetery Trust</u>	<u>Scholarship</u>	<u>Total</u>	
Revenues:								
Intergovernmental	\$	\$	\$ 1,006,676	\$	\$	\$	\$ -	\$ 1,006,676
Charges for services	253,698		873,711				-	873,711
Income on investments	18		255	124		297	421	676
Miscellaneous	911	382	15,622	3,921		20,000	23,921	39,543
Total revenues	<u>254,627</u>	<u>382</u>	<u>1,896,264</u>	<u>4,045</u>	<u>-</u>	<u>20,297</u>	<u>24,342</u>	<u>1,920,606</u>
Expenditures:								
Current:								
General government			21,155				-	21,155
Public safety			8,755				-	8,755
Public works			405,173				-	405,173
Human services			2,150			1,625	1,625	3,775
Civic and cultural	255,118		255,118	2,869			2,869	257,987
Development and planning		382	382				-	382
Education			1,242,134				-	1,242,134
Total expenditures	<u>255,118</u>	<u>382</u>	<u>1,934,867</u>	<u>2,869</u>	<u>-</u>	<u>1,625</u>	<u>4,494</u>	<u>1,939,361</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(491)</u>	<u>-</u>	<u>(38,603)</u>	<u>1,176</u>	<u>-</u>	<u>18,672</u>	<u>19,848</u>	<u>(18,755)</u>
Other Financing Sources (Uses):								
Transfers out	<u>(2,147)</u>		<u>(24,747)</u>				<u>-</u>	<u>(24,747)</u>
Net Change in Fund Balance	(2,638)	-	(63,350)	1,176	-	18,672	19,848	(43,502)
Fund Balances - Beginning of Year	<u>57,221</u>	<u>-</u>	<u>362,790</u>	<u>87,299</u>	<u>10,226</u>	<u>211,180</u>	<u>308,705</u>	<u>671,495</u>
Fund Balances - End of Year	<u>\$ 54,583</u>	<u>\$ -</u>	<u>\$ 299,440</u>	<u>\$ 88,475</u>	<u>\$ 10,226</u>	<u>\$ 229,852</u>	<u>\$ 328,553</u>	<u>\$ 627,993</u>

TOWN OF THOMPSON, CONNECTICUT

CAPITAL PROJECTS FUND

SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS

FOR THE YEAR ENDED JUNE 30, 2014

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	Appropriations			Expenditures			Encumbrances	Uncommitted Balance
	Balance July 1, 2013	Current Year	Balance June 30, 2014	Balance July 1, 2013	Current Year	Balance June 30, 2014		
Capital Projects Funds:								
Paving mat/resurfacing - prior years	\$ 1,354,572	\$ 619,088	\$ 1,973,660	\$ 1,185,266	\$ 364,181	\$ 1,549,447	\$ 3,260	\$ 420,953
Paving mat/resurfacing - current year	366,763		366,763	350,813		350,813		15,950
Revaluation - prior years	473,650		473,650	433,277	32,081	465,358		8,292
Little League Complex	55,600	2,000	57,600	54,893	2,707	57,600		-
Skateboard park renovations	6,000		6,000	1,142		1,142		4,858
Soccer fields	7,000		7,000					7,000
Trails expense	15,014	10,372	25,386	8,748	8,068	16,816		8,570
Town Hall Review	23,500		23,500	22,643		22,643		857
Mairanapolis Preparatory School	18,424		18,424	18,249		18,249		175
Salt shed	20,000		20,000	4,950		4,950		15,050
Tourtellotte Building Fund	220,000	100,000	320,000	159,206	88,569	247,775		72,225
Library repairs	75,000	32,000	107,000	25,224		25,224		81,776
Rolling stock	45,000	115,000	160,000	45,000	30,000	75,000		85,000
School building project	35,000,000		35,000,000	35,000,000		35,000,000		-
Fuel tank replacement		135,000	135,000			-		135,000
<b>Total</b>	<b>\$ 37,680,523</b>	<b>\$ 1,013,460</b>	<b>\$ 38,693,983</b>	<b>\$ 37,309,411</b>	<b>\$ 525,606</b>	<b>\$ 37,835,017</b>	<b>\$ 3,260</b>	<b>\$ 855,706</b>

## TOWN OF THOMPSON, CONNECTICUT

## AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>TOURTELLOTTE MEMORIAL HIGH SCHOOL</b>				
Assets:				
Cash and cash equivalents	\$ <u>60,525</u>	\$ <u>80,148</u>	\$ <u>77,378</u>	\$ <u>63,295</u>
Liabilities:				
Due to student groups	\$ <u>60,525</u>	\$ <u>80,148</u>	\$ <u>77,378</u>	\$ <u>63,295</u>
 <b>THOMPSON MIDDLE SCHOOL</b>				
Assets:				
Cash and cash equivalents	\$ <u>12,848</u>	\$ <u>62,676</u>	\$ <u>60,147</u>	\$ <u>15,377</u>
Liabilities:				
Due to student groups	\$ <u>12,848</u>	\$ <u>62,676</u>	\$ <u>60,147</u>	\$ <u>15,377</u>
 <b>THOMPSON MEMORIAL SCHOOL</b>				
Assets:				
Cash and cash equivalents	\$ <u>8,032</u>	\$ <u>30,911</u>	\$ <u>31,577</u>	\$ <u>7,366</u>
Liabilities:				
Due to student groups	\$ <u>8,032</u>	\$ <u>30,911</u>	\$ <u>31,577</u>	\$ <u>7,366</u>

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## TOWN OF THOMPSON, CONNECTICUT

## AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
<b>ATHLETIC</b>				
Assets:				
Cash and cash equivalents	\$ <u>15,688</u>	\$ <u>7,633</u>	\$ <u>10,310</u>	\$ <u>13,011</u>
Liabilities:				
Due to student groups	\$ <u>15,688</u>	\$ <u>7,633</u>	\$ <u>10,310</u>	\$ <u>13,011</u>
<b>ESCROW</b>				
Assets:				
Cash and cash equivalents	\$ 109,294	\$ 12,952	\$ 15,330	\$ 106,916
Due from other funds	<u>26,401</u>	<u>          </u>	<u>14,601</u>	<u>11,800</u>
Total Assets	\$ <u>135,695</u>	\$ <u>12,952</u>	\$ <u>29,931</u>	\$ <u>118,716</u>
Liabilities:				
Due to others	\$ <u>135,695</u>	\$ <u>12,952</u>	\$ <u>29,931</u>	\$ <u>118,716</u>
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and cash equivalents	\$ 206,387	\$ 194,320	\$ 194,742	\$ 205,965
Due from other funds	<u>26,401</u>	<u>          </u>	<u>14,601</u>	<u>11,800</u>
Total Assets	\$ <u>232,788</u>	\$ <u>194,320</u>	\$ <u>209,343</u>	\$ <u>217,765</u>
Liabilities:				
Due to student groups	\$ 97,093	\$ 181,368	\$ 209,343	\$ 69,118
Due to others	<u>135,695</u>	<u>12,952</u>	<u>          </u>	<u>148,647</u>
Total Liabilities	\$ <u>232,788</u>	\$ <u>194,320</u>	\$ <u>209,343</u>	\$ <u>217,765</u>

## TOWN OF THOMPSON, CONNECTICUT

## STATEMENT OF DEBT LIMITATION

JUNE 30, 2014

(In Thousands)

Total tax collections (including interest and lien fees) received by Treasurer  
for the year ended June 30, 2014

\$ 13,911

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 31,300	\$	\$	\$	\$
4-1/2 times base		62,600			
3-3/4 times base			52,166		
3-1/4 times base				45,211	
3 times base					41,733
Total debt limitation	<u>31,300</u>	<u>62,600</u>	<u>52,166</u>	<u>45,211</u>	<u>41,733</u>
Indebtedness:					
Bonds payable		<u>10,100</u>			
Total indebtedness	<u>-</u>	<u>10,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Indebtedness	<u>\$ 31,300</u>	<u>\$ 52,500</u>	<u>\$ 52,166</u>	<u>\$ 45,211</u>	<u>\$ 41,733</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$97.4 million).