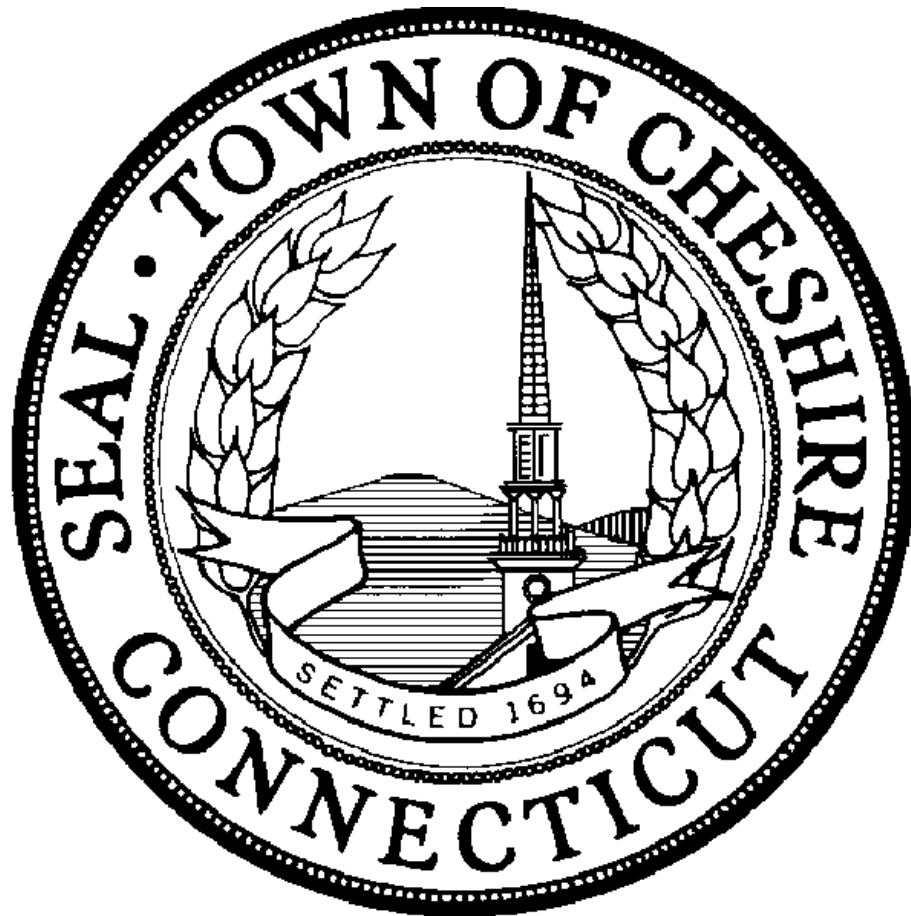
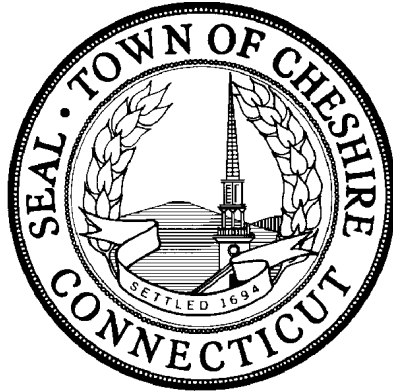


TOWN OF CHESHIRE, CONNECTICUT



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2014**

TOWN OF CHESHIRE, CONNECTICUT



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year
July 1, 2013 to June 30, 2014

Prepared By:
FINANCE DEPARTMENT

JAMES JASKOT
Finance Director/Treasurer

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Introductory Section

TOWN OF CHESHIRE



"The Bedding Plant Capital of Connecticut"

James J. Jaskot, CPA
Finance Director/Treasurer
84 South Main Street · Cheshire, CT 06410-6639
203-271-6610 · Fax: 203-271-6664

December 31, 2014

Mr. Michael A. Milone, Town Manager
Town Council Members
Town of Cheshire
Cheshire, CT 06410

I am pleased to transmit the Comprehensive Annual Financial Report (CAFR) of the Town of Cheshire, Connecticut for the Year ended June 30, 2014.

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to this requirement, we hereby issue the comprehensive annual financial report of the Town of Cheshire for the fiscal year ended June 30, 2014.

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

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

The independent audit of the financial statements of the Town was part of broader, Federal and State mandated "Single Audits" designed to meet the special needs of Federal and State grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal and State grant awards. These reports are available in the Town's separately issued Single Audit Reports.

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

Profile of the Town

The Town of Cheshire, incorporated in 1780, is located in the south central section of the State and has a land area of 33 square miles and a population estimated to be 29,546. Up until about 1950, Cheshire was predominantly a rural farming community but has since become more of a residential, suburban Town. Despite significant industrial/commercial growth, Cheshire retains its rural characteristics with thousands of acres of open space and an active agricultural industry.

The Town of Cheshire operates under a council-manager form of government. Policy-making and legislative authority are vested in a nine member Town Council. The council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the Town Manager and Town Attorney. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. Council members serve two-year terms with four of the council members elected by district and the remaining five elected at large.

The Town of Cheshire provides a full range of services as described below:

Police: The Cheshire Police Department is staffed with 58 full-time employees including 48 sworn personnel. It consists of an Operations Bureau and a Support Services Bureau. The Operations Bureau includes Patrol and Traffic divisions and a School Resource Officer. The Support Services Bureau includes a Detective and Administrative Division, Training Officer and Crime Prevention Officer. The Department also oversees the Animal Control Department and school crossing guards.

The Department is equipped with state-of-the-art radio communication, telephone and computer systems including a recently upgraded Computer-Aided Dispatch and Records Management System. The Department operates a fleet of twenty-five marked and unmarked vehicles equipped with a two-way radio, a mobile data terminal, video camera, GPS, first-aid kits, Automatic External Defibrillators, less-lethal munitions and traffic safety equipment. The Department also has a motorcycle and an ATV.

Fire: Fire protection and rescue services are provided by the Cheshire Fire Department. The Department is comprised of approximately 146 active volunteer members. A paid career Fire Chief, appointed by the Town Manager, is responsible for administrative activities and personnel matters in addition to all of the services provided by the Department. The Town appropriates funds annually for the operation of the Department that are used for typical operating expenses such as training, insurance, and fleet maintenance. Apparatus and equipment are funded through the Town's Five-Year Capital Plan. The Department maintains 3 fire stations including Fire Headquarters and 2 substations. The Department also provides an aggressive prevention/public education/inspection program through its full-time staff in the Fire Marshall's Office.

Parks and Recreation: The Parks and Recreation Department offers leisure programs and services in response to the needs, desires and interests of the citizens of Cheshire. The Department offers a wide range of year round recreational activities for all age groups.

Over 330 acres are devoted to parks and active recreation and over 1,500 acres for open space and passive recreation. Some park areas are set aside for baseball, softball, soccer, tennis, basketball and summer concerts. There is a 2.9 mile paved hiking and biking trail along the Farmington Canal. Bartlem Park features a 50-meter, year-round community pool, various ball fields, a large certified Boundless Playground, with over 70% of the apparatus suitable for children with physical disabilities, a skateboard facility, and a community garden. In addition to soccer fields, Quinnipiac Park features a rollerblading rink.

Library: The Cheshire Public Library houses the collection of over 120,000 items including books, recordings, downloadable materials and periodicals. The library provides a full range of information services and answers more than 30,000 reference questions a year, utilizing both print and digital resources. More than 6,000 books are borrowed through inter-library loan services using regional and national databases.

In addition, the Library provides various cultural activities such as lectures, demonstrations, art exhibitions and youth programs. The Library also collaborates with the Cheshire Performing and Fine Arts Committee, which provides art and theatre programs, to expand cultural offerings to residents.

Social Services: The Human Services Department provides programs serving Cheshire youth, senior citizens and the handicapped. Counseling is available for teenagers and their families, as well as positive youth development programs for high school-aged adolescents. Bartlem Park features the “Yellow House” community youth center. The Town Senior Center serves as a gathering place for seniors and offers a variety of activities. A transportation system is provided for seniors and the handicapped.

Inspection: The Inspection Department issues all types of building permits and is responsible for the inspection and approval of all construction in Town in accordance with state and local building codes.

Planning and Zoning: The Town has a nine-member, elected Planning and Zoning Commission, which is responsible for adopting and administering the zoning and subdivision regulations, and for developing and updating the Comprehensive Plan of Development.

Economic Development: The Town has an Economic Development Coordinator who works closely with a seven-member commission, appointed by the Town Council, in promoting the Town and providing information and services to prospective businesses as well as existing, established businesses. See the local economy section later in this document.

Health: Cheshire is a member of the multi town (Cheshire, Prospect, and Wolcott) Chesprocott Health District that provides public health and sanitation inspection services to the member municipalities.

Public Works: The Public Works Department is responsible for the maintenance of 152 miles of roads via an aggressive asphalt paving and chip seal program. Public Works also oversees storm drainage, the sewer system, town buildings, operation of the solid waste transfer station, right-of-way trees and applicable engineering services to all Town Departments.

Sewer System: The Water Pollution Control Authority oversees management of a sewer system that serves approximately 5,000 commercial, industrial and residential properties, or 60% of the Town’s population. The Municipal Sanitary Sewer System has been extended into the western, southern, southeastern, and northern sections of the community. Sewage is received and treated at the Wastewater Treatment Plant, which has a designed capacity of 4,000,000 gallons per day. The Town also has a denitrification facility, which provides a substantial reduction in the amount of nitrogen discharged to the Quinnipiac River and eventually Long Island Sound. The current average daily flow of the Wastewater Treatment Plant is 2,660,000 gallons per day. The Town recovers nearly 80% of construction costs for sewer main extension through sewer assessments collected over several years. Users of the system pay an annual sewer use charge.

Waste Disposal: The Town provides curbside municipal solid waste (MSW) and recycling collection to approximately 8,900 single family and condominium units. The Town contracts this service through a private trash hauler. Cheshire participates, with four other central Connecticut municipalities, in the Wallingford Resource Recovery Project to provide a disposal for solid waste generated in Cheshire. This system consists of a mass-burn solid waste, resource recovery, steam and electric generation facility located in the Town of Wallingford.

The Town provides for disposal of household hazardous waste through a seasonal collection program in conjunction with the Regional Water Authority in New Haven. The Town collects bagged leaves at curbside for six weeks during the fall season and also provides periodic electronics collection events.

Education System: The Town's school system, which services grades pre-kindergarten through 12, is governed by the local Board of Education. Cheshire has a seven-member Board of Education elected to four-year, staggered terms. The primary function of the Board is to establish policy. Some of the areas for which such policies are set include curriculum, budget requests submission, ensuring education funds are properly expended, implementation of both State and Federal laws, and planning for facilities needed by the system, including construction and renovation. The Town has 8 schools for grades pre-kindergarten through 12. Enrollment in grades pre-kindergarten through 12 as of October 1, 2013 was 4,594.

Budget: The annual budget serves as the foundation for the Town's financial planning and control. All agencies of the Town are required to submit requests for appropriation to the Town Manager on or before February 15. The Town Manager uses these requests as the starting point for developing a proposed budget. The Town Manager then presents this proposed budget to the Town Council by March 10. The council is required to hold a public hearing on the budget by April 7 and adopt a budget by April 17. The Town Council adopts budgets for the General Fund and two special revenue funds, the Water Pollution Control Fund and the Cheshire Community Pool Fund. The level of budgetary control, that is, the level at which expenditures cannot legally exceed the appropriated amount, is at the department level for the General Fund and at the fund level for the Water Pollution Control and Cheshire Community Pool Funds. Budget-to-actual comparisons are provided for these funds. The General Fund comparison is presented as part of the required supplementary information and the Water Pollution Control and Cheshire Community Pool fund comparisons are presented in the supplemental schedules section of this report.

Factors Affecting Financial Condition:

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

Local Economy: The Town's October 1, 2012 Net Taxable Grand List of \$2,881,617,644 was an increase of \$17,932,984 or .63% over the previous year. The grand list increase is the result of the Town's efforts to promote and develop its economic resources in accordance with thoughtful planning and zoning decisions. The Town of Cheshire has an active Economic Development Commission (EDC) and coordinator that promote the development of Cheshire's economic resources and make recommendations to the Town Council in support of this goal.

The Cheshire real estate market development activity continues to be significant and diversified. Richard Chevrolet, located at 1405 Highland Avenue, completed construction of additions of 7,800 square feet and 1,000 square feet, respectively, for its showroom and vehicle preparation area. JAD Partners LLC completed construction of a 15,000 square foot office at 435 Highland Avenue. A second 15,000 square foot office facility is planned. EDAC Technologies completed its move of 215 employees to the 294,000 square foot building at 500 Knotter Drive, formerly occupied by Pratt & Whitney. Heavyweight, Inc. completed construction of a 16,500 square foot warehouse facility at 110 Schoolhouse Road, and Jorasa LLC finished work on a 7,500 square foot professional office building at 382 South Main Street. Elim Park completed construction of 40 elder care independent living apartments at 140 Cook Hill Road.

In addition, Marbridge Retirement Center on West Main Street was approved for a 28,000 square foot expansion, and Housing Authority Insurance was approved and began construction of a 40,000 square foot addition to its corporate headquarters at 189 Commerce Court.

Further, Cheshire Route 10 LLC received final approval from the Planning and Zoning for the Outlets at Cheshire, a major mixed use project in the north end at I-691 and Route 10. The developer, W.S. Development, expects to begin construction next year. Project completion is expected in the spring of 2016. Ball and Socket Arts, Inc. continues its effort to redevelop the former Ball & Socket Manufacturing Company building on West Main Street for a multi-use space for the arts to include studios, a theatre and retail space.

Finally, the Cheshire economy has seen a steady variety of leasing activity. On the industrial side, Trinity Solar leased 21,000 square feet at 611 West Johnson Avenue. The facility will serve as the Connecticut

headquarters of the New Jersey – based company. Also, Spectra Energy, a natural gas company, leased 27,000 square feet of office and warehouse space at 1490 Highland Avenue.

Retail activity saw Big Y leasing 38,000 square feet in the shopping plaza at 1021 South Main Street. Food Works, an organic grocer, leased 5,800 square feet in the shopping plaza at 965 South Main Street. Other retail leasing activity at 965 South Main Street included Wine Merchants and Jake's Wayback Burgers, 4,000 square feet and 3,050 square feet, respectively.

The Town's economic prospects and indicators are positive. Socioeconomic indicators such as per capita and median family income and educational attainment continue to exceed the norms in Connecticut. Further, Cheshire's unemployment rates continue to be below the State of Connecticut norm.

Long-Term Financial Planning: Annually the Town Manager prepares a Five Year Capital Expenditure Plan (CEP), which is reviewed by the Planning and Zoning Commission and the Town Council in accordance with the Town Charter. The approved fiscal year 2013-14 Five Year CEP includes various projects and major equipment purchases totaling \$51,216,000 for the five-year period beginning with fiscal year 2013-14 and ending with fiscal year 2017-18.

Included in the Five Year CEP is a recommended Annual Capital Expenditure Budget for the current fiscal year. The 2013-14 Annual Capital Expenditure Budget approved by the Town Council, and citizen referendum when required, totaled \$11,900,000 and included 27 projects. Borrowing authorizations of \$9,716,000 were approved for financing them along with \$1,082,000 from the Capital and Non-recurring fund. Grants totaling \$1,611,800 are also projected to be available.

As part of this process, the Town extensively evaluates the funding of all projects through a comprehensive debt analysis, including the impact of current and future debt on the Town's mill rate, debt service and related ratios. This model is helpful in prioritizing projects and making prudent financial decisions.

Relevant Financial Policies: The Town has several policies that establish parameters and offer financial guidance, including capital expenditure plan, debt, general fund balance and investment policies.

In accordance with the fund balance policy, while still maintaining an unassigned fund balance of 8% to 9% of operating expenditures, the Town designated \$800,000 of the General fund balance for the 2014-2015 budget, including \$700,000 for a fund balance appropriation and \$100,000 for a tax relief appropriation. The capital expenditure plan policy is complied with each year during the capital budget process when departments submit capital requests for a five-year period. Requests are reviewed and prioritized and a comprehensive ten-year debt analysis is performed. The Town continues to invest assets based on an informal policy of safety, liquidity and yield. Pension and other postemployment benefit trusts have investment policy statements that are reviewed and updated annually.

Major Initiatives

Annually, the Town strives to ensure continuing fiscal stability, enhance communications and responsiveness to citizens, preserve and enhance services, and continue to advance key capital projects. The adoption of the Town's fiscal year 2014 budget was very challenging, once again due to continued fragile economic conditions. Through extensive pre-budget planning, comprehensive program and service evaluations, very conservative budgeting, and the efficient use of resources, the adopted fiscal year 2014 budget imposed a slight tax increase of 1.63% on Cheshire taxpayers, maintained services, and produced a surplus of \$943,723.

Some of the more significant initiatives in progress during the fiscal year 2014 were an information technology strategic project, public safety communication/reporting system, geographic information system implementation, and property revaluation. There were also a number of significant infrastructure projects in progress, including the West Main Streetscape project, Linear Park extension, road repavement program, Town Center sidewalks, Waste Water Treatment Plant upgrade, and open space

acquisition. These projects and initiatives expand programs and services offered, create new or improved efficiencies, and enhance the quality of life offered to residents.

In addition, the Town issued refunding bonds in April, 2014, generating savings of \$755,730; and, in May, 2014, entered into a \$9,765,000 capital lease agreement to finance energy conservation projects at various Town and school buildings. Savings generated from this initiative will be used to fund subsequent lease payments.

The Town continued to enhance communication with employees, officials, citizens, and the press by increasing the quantity and quality of information provided, including revamping the Annual Report and using recent technology advancements to support a Channel 14 upgrade and website improvements. Also, social media was implemented to enhance engagement with the public.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Cheshire for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. The Town has received this award for twenty-one consecutive years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, Cheshire also received the GFOA's Distinguished Budget Presentation Award for its annual budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories: a policy document, an operations guide, a financial plan, and a communications device.

Acknowledgements

It is my pleasure to direct the Finance Department and I wish to extend my sincere appreciation to the staff for their assistance with the year-end closing process, preparation of account schedules, and the development of this report. Special thanks to Gina DeFilio, Deputy Finance Director, Donna Ouellet, Deputy Treasurer and Hope Larson, Budget/Treasury Analyst, and also Finance personnel Mary Ellen Andersen, Sharon Churma, Karen Fernandez, and Kim Wantroba. Additionally, I appreciate the efforts of the Town department heads, supervisors and staff, for their cooperation in this process.

I would also like to thank the Town Manager Michael Milone, and the Town Council for their interest and support in planning and conducting the financial affairs of the Town in a responsible and progressive manner.

Finally, the professional assistance and guidance provided by our independent auditors, McGladrey LLP, was most appreciated.

Respectfully submitted,



James Jaskot
Finance Director/Treasurer

TOWN OF CHESHIRE, CONNECTICUT

**LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2014**

TOWN COUNCIL

Timothy Slocum, Chairman
David Schrumm, Vice Chairman
Patti Flynn-Harris
Liz Linehan
Robert Oris
Sylvia Nichols
Thomas Ruocco
James Sima
Peter Talbot

ADMINISTRATION

Michael A. Milone, Town Manager

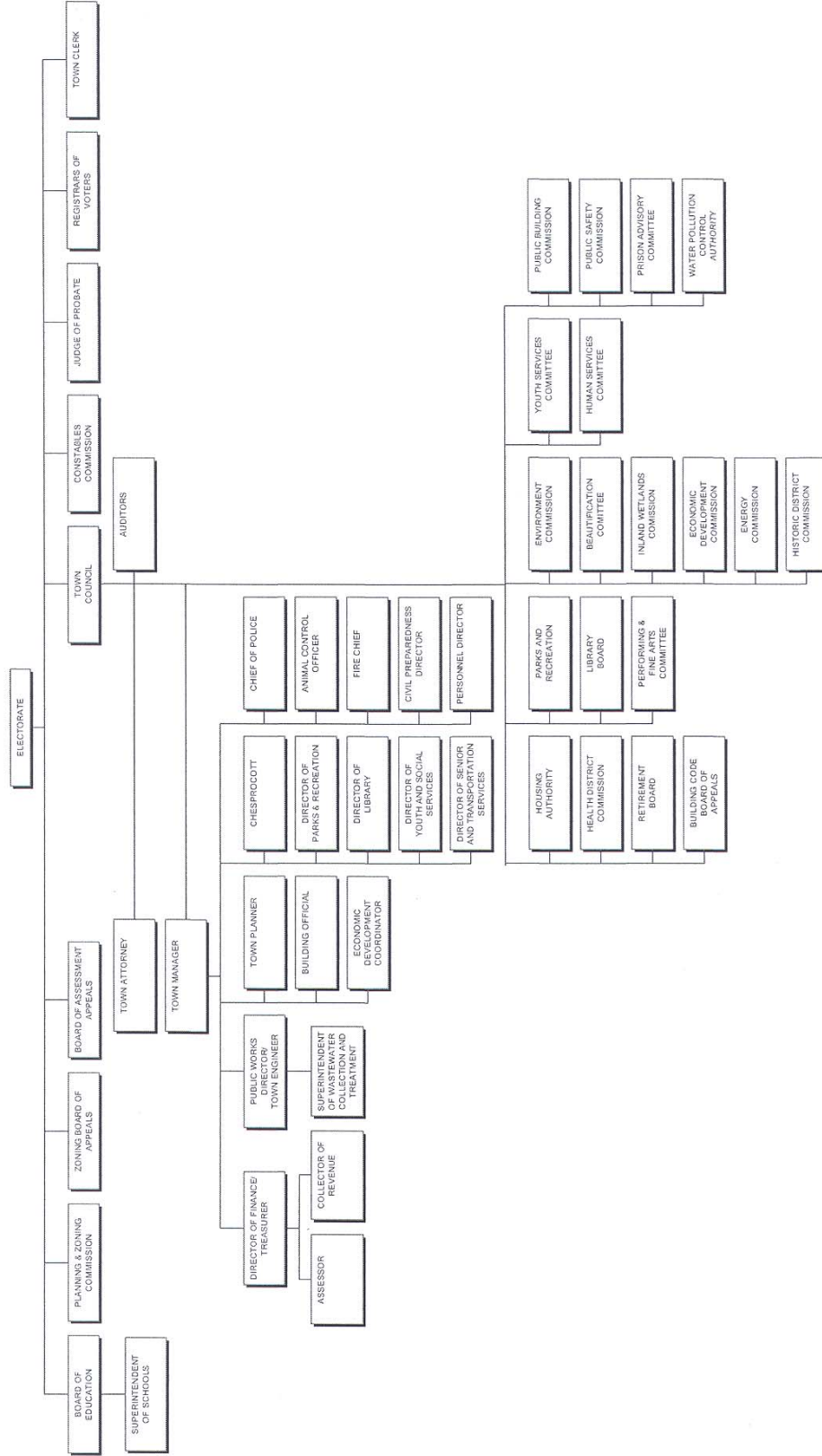
Finance Director/Treasurer	James J. Jaskot
Deputy Director of Finance	Gina M. DeFilio
Town Planner	William Voelker
Director of Public Works	George Noewatne
Chief of Police	Neil Dryfe
Fire Chief	Jack Casner
Economic Development Coordinator	Gerald L. Sitko
Personnel Director/Assistant Town Manager	Louis A. Zullo
Town Attorney	Alfred Smith

BOARD OF EDUCATION

Gerry Brittingham, Chairperson
Sandra Pavano, Vice Chairperson
Marlena Soble, Secretary
Tod Dixon
Kathryn Fabiani
Cathy Hellreich
Anthony Perugini

Superintendent of Schools	Greg J. Florio, Ed. D.
Assistant Superintendent for Instruction	Scott Detrick
Director of Management Services	Vincent Masciana

TOWN OF CHESHIRE ORGANIZATION CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Cheshire
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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Financial Section



Independent Auditor's Report

To the Honorable Members of the Town Council
Town of Cheshire, 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 Cheshire, Connecticut (the "Town") as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Cheshire, 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 Discussion and Analysis on pages 3-11, the schedules of funding progress and employer contributions on pages 59-61, schedule of changes in the Town's net pension (asset) liability and related ratios on page 62 and budgetary comparison information on pages 63-65, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



New Haven, Connecticut
December 31, 2014

Town of Cheshire, Connecticut
Management's Discussion and Analysis - *unaudited*
June 30, 2014

As management of the Town of Cheshire, Connecticut (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report as well as the Town's basic financial statements that follow this section.

To better understand the Town's financial activities, an overview of how the financial statements are presented in this book and the differences between the various financial statements are discussed below:

Overview of the Financial Statements

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

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a summary of the Town's finances, on a full accrual basis, taking into account both long-term assets and liabilities.

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

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

Both of the government-wide financial statements distinguish functions of the Town between two categories: governmental activities that are principally supported by taxes and intergovernmental revenues and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include administration and finance, planning and development, public safety, public works, public health, social services, cultural services, leisure services and education. The Town has no business type activities.

It is important to note that fiduciary funds are not presented in the government-wide statements as their assets cannot be used for Town operations. The Town is simply a conduit for these funds.

The government-wide financial statements can be found on pages 13-14 of this report.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end

of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Therefore long-term liabilities and capital assets are not presented.

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

The Town maintains 22 individual governmental funds that are classified as either major or non-major funds. The information for the major funds is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The Town's three major funds are the General Fund, which includes 4 funds that were reclassified to the General Fund as they did not meet the definition of a special revenue fund per GASB No. 54, the Capital Improvements Fund and the Debt Reserve Fund. The other 15 funds are nonmajor and are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Combining and Individual Nonmajor Fund Financial Statements and Schedules section of this report.

The Town adopts an annual budget for its General Fund, Water Pollution Control, and Community Pool funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with their adopted budget.

The basic governmental fund financial statements can be found on pages 15-17 of this report.

Proprietary Funds. The Town maintains one type of proprietary fund, internal service funds. Internal service funds are used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its self-insured medical benefits and heart and hypertension payments. Individual fund data for the internal service funds is provided in the form of combining statements in the Supplemental and Combining and Individual Fund Financial Statements and Other Schedules section of this report. These services have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary funds. The Town has three types of fiduciary funds: pension and other postemployment benefit trust funds, agency funds which include student activity and performance bonds funds, and private purpose trust funds, which consist of Board of Education scholarship funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government and are not available to support Town's programs. Therefore, these funds do not appear in the government-wide financial statements and appear separately in the fund financial statements.

The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in both the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-58 of this report.

Required Supplementary Information presents the Town's progress in funding its obligation to provide pension and other postemployment benefits to employees. This information for pensions and other postemployment benefits can be found on pages 59-62 of this report. Also included in the required supplementary information is the General Fund budgetary-basis revenue and expenditure financial report and notes. This information can be found on pages 63-65 of this report.

Supplemental and combining nonmajor fund statements and schedules showing detail for nonmajor governmental funds, internal service funds, fiduciary funds and capital assets are presented on pages 84-103 of this report.

Financial Highlights-Government-wide Financial Statements

- Total assets exceed liabilities by \$124.4 million, which includes \$113.7 million invested in capital assets. The balance of \$10.7 million may be used to meet the government's ongoing obligations to citizens and creditors with \$3.6 million restricted for various programs and \$7.1 million unrestricted.
- The net position of the Town decreased by \$1.0 million mainly due to an increase in temporarily restricted cash of \$5.8 million as a result of a capital lease escrow deposit and a \$9.6 million increase in capital assets, offset by increases in accounts payable of \$4.3 million, Clean Water Fund note payable of \$4.7 million, Long-term liabilities of \$7.7 million, mostly due to a \$9.765 million capital lease for an energy conservation performance contract.
- Revenues increased by \$3.3 million due to increases in tax revenues of \$1.581 million, operating grants and contributions of \$1.338 million, and capital grants and contributions of \$1.096 million, offset by a decrease in charges for services of \$.328 million, grants and contributions not restricted to specific programs of \$.200 million and investment income and other of \$.212 million.
- Expenses increased by \$8.289 million, or 7.57%.

Financial Highlights - Fund Financial Statements

- As of the close of the current fiscal year, the overall decrease in fund balance for governmental funds is \$2.0 million resulting in an ending fund balance of \$23.9 million. This decrease was mostly due to capital lease proceeds during the year of \$9.765 million, less net capital outlay for bonded projects totaling \$13.9 million.
- The total General Fund fund balance at June 30, 2014 was \$12.2 million, a decrease of \$.2 million from the prior fiscal year. Favorable variances in revenues and other financing sources of \$.401 million, mostly from tax collections in excess of the budget and by \$.556 million, and favorable expenditure variances of \$.543 million were substantially offset by \$.9 million of fund balance appropriations including a \$.2 million supplemental appropriation for a bulky waste collection.
- The \$12.2 million General Fund fund balance at June 30, 2014 consists of \$9.0 million unassigned fund balance, or 8.39% of operating expenses. There is also \$.500 million of committed fund balance to mitigate long-term liabilities for pension reserves and \$2.6 million assigned fund balance primarily for encumbrances.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$124.4 million at the close of the most recent fiscal year.

Town of Cheshire, Connecticut Summary Statement of Net Position June 30, 2014 and 2013

	Governmental Activities	
	2014	2013
Current and Other Assets	\$ 49,014,463	\$ 44,963,452
Capital Assets	178,902,429	169,319,381
Total assets	227,916,892	214,282,833
Deferred charge on refunding	1,564,212	1,531,931
Total deferred outflows of resources	1,564,212	1,531,931
Current Liabilities	26,934,672	18,377,836
Long-Term Liabilities	75,678,624	69,456,084
Total liabilities	102,613,296	87,833,920
Deferred Inflow of resources - Advance tax collections	2,497,764	2,630,088
Total deferred inflows of resources	2,497,764	2,630,088
Net Position		
Net investment in capital assets	113,675,721	110,294,953
Restricted	3,636,333	3,351,640
Unrestricted	7,057,990	11,704,163
Total net position	\$ 124,370,044	\$ 125,350,756

The net investment in capital assets, (e.g. land, buildings, machinery and equipment, and infrastructure), represents 91.4%, or \$113.7 million of the Town's net position. These assets are used to provide services to Town citizens; and, it should be noted that these assets are not available for future spending. While the net investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Investment in Capital Assets is calculated as follows:

Capital Assets, net of depreciation	\$ 178,902,429
Less: Related Debt	(53,987,792)
Bond Premium/Loss	(1,149,527)
Accounts Payable for Capital Outlay	(4,748,822)
Note Payable	(4,722,424)
Capital Lease	(9,765,000)
Unspent Bond Proceeds	9,146,857
Net Investment in Capital Assets	\$ 113,675,721

A small portion of the Town's net position, \$3.7 million, represents resources that are subject to external restrictions from grantors on how they may be used.

The remaining balance, unrestricted net position of \$7.1 million, may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position.

**Town of Cheshire
Summary Statement of Activities
Years Ended June 30, 2014 and 2013**

	Governmental Activities		
	2014	2013	% Change
Revenues			
Program Revenues:			
Charges for services	\$ 7,599,377	\$ 7,927,266	-4.14%
Operating grants and contributions	21,445,635	20,107,951	6.65%
Capital grants and contributions	2,180,383	1,084,592	101.03%
General Revenues:			
Property taxes	79,657,754	78,076,641	2.03%
Grants and contributions not restricted to specific programs	5,479,023	5,679,479	-3.53%
Investment income and other	452,740	665,405	-31.96%
Total revenues	116,814,912	113,541,334	2.88%
Expenses			
Administration & Finance	6,353,409	5,445,765	16.67%
Planning and Development	721,735	689,236	4.72%
Public Safety	12,046,881	10,362,976	16.25%
Public Works	10,904,070	10,504,567	3.80%
Public Health	428,576	441,501	-2.93%
Social Services	1,329,712	1,276,341	4.18%
Culture Services	2,748,966	2,634,244	4.36%
Leisure Services	2,358,065	2,558,953	-7.85%
Education	78,515,780	73,491,497	6.84%
Interest on long-term debt	2,388,430	2,101,694	13.64%
Total expenses	117,795,624	109,506,774	7.57%
Change in net position	(980,712)	4,034,560	
Net Position, beginning	125,350,756	121,316,196	
Net Position, ending	\$ 124,370,044	\$ 125,350,756	

Governmental Activities. Governmental activities decreased the Town's net position by \$.981 million. Major revenue factors include:

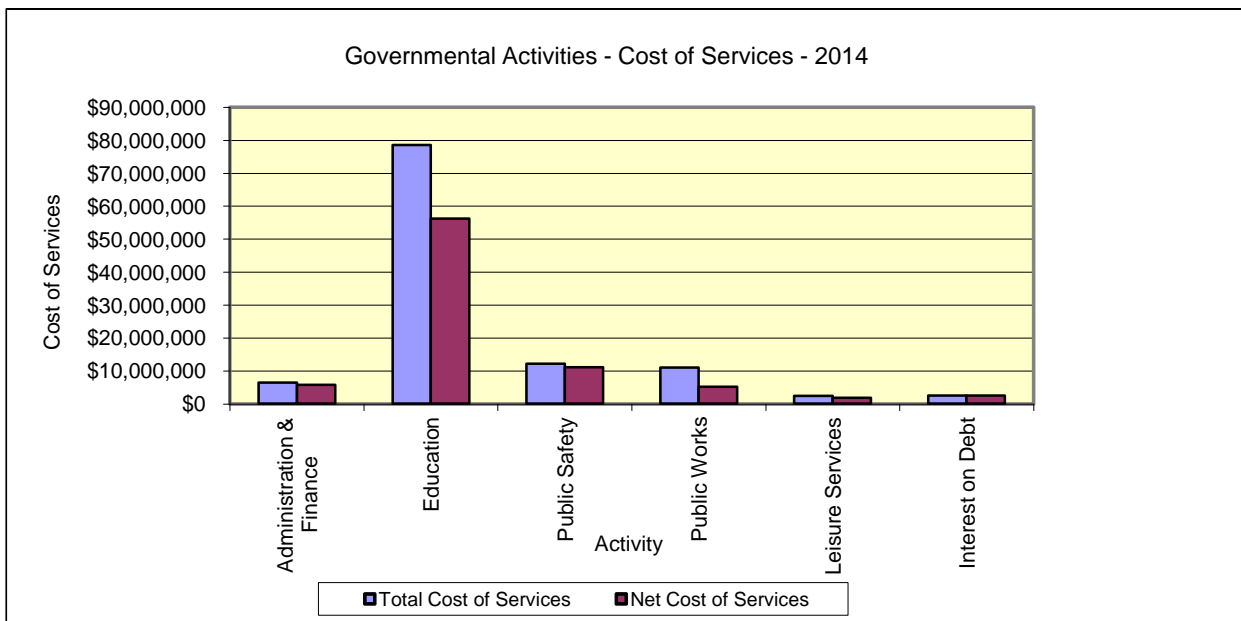
- Charges for services decreased by \$.328 million in part due to a decrease in Town clerk fees of \$.145 million, mostly from a decrease in conveyance taxes. Also, road work services for the Regional Water Authority declined by \$.141 million.
- Operating grants and contributions increased by \$1.338 million mainly due to a \$1.270 million increase in State contributions to the Teachers Retirement Fund.
- Capital grants and contributions increased by \$1.096 million due to an increase in Clean Water Fund grants of \$1.101 million for the upgrade at the Waste Water Treatment Plant.
- Property tax revenue increased by \$1.581 million over the prior year due to increases in the mill rate.
- Grants and contributions not restricted to specific programs decreased by \$.200 million mostly due to an overall decline in State pilot grants of \$.151 million.

- Investment income and other decreased by \$.213 million. In the prior year, there were various one-time revenues including a distribution from the Connecticut Resource Recovery Authority of \$.069 million, an insurance reimbursement for the loss of business following a temporary closure of the Community Pool for \$.060 million, and a gain resulting from an insurance settlement for a pool dome impairment in the amount of \$.140 million.

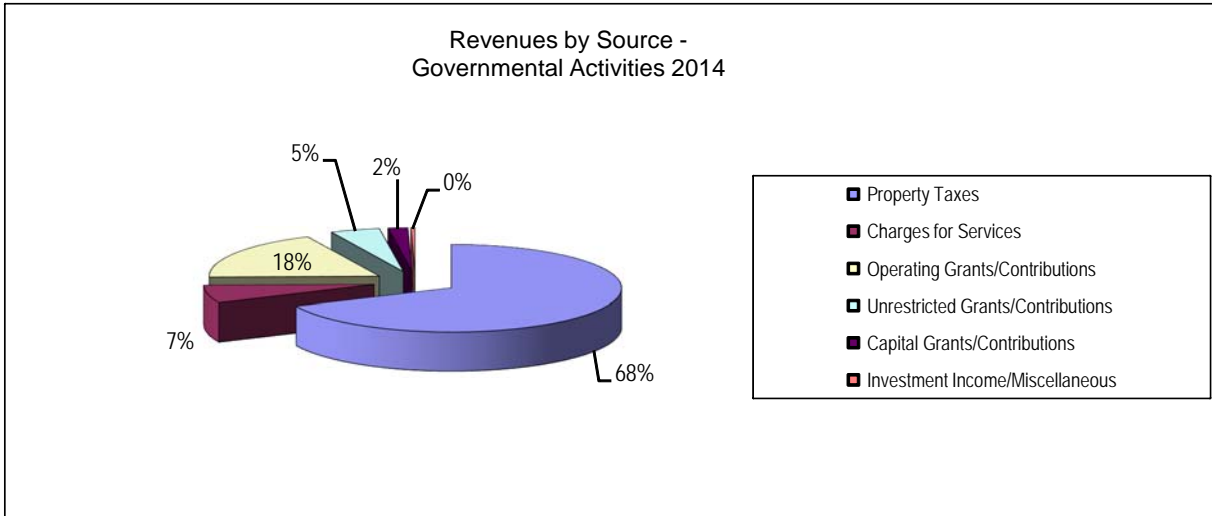
Major expense factors include:

- Overall expenses increased by \$8.289 million, or 7.57%.
- Administration and finance increased by \$.908 million, mostly due and an increase in General Fund expenses of \$.452 million, mostly for legal, pension and medical benefits, and technology. There were also video equipment grant expenses for \$.144 million in the 2014 fiscal year.
- Public safety increased by \$1.684 million in part due to a loss of \$.604 million in the Heart and Hypertension fund during the year as a result in an increase in projected claims, compared to a \$.185 decrease in projected claims in the prior year. There was also an increase in benefit costs for pension and other employee benefits amounting to \$.106 million. In addition, Capital Project funds provided \$.109 million more expense due to maintenance and supply costs not capitalized.
- Leisure services decreased by \$.201 million mostly due a decrease in Pool fund expenses of \$.226 million following the closure of the facility after the dome collapse in February 2013.
- Education expense increased by \$5.024 million, or 6.84%. There was a loss in the Health Insurance Fund compared to income in the prior year; and, \$1.309 million more in claims costs were expensed accordingly. General Fund expense increase by \$2.554 million mainly due to an increase in budget appropriations.
- Interest on long-term debt increased by \$.287 million mostly due to the expense of bond issue costs.

The chart below presents the costs of six of the Town's major governmental activities as well as their net cost (total costless 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.



The chart below represents all Town revenues by source:



Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund or modified accrual accounting to demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$23.9 million, a decrease of \$2.0 million from the prior year. The fund balance consists of unassigned fund balance of \$.6 million or 2.4%, which is available for spending at the government's discretion. The remaining fund balance of \$23.3 million is either nonspendable, restricted, committed, or assigned as defined by Governmental Accounting Standards Board No.54. Definitions for these fund balance classifications can be found in Note 1 to the financial statements.

General Fund

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund is \$9.0 million while total fund balance is \$12.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.4% of total General Fund expenses, while total fund balance represents 11.3% of that same amount.

Capital Improvements Fund

The Capital Improvements fund balance decreased by \$2.0 million. Capital outlay during the year of \$13.9 million exceeded funding from capital grants and donations of \$2.2 million and capital lease proceeds of \$9.8 million.

Debt Reserve Fund

The Debt Reserve Fund balance increased by \$.047 million to \$5.499 million. A capital grant of \$.027 million and investment income of \$.020 million provided for the increase.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets, net of accumulated depreciation, for its governmental activities as of June 30, 2014, amounts to \$178.9 million. This investment in capital assets includes land, land improvements, buildings and improvements, vehicles, machinery and equipment, infrastructure, and construction in progress.

Major capital asset activity during the current fiscal year follows: Land increased by \$.589 million due to the purchase of 122 acres of open space property for which a \$200,000 State grant is pending. Building and improvements of \$1.48 million were placed in service during the year and include a new elevator at the Senior Center for \$.202 million, roofing at various Town buildings for \$.156 million and various school building improvements totaling \$.958 million - carpeting, roofing, HVAC, data wiring, masonry and windows. Machinery and Equipment additions of \$1.28 million include \$.582 million for Town-wide technology infrastructure upgrades and \$.262 million for developing a geographic information system. Infrastructure improvements of \$2.1 million are mostly for milling and paving roads. Approximately \$10 million of the \$14 million construction in progress increase is for the Waste Water Treatment Plant Upgrade.

Town of Cheshire, Capital Assets Net of Accumulated Depreciation

	Governmental Activities June 30,	
	<u>2014</u>	<u>2013</u>
Land	\$ 21,168,734	\$ 20,579,622
Building and improvements	73,527,984	74,316,185
Land Improvements	3,529,556	3,203,131
Machinery and equipment	5,339,533	4,781,199
Motor vehicles	4,067,895	4,215,066
Infrastructure	57,576,416	57,004,242
Construction in progress	13,692,311	5,219,936
Total	<u><u>\$ 178,902,429</u></u>	<u><u>\$ 169,319,381</u></u>

Additional information on the Town's capital assets can be found in Note 5 on page 37 of this report and in the Capital Assets Used in the Operation of Governmental Funds section of this report on pages 101-103.

Long-term Debt. At the end of the current fiscal year, the Town had total gross bonded debt outstanding of \$56.7 million including \$1.7 million of unamortized bond premiums. The Town issued refunding bonds of \$9.56 million during fiscal year 2014 and retired \$6.9 0million in debt, resulting in a decrease in gross debt outstanding of 10.2% over the prior year.

The Town maintains an "Aa1" rating from Moody's Investors Service and an "AAA" rating from Fitch Ratings for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times total tax collections including interest and lien fees. The current debt limitation for the Town is \$557.4 million. The Town had debt issues outstanding that were \$54.0 million, or 9.7% of the total debt limitation.

Additional information on the Town's long-term debt can be found in Note 6 on pages 39-42 of this report..

Economic Factors and Next Year's Budgets and Rates

Median household income was \$106,322 and per capita income was \$42,043 in 2014. During the fiscal year ended June 30, 2014, unassigned fund balance in the General Fund was \$9.0 million. These factors were among those considered in preparing the Town's budget for the 2015 fiscal year.

The 2015 General Fund budget increased by 2.75%, or \$2.768 million and the mill rate increased by 9.6%, from 27.60 mills to 30.25 mills. The significant increase in the mill rate was mostly due to overall decreases in the grand list as a result of a property revaluation. The Water Pollution Control Authority's rates were increased by \$10 to \$380 for the 2015 budget year.

Requests for Information

This financial report is designed to provide a general overview for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director/Treasurer James Jaskot, Town of Cheshire, 84 South Main Street, Cheshire, CT 06410.

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Basic Financial Statements

Town of Cheshire, Connecticut

Statement of Net Position
June 30, 2014

	Primary Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	\$ 27,709,515
Investments, certificate of deposit	8,732,000
Receivables, net of allowance for collection losses:	
Property taxes	201,107
Assessments and user charges	454,086
Intergovernmental	1,468,192
Other	615,751
Other assets	122,879
Total current assets	<u>39,303,530</u>
Noncurrent Assets	
Capital assets not being depreciated	34,861,045
Capital assets being depreciated, net of accumulated depreciation	144,041,384
Restricted cash	9,146,857
Other postemployment benefit asset	435,390
Intergovernmental receivables	128,686
Total noncurrent assets	<u>188,613,362</u>
Total assets	<u>227,916,892</u>
Deferred Outflows of Resources	
Deferred charge on refundings	1,564,212
Total deferred outflows of resources	<u>1,564,212</u>
Liabilities	
Current Liabilities	
Accounts payable	7,606,015
Accrued payroll	5,779,535
Accrued interest payable	635,823
Notes payable	4,722,424
Unearned revenue	573,598
Total current liabilities	<u>19,317,395</u>
Long-Term Liabilities	
Due in less than one year	7,617,277
Due in more than one year	75,678,624
Total noncurrent liabilities	<u>83,295,901</u>
Total liabilities	<u>102,613,296</u>
Deferred Inflows of Resources	
Advance tax collections	2,497,764
Total deferred inflows of resources	<u>2,497,764</u>
Net Position	
Net Investment in Capital Assets	113,675,721
Restricted for Various Programs	
Nonexpendable	78,361
Administration and finance	2,812
Planning and development	5
Public safety	694,678
Public works	568,438
Social services	74,633
Cultural services	117,644
Leisure services	86,395
Education	957,647
Capital outlay	912,144
Debt service	143,576
Unrestricted	7,057,990
Total net position	<u>\$ 124,370,044</u>

See Notes to Financial Statements.

Town of Cheshire, Connecticut

Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
					Primary Government Total
Governmental activities:					
Administration and Finance	\$ (6,353,409)	\$ 596,946	\$ 150,640	\$ -	\$ (5,605,823)
Planning and Development	(721,735)	81,412	1,151	142,661	(496,511)
Public Safety	(12,046,881)	630,367	390,512	-	(11,026,002)
Public Works	(10,904,070)	3,434,092	431,140	2,013,780	(5,025,058)
Public Health	(428,576)	-	-	-	(428,576)
Social Services	(1,329,712)	33,523	49,585	-	(1,246,604)
Cultural services	(2,748,966)	137,422	74,051	-	(2,537,493)
Leisure services	(2,358,065)	578,907	59,593	-	(1,719,565)
Education	(78,515,780)	2,106,708	20,288,963	23,942	(56,096,167)
Interest on long-term debt	(2,388,430)	-	-	-	(2,388,430)
Total primary government	\$ (117,795,624)	\$ 7,599,377	\$ 21,445,635	\$ 2,180,383	(86,570,229)
		General revenues:			
					\$ 79,657,754
					5,479,023
					164,417
					288,323
					<u>85,589,517</u>
					(980,712)
					125,350,756
					<u>\$ 124,370,044</u>

See Notes to Financial Statements.

Town of Cheshire, Connecticut

Balance Sheet - Governmental Funds
June 30, 2014

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital Improvements Fund	Debt Reserve Fund		
Assets					
Cash and cash equivalents	\$ 14,037,947	\$ 964,668	\$ 5,499,180	\$ 4,146,184	\$ 24,647,979
Receivables (net of allowances for collection losses):					
Property taxes	201,107	-	-	-	201,107
Assessments and user charges	-	-	-	454,086	454,086
Intergovernmental	426,885	912,144	-	257,849	1,596,878
Other	189,958	-	-	10,195	200,153
Investments - certificate of deposits	7,875,000	-	-	857,000	8,732,000
Restricted Cash	-	9,146,857	-	-	9,146,857
Other assets	81,848	-	-	180	82,028
Inventory	-	-	-	40,851	40,851
Total assets	\$ 22,812,745	\$ 11,023,669	\$ 5,499,180	\$ 5,766,345	\$ 45,101,939
Liabilities					
Accounts payable	\$ 1,572,040	\$ 4,748,822	\$ -	\$ 345,670	\$ 6,666,532
Accrued payroll	5,757,021	-	-	12,390	5,769,411
Notes payable	-	4,644,671	-	77,753	4,722,424
Unearned revenues	340,105	-	-	233,493	573,598
Total liabilities	7,669,166	9,393,493	-	669,306	17,731,965
Deferred Inflows of Resources					
Advance tax collections	2,497,764	-	-	-	2,497,764
Unavailable resources	476,950	-	-	453,936	930,886
Total deferred inflows of resources	2,974,714	-	-	453,936	3,428,650
Fund Balances					
Nonspendable	81,848	-	-	119,392	201,240
Restricted	-	10,059,001	-	2,645,828	12,704,829
Committed	500,000	-	5,499,180	1,405,172	7,404,352
Assigned	2,577,811	-	-	472,711	3,050,522
Unassigned	9,009,206	(8,428,825)	-	-	580,381
Total fund balances	12,168,865	1,630,176	5,499,180	4,643,103	23,941,324
Total liabilities, deferred inflows of resources and fund balances	\$ 22,812,745	\$ 11,023,669	\$ 5,499,180	\$ 5,766,345	\$ 45,101,939

See Notes to Financial Statements.

Town of Cheshire, Connecticut

**Reconciliation of Fund Balance to Net Position of Governmental Activities
June 30, 2014**

Amounts reported for governmental activities in the statement of net position are different from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balance (Page 15)	\$ 23,941,324
Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures, however, the statement of net position includes those capital assets among the assets of the Town as a whole.	178,902,429
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
School building grant receivable	328,632
Property tax and other receivables not currently available	602,254
Other postemployment benefit asset	435,390
Internal service funds are used by management to charge the cost of medical insurance to individual departments:	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	(471,679)
Some 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	(53,987,792)
Pension obligation	(2,850,527)
Other postemployment benefit obligation	(7,406,232)
Deferred loss on refunding	1,564,212
Bond premium	(2,713,739)
Accrued interest payable	(635,823)
Landfill accrual	(552,000)
Compensated absences	(2,646,250)
Capital lease	(9,765,000)
Early retirement and accrued payroll	(375,155)
Net position of governmental activities (page14)	<u>\$ 124,370,044</u>

See Notes to Financial Statements

Town of Cheshire, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2014

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Capital Improvements Fund	Debt Reserve Fund		
Revenues					
Property taxes	\$ 79,722,309	\$ -	\$ -	\$ -	\$ 79,722,309
Intergovernmental	24,543,872	2,030,383	-	2,261,013	28,835,268
Income from investments	109,980	-	19,871	13,409	143,260
Charges for services	2,514,759	-	-	5,177,797	7,692,556
Contributions	-	150,000	-	452,884	602,884
Other	275,836	-	-	12,487	288,323
Total revenues	107,166,756	2,180,383	19,871	7,917,590	117,284,600
Expenditures					
Current:					
Administration and Finance	10,786,244	-	-	151,766	10,938,010
Planning and Development	511,205	-	-	1,097	512,302
Public Safety	6,291,401	-	-	309,485	6,600,886
Public Works	5,419,667	-	-	2,187,860	7,607,527
Public Health	428,576	-	-	-	428,576
Social Services	774,440	-	-	27,659	802,099
Cultural services	1,747,966	-	-	37,309	1,785,275
Leisure services	1,855,955	-	-	30,746	1,886,701
Education	71,369,932	-	-	3,672,443	75,042,375
Debt service	8,212,210	-	-	598,649	8,810,859
Capital outlay	-	13,925,050	-	867,045	14,792,095
Total expenditures	107,397,596	13,925,050	-	7,884,059	129,206,705
Revenues over (under) expenditures	(230,840)	(11,744,667)	19,871	33,531	(11,922,105)
Other Financing Sources (Uses)					
Issuance of refunding bonds	9,560,000	-	-	-	9,560,000
Premiums on bonds issued	662,990	-	-	-	662,990
Payments made to escrow	(10,079,384)	-	-	-	(10,079,384)
Issuance of debt - leases	-	9,765,000	-	-	9,765,000
Transfers in	813,938	-	27,022	950,000	1,790,960
Transfers out	(950,000)	(27,022)	-	(813,938)	(1,790,960)
Total other financing sources (uses)	7,544	9,737,978	27,022	136,062	9,908,606
Change in fund balances	(223,296)	(2,006,689)	46,893	169,593	(2,013,499)
Fund balances, beginning	12,392,161	3,636,865	5,452,287	4,473,510	25,954,823
Fund balances, ending	\$ 12,168,865	\$ 1,630,176	\$ 5,499,180	\$ 4,643,103	\$ 23,941,324

See Notes to Financial Statements.

Town of Cheshire, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds (Page 17) \$ (2,013,499)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	14,758,936
Depreciation expense	<u>(5,108,393)</u>
Total	<u>9,650,543</u>

Change in other postemployment benefit asset 91,589

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

(67,495)

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

School building grants	(325,468)
Decrease in property tax, sewer use and sewer and water assessment interest and lien revenue	<u>(157,734)</u>
Total	<u>(483,202)</u>

(Continued)

Town of Cheshire, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities (Continued)
For the Year Ended June 30, 2014**

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

Debt issued or incurred:	
Bond proceeds	\$ (9,560,000)
Bond premium	(467,967)
Bond costs	(509,184)
Deferred loss	32,281
Capital lease	(9,765,000)
Principal repayments:	
Advanced refunding	9,865,000
General obligation bonds	6,570,069
Total	<u>(3,834,801)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This represents the changes in various liability accounts that impact expenses/expenditures:

Compensated absences	50,547
Early retirement	(74,750)
Landfill closure	48,000
Net pension obligation	(954,394)
Other postemployment benefit obligation	(1,189,510)
Accrued payroll	(892)
Accrued interest payable	205,016
Total	<u>(1,915,983)</u>

The change in net position of the Internal Service Fund is reported with governmental activities	<u>(2,407,864)</u>
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Change in Net Position of Governmental Activities (Page 14)	<u><u>\$ (980,712)</u></u>
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(Concluded)

Town of Cheshire, Connecticut

Statement of Net Position - Proprietary Funds
June 30, 2014

	Governmental Activities
	<u>Internal Service Funds</u>
<hr/>	
Assets	
Current Assets	
Cash and cash equivalents	\$ 3,061,536
Accounts receivable	415,598
Total assets	<u>3,477,134</u>
Liabilities	
Current Liabilities	
Claims payable	<u>1,374,388</u>
Noncurrent Liabilities	
Claims payable	<u>2,574,425</u>
Total liabilities	<u>3,948,813</u>
Net Position	
Unrestricted (Deficit)	<u>\$ (471,679)</u>

See Notes to Financial Statements.

Town of Cheshire, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2014

	Governmental Activities
	<u>Internal Service Funds</u>
Operating Revenues	
Charges for services	\$ 10,145,694
Total operating revenues	<u>10,145,694</u>
Operating Expenses	
Claims incurred	11,783,976
Administration	783,096
Total operating expenses	<u>12,567,072</u>
Operating loss	<u>(2,421,378)</u>
Nonoperating Revenues	
Investment income	13,514
Total nonoperating revenues	<u>13,514</u>
Change in net position	(2,407,864)
Net Position, beginning	<u>1,936,185</u>
Net Position, ending	<u>\$ (471,679)</u>

See Notes to Financial Statements.

Town of Cheshire, Connecticut

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014

	Governmental Activities <hr/> Internal Service Funds
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 9,991,558
Claims paid	(10,953,096)
Payments for administration	(783,096)
Net cash used in operating activities	<hr/> (1,744,634) <hr/>
Cash Flows Provided by Investing Activities	
Investment income	<hr/> 13,514
Net decrease in cash and cash equivalents	<hr/> (1,731,120) <hr/>
Cash and cash equivalents	
Beginning	<hr/> 4,792,656
Ending	<hr/> \$ 3,061,536 <hr/>
Reconciliation of operating loss to net cash	
Used in Operating Activities:	
Operating loss	\$ (2,421,378)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Increase in accounts receivable	(154,136)
Increase in claims payable	830,880
Net cash used in operating activities	<hr/> \$ (1,744,634) <hr/>

See Notes to Financial Statements.

Town of Cheshire, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2014

	Trust Funds	Private Purpose Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ 471,058	\$ 22,509	\$ 833,047
Investments			
Common stock	9,812,163	-	-
Private placements	487,306	-	-
Money market mutual funds	2,535,366	-	-
Fixed income mutual funds	17,965,962	-	-
Equity mutual funds	24,153,104	-	-
Alternative investments	14,645,248	-	-
Total investments	69,599,149	-	-
Total assets	70,070,207	22,509	833,047
Liabilities			
Accounts payable	143,799	-	833,047
Total liabilities	143,799	-	833,047
Net position - restricted for pension benefits and Other Purposes	\$ 69,926,408	\$ 22,509	\$ -

See Notes to Financial Statements.

Town of Cheshire, Connecticut

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2014

	Trust Funds	Private Purpose Trust Funds
Additions		
Contributions:		
Employer	\$ 2,528,601	\$ -
Plan members	735,266	-
Total contributions	3,263,867	-
Investment Income:		
Net appreciation in fair value of investments	7,464,892	-
Interest and dividends	1,140,586	-
	8,605,478	-
Less investment expenses:		
Investment management fees	218,804	-
Net investment income	8,386,674	-
Total additions	11,650,541	-
Deductions		
Benefits and other	4,580,486	890
Changes in net position	7,070,055	(890)
Net position - restricted for pensions and other purposes		
Beginning of year	62,856,353	23,399
End of year	\$ 69,926,408	\$ 22,509

See Notes to Financial Statements.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies

Reporting Entity: The Town of Cheshire, Connecticut (the "Town"), was incorporated in 1780. The Town covers 33 square miles located in New Haven County.

The Town operates under a Council-Manager form of government, as prescribed by its Charter, which was adopted June 9, 1971, and most recently revised January 1, 1996. The Town provides a full range of services including general government, public safety, public works, health, social services, recreation and education. The accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments.

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

Accounting Standards Adopted in the Current Year:

Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reported as Assets and Liabilities, was implemented as July 1, 2013. This statement clarified the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. As a result of the adoption of this standard, deferred amounts on refundings were required to be reclassified to deferred outflows of resources. In addition, amounts previously classified as unavailable revenue were reclassified as deferred inflows of resources.

GASB Statement No. 67, Financial Reporting for Pension Plans an amendment of GASB Statement No. 25, issued in June 2012, was effective for the Town as of July 1, 2013. This Statement replaces the requirements of *Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and *Statement No. 50, Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of *Statements 25 and 50* remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The implementation of this statement did not have a material impact on the Town's financial statements.

GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, became effective on July 1, 2013. This statement provides guidance to governments that extend and receive nonexchange financial guarantees. The implementation of this statement had no impact on the Town's financial statements.

Basis of Presentation

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Taxes and intergovernmental revenues normally support governmental activities.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

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

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

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 proprietary fund and fiduciary fund financial statements. The agency funds are reported using the accrual basis of accounting but do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year when levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Governmental Funds: Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the town's major governmental funds:

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

The Town reports the following major governmental funds:

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

The *Capital Improvements Fund* accounts for financial resources to be used for the acquisition or construction of capital facilities and major equipment. Resources for the capital improvements fund generally consist of proceeds from long-term debt, grants and transfers from other funds.

The *Debt Reserve Fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The other governmental funds of the Town are considered nonmajor and are as follows:

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Proprietary Funds: Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows.

The Town reports the following proprietary fund:

Internal Service Funds account for risk financing activities for medical insurance benefits and heart and hypertension claims under GASB Statement No. 10.

Fiduciary Funds: The Town reports the following as fiduciary funds:

Pension Trust Funds account for the activities of the Cheshire Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees.

Postemployment Trust Funds account for account for the accumulation of resources to pay retiree medical benefits.

Agency Funds account for monies held on behalf of students and amounts held for performance bonds.

The *Private Purpose Trust Fund* accounts for the activities of various scholarships administered by the Board of Education.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation (e.g. sewer usage charges). Interfund reimbursements are also not eliminated. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

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

Pension Plan Accounting:

Pension Trust Funds: The Pension Trust Funds are reported on the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Administrative costs are paid by the Town.

Governmental Funds and Governmental Activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net pension obligation, the cumulative difference between annual pension cost and the Town's contributions to the plan since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. The pension obligation is recorded as a non-current liability in the government-wide financial statements.

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

Other Post-Employment Obligations (OPEB) Accounting:

OPEB Trust Funds: The OPEB Trust Funds are reported on the accrual basis of accounting. Employer contributions are recognized in the period in which the contributions are due, and the Town has made a formal commitment to provide contributions.

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

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

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

Restricted Assets: At June 30, 2014 the Town had approximately \$9,146,000 in restricted assets. This amount relates primarily to unspent capital lease proceeds which are to be used for the acquisition of capital assets.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

Encumbrances: Encumbrances represent commitments related to contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balance as they do not constitute either expenditures or liabilities.

Property Taxes: Property taxes are assessed as of October 1 and levied on the following July 1st. Real estate taxes are generally due and payable in two installments on July 1 and January 1. Real estate taxes not in excess of \$100 and motor vehicle and personal property taxes are due and payable in one installment on July 1. Motor vehicle supplemental bills are due on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of 1 ½% per month. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of the market value. Liens are recorded during the month of April.

Cash Equivalents: The Town considers all certificates of deposit, money market mutual fund accounts and highly liquid short-term investment funds with maturities of three months or less when purchased to be cash equivalents.

Allowance for Doubtful Accounts: Accounts, property taxes and notes receivable for the Town are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those amounts which are deemed uncollectible based upon past collection history and analysis of creditor's ability to pay.

Investments: Investments are stated at fair value based on quoted market prices, except as discussed below.

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

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The balance of the pooled fixed income investments were invested in a pool similar to a 2a-7. The value of the position in the pool is the same as the value of the pool shares. These investments are stated at amortized cost.

Inventory: All inventory is for commodities held for resale, stated at the lower of cost or market and determined on a first-in, first-out basis. These commodities are recorded as expenditures when consumed rather than when purchased.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets, e.g. roads, bridges, sidewalks, and similar items, are reported in the governmental column in the government-wide financial statements. The government defines capital assets, as assets with an initial, individual cost of more than \$5,000 for equipment and improvements and all costs for infrastructure, and an estimated useful life in excess of one-year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

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.

Land and construction in progress are not depreciated. The other property, plant, equipment and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	8-100
Land improvements	10-50
Infrastructure:	
Roads	6-50
Sidewalks	50
Sewer lines	75
Bridges and culverts	50
Machinery and equipment	3-50
Vehicles	3-25

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

Compensated Absences:

Town: All employees are granted vacation and/or sick time based upon contractual provisions. At anniversary year-end, unused vacation up to a maximum of 10 days may be carried forward to the next vacation year with the approval of the Town Manager. Sick time accumulates and vests based upon a sliding scale related to years of service. The maximum sick time to be paid is 33% of the accumulated time. The liability for the accrued vacation and/or sick time earned is reported in the government-wide statements. In the governmental funds, the amounts are reported when paid or when payment is due.

Board of Education: All full-time employees, except teachers, are granted vacation time based upon contractual provisions. At anniversary year-end, unused vacation may be accrued. Sick time accumulates subject to various contractual limitations, but retirement payouts are generally limited to 10 days. The liability for the accrued vacation and/or sick time earned is reported in the government-wide statements. In the governmental funds, the amounts are reported when paid or when payment is due.

Long-Term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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 the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

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

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

Net Position: In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets - The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

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

Unrestricted net position - This category represents the net position of the Town, which are not reported in the other categories.

Fund Balance: In the fund financial statements, the Town reported the following governmental fund balance classifications:

- Nonspendable – Amounts which cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
- Restricted - These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed – This represents amounts constrained prior to year-end for a specific purpose by a government using its highest level of decision-making authority (Town of Cheshire Town Council.) Commitments may be established, modified, or rescinded only through resolutions approved by the Town Council as per the Town Fund Balance policy.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 1. Significant Accounting Policies (Continued)

- Assigned – 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. Under the Town's Fund Balance policy, the Town Council has by resolution authorized the Town Manager or the Finance Director to assign fund balance.
- Unassigned – The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

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

The Town has a minimum General Fund fund balance policy to maintain an unassigned balance of 8% to 9% of the previous year's audited budgetary expenditures.

Note 2. Cash, Cash Equivalents and Investments

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

Investments: Town policy for eligible investments are governed by State of Connecticut Statutes which, in general, allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the Capital Nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

The Town has an investment policy for each of its pension funds and an investment policy for the Police Post-Employment Healthcare Fund that provides an asset allocation, over a full market cycle of approximately 65% equities (or alternative investment strategies as equivalents) and 35% fixed income and cash (or alternative investment strategies as equivalents). For purposes of this document, a full market cycle is defined by the Retirement Board to be no less than three years, or no more than seven years.

The allocation targets and ranges for all plans are expressed in the Investment Policy Statement as follows:

	Minimum*	Target*	Maximum*
Global equity securities or funds	35%	65%	80%
Fixed income and cash	20	35	65
Domestic equity securities or funds	40	60	80
International equity securities or funds	20	40	60

* as a percentage of total equity

For both investment policies, no more than 5% (at cost) or 10% (at market) may be invested in any one company; no more than 20% exposure to any one industry.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Interest Rate Risk: The Town, which includes the Trust Funds, 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.

Concentrations: The Town's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer.

Custodial Credit Risk:

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town and the Pension Plans do not have custodial credit risk policies for investments.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The following represents the investments in each respective Plan that represents more than 5% of the respective Plan's net position as of June 30, 2014:

Town Pension Fund

Berens Capital Fund	\$	2,637,101
First Eagle Global Fund Class I		2,791,123
FPA Crescent Portfolio Fund Class 1		2,781,189
Ironwood International Ltd.		2,771,854
IVA Worldwide Fund Class I		2,780,218
Neuberger Large Cap Fund		3,102,444
Neuberger Berman International Fund		2,426,400
PIMCO All Asset Authority		2,799,403
Snow Capital		3,163,285
Thornburg International Value Fund Class I		2,188,946

Police Pension Fund

Berens Capital Fund		1,708,990
First Eagle Global Fund Class I		1,808,804
FPA Crescent Portfolio Fund Class 1		1,802,367
Ironwood International Ltd.		1,796,317
IVA Worldwide Fund Class I		1,801,738
Neuberger Large Cap Fund		2,010,558
Neuberger Berman International Fund		1,572,444
PIMCO All Asset Authority		1,814,170
Snow Capital		2,049,986
Thornburg International Value Fund Class I		1,418,560

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Volunteer Firefighters' Pension

FPA Crescent Portfolio Fund Class I	184,302
IVA Worldwide Fund Class I	175,284
Loomis Sayles Bond Fund	77,333
Metro West Total Return Class I	71,574
PIMCO All Asset Authority	151,642
Vanguard International Equity Index Funds	213,453
Vanguard 500 Index	300,368

Police Post-Employment Healthcare Fund

FPA Crescent Portfolio Fund Class I	87,246
IVA Worldwide Fund Class I	81,243
Loomis Sayles Bond Fund	36,718
Metro West Total Return Bond Class I	34,411
PIMCO All Asset Authority	71,466
Vanguard International Equity Index Funds	100,113
Vanguard 500 Index	146,339

Other Post-Employment Healthcare Fund

FPA Crescent Portfolio Fund Class I	91,380
IVA Worldwide Fund Class I	88,016
Loomis Sayles Bond Fund	37,893
Metro West Total Return Bond Class I	33,617
PIMCO All Asset Authority	74,674
Vanguard International Equity Index Funds	109,477
Vanguard 500 Index	145,982

Custodial Credit Risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2014, \$31,413,000 of the Town's bank balance of \$37,508,000 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town and the Pension Plans do not have custodial credit risk policies for investments.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

Cash, restricted cash and investments of the Town, Pension and OPEB trust funds consist of the following at June 30, 2014:

Cash, Restricted Cash and Cash Equivalents	
Deposits with financial institutions	\$ 37,356,050
State of Connecticut Short-Term Investment Fund	663,056
Cutwater-Connecticut Class Plus	163,880
Total cash, restricted cash and cash equivalents	<u>38,182,986</u>
Investments	
General Fund	
Certificates of deposit	7,875,000
Special Revenue Funds	
Certificates of deposit	857,000
Total governmental funds investments	<u>8,732,000</u>
Pension and OPEB Trust Funds:	
Common stocks	9,812,163
Private placements	487,306
Money market mutual funds	2,535,366
Fixed income mutual funds	17,965,962
Equity mutual funds	24,153,104
Alternative investments	14,645,248
Total pension and OPEB investments	<u>69,599,149</u>
Total investments	<u>78,331,149</u>
Total cash, restricted cash, cash equivalents and investments	<u>\$ 116,514,135</u>

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

Statement of net position:	
Cash and cash equivalents	\$ 27,709,515
Investments	8,732,000
Restricted cash and cash equivalents	9,146,857
	<u>45,588,372</u>
Fiduciary funds:	
Cash and cash equivalents	1,326,614
Investments	69,599,149
	<u>70,925,763</u>
Total cash, restricted cash, cash equivalents and investments	<u>\$ 116,514,135</u>

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 2. Cash, Cash Equivalents and Investments (Continued)

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

Type of Investment	Fair Value	Investment Maturities (In Years)	
		Less Than 1 Year	1 - 5 Years
Pooled fixed income	\$ 826,936	\$ 826,936	\$ -
Money market mutual funds	2,535,366	2,535,366	-
Fixed income mutual funds	17,965,962	-	17,965,962
Total	\$ 21,328,264	\$ 3,362,302	\$ 17,965,962

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

Standard & Poor's	Pooled Fixed Income	Certificates of Deposit	Money Market Mutual Funds	Fixed Income Mutual Fund
AAAm	\$ 826,936	\$ -	\$ -	\$ -
Unrated	-	8,732,000	2,535,366	17,965,962
	\$ 826,936	\$ 8,732,000	\$ 2,535,366	\$ 17,965,962

Note 3. Unavailable Revenue/Deferred Inflows of Resources

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

	Deferred Inflows	Unearned Revenue
Delinquent property taxes receivable (general fund)	\$ 148,318	\$ -
Special assessments not yet due (special revenue fund)	387,825	-
Grant receivable	328,632	-
Advance tax collections	2,497,764	-
Sewer usage	66,111	-
Grant drawdowns prior to meeting all eligibility requirements	-	572,498
Prepaid program fees	-	1,100
Total	\$ 3,428,650	\$ 573,598

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 4. Interfund Transfers

Interfund transfers during the year ended June 30, 2014 were as follows:

	Transfers In	Transfers Out
General Fund	\$ 813,938	\$ 950,000
Capital Improvement Fund	-	27,022
Debt Reserve Fund	27,022	-
Nonmajor Governmental Funds	950,000	813,938
	<u>\$ 1,790,960</u>	<u>\$ 1,790,960</u>

Transfers are used to account for: (1) financing by the General Fund of programs accounted for in other funds in accordance with budgetary appropriations; (2) sewer and water assessments and sewer usage charges collected in special revenue funds appropriated to General Fund to offset debt service expenditures; (3) transfer of premiums on bonds issued from the Capital Improvement Fund to the Debt Service Fund to aid in the payment of principle and interest; and (4) the annual transfer of accumulated interest from the General Town Funds Special Revenue Fund to the General Fund.

Note 5. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated:				
Land	\$ 20,579,622	\$ 589,112	\$ -	\$ 21,168,734
Construction in progress	5,219,936	14,046,317	5,573,942	13,692,311
Total capital assets, not being depreciated	<u>25,799,558</u>	<u>14,635,429</u>	<u>5,573,942</u>	<u>34,861,045</u>
Capital Assets, being depreciated:				
Land improvements	4,259,003	461,829	-	4,720,832
Buildings and improvements	115,531,802	1,477,579	-	117,009,381
Vehicles	9,928,126	394,484	570,670	9,751,940
Machinery and equipment	9,726,137	1,278,437	39,072	10,965,502
Infrastructure	91,066,520	2,085,120	-	93,151,640
Total capital assets being depreciated	<u>230,511,588</u>	<u>5,697,449</u>	<u>609,742</u>	<u>235,599,295</u>
Governmental activities capital assets	<u>256,311,146</u>	<u>20,332,878</u>	<u>6,183,684</u>	<u>270,460,340</u>
Land improvements	1,055,872	135,404	-	1,191,276
Buildings and improvements	41,215,617	2,265,780	-	43,481,397
Vehicles	5,713,060	475,960	504,975	5,684,045
Machinery and equipment	4,944,938	718,303	37,272	5,625,969
Infrastructure	34,062,278	1,512,946	-	35,575,224
Total accumulated depreciation	<u>86,991,765</u>	<u>5,108,393</u>	<u>542,247</u>	<u>91,557,911</u>
Total capital assets, being depreciated, net	<u>143,519,823</u>	<u>589,056</u>	<u>67,495</u>	<u>144,041,384</u>
Governmental activities capital assets, net	<u>\$ 169,319,381</u>	<u>\$ 15,224,485</u>	<u>\$ 5,641,437</u>	<u>\$ 178,902,429</u>

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 5. Capital Assets (Continued)

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

Administration and finance	\$	335,806
Public safety		581,252
Public works		2,609,555
Social services		56,089
Cultural services		96,334
Leisure services		170,006
Education		<u>1,259,351</u>
Total depreciation expense	\$	<u>5,108,393</u>

Construction Commitments: The Town has active construction projects as of June 30, 2014. At year-end, the Town's commitment on uncompleted contracts is approximately \$25,778,000.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Long-Term Obligations

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

Changes in Long-Term Obligations

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due in Less Than One Year
Bonds/Notes									
Schools:									
School refunding bonds	\$ 14,415,800	11/01/01	08/01/15	4.00-5.00%	\$ 2,415,400	\$ -	\$ (1,128,800)	\$ 1,286,600	\$ 822,700
School refunding bonds	6,018,000	12/15/04	08/01/21	2.00-5.00%	3,975,000	-	(3,534,000)	441,000	441,000
School bonds	1,410,246	06/15/09*	01/15/29	2.500-4.400%	1,200,000	-	(75,000)	1,125,000	75,000
School refunding bonds	675,000	06/02/10	08/01/22	3.00-5.00%	534,000	-	(56,000)	478,000	56,000
School refunding bonds	1,085,000	06/02/10	08/01/22	2.00-5.00%	966,000	-	(123,000)	843,000	123,000
School bonds	2,149,000	02/15/11*	07/15/30	2.75-4.25%	2,035,000	-	(110,000)	1,925,000	115,000
School refunding bonds	1,411,000	06/21/12	08/01/26	0.20-4.00%	1,349,000	-	(28,000)	1,321,000	69,000
School bonds	3,546,803	02/28/13*	07/15/32	3.00-4.00%	3,546,803	-	-	3,546,803	189,803
School refunding bonds	2,880,000	05/07/14	08/01/21	2.00 - 4.00%	-	2,880,000	-	2,880,000	67,000
Subtotal					16,021,203	2,880,000	(5,054,800)	13,846,403	1,958,503
Bond premium					611,657	198,897	(50,736)	759,818	-
Total schools					16,632,860	3,078,897	(5,105,536)	14,606,221	1,958,503
Sewer: ⁽¹⁾									
Sewer refunding bonds	4,498,100	11/01/01	08/01/15	4.00-5.00%	753,700	-	(352,200)	401,500	256,700
Sewer refunding bonds	1,077,000	12/15/04	08/01/21	2.00-5.00%	625,000	-	(545,000)	80,000	80,000
WWTP notes	5,086,640	09/28/07	09/28/27	2.00%	3,775,895	-	(241,009)	3,534,886	245,873
WWTP notes	969,061	09/28/07	09/28/27	2.00%	1,081,966	-	(69,060)	1,012,906	70,454
Sewer bonds	1,493,268	06/15/09*	01/15/29	2.500-4.400%	1,245,000	-	(80,000)	1,165,000	80,000
Sewer refunding bonds	1,459,000	06/02/10	08/01/22	3.00-5.00%	1,165,000	-	(116,000)	1,049,000	116,000
Sewer bonds	1,809,200	02/15/11*	07/15/30	2.75-4.25%	1,715,000	-	(100,000)	1,615,000	95,000
Sewer refunding bonds	568,000	06/21/12	08/01/26	0.20-4.00%	530,000	-	(17,000)	513,000	43,000
Sewer bonds	265,000	02/28/13*	07/15/32	3.00-4.00%	265,000	-	-	265,000	13,000
Sewer refunding bonds	428,000	05/07/14	08/01/21	2.00-4.00%	-	428,000	-	428,000	12,000
Subtotal					11,156,561	428,000	(1,520,269)	10,064,292	1,012,027
Bond premium					201,108	33,150	(17,979)	216,279	-
Total sewer					11,357,669	461,150	(1,538,248)	10,280,571	1,012,027

(Continued)

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Changes in Long-Term Obligations

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due in Less Than One Year
Bonds/Notes, Continued									
General purpose: ⁽²⁾									
Improvement refunding bonds	11,226,100	11/01/01	08/01/15	4.00-5.00%	1,880,900	-	(879,000)	1,001,900	640,600
Improvement refunding bonds	15,445,000	12/15/04	08/01/21	2.00-5.00%	9,050,000	-	(7,931,000)	1,119,000	1,119,000
Improvement bonds	4,326,486	06/15/09*	01/15/29	2.500-4.400%	3,635,000	-	(225,000)	3,410,000	225,000
Improvement refunding bonds	3,881,000	06/02/10	08/01/22	3.00-5.00%	3,101,000	-	(308,000)	2,793,000	308,000
Improvement refunding bonds	1,560,000	06/02/10	08/01/22	2.00-5.00%	1,389,000	-	(177,000)	1,212,000	177,000
Improvement bonds	4,716,800	02/15/11*	07/15/30	2.75-4.25%	4,465,000	-	(250,000)	4,215,000	250,000
Improvement refunding bonds	3,676,000	06/21/12	08/01/26	0.20-4.00%	3,476,000	-	(90,000)	3,386,000	223,000
Improvement bonds	6,688,197	02/28/13*	07/15/32	3.00-4.00%	6,688,197	-	-	6,688,197	352,197
Improvement refunding bonds	6,252,000	05/07/14	08/01/21	2.00-4.00%	-	6,252,000	-	6,252,000	171,000
Subtotal					33,685,097	6,252,000	(9,860,000)	30,077,097	3,465,797
Bond premium					1,433,007	430,943	(126,308)	1,737,642	-
Total general purpose					35,118,104	6,682,943	(9,986,308)	31,814,739	3,465,797
Total bonds and notes					63,108,633	10,222,990	(16,630,092)	56,701,531	6,436,327
Net pension obligation					1,896,133	954,394	-	2,850,527	-
OPEB obligations					6,216,722	1,189,510	-	7,406,232	-
Landfill closure/post closure care costs					600,000	-	(48,000)	552,000	48,000
Compensated absences					2,696,797	111,717	(162,264)	2,646,250	529,250
Heart and hypertension					2,279,679	1,688,151	(958,500)	3,009,330	434,905
Capital lease					-	9,765,000	-	9,765,000	-
Early retirement					290,281	365,031	(290,281)	365,031	168,795
Total general long-term obligations					\$ 77,088,245	\$ 24,296,793	\$ (18,089,137)	\$ 83,295,901	\$ 7,617,277

* Bonds have callable features.

(1) Sewer bonds are partially funded by sewer assessments transferred from the Sewer and Water Assessments Fund.

(2) Improvement bonds are partially funded by water assessments transferred from the Sewer and Water Assessments Fund.

All long-term liabilities are generally liquidated by the General Fund, with the exception of heart and hypertension benefits which are accounted for in the Internal Service Fund.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

The annual debt service requirements of general obligation bonds and notes are as follows:

	Bonds		Notes		Total Principal	Total Interest
	Principal	Interest	Principal	Interest		
2015	\$ 6,120,000	\$ 1,569,435	\$ 316,327	\$ 88,067	\$ 6,436,327	\$ 1,657,502
2016	5,430,000	1,416,169	322,712	81,682	5,752,712	1,497,851
2017	4,690,000	1,245,244	329,226	75,168	5,019,226	1,320,412
2018	4,180,000	1,116,006	335,871	68,523	4,515,871	1,184,529
2019	4,125,000	978,568	342,650	61,744	4,467,650	1,040,312
2020	3,540,000	840,194	349,566	54,827	3,889,566	895,021
2021	2,860,000	722,168	356,622	47,772	3,216,622	769,940
2022	2,860,000	615,282	363,820	40,573	3,223,820	655,855
2023	2,460,000	517,606	371,164	33,230	2,831,164	550,836
2024	1,985,000	436,957	378,656	25,738	2,363,656	462,695
2025	1,970,000	367,833	386,299	18,095	2,356,299	385,928
2026	1,670,000	304,691	394,096	10,298	2,064,096	314,989
2027	1,670,000	245,101	300,783	2,512	1,970,783	247,613
2028	1,385,000	189,596	-	-	1,385,000	189,596
2029	1,385,000	138,176	-	-	1,385,000	138,176
2030	1,005,000	86,472	-	-	1,005,000	86,472
2031	1,005,000	50,919	-	-	1,005,000	50,919
2032	550,000	24,750	-	-	550,000	24,750
2033	550,000	8,250	-	-	550,000	8,250
	<u>\$ 49,440,000</u>	<u>\$ 10,873,417</u>	<u>\$ 4,547,792</u>	<u>\$ 608,229</u>	<u>\$ 53,987,792</u>	<u>\$ 11,481,646</u>

2014 General Obligation Bond – In-Substance Defeasance

On April 9, 2014, the Town issued \$9,560,000 of general obligation bonds with interest rates ranging from 2.0% to 5.0% of which was used to advance refund portions of the outstanding principal amounts of the general obligation bonds of the Town dated September 15, 2004 (the “Refunding Bonds”). Of the net proceeds of \$10,222,990 (after payment of \$143,606 in underwriters fees and other costs), \$10,079,384 was placed in an irrevocable trust fund under an escrow agreement dated April 2014 between the Town and the Escrow Agent. The Escrow Agent received the proceeds on May 7, 2014. The Escrow Agent used the proceeds to purchase a portfolio of non-callable direct obligations of the United States of America (“Government Obligations”). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption premiums on the Refunding Bonds on the date the payments are due.

The Town advance refunded the above bonds to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$750,000, and a savings of approximately \$756,000 between the old debt payments and the new debt payments.

The balance of the defeased bonds was approximately \$14 million at June 30, 2014. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Bonds Authorized But Unissued: Total authorized but unissued debt at June 30, 2014 consists of the following:

General purpose	\$ 10,052,706
Schools	3,130,678
Sewers	27,714,616
	<u>\$ 40,898,000</u>

Legal Debt Limit: The Town's indebtedness (including authorized but unissued bonds), net of principal reimbursements expected from the state, does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Indebtedness	Balance
General purpose	\$ 179,162,316	\$ 40,129,803	\$ 139,032,513
Unfunded pension benefit obligation	238,883,088	-	238,883,088
Schools	358,324,632	16,648,449	341,676,183
Sewers	298,603,860	37,778,908	260,824,952
Urban renewal	258,790,012	-	258,790,012

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$557,393,872.

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of such reimbursement for the year ended June 30, 2014 was \$352,542. Additional payments for principal and interest aggregating \$355,004 are to be received through the bonds' maturity dates.

Interim Financing: The Town received interim financing from the State of Connecticut of \$4,722,424 for renovations on their wastewater plant. When the project is complete, the short-term interim financing will be restructured into long-term debt.

Landfill Closure and Post-Closure Care Costs: State and federal laws and regulations required the Town to place a final cover on its 12 and 18 acre landfill sites when it stopped accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. As of June 30, 2014, both landfill sites have been closed.

The projected liability reported at June 30, 2014 is estimated at \$552,000. The monitoring costs are based on what it would cost to perform all post-closure care at 2014 prices with a third party performing all closure work. Actual costs may also change based on inflation, deflation, technology, or changes in the applicable laws and regulations.

The Town has landfill post-closure care costs as follows:

Town Landfill	Year of Closure	Monitoring Costs (Estimate)	Years Remaining	Projected Liability	Short-Term Liability	Long-Term Liability
Northern Section	1985	\$ 24,000	1	\$ 24,000	\$ 24,000	\$ -
Southern Section	2006	24,000	22	528,000	24,000	504,000
		<u>\$ 48,000</u>		<u>\$ 552,000</u>	<u>\$ 48,000</u>	<u>\$ 504,000</u>

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 6. Long-Term Obligations (Continued)

Capital Lease Obligations: On May 16, 2014, the Town entered into a capital lease for the purchase of energy conservation improvements to various Town and School buildings. The lease has an interest rate of 3.17% and matures on March 15, 2031.

Principal and interest payments are made biannually and vary throughout the life of the lease. The Town received \$9,765,000 in funding on May 16, 2014 and had associated construction in progress of \$618,143.

Future minimum lease payments and the net present value of these minimum lease payments under this capital lease is as follows:

Fiscal Year

2016	\$ 660,757
2017	679,904
2018	699,625
2019	719,937
2020	740,859
Thereafter 2021-2031	<u>9,583,308</u>
Total minimum lease payments	13,084,390
Less amount representing interest	<u>(3,319,390)</u>
Present value of minimum lease payments	<u><u>\$ 9,765,000</u></u>

Note 7. Employee Retirement Systems

The Town administers three single employer, defined benefit pension plans. The three plans, Town Plan, Police Plan, and Volunteer Firefighter Plan, are included in the financial statements as pension trust funds. The plans do not issue stand-alone financial reports. Plan contribution requirements and benefits are established by Town ordinances. Administrative expenses of the plan, including actuarial and legal fees, are paid from the trust fund. The Town reserves the right by action of the Council, after required public hearings, to amend the plans, subject to provisions, if any, in collective bargaining agreements.

Plan Administration: The Retirement Board (Board) is responsible for the general administration and management of the pension plans. Membership on the Board is composed as follows:

- The regular members of the Board are composed of 5 resident electors of the Town. They are appointed by the Town Council and serve four-year terms.
- Police members are composed of two representatives appointed by the President of the Cheshire Police Department Collective Bargaining Unit. They serve a four-year term and vote only on matters relating exclusively to police officers.
- A Volunteer Fire Department Member is composed of a representative appointed by the Town Council. The representative serves a four-term term and votes only on matters relating exclusively to volunteer fire fighters.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Employee Retirement Systems (Continued)

Based on actuarial valuation reports dated July 1, 2012, membership consisted of:

Category	Town	Police	Volunteer Firefighter
Retirees and beneficiaries currently receiving benefits	163	34	15
Terminated employees entitled to benefits, but not yet receiving them	48	-	21
Active plan members	323	46	68
	<u>534</u>	<u>80</u>	<u>104</u>

Town Plan: This plan covers all regular full-time employees except teachers covered by the Connecticut Teachers' Retirement System and policemen. Employees are 100% vested after ten years of credited service. They may retire at age 65 after completing five years of credited service or, if earlier, the date upon which their age plus completed years of credited service equals 80. Retirement benefits are based on the plan and benefits elected. The plan was closed to new entrants for various union and nonunion groups between July 1, 2006 and June 30, 2012.

The valuation dated July 1, 2012 reflects changes made to the plan provisions. The interest rate assumption was lowered from 8.25% to 7.50%. The salary scale assumption was lowered from a table graded from 5.25% to 3.00% by age to a table graded from 4.75% to 2.50% by age. The mortality table assumption was changed from projecting mortality improvements just until the valuation year to a generational projection mortality. The net impact of these changes was an increase in the unfunded accrued liability of \$3.5 million and an increase in the annual required contribution of \$2.1 million.

Police Plan: This plan covers all regular, full-time police officers except those hired at age 55 and older. Officers are fully vested after completing ten years of credited service. Normal retirement shall be the earlier of 20 years of service or age 55 with 10 years of service. Final average compensation is computed in the same manner as for the Town plan. The plan also provides disability benefits, spousal benefits, and a death benefit equal to the return of employee contributions with interest if the employee has not satisfied the plan's vesting requirements. The plan was closed to new entrants on January 1, 2014.

The valuation dated 7/1/12 reflects changes made to the plan provisions. The interest rate assumption was lowered from 8.25% to 7.50%. The mortality table assumption was changed from projecting mortality improvements just until the valuation year to a generational projection methodology. The combined impact of these changes increased the unfunded accrued liability by approximately \$3.5 million and increased the annual required contribution by approximately \$308,000.

Volunteer Firefighters Plan: This plan covers all volunteer firefighters. Firefighters are vested on a percentage basis after five years of credited service. Normal retirement is the participant's 65th birthday. Benefits are calculated based upon a flat rate schedule for years of service. The plan also provides disability benefits by the return of the value of their accrued benefit in a lump sum payment.

The valuation dated 7/1/12 reflects changes made to the plan provisions. The interest rate assumption was lowered from 8.25% to 7.50%. The mortality table assumption was changed from projecting mortality improvements just until the valuation year to a generational projection methodology. The combined impact of these changes increased the unfunded accrued liability by approximately \$349,000 and increased the annual required contribution by approximately \$36,000.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Employee Retirement Systems (Continued)

Employee contributions are based upon a percentage of earnings as follows:

Town	Police	Volunteer Firefighters
Plan A - 3.5%	8.0%	None
Plan B - 1.5%		

Significant actuarial assumptions (GASB 27) are as follows:

	Town	Police	Volunteer Firefighters
Valuation date	7/1/12	7/1/12	7/1/12
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Unit Credit
Amortization method	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Dollar, Closed
Remaining amortization period	25 years, closed from July 1, 2010	25 years, closed from July 1, 2010	25 years, closed from July 1, 2010
Asset valuation method	5-Year Smoothed Market Value	5-Year Smoothed Market Value	5-Year Smoothed Market Value
Actuarial assumptions\ Investment rate of return ⁽¹⁾	7.50%	7.50%	7.50%
Projected salary increases	4.75%-2.50%	8.0% to 2.50%	N/A
Cost-of-Living	N/A	2.75%	2.75%
Inflation	N/A	2.50%	N/A

⁽¹⁾ Compounded annually.

The net pension obligation for the plans are as follows:

	Town	Police	Volunteer Firefighter
Annual Required Contribution (ARC)	\$ 2,014,125	\$ 1,143,257	\$ 249,892
Interest on NPO	101,239	27,838	13,133
Adjustment to ARC	(88,631)	(24,371)	(16,199)
Annual pension cost	2,026,733	1,146,724	246,826
Contribution made	1,540,124	702,765	223,000
Increase in NPO	486,609	443,959	23,826
NPO - July 1, 2013	1,349,850	371,175	175,108
NPO - June 30, 2014	\$ 1,836,459	\$ 815,134	\$ 198,934

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Employee Retirement Systems (Continued)

Three Year Trend Information:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Town			
2012	\$ 1,328,770	70.8%	\$ 944,810
2013	1,645,164	75.4%	1,349,850
2014	2,026,733	80.0%	1,836,459
Police			
2012	\$ 575,391	70.0%	\$ 173,397
2013	750,543	73.6%	371,175
2014	1,146,724	61.3%	815,134
Volunteer Firefighters			
2012	\$ 193,977	79.9%	\$ 151,771
2013	212,337	89.0%	175,108
2014	246,826	90.3%	198,934

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Over (Under) Funded AAL (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	Over/(Under) Funded AAL as a Percentage of Covered Payroll ((B-A)/C)
Town						
7/1/12	\$ 35,837,657	\$ 48,076,227	\$ (12,238,570)	74.5%	\$ 14,629,500	83.7%
Police						
7/1/12	\$ 24,191,819	\$ 34,580,889	\$ (10,389,070)	70.0%	\$ 4,203,371	247.2%
Volunteer Firefighters Plan						
7/1/12	\$ 852,185	\$ 2,757,529	\$ (1,905,344)	30.9%	N/A	N/A

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

Rate of Return (GASB 67): 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 as follows:

Town	Police	Volunteer Firefighters
13.20%	13.15%	14.68%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Employee Retirement Systems (Continued)

Net Pension Liability of the Town (GASB 67): The components of the net pension liability of the Town at June 30, 2014 were as follows:

Net Pension Liability	Town	Police	Volunteer Firefighters
Total pension liability	\$ 56,582,850	\$ 40,206,978	\$ 3,337,417
Fiduciary net position	41,020,517	26,583,600	1,195,296
Net pension liability	15,562,333	13,623,378	2,142,121
Fiduciary net position as a percentage of total pension liability	72.50%	66.12%	35.82%
Covered payroll	14,629,500	4,203,371	N/A
Net pension liability as a percentage of covered payroll	106.38%	324.11%	N/A

Actuarial Assumptions (GASB 67): The total pension liability was determined by an interim actuarial valuation as of July 1, 2013, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2014. There have been no significant changes between the valuation date and the fiscal year-end for the Town and Volunteer Firefighters Plans. There were significant changes to the Police Plan. The Police Plan has been closed to new entrants as of January 1, 2014. The retirement benefit formula was changed to provide that a member who completed 25 years of credited service shall receive a retirement benefit equal to 2.625% of his/her final average compensation for each such year of service. The maximum retirement benefit shall be 72% of final average compensation.

Discount Rate (GASB 67):

Discount rate	7.50%
Long-term expected rate of return, net of investment expense	7.50%
Municipal bond rate	N/A

Other Key Actuarial Assumptions (GASB 67): The Plan has not had a formal actuarial experience study performed.

	Town	Police	Volunteer Firefighters
Valuation date	July 1, 2013	July 1, 2013	July 1, 2013
Measurement date	June 30, 2014	June 30, 2014	June 30, 2014
Inflation	2.75%	2.75%	2.75%
Salary increases including inflation	Rates based on age	Rates based on age	N/A
Mortality	RP-2000 mortality table for employees and healthy annuitants, with generational projection per scale AA.	RP-2000 mortality table for employees and healthy annuitants, with generational projection per scale AA.	RP-2000 mortality table with generational projection per scale AA, with bluecollar adjustment for participants only, and separate tables for active members and annuitants.
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset valuation method	Market Value	Market Value	Market Value

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Employee Retirement Systems (Continued)

Discount Rate (GASB 67): The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the Town will be made at contractually required rates, actuarially determined. 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 Analysis (GASB 67): The following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Town			
Total pension liability	\$ 61,970,584	\$ 56,582,850	\$ 51,962,820
Fiduciary net position	41,020,517	41,020,517	41,020,517
Net pension liability	\$ 20,950,067	\$ 15,562,333	\$ 10,942,303
Police			
Total pension liability	\$ 45,517,588	\$ 40,206,978	\$ 35,849,567
Fiduciary net position	26,583,600	26,583,600	26,583,600
Net pension liability	\$ 18,933,988	\$ 13,623,378	\$ 9,265,967
Volunteer Firefighters			
Total pension liability	\$ 3,864,054	\$ 3,337,417	\$ 2,913,357
Fiduciary net position	1,195,296	1,195,296	1,195,296
Net pension liability	\$ 2,668,758	\$ 2,142,121	\$ 1,718,061

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Employee Retirement Systems (Continued)

Assumed Rate of Return (GASB 67): The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2012, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected Geometric Real Return
Cash	0.49%
Intermediate - Term Bonds	1.46%
Broad U.S. Equities	4.49%
Developed Foreign Equities	4.39%
Assumed Inflation - Mean	2.75%
Assumed Inflation - Standard Deviation	2.00%
Portfolio Real Mean Return	3.88%
Portfolio Nominal Mean Return	6.63%
Portfolio Standard Deviation	12.14%
Long-Term Expected Rate of Return	7.50%

Investments:

Concentrations: Information regarding investment concentration is presented in Note 3.

Investment Policy: The Plan's policy in regards to the allocation of invested assets is established and may be amended by the Retirement Board:

Asset Class	Pension Funds Allocation %
Cash	5%
Intermediate - Term Bonds	30%
Broad U.S. Equities	39%
Developed Foreign Equities	26%
Total	100%

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Employee Retirement Systems (Continued)

Schedule of Plan Net Position
June 30, 2014

	Pension Trust Funds			OPEB Trust		Total
	Town Pension Fund	Police Pension Fund	Volunteer Firefighters Pension	Police Post-Employment Healthcare Fund	Other Post-Employment Benefit Fund	
Assets						
Cash	\$ 207,961	\$ 157,504	\$ 25,150	\$ 71,934	\$ 8,509	\$ 471,058
	<u>207,961</u>	<u>157,504</u>	<u>25,150</u>	<u>71,934</u>	<u>8,509</u>	<u>471,058</u>
Investments:						
Common stock	5,955,687	3,856,476	-	-	-	9,812,163
Private placements	295,780	191,526	-	-	-	487,306
Money market mutual funds	1,451,892	940,141	72,819	34,298	36,216	2,535,366
Fixed income mutual funds	10,569,946	6,844,339	281,349	133,344	136,984	17,965,962
Equity mutual funds	13,678,420	8,857,163	819,788	389,894	407,839	24,153,104
Alternative investments	8,889,224	5,756,024	-	-	-	14,645,248
Total investments	<u>40,840,949</u>	<u>26,445,669</u>	<u>1,173,956</u>	<u>557,536</u>	<u>581,039</u>	<u>69,599,149</u>
Total assets	<u>41,048,910</u>	<u>26,603,173</u>	<u>1,199,106</u>	<u>629,470</u>	<u>589,548</u>	<u>70,070,207</u>
Liabilities						
Accounts Payable	28,393	19,573	3,810	91,706	317	143,799
Net position - restricted for pension benefits and other post-employment benefits	<u>\$ 41,020,517</u>	<u>\$ 26,583,600</u>	<u>\$ 1,195,296</u>	<u>\$ 537,764</u>	<u>\$ 589,231</u>	<u>\$ 69,926,408</u>

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Employee Retirement Systems (Continued)

Schedule of Changes in Plan Net Position
Year Ended June 30, 2014

	Pension Trust Funds			OPEB Trust		Total
	Town Pension Fund	Police Pension Fund	Volunteer Firefighters Pension	Police Post-Employment Healthcare Fund	Other Post-Employment Benefit Fund	
Additions						
Employer contributions	\$ 1,540,124	\$ 702,765	\$ 223,000	\$ 62,712	\$ -	\$ 2,528,601
Employee contributions	345,222	336,526	-	53,518	-	735,266
Total additions	1,885,346	1,039,291	223,000	116,230	-	3,263,867
Investment Income:						
Net appreciation in fair value of investments	4,339,727	2,831,092	136,867	85,806	71,400	7,464,892
Interest and dividends	656,766	427,254	27,645	15,394	13,527	1,140,586
	4,996,493	3,258,346	164,512	101,200	84,927	8,605,478
Less investment expenses:						
Investment management fees	127,877	85,204	2,082	2,397	1,244	218,804
Net investment earnings	4,868,616	3,173,142	162,430	98,803	83,683	8,386,674
Total additions	6,753,962	4,212,433	385,430	215,033	83,683	11,650,541
Deductions						
Benefits	2,111,122	1,829,360	139,027	354,949	-	4,434,458
Contribution refunds	-	-	-	39,861	-	39,861
Administration	51,095	26,634	15,330	7,258	5,850	106,167
Total deductions	2,162,217	1,855,994	154,357	402,068	5,850	4,580,486
Change in net position	4,591,745	2,356,439	231,073	(187,035)	77,833	7,070,055
Net Position - Restricted for pensions and other purposes						
Beginning of year	36,428,772	24,227,161	964,223	724,799	511,398	62,856,353
End of year	\$ 41,020,517	\$ 26,583,600	\$ 1,195,296	\$ 537,764	\$ 589,231	\$ 69,926,408

Connecticut State Teachers' Retirement System: The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The State of Connecticut Teacher Retirement System 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.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not, and is not legally responsible to, contribute to the plan.

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city/town basis.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 7. Employee Retirement Systems (Continued)

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$7,722,000 for the year ended June 30, 2014.

Defined Contribution Retirement Savings Plans: Town employees hired after the pension plan was closed to new entrants, between July 1, 2006 and June 30, 2012 depending on the union and nonunion group, are eligible to participate in a 457 defined contribution plan administered by the Town. This plan covers all regular full-time employees except teachers covered by the Connecticut Teachers' Retirement System and police officers. The Plan requires the Town to contribute 6% of each participant's salary, 5% for nonunion and Board of Education union groups and 6% if the employee contributes at least 1%.

Police officers hired on or after January 1, 2014 are required to participate in a 401(a) defined contribution plan. The Plan requires the Town to contribute 6% of an officer's salary. Officers are also required to contribute 6% of their salary.

Note 8. Other Postemployment Benefits (OPEB)

In addition to providing pension benefits, the Town instituted a policy providing for a portion of health insurance coverage or subsidized coverage to retired employees. Teachers, town employees and police may become eligible for those benefits if they retire under a normal retirement or with disability.

Post-Retirement Benefits: From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The Town recognizes the cost of postemployment healthcare in the year when the employee services are received, discloses the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Plan Description: The Town provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through single-employer defined benefit plans. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2011. The post-retirement plans do not issue stand-alone financial reports.

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

Membership in the plans consisted of the following at July 1, 2011.

Category	Town	Police	BOE
Retirees and beneficiaries receiving benefits	12	19	86
Active plan members	133	44	390
Total	145	63	476

The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 8. Other Postemployment Benefits (OPEB) (Continued)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Unfunded AAL (A-B)	Funded Ratio (A/B)	Covered Payroll (Total) (C)	UAAL as a Percentage of Payroll ((B-A)/C)
<u>Town</u>						
7/1/2011	\$ -	\$1,271,338	\$1,271,338	0.00%	\$ 5,886,000	21.6%
<u>Police</u>						
7/1/2011	\$ 1,007,438	\$6,656,875	\$5,649,437	15.13%	3,856,000	146.5%
<u>BOE</u>						
7/1/2011	\$ -	\$17,942,151	\$17,942,151	0.00%	28,809,000	62.3%

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

The Town funds the OPEB plans on a pay-as-you-go basis.

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

Fiscal Year Ending	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
<u>Town</u>				
6/30/12	\$ 104,044	\$ 207,272	199.2%	\$ (270,240)
6/30/13	86,396	159,957	185.1%	(343,801)
6/30/14	88,297	179,886	203.7%	(435,390)
<u>Police</u>				
6/30/12	\$ 725,127	\$ 62,851	8.7%	\$ 2,442,411
6/30/13	653,172	64,364	9.9%	3,031,219
6/30/14	662,540	62,712	9.5%	3,631,047
<u>BOE</u>				
6/30/12	\$ 1,576,069	\$ 1,377,112	87.4%	\$ 2,602,492
6/30/13	1,483,649	900,638	60.7%	3,185,503
6/30/14	1,490,277	900,595	60.4%	3,775,185

OPEB Obligation (Asset):

	Town	Police	BOE
Annual required contribution	\$ 81,929	\$ 697,112	\$ 1,549,275
Interest on net OPEB obligation (asset)	(15,471)	227,341	143,348
Adjustment to annual required contribution	21,839	(261,913)	(202,346)
Annual OPEB cost	88,297	662,540	1,490,277
Contributions made	(179,886)	(62,712)	(900,595)
Increase in net OPEB liability (asset)	(91,589)	599,828	589,682
Net OPEB obligation (asset), beginning of year	(343,801)	3,031,219	3,185,503
Net OPEB obligation (asset), end of year	\$ (435,390)	\$ 3,631,047	\$ 3,775,185

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 8. Other Postemployment Benefits (OPEB) (Continued)

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

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

The information presented was determined as part of the actuarial valuations. Additional information as of the July 1, 2011 valuation follows:

	Town	Police	BOE
Valuation Date:	July 1, 2011	July 1, 2011	July 1, 2011
Actuarial Cost Method:	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Asset Valuation Method:	Market Value	Market Value	Market Value
Amortization Method:	30 Years, Level Dollar, Open	30 Years, Level Dollar, Open	30 Years, Level Dollar, Open
Remaining Amortization Period	30 Years	30 Years	30 Years
Actuarial Assumptions:			
Discount rate	4.5%	7.5%	4.5%
Salary increase rate	N/A	N/A	N/A
Inflation rate	N/A	N/A	N/A
Healthcare cost trend rates:	Average annual healthcare cost trend rates are assumed to be as follows:		
	Year	Decrease	
	2015 and later	5.0%	

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 9. Fund Balances

The detail of the Town's fund balances are as follows:

	General Fund	Capital Improvements Fund	Debt Reserve Fund	Nonmajor Governmental Funds
Fund Balances				
Non-Spendable:				
Prepays	\$ 81,848	\$ -	\$ -	\$ 180
Inventory	-	-	-	40,851
Permanent fund principal	-	-	-	78,361
Total non-spendable	81,848	-	-	119,392
Restricted:				
General government activities	-	-	-	2,817
Police operations	-	-	-	351,010
Fire operations	-	-	-	343,668
Sewer and water assessments	-	-	-	47,316
Water pollution control operations	-	-	-	521,122
Social services	-	-	-	74,633
Library operations	-	-	-	117,644
Parks and recreation programs	-	-	-	86,395
School cafeteria operations	-	-	-	99,877
Educational programs	-	-	-	857,770
Road, sidewalk and bridge construction and maintenance	-	203,512	-	-
Waste water treatment plant upgrade	-	678,059	-	-
Energy conservation improvements	-	9,146,857	-	-
Other capital projects	-	30,573	-	-
Debt service	-	-	-	143,576
Total restricted	-	10,059,001	-	2,645,828
Committed:				
Capital projects	-	-	-	1,405,172
Debt service	-	-	5,499,180	-
Pension benefit obligations	500,000	-	-	-
Total committed	500,000	-	5,499,180	1,405,172
Assigned:				
Encumbrances	1,445,260	-	-	7,874
Subsequent year expenditures	800,000	-	-	-
Community pool operations	19,345	-	-	-
Insurance reserves	313,168	-	-	-
General government activities	38	-	-	-
Capital outlay	-	-	-	462,667
Debt service	-	-	-	2,170
Total assigned	2,577,811	-	-	472,711
Unassigned	9,009,206	(8,428,825)	-	-
Total fund balance	\$ 12,168,865	\$ 1,630,176	\$ 5,499,180	\$ 4,643,103

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 10. Fund Deficits

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

Internal Service Fund:	
Heart and Hypertension	\$ 1,977,223

The Internal Service fund deficit will be repaid with future charges.

Note 11. Contingencies and Commitments

Construction and other significant commitments have been reported as assigned fund balance in the fund equity section of the balance sheet. At year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$ 1,445,260
Capital Improvements Fund	25,318,849
Nonmajor governmental funds	472,711
Total	<u><u>\$ 27,236,820</u></u>

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is currently a defendant in a number of lawsuits. It is the opinion of Town officials that such pending litigation will not result individually or in the aggregate in a final judgment against the Town which would have a material adverse effect on its financial position.

Note 12. Risk Management

The Town is exposed to various risks of loss relating to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees, employee health and natural disasters. The Town purchases commercial insurance for all risks of loss, including blanket and umbrella policies, except for self-insured medical benefits provided under two of its three health insurance plans, prescription drug plan, dental plans, and workers' compensation covered under a public entity risk pool. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage from coverage in the prior year.

The Town established an internal service fund, the health insurance fund, to account for and finance employee medical benefits claims for eligible employees of both the Town and Board of Education. The Town retains the risk of loss under two of the three medical plans it offers, along with dental and prescription drugs. The risk of loss is retained by the insurance provider under a third plan.

A third party processes the claims filed under both the insured and the self-insured health plans, for which the General Fund is charged an administrative fee. The General Fund also pays for a stop-loss policy for individual claims exceeding \$150,000 for the self-insured health plan. Incurred but not recorded claims (IBNR) are accrued for in the Health Insurance Fund. The Town pays for claims in any one year of up to 110% of expected claims. Any excess claims are payable ratably over the following year.

The Town established another internal service fund, Heart and Hypertension, to account for the financing of heart and hypertension claims.

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 12. Risk Management (Continued)

Payments to the Health Insurance internal service fund are based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. For the Heart and Hypertension fund, payments to the fund are based upon estimates of claim reserves necessary to pay annual commitments as well as future claims. The claims liability for the Health Insurance Fund and Heart and Hypertension Fund, respectively, reported in the fund at June 30, 2014, is based upon the provisions of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated.

The amount of the claims accrual is based on the estimated ultimate costs of settling the claims, which includes past experience data, inflation and other future economic and societal factors and incremental claims adjustment expenses, net of estimated subrogation recoveries. Liabilities for unpaid claims are based on recommendations from third-party administrators. The claims accrual does not include other allocated or unallocated claims adjustment expenses. Such amounts are included as a component of liabilities in the statement of financial position.

	Health Insurance Fund				
	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30	Due Within One Year
2012-2013	\$ 884,296	\$ 9,612,824	\$ 9,658,866	\$ 838,254	\$ 838,254
2013-2014	\$ 838,254	\$ 10,825,476	\$ 10,724,247	\$ 939,483	\$ 939,483

	Heart & Hypertension Fund				
	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30	Due Within One Year
2012-2013	\$ 2,420,506	\$ -	\$ 140,827	\$ 2,279,679	\$ 184,452
2013-2014	\$ 2,279,679	\$ 958,500	\$ 228,849	\$ 3,009,330	\$ 434,905

The Town currently is a member in Connecticut Interlocal Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a, et. seq., of Connecticut General Statutes, for workers' compensation first dollar coverage.

The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30, and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Worker's Compensation Pool retains \$1,000,000 per occurrence.

Note 13. Project Authorizations

The following is a summary of Capital Improvement Fund projects at June 30, 2014:

	Authorization	Cumulative Expenditures	Unspent Authorizations
Various capital improvements	\$ 95,673,223	\$ 54,815,036	\$ 40,858,187

Town of Cheshire, Connecticut

Notes to Financial Statements

Note 14. Governmental Accounting Standards Board (GASB) Statements

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

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and its amendment, GASB Statement No. 71, will be effective on July 1, 2014. This statement revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and calls for immediate recognition of more pension expense than is currently required.

GASB Statement No. 69, Government Combinations and Disposals of Government Operations, will be effective for the fiscal year beginning on July 1, 2014. This statement provides guidance for determining whether a specific government combination is a government merger, acquisition, or a transfer of operations, which will improve accounting for mergers and acquisitions among state and local governments.

Management has not yet determined the effect that the above GASB statements will have on the financial statements, but GASB Statement No. 68 will have an impact due to the recording of the Town's net pension liability.

**Required Supplementary
Information -*unaudited***

Town of Cheshire, Connecticut

Required Supplementary Information - unaudited
 Schedule of Funding Progress - Pension Trust Funds
 June 30, 2014

Schedule of Funding Progress-Pension Trust Funds

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	AAL (UAAL) as a Percentage of Covered Payroll (D)
<u>Town</u>						
7/1/08	\$ 37,610,994	\$ 33,391,499	\$ 4,219,495	112.6%	\$ 13,142,786	32.1%
7/1/09	31,871,640	36,311,377	(4,439,737)	87.8%	13,142,786	-33.8%
7/1/10	36,643,347	39,139,701	(2,496,354)	93.6%	14,467,868	-17.3%
7/1/11	36,685,763	42,029,277	(5,343,514)	87.3%	15,046,584	-35.5%
7/1/12**	35,837,657	48,076,227	(12,238,570)	74.5%	14,629,500	-83.7%
7/1/13	36,124,029	49,816,659	(13,692,630)	72.5%	11,411,022	-120.0%
<u>Police</u>						
7/1/08	\$ 26,101,814	\$ 25,487,057	\$ 614,757	102.4%	\$ 3,630,885	16.9%
7/1/09	21,928,530	27,314,407	(5,385,877)	80.3%	3,630,885	-148.3%
7/1/10	25,210,399	28,070,073	(2,859,674)	89.8%	4,044,453	-70.7%
7/1/11	25,030,152	29,701,519	(4,671,367)	84.3%	4,206,231	-111.1%
7/1/12**	24,191,819	34,580,889	(10,389,070)	70.0%	4,203,371	-247.2%
7/1/13	24,032,472	36,751,389	(12,718,917)	65.4%	4,146,467	-306.7%
<u>Volunteer Firefighters Plan</u>						
7/1/08**	\$ 629,104	\$ 1,432,140	\$ (803,036)	43.9%	N/A	N/A
7/1/09	532,289	1,578,374	(1,046,085)	33.7%	N/A	N/A
7/1/10	729,059	2,130,528	(1,401,469)	34.2%	N/A	N/A
7/1/11	795,423	2,292,174	(1,496,751)	34.7%	N/A	N/A
7/1/12**	852,185	2,757,529	(1,905,344)	30.9%	N/A	N/A
7/1/13	965,578	2,893,478	(1,927,900)	33.4%	N/A	N/A

**Valuation reflects changes made to plan provisions.

Town of Cheshire, Connecticut

Required Supplementary Information - unaudited
 Schedule of Employer Contributions - Pension Trust Funds
 June 30, 2014

Schedule of Employer Contributions - Pension Trust Fund

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
<u>Town</u>					
2005	\$ 224,571	\$ 224,571	\$ -	9,700,252	2.32%
2006	224,571	224,571	-	10,486,175	2.14%
2007	489,516	544,025	(54,509)	10,486,175	5.19%
2008	567,159	567,159	-	11,398,775	4.98%
2009	567,159	567,159	-	11,398,775	4.98%
2010	618,414	618,414	-	13,142,786	4.71%
2011	618,414	618,414	-	13,142,786	4.71%
2012	1,320,263	940,125	380,138	14,467,868	6.50%
2013	1,632,242	1,240,124	392,118	15,046,584	8.24%
2014	2,014,125	1,540,124	474,001	14,629,500	10.53%
<u>Police</u>					
2005	\$ -	\$ -	\$ -	2,749,182	N/A
2006	-	-	-	3,153,490	N/A
2007	151,189	98,000	53,189	3,153,490	3.11%
2008	196,834	196,834	-	3,319,920	3.11%
2009	196,834	196,834	-	3,319,920	5.93%
2010	252,025	252,025	-	3,630,885	6.94%
2011	252,025	252,025	-	3,630,885	6.94%
2012	575,379	402,765	172,614	4,044,453	9.96%
2013	748,172	552,765	195,407	4,206,231	13.14%
2014	1,143,257	702,765	440,492	4,203,371	16.72%
<u>Volunteer Firefighters</u>					
2005	\$ 30,423	\$ 30,423	\$ -	N/A	N/A
2006	30,423	30,423	-	N/A	N/A
2007	23,395	31,000	(7,605)	N/A	N/A
2008	24,035	24,035	-	N/A	N/A
2009	24,035	24,035	-	N/A	N/A
2010	121,109	121,109	-	N/A	N/A
2011	121,109	121,109	-	N/A	N/A
2012	195,465	155,000	40,465	N/A	N/A

Town of Cheshire, Connecticut

Required Supplementary Information - unaudited
Schedules of Funding Progress and Employer Contributions - OPEB
June 30, 2014

Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	AAL (UAAL) as a Percentage of Covered Payroll (D)
Town						
7/1/2009	\$ -	\$ 1,573,885	\$ 1,573,885	0.00%	\$ 7,640,125	20.6%
7/1/2011	-	1,271,338	1,271,338	0.00%	5,886,000	21.6%
7/1/2013	58,513	2,259,585	2,201,072	2.59%	6,816,102	32.3%
Police						
7/1/2009	\$ 854,402	\$ 6,919,837	\$ 6,065,435	12.35%	\$ 3,903,774	155.4%
7/1/2011	1,007,438	6,656,875	5,649,437	15.13%	3,856,000	146.5%
7/1/2013	724,799	8,459,755	7,734,956	8.57%	2,767,479	279.5%
BOE						
7/1/2009	\$ -	\$ 19,171,528	\$ 19,171,528	0.00%	\$ 30,234,970	63.4%
7/1/2011	-	17,942,151	17,942,151	0.00%	28,809,000	62.3%
7/1/2013	452,885	17,488,790	17,035,905	2.59%	28,808,501	59.1%

Schedule of Employer Contributions - OPEB

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
Town			
2009	\$ 104,292	\$ 143,315	137%
2010	104,680	180,541	173%
2011	101,016	155,253	154%
2012	101,307	207,272	205%
2013	81,690	159,957	196%
2014	81,929	179,886	220%
Police			
2009	\$ 608,827	\$ 56,424	9%
2010	624,753	56,558	9%
2011	725,132	59,346	8%
2012	742,343	62,851	8%
2013	678,813	64,364	9%
2014	697,112	62,712	9%
BOE			
2009	\$ 1,388,615	\$ 425,935	31%
2010	1,406,178	1,010,013	72%
2011	1,595,494	519,055	33%
2012	1,615,467	1,377,112	85%
2013	1,528,971	900,638	59%
2014	1,549,275	900,595	58%

Town of Cheshire, Connecticut

Required Supplementary Information - unaudited
 Schedule of Changes in the Town's Net Pension Liability and Related Ratios (in 1,000's)
 June 30, 2014

	Town	Police	Fire
Changes in Net Pension Liability			
Total Pension Liability			
Service cost	\$ 1,237	\$ 689	\$ 29
Interest on total pension liability	4,023	2,870	237
Effect of plan changes	-	1,001	-
Benefit payments	(2,111)	(1,829)	(139)
	<u>3,149</u>	<u>2,731</u>	<u>127</u>
Total pension liability, beginning	<u>53,434</u>	<u>37,476</u>	<u>3,210</u>
Total pension liability ending (a)	<u>56,583</u>	<u>40,207</u>	<u>3,337</u>
Fiduciary Net Position			
Employer contributions	\$ 1,540	\$ 703	\$ 223
Member contributions	345	337	-
Investment income net of investment expenses	4,869	3,173	162
Benefit payments	(2,111)	(1,829)	(139)
Administrative expenses	(51)	(27)	(15)
Net change in plan fiduciary net position	<u>4,592</u>	<u>2,357</u>	<u>231</u>
Fiduciary net position, beginning	<u>36,429</u>	<u>24,227</u>	<u>964</u>
Fiduciary net position, ending (b)	<u>41,021</u>	<u>26,584</u>	<u>1,195</u>
Net pension liability, ending = (a) - (b)	<u>\$ 15,562</u>	<u>\$ 13,623</u>	<u>\$ 2,142</u>
Fiduciary net position as a % of total pension liability	72.50%	66.12%	35.82%
Covered payroll	\$ 14,630	\$ 4,203	N/A
Net pension liability as a % of covered payroll	106.37%	324.13%	N/A

NOTE: As 2014 is the GASB Statement No. 67 implementation year, only 2014 information is available.

Town of Cheshire, Connecticut
Required Supplementary Information - unaudited
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis -
Budget and Actual - General Fund
For the Year Ended June 30, 2014

	Original	Revised Final	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues				
Property taxes, interest and lien fees	\$ 79,166,089	\$ 79,166,089	\$ 79,722,309	\$ 556,220
Charges for services	2,237,585	2,237,585	2,236,193	(1,392)
Intergovernmental	15,081,731	15,081,731	16,821,872	1,740,141
Interest and dividend income	231,829	231,829	107,130	(124,699)
Other local income	245,350	245,350	203,191	(42,159)
Total revenues	96,962,584	96,962,584	99,090,695	2,128,111
Expenditures				
Current:				
Administration and finance	10,504,030	10,764,930	10,656,513	108,417
Planning and development	511,802	519,402	511,313	8,089
Public safety	6,376,847	6,410,847	6,230,814	180,033
Public works	5,346,081	5,604,981	5,392,586	212,395
Public health	429,042	429,042	428,576	466
Social services	784,745	784,745	774,521	10,224
Cultural services	1,770,626	1,772,226	1,750,127	22,099
Leisure services	1,275,063	1,281,063	1,280,255	808
Education	63,708,180	63,708,180	63,708,180	-
Contingency	125,000	-	-	-
Debt service	8,068,604	8,068,604	8,068,604	-
Total expenditures	98,900,020	99,344,020	98,801,489	542,531
Revenues over (under) expenditures	(1,937,436)	(2,381,436)	289,206	2,670,642
Other Financing Sources (Uses)				
Cancellation of prior year encumbrances	200,000	200,000	138,679	(61,321)
Transfers in	2,468,436	2,562,436	896,838	(1,665,598)
Transfers out	(1,431,000)	(1,281,000)	(1,281,000)	-
Net other financing sources (uses)	1,237,436	1,481,436	(245,483)	(1,726,919)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses before utilization of fund balance	(700,000)	(900,000)	43,723	943,723
Utilization of Fund Balance	700,000	900,000	-	(900,000)
Excess of revenues and other financing sources over expenditures and other financing uses after utilization of fund balance	\$ -	\$ -	43,723	\$ 43,723
Budgetary Fund Balance, July 1, 2013			<u>10,139,213</u>	
Budgetary Fund Balance, June 30, 2014			<u>\$ 10,182,936</u>	

See Notes to Required Supplementary Information.

Town of Cheshire, Connecticut

Note to Required Supplementary Information - unaudited

Note 1. Budgets and Budgetary Accounting

The Town's budget policies for the General Fund, the Water Pollution Control Fund, and the Cheshire Community Pool Fund are as follows:

- A. Each department, office, board or commission of the Town, including the Board of Education, shall submit to the Town Manager a detailed estimate of the expenditures and anticipated revenues by February 15.
- B. On or before March 10, the Town Manager submits a balanced budget and budget message to the Town Council based upon requests submitted by the various Town departments.
- C. By April 7, the Town Council submits the proposed operating budget to one or more public hearings, at which taxpayer comments are obtained. The budget includes proposed expenditures and the means of financing them. By April 17, the Town council must adopt an operating budget and fix a tax rate in mills and shall file it with the Town Clerk by April 27.
- D. The budget adopted by the Town Council is subject to one referendum by petition of at least 10% of the registered electors. The petition must be filed by May 11, and the Council must hold a referendum no later than June 20.
- E. The legal level of control for the General Fund, the level at which expenditures may not exceed appropriations, is at the department level within a function that includes departments, offices, projects, sub-functions, boards and commissions as prescribed by the Town Charter. The legal level of control is at the fund level for the Water Pollution Control Fund and the Cheshire Community Pool Fund.
- F. Management is not authorized to make budgetary transfers. The Town Council, in accordance with the provisions of the Charter and the Connecticut General Statutes, is authorized to transfer unexpended balances from one appropriation to another. Additional appropriations up to \$175,000 may be approved by the Council following a public hearing. Those in excess of \$350,000 may be approved for referendum by the Council following a public hearing. There were additional appropriations made during the year of \$294,000 in the General Fund for curbside bulky waste collection, \$200,000 from General Fund fund balance and \$94,000 from additional local income.
- G. The Department of Education is not a separate legal entity, but a separate function of the Town. Its Board is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Town Council approval and, if necessary, approval at a public hearing or referendum.
- H. Formal budgetary integration is employed as a management control device during the year.
- I. 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 reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year-end, except those for the capital projects funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Town of Cheshire, Connecticut

Note to Required Supplementary Information - unaudited

Note 1. Budgets and Budgetary Accounting (Continued)

A reconciliation of General Fund revenues, expenditures and net other financing sources/uses, as presented in accordance with GAAP and as presented on the budgetary basis, is as follows:

	Revenues	Expenditures	Net Other Financing Sources/(Uses)	Fund Balance
General Fund, budgetary basis	\$ 99,090,695	\$ 98,801,489	\$ (245,483)	\$ 10,182,936
Accrued payroll	-	127,996	-	(201,019)
Bond refunding issue costs	-	143,606	143,606	-
State Teachers Retirement				
System on-behalf payments	7,722,000	7,722,000	-	-
Encumbrances:				
June 30, 2013	-	1,289,464	-	51,726
June 30, 2014	-	(1,381,606)	-	1,381,606
Cancellation of prior year encumbrances	-	-	(138,679)	-
Effect of GASB No. 54	354,061	694,647	248,100	753,616
Combined General Fund, GAAP basis	<u>\$ 107,166,756</u>	<u>\$ 107,397,596</u>	<u>\$ 7,544</u>	<u>\$ 12,168,865</u>

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**Combining and Individual Fund
Financial Statements and Other Schedules**

General Fund

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units. The following funds have been reclassified to the General Fund, which were previously reported as Special Revenue Funds, but they no longer meet the definition in accordance with GASB 54:

Insurance Proceeds Fund

To account for receipts from insurance companies and disbursements for insurance claims.

Pension Reserve Fund

To account for pre-funding of the Town's pension contributions.

CRRRA Fund

To account for funds distributed from the Connecticut Resource Recovery Authority, a five-town, trash-to-energy plant consortium, set aside for future expense.

Cheshire Community Pool Fund

To account for the collection of user charges to support the cost of operating the Cheshire community pool.

Town of Cheshire, Connecticut

General Fund Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Property Taxes				
Current tax levy	\$ 78,073,859	\$ 78,073,859	\$ 78,575,506	\$ 501,647
Supplemental motor vehicle tax	667,230	667,230	675,914	8,684
Prior year tax levies	150,000	150,000	127,753	(22,247)
Interest and lien fees	150,000	150,000	227,344	77,344
Telecommunication - property tax	125,000	125,000	115,792	(9,208)
Total property taxes	79,166,089	79,166,089	79,722,309	556,220
Building official	400,000	400,000	500,521	100,521
Town clerk	705,000	705,000	526,322	(178,678)
Parks and recreation	395,000	395,000	349,136	(45,864)
Police department	33,000	33,000	21,890	(11,110)
Public library	39,300	39,300	40,707	1,407
Animal control	7,500	7,500	6,696	(804)
Solid waste	1,000	1,000	1,757	757
Public works	6,000	6,000	6,685	685
Planning	30,000	30,000	81,412	51,412
Senior services	20,000	20,000	21,154	1,154
Youth activities	4,000	4,000	4,415	415
Fine arts	90,000	90,000	96,715	6,715
Police special duty	75,000	75,000	101,260	26,260
Birth to three	364,815	364,815	366,973	2,158
Tuition	66,970	66,970	110,550	43,580
Total charges for services	2,237,585	2,237,585	2,236,193	(1,392)
Intergovernmental				
Payment in Lieu of Taxes:				
State of Connecticut	-	-	1,962,731	1,962,731
Cheshire Academy	1,000	1,000	1,000	-
Cheshire Housing Authority	29,500	29,500	29,844	344
South Central Regional Water Authority	489,194	489,194	489,194	-
Colleges	123,971	123,971	123,841	(130)
Elderly circuit breaker	174,124	174,124	170,940	(3,184)
Totally disabled	2,015	2,015	1,824	(191)
Additional veterans' exemption	11,674	11,674	11,973	299
Pequot/Mohegan	-	-	1,984,705	1,984,705
Video competition	7,498	7,498	6,575	(923)
Total payment in lieu of taxes	838,976	838,976	4,782,627	3,943,651

(Continued)

Town of Cheshire, Connecticut

General Fund Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Intergovernmental, Continued				
Town:				
Youth services grant	\$ 17,814	\$ 17,814	\$ 17,878	\$ 64
Miscellaneous grants	73,020	73,020	60,106	(12,914)
Town Aid Road	404,608	404,608	404,050	(558)
Municipal Aid Adjustment - Hold Harmless	746,785	746,785	3,531	(743,254)
Revenue Sharing - Property Tax Relief	-	-	692,865	692,865
Total Town	1,242,227	1,242,227	1,178,430	(63,797)
Education:				
Education cost sharing	11,473,293	11,473,293	9,417,401	(2,055,892)
Special education - excess cost	800,000	800,000	712,965	(87,035)
Transportation	185,000	185,000	175,664	(9,336)
Nonpublic transportation and health	48,500	48,500	56,417	7,917
Adult education	25,000	25,000	29,633	4,633
Building grants	432,491	432,491	432,491	-
Interest subsidy	36,244	36,244	36,244	-
Total education	13,000,528	13,000,528	10,860,815	(2,139,713)
Total intergovernmental	15,081,731	15,081,731	16,821,872	1,740,141
Investment Income	231,829	231,829	107,130	(124,699)
Other Local Income				
Miscellaneous - Town	227,850	227,850	189,436	(38,414)
Miscellaneous - Board of Education	17,500	17,500	13,755	(3,745)
Total other local income	245,350	245,350	203,191	(42,159)
Total revenues	96,962,584	96,962,584	99,090,695	2,128,111
Other Financing Sources				
Cancellation of prior year encumbrances	200,000	200,000	138,679	(61,321)
Transfers In				
General Town Funds	-	-	2,838	2,838
Sewer and water assessments fund	200,000	200,000	200,000	-
Debt reserve fund	1,668,436	1,668,436	-	(1,668,436)
Water pollution control fund	600,000	600,000	600,000	-
CRRA fund	-	94,000	94,000	-
Total transfers in	2,468,436	2,562,436	896,838	(1,665,598)

(Continued)

Town of Cheshire, Connecticut

General Fund Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual (Continued)
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources, Continued				
Utilization of fund balance	\$ 700,000	\$ 900,000	\$ -	\$ (900,000)
Total other financing sources	3,368,436	3,662,436	1,035,517	(2,626,919)
Total revenues and other financing sources	\$ 100,331,020	\$ 100,625,020	\$ 100,126,212	\$ (498,808)

Town of Cheshire, Connecticut

General Fund Expenditures and Other Financing Uses - Budgetary Basis -
Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Administration and Finance				
Town Council	\$ 39,300	\$ 39,300	\$ 37,412	\$ 1,888
Town Manager	408,930	416,530	416,452	78
Town Attorney	313,600	492,600	492,497	103
Town Clerk	300,483	300,483	281,472	19,011
Elections	113,179	113,179	98,264	14,915
Probate Court	7,794	7,794	7,794	-
	1,862,869	1,864,169	1,864,165	4
Board of Assessment Appeals	3,950	3,950	3,630	320
General Services	229,201	229,201	214,367	14,834
Public Property	1,075,331	1,075,331	1,019,065	56,266
Employee Benefits	6,149,393	6,222,393	6,221,395	998
Total administration and finance	10,504,030	10,764,930	10,656,513	108,417
Planning and Development				
Planning Department	352,430	359,730	359,690	40
Planning and Zoning Commission	7,550	7,850	7,768	82
Zoning Board of Appeals	3,330	3,330	2,072	1,258
Economic Development Commission	114,722	114,722	114,631	91
Beautification Committee	12,950	12,950	12,564	386
Public Buildings Commission	2,550	2,550	966	1,584
Inland Wetlands Commission	9,940	9,940	9,931	9
Environmental Commission	1,800	1,800	1,519	281
Historic District Commission	2,730	2,730	1,317	1,413
Energy Commission	3,800	3,800	855	2,945
Total planning and development	511,802	519,402	511,313	8,089
Public Safety				
Police Department	4,989,371	4,989,371	4,848,596	140,775
Animal Control	102,223	102,223	92,492	9,731
Prison Advisory Committee	550	550	171	379
Civil Preparedness	19,550	19,550	16,660	2,890
Public Safety Commission	3,050	3,050	1,160	1,890
Fire Department	990,130	990,130	965,840	24,290
Inspection Department	271,973	305,973	305,895	78
Total public safety	6,376,847	6,410,847	6,230,814	180,033
Public Works				
Public Works Department	5,342,381	5,601,281	5,390,114	211,167
W.P.C.A.	3,700	3,700	2,472	1,228
Total public works	5,346,081	5,604,981	5,392,586	212,395

(Continued)

Town of Cheshire, Connecticut

General Fund Expenditures and Other Financing Uses - Budgetary Basis -
Budget and Actual (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Health	\$ 429,042	\$ 429,042	\$ 428,576	\$ 466
Social Services				
Human Services	781,935	781,935	773,462	8,473
Youth Services Committee	1,480	1,480	949	531
Human Services Committee	1,330	1,330	110	1,220
Total social services	784,745	784,745	774,521	10,224
Cultural Services				
Library	1,599,158	1,599,158	1,577,856	21,302
Library Board	1,800	1,800	1,020	780
Fine Arts Commission	169,668	171,268	171,251	17
Total cultural services	1,770,626	1,772,226	1,750,127	22,099
Leisure Services				
Parks and Recreation Department	1,273,313	1,279,313	1,279,029	284
Parks and Recreation Commission	1,750	1,750	1,226	524
Total leisure services	1,275,063	1,281,063	1,280,255	808
Education				
Certified personnel	32,744,059	32,744,059	32,744,059	-
Noncertified personnel	7,779,559	7,779,559	7,779,559	-
Employee benefits	8,800,681	8,800,681	8,800,681	-
Institutional program improvement	253,300	253,300	253,300	-
Pupil services	747,978	747,978	747,978	-
Other professional and technical services	517,732	517,732	517,732	-
Public utilities	1,307,165	1,307,165	1,307,165	-
Cleaning, repairs and maintenance	1,754,866	1,754,866	1,754,866	-
Rentals	427,700	427,700	427,700	-
Pupil transportation	3,597,610	3,597,610	3,597,610	-
Property insurance	75,744	75,744	75,744	-
Liability insurance - general	68,125	68,125	68,125	-
Liability insurance - transportation	30,000	30,000	30,000	-
Communications, advertising and printing	271,895	271,895	271,895	-
Tuition	2,011,851	2,011,851	2,011,851	-
Travel and other transportation	66,050	66,050	66,050	-
Other purchased services	166,150	166,150	166,150	-
Other supplies and materials	118,943	118,943	118,943	-
Instructional supplies	582,505	582,505	582,505	-
Maintenance supplies	251,000	251,000	251,000	-
Heat energy	499,852	499,852	499,852	-
Transportation supplies	427,597	427,597	427,597	-

(Continued)

Town of Cheshire, Connecticut

**General Fund Expenditures and Other Financing Uses - Budgetary Basis -
Budget and Actual (Continued)
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Education, Continued				
Textbooks	\$ 429,773	\$ 429,773	\$ 429,773	\$ -
Library books and periodicals	165,390	165,390	165,390	-
Testing	46,626	46,626	46,626	-
Adult education	16,650	16,650	16,650	-
Nursing supplies	9,250	9,250	9,250	-
Equipment	200,000	200,000	200,000	-
Technology and capital equipment	275,000	275,000	275,000	-
Dues and fees	65,129	65,129	65,129	-
Total education	63,708,180	63,708,180	63,708,180	-
Contingency	125,000	-	-	-
Debt Service				
Town principal and interest	5,403,619	5,403,619	5,403,619	-
School principal and interest	2,664,985	2,664,985	2,664,985	-
Total debt service	8,068,604	8,068,604	8,068,604	-
Total expenditures	98,900,020	99,344,020	98,801,489	542,531
Other Financing Uses				
Transfers Out:				
Cheshire Community Pool Fund	331,000	331,000	331,000	-
Capital and Nonrecurring Expenditures Fund	1,100,000	950,000	950,000	-
Total other financing uses	1,431,000	1,281,000	1,281,000	-
Total	\$ 100,331,020	\$ 100,625,020	\$ 100,082,489	\$ 542,531

Town of Cheshire, Connecticut

**Summary of Budgetary Operations - General Fund
For the Year Ended June 30, 2014**

Available fund balance, July 1, 2013	\$ 10,139,213
Fund balance committed to 2013-2014 budget	(700,000)
Bulky Waste Collection Appropriation	<u>(200,000)</u>
Unassigned fund balance, July 1, 2013	9,239,213

Current Year Budgetary Operations

	<u>Budget</u>	<u>Actual</u>	<u>Budget Comparison</u>
Revenues and other financing sources	\$ 99,725,020	\$ 100,126,212	\$ 401,192
Expenditures and other financing uses	100,625,020	100,082,489	542,531
Results from current year operations			<u>943,723</u>
Available fund balance, June 30, 2014			10,182,936
Prepays			(81,848)
Accrued payroll			(201,019)
Effect of GASB No. 54			(90,862)
Tax relief committed to 2014-2015 budget			(100,000)
Fund balance committed to 2014-2015 budget			<u>(700,000)</u>
Unassigned fund balance, June 30, 2014			<u><u>\$ 9,009,207</u></u>

Town of Cheshire, Connecticut

Cheshire Community Pool Fund - Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Pool fees	\$ 544,524	\$ 544,524	\$ 229,771	\$ (314,753)
Miscellaneous revenues	-	-	72,645	72,645
Total revenues	544,524	544,524	302,416	(242,108)
Expenditures				
Personnel Services:				
	190,228	190,228	136,378	53,850
Permanent part time	20,072	20,072	20,098	(26)
Temporary part time	163,540	163,540	82,460	81,080
Overtime	3,500	3,500	161	3,339
Other	1,250	1,250	1,000	250
Salary adjustment	9,519	9,519	1,105	8,414
Total personnel services	388,109	388,109	241,202	146,907
Supplies and Services:				
Office supplies	900	900	381	519
Building supplies	57,000	57,000	41,047	15,953
Equipment supplies	1,700	1,700	-	1,700
Program supplies	7,000	7,000	1,931	5,069
Advertising	400	400	-	400
Printing	1,800	1,800	1,740	60
Personnel expense	500	500	-	500
Training	500	500	-	500
Reference material	100	100	-	100
Total supplies and services	69,900	69,900	45,099	24,801
Utilities:				
Telephone	2,800	2,800	2,475	325
Electric	55,000	55,000	39,470	15,530
Gas	149,000	149,000	107,218	41,782
Water	13,500	13,500	17,999	(4,499)
Total utilities	220,300	220,300	167,162	53,138

(Continued)

Town of Cheshire, Connecticut

Cheshire Community Pool Fund - Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures, Continued				
Contracted Services:				
Construction	\$ 53,500	\$ 53,500	\$ 2,800	\$ 50,700
Equipment maintenance and repairs	3,000	3,000	2,026	974
Building maintenance	47,000	47,000	27,622	19,378
Rentals	10,000	10,000	1,078	8,922
Total contracted services	113,500	113,500	33,526	79,974
Professional Services:				
Dues	200	200	170	30
Meetings and seminars	100	100	-	100
Mileage	150	150	302	(152)
Total professional services	450	450	472	(22)
Equipment:				
Tools	200	200	200	-
Office equipment	400	400	400	-
Other equipment	1,200	1,200	1,200	-
Total equipment	1,800	1,800	1,800	-
Miscellaneous:				
General insurance	5,851	5,851	6,365	(514)
Medical and life insurance	57,244	57,244	36,299	20,945
Workers' compensation	21,989	21,989	21,989	-
Social security	24,600	24,600	13,214	11,386
Unemployment compensation	3,000	3,000	14,757	(11,757)
Pension	9,379	9,379	9,379	-
Total miscellaneous	122,063	122,063	102,003	20,060
Total expenditures	916,122	916,122	591,264	324,858
Deficiency of revenues under expenditures	(371,598)	(371,598)	(288,848)	82,750

(Continued)

Town of Cheshire, Connecticut

Cheshire Community Pool Fund - Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Utilization of fund balance	\$ 40,598	\$ 40,598	\$ -	\$ (40,598)
Cancellation of prior year encumbrances	-	-	3,193	3,193
Transfer in:				
Special Grants Town Fund	-	-	11,100	11,100
General Fund	331,000	331,000	331,000	-
	<u>371,598</u>	<u>371,598</u>	<u>345,293</u>	<u>(26,305)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>56,445</u>	<u>\$ 56,445</u>
Fund Balance (Deficit) - July 1, 2013			<u>(38,900)</u>	
Fund Balance (Deficit) - June 30, 2014			<u>\$ 17,545</u>	

Reconciliation to GAAP Basis

	Expenditures	Net Other Financing Sources	Fund Balance
Balance, Budgetary Basis, June 30, 2014	\$ 589,464	\$ 345,293	\$ 19,345
Encumbrances outstanding at June 30, 2013, liquidated during the year ended June 30, 2014	1,850	-	-
Encumbrances outstanding at June 30, 2013, cancelled during the year ended June 30, 2014	-	(3,193)	-
Encumbrances outstanding at June 30, 2014, charged to budgetary expenditures	<u>(11,927)</u>	-	<u>11,927</u>
Balance, GAAP Basis, June 30, 2014	<u>\$ 579,387</u>	<u>\$ 342,100</u>	<u>\$ 31,272</u>

(Concluded)

Town of Cheshire, Connecticut

Balance Sheet - By Account - General Fund
June 30, 2014

	General Fund	Insurance Proceeds Fund	Pension Reserve Fund	CRRA Fund	Cheshire Community Pool Fund	Totals
Assets						
Cash and Cash Equivalents	\$ 13,267,189	\$ 313,717	\$ 409,138	\$ 38	\$ 47,865	\$ 14,037,947
Receivables:						
Property taxes	201,107	-	-	-	-	201,107
Intergovernmental	426,885	-	-	-	-	426,885
Other	189,958	-	-	-	-	189,958
Investments	7,875,000	-	-	-	-	7,875,000
Other Assets	81,848	-	-	-	-	81,848
Total assets	\$ 22,041,987	\$ 313,717	\$ 409,138	\$ 38	\$ 47,865	\$ 22,812,745
Liabilities, Deferred Inflow of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 1,556,003	\$ 549	\$ -	\$ -	\$ 15,488	\$ 1,572,040
Accrued payroll	5,755,916	-	-	-	1,105	5,757,021
Unearned revenue	340,105	-	-	-	-	340,105
Total liabilities	7,652,024	549	-	-	16,593	7,669,166
Deferred Inflows of Resources						
Advance tax collections	2,497,764	-	-	-	-	2,497,764
Unavailable resources	476,950	-	-	-	-	476,950
Total deferred inflows of resources	2,974,714	-	-	-	-	2,974,714
Fund Balances						
Nonspendable	81,848	-	-	-	-	81,848
Committed	-	-	500,000	-	-	500,000
Assigned	2,233,333	313,168	-	38	31,272	2,577,811
Unassigned	9,100,068	-	(90,862)	-	-	9,009,206
Total fund balances	11,415,249	313,168	409,138	38	31,272	12,168,865
Total liabilities, deferred inflows of resources and fund balances	\$ 22,041,987	\$ 313,717	\$ 409,138	\$ 38	\$ 47,865	\$ 22,812,745

Town of Cheshire, Connecticut

Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficits) - By Account - General Fund
For the Year Ended June 30, 2014

	General Fund	Insurance Proceeds Fund	Pension Reserve Fund	CRRA Fund	Cheshire Community Pool Fund	Eliminations	Totals
Revenues							
Property taxes	\$ 79,722,309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,722,309
Intergovernmental	24,543,872	-	-	-	-	-	24,543,872
Investment income	107,130	1,018	1,519	313	-	-	109,980
Charges for services	2,236,193	48,795	-	-	229,771	-	2,514,759
Other	203,191	-	-	-	72,645	-	275,836
Total revenues	106,812,695	49,813	1,519	313	302,416	-	107,166,756
Expenditures							
Administration and finance	10,681,244	5,000	100,000	-	-	-	10,786,244
Planning and development	511,205	-	-	-	-	-	511,205
Public safety	6,291,401	-	-	-	-	-	6,291,401
Public works	5,414,489	5,178	-	-	-	-	5,419,667
Public health	428,576	-	-	-	-	-	428,576
Social services	774,440	-	-	-	-	-	774,440
Cultural services	1,747,966	-	-	-	-	-	1,747,966
Leisure services	1,274,972	1,596	-	-	579,387	-	1,855,955
Education	71,366,446	3,486	-	-	-	-	71,369,932
Debt service	8,212,210	-	-	-	-	-	8,212,210
Total expenditures	106,702,949	15,260	100,000	-	579,387	-	107,397,596
Excess (deficiency) of revenues over expenditures	109,746	34,553	(98,481)	313	(276,971)	-	(230,840)
Other Financing Sources (Uses)							
Issuance of refunding bonds	9,560,000	-	-	-	-	-	9,560,000
Premiums on bonds issued	662,990	-	-	-	-	-	662,990
Payments made to escrow	(10,079,384)	-	-	-	-	-	(10,079,384)
Transfers in	896,838	-	-	-	342,100	(425,000)	813,938
Transfers out	(1,281,000)	-	-	(94,000)	-	425,000	(950,000)
Net other financing sources (uses)	(240,556)	-	-	(94,000)	342,100	-	7,544
Net change in fund balances (deficits)	(130,810)	34,553	(98,481)	(93,687)	65,129	-	(223,296)
Fund Balances (Deficits), beginning of year July 1, 2013	11,546,059	278,615	507,619	93,725	(33,857)	-	12,392,161
Fund Balances, end of year June 30, 2014	\$ 11,415,249	\$ 313,168	\$ 409,138	\$ 38	\$ 31,272	\$ -	\$ 12,168,865

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Town of Cheshire, Connecticut

Schedule of Property Taxes Levied, Collected and Outstanding
For the Year Ended June 30, 2014

Grand List Year	Balance Uncollected July 1, 2013	Current Levy	Lawful Corrections		Transfers to Suspense	Balance to be Collected
			Additions	Deletions		
1997	\$ 971	\$ -	\$ -	\$ -	\$ -	\$ 971
1998	1,024	-	287	-	-	1,311
1999	184	-	-	-	-	184
2000	201	-	-	-	-	201
2001	276	-	-	-	-	276
2002	272	-	-	-	-	272
2003	296	-	-	-	-	296
2004	417	-	-	-	-	417
2005	3,439	-	-	-	-	3,439
2006	6,345	-	-	-	-	6,345
2007	6,275	-	-	-	-	6,275
2008	10,452	-	151	-	-	10,603
2009	11,869	-	139	-	-	12,008
2010	19,151	-	405	1,243	-	18,313
2011	229,235	-	4,332	16,431	36,132	181,004
2012	-	79,466,755	73,530	163,549	3,473	79,373,263
	<u>\$ 290,407</u>	<u>\$ 79,466,755</u>	<u>\$ 78,844</u>	<u>\$ 181,223</u>	<u>\$ 39,605</u>	<u>\$ 79,615,178</u>

Collections						Balance Uncollected June 30, 2014
Taxes	Overpayments	Net Taxes Collected	Interest and Lien Fees	Total		
\$ -	\$ (971)	\$ 971	\$ 4	\$ 975	\$ -	
-	-	-	-	-	1,311	
-	-	-	66	66	184	
-	-	-	1,010	1,010	201	
-	-	-	589	589	276	
-	-	-	418	418	272	
-	-	-	398	398	296	
31	-	31	2,308	2,339	386	
2,829	-	2,829	4,243	7,072	610	
2,203	-	2,203	3,791	5,994	4,142	
2,186	-	2,186	2,054	4,240	4,089	
2,529	-	2,529	1,616	4,145	8,074	
2,241	(48)	2,289	1,222	3,511	9,719	
6,914	(728)	7,642	5,998	13,640	10,671	
164,089	(4,271)	168,360	41,253	209,613	12,644	
79,211,800	10,124	79,201,676	172,010	79,373,686	171,587	
<u>\$ 79,394,822</u>	<u>\$ 4,106</u>	<u>\$ 79,390,716</u>	<u>\$ 236,980</u>	<u>\$ 79,627,696</u>	<u>\$ 224,462</u>	

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Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for and report specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Special Grants Fund

To account for expenditures of grants not otherwise accounted for in another fund.

School Cafeteria Fund

To account for the operation of the public school lunch program. Funding is provided from the sale of food, Federal and State grants and USDA food donations.

Sewer and Water Assessment Fund

To account for the financing of sanitary sewer and water improvements deemed to benefit owner properties.

Senior Citizens Minibus Fund

To account for rider fare collections from the operation of the senior minibus. Periodic expenditures for new minibuses are charged to this fund.

Water Pollution Control Fund

To account for the collection of user charges to support the cost of operating the Town's sewer operations.

Educational Programs Fund

To account for State and Federal education grant activities and Cheshire Adult Education, Summer School, and other programs.

Emergency Fuel Bank Fund

To account for fuel expenditures for needy families.

General Town Funds

To account for gifts or donations to the Town for specific purposes.

Annie Peck Fund

Established in 1978 to provide for the improvement and betterment of the Cheshire Public Schools.

Julia Tompkins Fund

Established in January 1896 to purchase library books.

Capital Projects Fund

Capital projects funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital & Nonrecurring Expenditures Fund

To account for funds set aside for future capital improvements.

Turf Fund

To account for funding the future replacement of the existing synthetic turf field at Cheshire High School.

Permanent Funds

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Parks and Recreation Fund

Established in January 1987 to support Parks and Recreation Department activities.

James A. Darcey Memorial Fund

Established in October 1966 to provide a scholarship for mathematics students at Darcey School.

Various Endowment Funds

Established to account for various library and other endowments.

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Town of Cheshire, Connecticut

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue				
	Special Grants Fund	School Cafeteria Fund	Sewer and Water Assessment Fund	Senior Citizens Minibus Fund	Water Pollution Control Fund
Assets					
Cash and cash equivalents	\$ 121,788	\$ 97,166	\$ 47,316	\$ 32,069	\$ 784,210
Receivables:					
Assessment and user charges	-	-	387,825	-	66,111
Intergovernmental	-	55,226	-	-	27,090
Other	-	2,703	-	-	5,800
Other assets	-	-	-	-	180
Investments	-	-	-	-	-
Inventory	-	40,851	-	-	-
Total assets	\$ 121,788	\$ 195,946	\$ 435,141	\$ 32,069	\$ 883,391
Liabilities					
Liabilities					
Accounts payable	\$ 22,253	\$ -	\$ -	\$ -	\$ 52,215
Accrued payroll	-	-	-	-	12,390
Notes payable	-	-	-	-	77,753
Unearned revenue	99,535	55,218	-	-	-
Total liabilities	121,788	55,218	-	-	142,358
Deferred Inflows of Resources					
Unavailable resources	-	-	387,825	-	66,111
Total deferred inflows of resources	-	-	387,825	-	66,111
Fund Balances					
Nonspendable	-	40,851	-	-	180
Restricted	-	99,877	47,316	32,069	664,698
Committed	-	-	-	-	-
Assigned	-	-	-	-	10,044
Total fund balances	-	140,728	47,316	32,069	674,922
Total liabilities, deferred inflows and fund balances	\$ 121,788	\$ 195,946	\$ 435,141	\$ 32,069	\$ 883,391

Special Revenue					Capital Projects	
Educational Programs Fund	Emergency Fuel Bank Fund	General Town Funds	Annie Peck Fund	Julia Tompkins Fund	Capital & Nonrecurring Expenditures Fund	Turf Fund
\$ 139,518	\$ 10,486	\$ 858,746	\$ 11,933	\$ 6,221	\$ 1,974,511	\$ 12,175
-	-	-	-	-	-	150
175,533	-	-	-	-	-	-
-	-	-	1,692	-	-	-
-	-	-	-	-	-	-
-	-	-	726,000	81,000	-	-
-	-	-	-	-	-	-
<u>\$ 315,051</u>	<u>\$ 10,486</u>	<u>\$ 858,746</u>	<u>\$ 739,625</u>	<u>\$ 87,221</u>	<u>\$ 1,974,511</u>	<u>\$ 12,325</u>
\$ 130,742	\$ -	\$ 18,936	\$ -	\$ 2,527	\$ 118,997	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
78,740	-	-	-	-	-	-
<u>209,482</u>	<u>-</u>	<u>18,936</u>	<u>-</u>	<u>2,527</u>	<u>118,997</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
105,569	10,486	839,810	739,625	84,694	-	-
-	-	-	-	-	1,392,847	12,325
-	-	-	-	-	462,667	-
<u>105,569</u>	<u>10,486</u>	<u>839,810</u>	<u>739,625</u>	<u>84,694</u>	<u>1,855,514</u>	<u>12,325</u>
<u>\$ 315,051</u>	<u>\$ 10,486</u>	<u>\$ 858,746</u>	<u>\$ 739,625</u>	<u>\$ 87,221</u>	<u>\$ 1,974,511</u>	<u>\$ 12,325</u>

(Continued)

Town of Cheshire, Connecticut

Combining Balance Sheet (Continued)
 Nonmajor Governmental Funds
 June 30, 2014

	Permanent Funds			Totals
	Parks and Recreation Fund	James A. Darcey Memorial Fund	Various Endowment Funds	
Assets				
Cash and cash equivalents	\$ 36,563	\$ 3,373	\$ 10,109	\$ 4,146,184
Receivables:				
Assessment and user charges	-	-	-	454,086
Intergovernmental	-	-	-	257,849
Other	-	-	-	10,195
Other assets	-	-	-	180
Investments	-	-	50,000	857,000
Inventory	-	-	-	40,851
Total assets	\$ 36,563	\$ 3,373	\$ 60,109	\$ 5,766,345
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 345,670
Accrued payroll	-	-	-	12,390
Notes payable	-	-	-	77,753
Unearned revenue	-	-	-	233,493
Total liabilities	-	-	-	669,306
Deferred Inflows of Resources				
Unavailable resources	-	-	-	453,936
Total deferred inflows of resources	-	-	-	453,936
Fund Balances				
Nonspendable	17,361	1,000	60,000	119,392
Restricted	19,202	2,373	109	2,645,828
Committed	-	-	-	1,405,172
Assigned	-	-	-	472,711
Total fund balances	36,563	3,373	60,109	4,643,103
Total liabilities, deferred inflows and fund balances	\$ 36,563	\$ 3,373	\$ 60,109	\$ 5,766,345

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Town of Cheshire, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2014

	Special Revenue				
	Special Grants Fund	School Cafeteria Fund	Sewer and Water Assessment Fund	Senior Citizens Minibus Fund	Water Pollution Control Fund
Revenues					
Charges for services	\$ 15,000	\$ 1,323,191	\$ 161,249	\$ 7,954	\$ 3,331,774
Intergovernmental	209,049	439,964	-	-	27,090
Investment income	-	208	321	102	-
Contributions	4,289	-	-	100	-
Other	-	8,369	-	-	4,118
Total revenues	228,338	1,771,732	161,570	8,156	3,362,982
Expenditures					
Current:					
Administration and finance	150,596	-	-	-	-
Planning and development	1,095	-	-	-	-
Public safety	20,440	-	-	-	-
Public works	15,000	-	-	-	2,172,860
Social services	8,351	-	-	1,000	-
Cultural services	18,968	-	-	-	-
Leisure services	2,788	-	-	-	-
Education	-	1,720,881	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	598,649
Total expenditures	217,238	1,720,881	-	1,000	2,771,509
Excess (deficiency) of revenues over expenditures	11,100	50,851	161,570	7,156	591,473
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	(11,100)	-	(200,000)	-	(600,000)
Net other financing sources (uses)	(11,100)	-	(200,000)	-	(600,000)
Net change in fund balances	-	50,851	(38,430)	7,156	(8,527)
Fund Balances, beginning of year July 1, 2013	-	89,877	85,746	24,913	683,449
Fund Balances, end of year June 30, 2014	\$ -	\$ 140,728	\$ 47,316	\$ 32,069	\$ 674,922

Special Revenue					Capital Projects	
Educational Programs Fund	Emergency Fuel Bank Fund	General Town Funds	Annie Peck Fund	Julia Tompkins Fund	Capital & Nonrecurring Expenditures Fund	Turf Fund
\$ 299,821	\$ -	\$ 22,076	\$ -	\$ -	\$ 10,559	\$ 6,173
1,577,267	-	-	-	-	7,643	-
-	38	2,838	8,127	960	-	20
14,385	6,014	428,096	-	-	-	-
-	-	-	-	-	-	-
<u>1,891,473</u>	<u>6,052</u>	<u>453,010</u>	<u>8,127</u>	<u>960</u>	<u>18,202</u>	<u>6,193</u>
-	-	1,170	-	-	-	-
-	-	2	-	-	-	-
-	-	289,045	-	-	-	-
-	-	-	-	-	-	-
-	4,961	13,347	-	-	-	-
-	-	13,710	-	4,631	-	-
-	-	27,958	-	-	-	-
1,911,450	-	4,200	35,312	-	-	-
-	-	-	-	-	867,045	-
-	-	-	-	-	-	-
<u>1,911,450</u>	<u>4,961</u>	<u>349,432</u>	<u>35,312</u>	<u>4,631</u>	<u>867,045</u>	<u>-</u>
(19,977)	1,091	103,578	(27,185)	(3,671)	(848,843)	6,193
-	-	-	-	-	950,000	-
-	-	(2,838)	-	-	-	-
-	-	(2,838)	-	-	950,000	-
(19,977)	1,091	100,740	(27,185)	(3,671)	101,157	6,193
125,546	9,395	739,070	766,810	88,365	1,754,357	6,132
<u>\$ 105,569</u>	<u>\$ 10,486</u>	<u>\$ 839,810</u>	<u>\$ 739,625</u>	<u>\$ 84,694</u>	<u>\$ 1,855,514</u>	<u>\$ 12,325</u>

(Continued)

Town of Cheshire, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2014

	Permanent Funds			Totals
	Parks and Recreation Fund	James A. Darcey Memorial Fund	Various Endowment Funds	
Revenues				
Charges for services	\$ -	\$ -	\$ -	\$ 5,177,797
Intergovernmental	-	-	-	2,261,013
Investment income	132	12	651	13,409
Contributions	-	-	-	452,884
Other	-	-	-	12,487
Total revenues	132	12	651	7,917,590
Expenditures				
Current:				
Administration and finance	-	-	-	151,766
Planning and development	-	-	-	1,097
Public safety	-	-	-	309,485
Public works	-	-	-	2,187,860
Social services	-	-	-	27,659
Cultural services	-	-	-	37,309
Leisure services	-	-	-	30,746
Education	-	-	600	3,672,443
Capital outlay	-	-	-	867,045
Debt service	-	-	-	598,649
Total expenditures	-	-	600	7,884,059
Excess (deficiency) of revenues over expenditures	132	12	51	33,531
Other Financing Sources (Uses)				
Transfers in	-	-	-	950,000
Transfers out	-	-	-	(813,938)
Net other financing sources (uses)	-	-	-	136,062
Net change in fund balances	132	12	51	169,593
Fund Balances, beginning of year July 1, 2013	36,431	3,361	60,058	4,473,510
Fund Balances, end of year June 30, 2014	\$ 36,563	\$ 3,373	\$ 60,109	\$ 4,643,103

Town of Cheshire, Connecticut

Water Pollution Control Fund - Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Sewer use	\$ 3,197,548	\$ 3,197,548	\$ 3,198,933	\$ 1,385
Sewer use interest and liens	27,170	27,170	26,254	(916)
Connection fees	35,000	35,000	22,200	(12,800)
Plan reviews application fees	100	100	275	175
Ground dewatering fees	5,000	5,000	16,362	11,362
Septic waste dump permits	48,000	48,000	67,750	19,750
Nitrogen credits	54,440	54,440	27,090	(27,350)
Other revenues	6,000	6,000	4,118	(1,882)
Total revenues	3,373,258	3,373,258	3,362,982	(10,276)
Expenditures				
Personnel Services:				
Full-time	536,457	536,457	555,996	(19,539)
Part-time	64,451	64,451	68,465	(4,014)
Overtime	30,300	55,300	66,889	(11,589)
Other	20,455	20,455	21,065	(610)
Salary adjustment	24,137	24,137	2,302	21,835
Total personnel services	675,800	700,800	714,717	(13,917)
Supplies and Services:				
Office supplies	1,300	1,300	376	924
Building materials	2,600	2,600	3,019	(419)
Automotive and equipment supplies	57,400	57,400	59,977	(2,577)
Program supplies	150,000	150,000	164,284	(14,284)
Postage	50	50		50
Advertising	1,200	1,200	643	557
Printing	200	200	337	(137)
Gasoline/diesel	24,400	24,400	16,784	7,616
Personnel expense	8,500	8,500	7,251	1,249
Training	1,850	1,850	1,421	429
Reference material	125	125	30	95
Other	-	-	16	(16)
Total supplies and services	247,625	247,625	254,138	(6,513)
Utilities:				
Telephone	15,050	15,050	14,285	765
Electric	390,000	390,000	414,697	(24,697)
Gas	1,500	1,500	1,011	489
Heating Oil	75,000	75,000	47,422	27,578
Water	21,600	21,600	30,288	(8,688)
Total utilities	503,150	503,150	507,703	(4,553)

(Continued)

Town of Cheshire, Connecticut

Water Pollution Control Fund - Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Contracted Services:				
Consultants	\$ 4,000	\$ 4,000	\$ 5,400	\$ (1,400)
Construction	9,300	9,300	6,800	2,500
Automotive and equipment maintenance	50,100	50,100	30,409	19,691
Property maintenance	6,700	6,700	4,379	2,321
Rentals and leases	3,000	3,000	1,873	1,127
Other contract services	260,800	260,800	262,392	(1,592)
Total contracted services	333,900	333,900	311,253	22,647
Professional Services:				
Dues	528	528	319	209
Meetings and seminars	1,500	1,500	1,202	298
Mileage	2,500	2,500	3,165	(665)
Total professional services	4,528	4,528	4,686	(158)
Equipment:				
Tools	750	750	-	750
Office equipment	275	275	-	275
Total equipment	1,025	1,025	-	1,025
Debt:				
Clean Water Fund	598,649	598,649	598,649	-
Miscellaneous:				
General insurance	54,812	54,812	54,636	176
Medical and life insurance	193,808	193,808	184,973	8,835
Workers' compensation	36,330	36,330	36,329	1
Social security	51,800	51,800	52,283	(483)
Pension	60,990	60,990	60,990	-
Total miscellaneous	397,740	397,740	389,211	8,529
Total expenditures	2,762,417	2,787,417	2,780,357	7,060
Excess of revenues over expenditures	610,841	585,841	582,625	(3,216)

(Continued)

Town of Cheshire, Connecticut

**Water Pollution Control Fund - Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual (Continued)
For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Utilization of fund balance	\$ (10,841)	\$ 14,159	\$ -	\$ (14,159)
Cancellation of prior year encumbrances	-	-	9,237	9,237
Transfers out:				
General Fund	(600,000)	(600,000)	(600,000)	-
Net other financing uses	(610,841)	(585,841)	(590,763)	(4,922)
Deficiency of revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	(8,138)	\$ (8,138)
Fund Balance, beginning of year			673,016	
Fund Balance, end of year			<u>\$ 664,878</u>	
Reconciliation to GAAP Basis				
	Expenditures	Net Other Financing Sources	Fund Balance	
Balance, Budgetary Basis - June 30, 2014	\$ 2,780,357	\$ (590,763)	\$ 664,878	
Encumbrances outstanding at June 30, 2013, liquidated during the year ended June 30, 2014	1,196	-	-	
Encumbrances outstanding at June 30, 2013, cancelled during the year ended June 30, 2014	-	(9,237)	-	
Encumbrances outstanding at June 30, 2014, charged to budgetary expenditures	(10,044)	-	10,044	
Balance, GAAP Basis, June 30, 2014	<u>\$ 2,771,509</u>	<u>\$ (600,000)</u>	<u>\$ 674,922</u>	

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Internal Service Funds

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one department or agency of the Town to other departments or agencies of the Town on a cost reimbursement basis.

Health Insurance Fund

This fund is used to account for self-insured medical benefits provided for the Town's employees.

Heart & Hypertension Fund

This fund is used to account for the self-insured funding for heart and hypertension claims.

Town of Cheshire, Connecticut

Combining Statement of Net Position (Deficits) - Internal Service Funds
June 30, 2014

	Health Insurance	Heart & Hypertension	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 2,029,429	\$ 1,032,107	\$ 3,061,536
Accounts receivable	415,598	-	415,598
Total assets	2,445,027	1,032,107	3,477,134
Liabilities			
Current Liabilities			
Claims payable	939,483	434,905	1,374,388
Total current liabilities	939,483	434,905	1,374,388
Noncurrent Liabilities:			
Claims payable	-	2,574,425	2,574,425
Total noncurrent liabilities	-	2,574,425	2,574,425
Total liabilities	939,483	3,009,330	3,948,813
Net Position (Deficits)			
Unrestricted	\$ 1,505,544	\$ (1,977,223)	\$ (471,679)

Town of Cheshire, Connecticut

Combining Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit) -
Internal Service Funds
For the Year Ended June 30, 2014

	Health Insurance	Heart & Hypertension	Total
Operating Revenues			
Charges for services	\$ 9,995,694	\$ 150,000	\$ 10,145,694
Total operating revenues	<u>9,995,694</u>	<u>150,000</u>	<u>10,145,694</u>
Operating Expenses			
Claims incurred	10,825,476	958,500	11,783,976
Administration	783,096	-	783,096
Total operating expenses	<u>11,608,572</u>	<u>958,500</u>	<u>12,567,072</u>
Operating Loss	(1,612,878)	(808,500)	(2,421,378)
Nonoperating Revenue			
Investment income	9,356	4,158	13,514
Total nonoperating revenue	<u>9,356</u>	<u>4,158</u>	<u>13,514</u>
Change in net position	(1,603,522)	(804,342)	(2,407,864)
Net Position (Deficit), beginning	<u>3,109,066</u>	<u>(1,172,881)</u>	<u>1,936,185</u>
Net Position (Deficit), ending	<u>\$ 1,505,544</u>	<u>\$ (1,977,223)</u>	<u>\$ (471,679)</u>

Town of Cheshire, Connecticut

Combining Statement of Cash Flows - Internal Service Funds
For the Year Ended June 30, 2014

	Health Insurance	Heart & Hypertension	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 9,841,558	\$ 150,000	\$ 9,991,558
Payments for claims	(10,724,247)	(228,849)	(10,953,096)
Payments for administration	(783,096)	-	(783,096)
Net cash used in operating activities	(1,665,785)	(78,849)	(1,744,634)
Cash Flows From Investing Activities			
Investment income	9,356	4,158	13,514
Net cash provided by investing activities	9,356	4,158	13,514
Net decrease in cash and cash equivalents	(1,656,429)	(74,691)	(1,731,120)
Cash and Cash Equivalents			
Beginning	3,685,858	1,106,798	4,792,656
Ending	\$ 2,029,429	\$ 1,032,107	\$ 3,061,536
Reconciliation of Operating Loss to Net Cash Used in Operating Activities			
Operating loss	\$ (1,612,878)	\$ (808,500)	\$ (2,421,378)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Changes in assets and liabilities:			
Increase in accounts receivable	(154,136)	-	(154,136)
Increase in claims payable	101,229	729,651	830,880
Net cash used in operating activities	\$ (1,665,785)	\$ (78,849)	\$ (1,744,634)

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Fiduciary Funds

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations, other governments, and/or other funds. These include agency funds.

AGENCY FUNDS

Student Activities Fund - to account for monies from various self-funding school activity programs.

Performance Bonds Fund - to account for cash bonds and other cash and investments held by the Town to ensure compliance with specifications and regulations with respect to various building projects and improvements.

Town of Cheshire, Connecticut

Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Student Activities Fund				
Assets				
Cash and cash equivalents	\$ 518,855	\$ 1,754,377	\$ 1,711,803	\$ 561,429
Total assets	<u>\$ 518,855</u>	<u>\$ 1,754,377</u>	<u>\$ 1,711,803</u>	<u>\$ 561,429</u>
Liabilities				
Accounts payable	\$ 518,855	\$ 1,754,377	\$ 1,711,803	\$ 561,429
Total liabilities	<u>\$ 518,855</u>	<u>\$ 1,754,377</u>	<u>\$ 1,711,803</u>	<u>\$ 561,429</u>
Performance Bonds				
Assets				
Cash and cash equivalents	\$ 185,583	\$ 100,806	\$ 14,771	\$ 271,618
Total assets	<u>\$ 185,583</u>	<u>\$ 100,806</u>	<u>\$ 14,771</u>	<u>\$ 271,618</u>
Liabilities				
Accounts payable	\$ 185,583	\$ 100,806	\$ 14,771	\$ 271,618
Total liabilities	<u>\$ 185,583</u>	<u>\$ 100,806</u>	<u>\$ 14,771</u>	<u>\$ 271,618</u>
Total				
Assets				
Cash and cash equivalents	\$ 704,438	\$ 1,855,183	\$ 1,726,574	\$ 833,047
Total assets	<u>\$ 704,438</u>	<u>\$ 1,855,183</u>	<u>\$ 1,726,574</u>	<u>\$ 833,047</u>
Liabilities				
Accounts payable	\$ 704,438	\$ 1,855,183	\$ 1,726,574	\$ 833,047
Total liabilities	<u>\$ 704,438</u>	<u>\$ 1,855,183</u>	<u>\$ 1,726,574</u>	<u>\$ 833,047</u>

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**Capital Assets Used in the Operation
Of Governmental Funds**

Town of Cheshire, Connecticut

Capital Assets Used in the Operation of Governmental Funds - Schedule by Category
June 30, 2014

Capital Assets	
Land	\$ 21,168,734
Land Improvements	4,720,832
Buildings and Improvements	117,009,381
Vehicles	9,751,940
Machinery and Equipment	10,965,502
Infrastructure	93,151,640
Construction in Progress	13,692,311
Total capital assets	<u><u>\$ 270,460,340</u></u>

Town of Cheshire, Connecticut

Capital Assets Used in the Operation of Governmental Funds - Schedule by Function and Activity
June 30, 2014

	Land	Land Improvements	Buildings and Improvements	Vehicles	Machinery and Equipment	Infrastructure	Construction In Progress	Total
Administration and Finance								
Town Council	\$ -	\$ -	\$ -	\$ -	6,059	\$ -	\$ -	\$ 6,059
Town Clerk	-	-	-	-	55,271	-	-	55,271
Finance Department	-	-	5,550	21,620	163,362	-	-	190,532
Information Technology	-	-	9,960	-	2,044,075	-	-	2,054,035
Unclassified (Land, Buildings and Equipment)	13,819,077	49,473	4,840,789	-	65,669	-	215,270	18,990,278
Total administration and finance	13,819,077	49,473	4,856,299	21,620	2,334,436	-	215,270	21,296,175
Planning and Development								
Planning Department	-	-	-	-	6,069	-	-	6,069
Public Safety								
Police Department	25,000	-	3,237,327	814,235	2,172,292	-	6,982	6,255,836
Animal Control	-	-	231,941	-	-	-	-	231,941
Fire Department	175,000	34,837	3,100,080	3,987,501	1,266,974	-	18,789	8,583,181
Building Department	-	-	-	50,123	-	-	-	50,123
Total public safety	200,000	34,837	6,569,348	4,851,859	3,439,266	-	25,771	15,121,081
Public Works								
Public Works Department	40,000	1,657,208	1,187,077	3,402,518	1,350,587	71,360,580	561,976	79,559,946
Water Pollution Control Department	246,114	-	38,785,071	445,957	224,438	20,844,968	11,154,058	71,700,606
Total public works	286,114	1,657,208	39,972,148	3,848,475	1,575,025	92,205,548	11,716,034	151,260,552
Social Services								
Human Services Department	-	-	2,803,688	207,691	71,365	-	-	3,082,744
Cultural Services								
Library	-	-	3,594,392	-	403,378	-	-	3,997,770
Fine Arts	-	-	115,012	-	-	-	-	115,012
Total cultural services	-	-	3,709,404	-	403,378	-	-	4,112,782
Leisure Services								
Parks and Recreation Department	6,441,974	405,093	1,269,824	271,812	793,574	946,092	431,724	10,560,093
Community Pool	-	-	4,322,117	-	326,162	-	125,823	4,774,102
Total leisure services	6,441,974	405,093	5,591,941	271,812	1,119,736	946,092	557,547	15,334,195
Board of Education								
	421,569	2,574,221	53,506,553	550,483	2,016,227	-	1,177,689	60,246,742
Total governmental fund capital assets	\$ 21,168,734	\$ 4,720,832	\$ 117,009,381	\$ 9,751,940	\$ 10,965,502	\$ 93,151,640	\$ 13,692,311	\$ 270,460,340

Town of Cheshire, Connecticut

Capital Assets Used in the Operation of Governmental Funds - Schedule of Changes by
Function and Activity
For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions and Transfers	Retirements and Transfers	Balance June 30, 2014
Administration and Finance				
Town Council	\$ 6,059	\$ -	\$ -	\$ 6,059
Town Clerk	55,271	-	-	55,271
Finance Department	183,157	7,375	-	190,532
Information Technology	1,065,497	988,538	-	2,054,035
Unclassified (Land, Buildings and Equipment)	19,182,842	16,006	208,570	18,990,278
Total administration and finance	20,492,826	1,011,919	208,570	21,296,175
Planning and Development				
Planning and Development	6,069	-	-	6,069
Public Safety				
Police Department	6,110,258	188,858	43,280	6,255,836
Animal Control	231,941	-	-	231,941
Fire Department	8,478,335	132,813	27,967	8,583,181
Building Department	50,123	-	-	50,123
Total public safety	14,870,657	321,671	71,247	15,121,081
Public Works				
Public Works Department	77,204,116	2,784,403	428,573	79,559,946
Water Pollution Control Department	64,014,448	7,711,995	25,837	71,700,606
Total public works	141,218,564	10,496,398	454,410	151,260,552
Social Services				
Human Services Department	2,883,431	199,313	-	3,082,744
Cultural Services				
Library	3,972,420	25,350	-	3,997,770
Fine Arts	115,012	-	-	115,012
Total cultural services	4,087,432	25,350	-	4,112,782
Leisure Services				
Parks and Recreation Department	9,798,183	811,182	49,272	10,560,093
Community Pool	4,629,807	144,295	-	4,774,102
Total leisure services	14,427,990	955,477	49,272	15,334,195
Board of Education				
	58,324,177	1,979,665	57,100	60,246,742
Total capital assets	\$ 256,311,146	\$ 14,989,793	\$ 840,599	\$ 270,460,340

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Statistical Section

Statistical Section

This part of the Town of Cheshire, Connecticut's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Town of Cheshire, Connecticut

Net Position By Component - Governmental Funds
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2005*	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Net Investment in capital assets	\$ 65,022,162	\$ 64,055,782	\$ 78,069,638	\$ 86,499,091	\$ 90,671,138	\$ 98,447,456	\$ 102,393,364	\$ 110,273,337	\$ 110,294,953	\$ 113,675,721
Restricted	178,620	178,620	178,620	178,620	178,620	178,620	2,836,877	2,589,283	3,351,640	3,636,333
Unrestricted	14,085,702	22,933,820	16,328,966	16,102,549	17,499,337	16,328,991	13,342,314	8,453,576	11,704,163	7,057,990
Total governmental activities net position	\$ 79,286,484	\$ 87,168,222	\$ 94,577,224	\$ 102,780,260	\$ 108,349,095	\$ 114,955,067	\$ 118,572,555	\$ 121,316,196	\$ 125,350,756	\$ 124,370,044

* The Town implemented retroactive infrastructure reporting and recorded infrastructure assets acquired prior to July 1, 2002.

Town of Cheshire, Connecticut

Changes In Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008
Expenses:				
Governmental activities:				
Administration & finance	\$ 3,719,911	\$ 4,203,075	\$ 4,568,327	\$ 5,125,941
Planning & development	587,920	542,134	610,530	770,865
Public safety	8,634,390	7,131,184	7,502,166	7,615,034
Public works	6,423,978	7,822,046	8,841,361	9,247,320
Public health	381,601	392,078	400,769	413,069
Social services	822,814	888,349	1,017,576	1,098,773
Cultural services	1,777,897	1,858,471	2,061,315	2,155,483
Leisure services	2,213,140	2,300,111	2,385,233	2,419,270
Education	55,125,469	58,393,715	61,643,530	63,466,509
Interest on long term debt	3,167,452	3,349,446	3,301,354	3,014,320
Total governmental activities expenses	\$ 82,854,572	\$ 86,880,609	\$ 92,332,161	\$ 95,326,584
Program revenue:				
Governmental activities:				
Charges for services:				
Administration & finance	\$ 761,586	\$ 916,560	\$ 885,979	\$ 730,847
Planning & development	60,790	63,354	53,819	46,154
Public safety	497,656	541,740	593,297	635,478
Public works	2,414,821	2,488,750	2,659,077	2,988,936
Social services	34,764	19,986	21,369	19,614
Cultural services	124,810	125,950	123,571	113,011
Leisure services	1,007,861	866,459	869,335	916,501
Education	1,677,972	1,706,351	1,955,498	1,909,740
Operating grants and contributions:				
Administration & finance	-	380,998	124,637	222,042
Planning & development	-	-	800	3,235
Public safety	49,108	-	348,160	423,965
Public works	-	-	380,520	205,251
Social services	267,998	21,956	82,749	72,840
Cultural services	15,743	2,656	109,504	18,793
Leisure services	77,069	-	10,338	12,615
Education	10,828,319	11,649,448	13,559,664	15,814,074
Capital grants and contributions:				
Administration & finance	-	-	206,020	-
Planning & development	-	-	1,488	37,773
Public safety	-	-	-	-
Public works	140,238	2,649,565	866,933	1,143,937
Social services	-	35,025	-	-
Leisure services	-	546,000	-	-
Leisure services	-	546,000	84,423	8,641
Education	1,682,135	146,450	94,540	149,828
Total governmental activities program revenue	\$ 19,640,870	\$ 22,707,248	\$ 23,031,721	\$ 25,473,275
Net (expense) revenue:				
Governmental activities	\$ (63,213,702)	\$ (64,173,361)	\$ (69,300,440)	\$ (69,853,309)

Town of Cheshire, Connecticut

Changes In Net Position, Continued
Last Ten Fiscal Years
(accrual basis of accounting)

	2005	2006	2007	2008
General revenues and other changes in net position:				
Governmental activities:				
Property taxes	\$ 62,787,176	\$ 66,024,096	\$ 67,988,627	\$ 69,678,931
Grants and contributions not restricted to specific programs	4,465,123	5,055,713	6,626,100	6,727,216
Unrestricted investment earnings	679,776	1,296,010	1,950,859	1,353,251
Loss on sales of capital assets	-	-	(63,327)	(39,689)
Miscellaneous	334,665	225,280	207,183	336,636
Total governmental activities general revenue	\$ 68,266,740	\$ 72,601,099	\$ 76,709,442	\$ 78,056,345
Extraordinary Item:				
State teachers' on-behalf payments	-	-	-	(16,728,000)
State teachers' on-behalf revenue	-	-	-	16,728,000
Total extraordinary item	-	-	-	-
Changes in net position:				
Governmental activities	\$ 5,053,038	\$ 8,427,738	\$ 7,409,002	\$ 8,203,036

(Continued)

Town of Cheshire, Connecticut

Changes In Net Position, Continued
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014
Expenses:						
Governmental activities:						
Administration & finance	\$ 5,363,330	\$ 4,912,595	\$ 5,404,561	\$ 6,222,968	\$ 5,445,765	\$ 6,353,409
Planning & development	690,803	908,439	1,141,397	705,301	689,236	721,735
Public safety	8,342,318	8,741,106	9,562,982	10,779,493	10,362,976	12,046,881
Public works	9,559,787	9,793,719	9,682,213	10,157,469	10,504,567	10,904,070
Public health	422,450	425,381	437,425	427,444	441,501	428,576
Social services	1,190,674	1,170,048	1,313,537	1,210,032	1,276,341	1,329,712
Cultural services	2,281,755	2,276,643	2,232,684	2,520,996	2,634,244	2,748,966
Leisure services	2,456,307	2,505,052	2,391,861	2,685,565	2,558,953	2,358,065
Education	68,700,736	67,031,645	71,313,193	72,249,212	73,491,497	78,515,780
Interest on long term debt	2,751,344	2,422,673	2,598,610	2,269,173	2,101,694	2,388,430
Total governmental activities expenses	\$ 101,759,504	\$ 100,187,301	\$ 106,078,463	\$ 109,227,653	\$ 109,506,774	\$ 117,795,624
Program revenue:						
Governmental activities:						
Charges for services:						
Administration & finance	\$ 513,272	\$ 570,973	\$ 523,996	\$ 623,518	\$ 899,713	\$ 596,946
Planning & development	26,834	21,941	51,850	35,600	32,159	81,412
Public safety	354,402	388,119	467,482	567,325	522,044	630,367
Public works	2,741,244	2,852,935	3,228,672	3,223,373	3,596,065	3,434,092
Social services	23,556	25,310	27,012	27,772	28,430	33,523
Cultural services	141,161	140,918	136,615	127,431	137,794	137,422
Leisure services	832,862	894,124	691,163	739,469	701,249	578,907
Education	1,950,169	2,122,040	2,060,510	2,043,070	2,009,812	2,106,708
Operating grants and contributions:						
Administration & finance	79,836	10,844	6,716	6,917	6,525	150,640
Planning & development	4,083	198	49	23	243	1,151
Public safety	359,571	367,103	480,819	467,444	449,851	390,512
Public works	242,519	484,225	1,207,023	847,605	594,281	431,140
Social services	110,419	95,912	144,289	48,739	49,875	49,585
Cultural services	37,163	22,765	39,554	55,783	28,537	74,051
Leisure services	11,636	13,458	11,140	10,078	10,447	59,593
Education	16,804,182	16,627,390	17,693,800	19,157,860	18,968,192	20,288,963
Capital grants and contributions:						
Administration & finance	-	-	-	-	-	-
Planning & development	12,958	-	472,728	265,133	309,242	142,661
Public works	-	-	88,612	-	-	-
Public works	277,434	638,130	429,764	184,598	732,363	2,013,780
Social services	-	-	-	-	-	-
Cultural services	-	-	-	50,000	-	-
Leisure services	100,648	13,808	-	-	-	-
Education	135,421	211,777	1,672	853,576	42,987	23,942
Total governmental activities program revenue	\$ 24,759,370	\$ 25,501,970	\$ 27,763,466	\$ 29,335,314	\$ 29,119,809	\$ 31,225,395
Net (expense) revenue:						
Governmental activities	\$ (77,000,134)	\$ (74,685,331)	\$ (78,314,997)	\$ (79,892,339)	\$ (80,386,965)	\$ (86,570,229)

Town of Cheshire, Connecticut

Changes In Net Position, Continued
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014
General revenues and other changes in net position:						
Governmental activities:						
Property taxes	\$ 71,485,546	\$ 73,506,598	\$ 74,828,120	\$ 76,174,913	\$ 78,076,641	\$ 79,657,754
Grants and contributions not restricted to specific programs	10,511,051	7,409,368	6,352,913	6,099,886	5,679,479	5,479,023
Investment income	360,609	185,428	457,964	155,483	163,348	164,417
Loss on sales of capital assets	(14,520)	-	-	-	-	-
Other	226,283	189,909	293,488	205,698	502,057	288,323
Total governmental activities general revenue	\$ 82,568,969	\$ 81,291,303	\$ 81,932,485	\$ 82,635,980	\$ 84,421,525	\$ 85,589,517
Extraordinary Item:						
State teachers' on-behalf payments	-	-	-	-	-	-
State teachers' on-behalf revenue	-	-	-	-	-	-
Total extraordinary item	-	-	-	-	-	-
Changes in net position:						
Governmental activities	\$ 5,568,835	\$ 6,605,972	\$ 3,617,488	\$ 2,743,641	\$ 4,034,560	\$ (980,712)

Town of Cheshire, Connecticut

Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)

Function / Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Administration & finance	\$ 761,586	\$ 1,297,558	\$ 1,216,636	\$ 952,889	\$ 593,108	\$ 581,817	\$ 530,712	\$ 630,435	\$ 906,238	\$ 747,586
Planning & development	60,790	63,354	56,107	87,162	43,875	22,139	524,627	300,756	341,644	225,224
Public safety	546,764	541,740	941,457	1,059,443	713,973	755,222	1,036,913	1,034,769	971,895	1,020,879
Public works	2,555,059	5,138,315	3,906,530	4,338,124	3,261,197	3,975,290	4,865,459	4,255,576	4,922,709	5,879,012
Social services	302,762	76,967	104,118	92,454	133,975	121,222	171,301	76,511	78,305	83,108
Cultural services	140,553	128,606	233,075	131,804	178,324	163,683	176,169	233,214	166,331	211,473
Leisure services	1,084,930	1,412,459	964,096	937,757	945,146	921,390	702,303	749,547	711,696	638,500
Education	14,188,426	13,502,249	15,609,702	17,873,642	18,889,772	18,961,207	19,755,982	22,054,506	21,020,991	22,419,613
Total governmental activities	\$ 19,640,870	\$ 22,161,248	\$ 23,031,721	\$ 25,473,275	\$ 24,759,370	\$ 25,501,970	\$ 27,763,466	\$ 29,335,314	\$ 29,119,809	\$ 31,225,395

Town of Cheshire, Connecticut

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis Of Accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011*	2012	2013	2014
General Fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,858	\$ 83,655	\$ 97,636	\$ 81,848
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	1,500,000	600,000	500,000	500,000
Assigned	-	-	-	-	-	-	2,857,772	2,219,557	2,559,828	2,577,811
Unassigned	-	-	-	-	-	-	8,058,459	8,854,447	9,234,697	9,009,206
Reserved for:										
Encumbrances	1,656,368	1,432,500	908,005	1,501,779	1,182,325	1,430,178	-	-	-	-
Debt Service	258,814	-	-	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	129,522	-	-	-	-
Unreserved, reported in:										
Designated for subsequent year's budget	550,000	550,000	550,000	1,955,375	767,999	600,000	-	-	-	-
Designated for debt service	150,000	-	-	-	-	-	-	-	-	-
Designated for Heart & Hypertension	150,000	-	-	-	-	-	-	-	-	-
General Fund	5,049,348	6,642,038	8,437,809	8,532,540	8,519,221	8,474,930	-	-	-	-
	<u>\$ 7,814,530</u>	<u>\$ 8,624,538</u>	<u>\$ 9,895,814</u>	<u>\$ 11,989,694</u>	<u>\$ 10,469,545</u>	<u>\$ 10,634,630</u>	<u>\$ 12,506,089</u>	<u>\$ 11,757,659</u>	<u>\$ 12,392,161</u>	<u>\$ 12,168,865</u>
All Other Governmental Funds:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,676	\$ 113,074	\$ 111,328	\$ 119,392
Restricted	-	-	-	-	-	-	5,885,601	2,510,922	6,570,722	12,704,829
Committed	-	-	-	-	-	-	6,357,916	5,733,791	7,108,716	6,904,352
Assigned	-	-	-	-	-	-	-	124,143	114,493	472,711
Unassigned	-	-	-	-	-	-	-	(2,633,205)	(342,597)	(8,428,825)
Reserved for:										
Encumbrances	5,209,462	2,413,809	1,877,813	1,789,044	1,481,803	1,544,442	-	-	-	-
Debt Service	295,180	873,964	741,931	711,218	1,708,561	1,267,526	-	-	-	-
Pension contributions	-	-	88,511	2,492	2,542	2,560	-	-	-	-
Endowments	178,620	178,620	178,620	178,620	178,620	178,620	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Designated for subsequent year's budget	112,056	112,056	682,672	294,952	225,762	236,130	-	-	-	-
Designated for subsequent year's appropriations	-	-	-	-	-	3,491,034	-	-	-	-
Special revenue funds	2,283,888	2,088,334	1,883,171	1,510,949	5,354,307	1,318,591	-	-	-	-
Capital projects funds	(4,482,023)	(5,606,401)	3,575,083	895,477	4,336,104	927,479	-	-	-	-
Permanent funds	672,608	735,742	937,612	834,232	668,782	643,476	-	-	-	-
Total all other government funds	<u>\$ 4,269,791</u>	<u>\$ 796,124</u>	<u>\$ 9,965,413</u>	<u>\$ 6,216,984</u>	<u>\$ 13,956,481</u>	<u>\$ 9,609,858</u>	<u>\$ 12,358,193</u>	<u>\$ 5,848,725</u>	<u>\$ 13,562,662</u>	<u>\$ 11,772,459</u>

* The Town implemented GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, in FY 2011.

Town of Cheshire, Connecticut

**Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	Fiscal Year			
	2005	2006	2007	2008
Revenues:				
Property taxes, interest and liens, net	\$ 63,068,610	\$ 66,084,628	\$ 67,953,935	\$ 69,639,894
Charges for services	6,715,871	7,072,731	7,375,744	7,473,323
Intergovernmental	18,058,775	22,349,223	21,823,895	24,262,845
Income from investments	522,381	1,167,962	1,609,816	1,352,748
Net increase (decrease) in fair value of instruments	116,978	44,679	211,571	(82,576)
Contributions	249,969	276,474	418,048	363,258
Other	335,310	225,280	201,969	343,184
Total revenues	89,067,894	97,220,977	99,594,978	103,352,676
Expenditures:				
Administration & finance	6,396,426	7,283,156	7,857,823	8,625,386
Planning & development	486,434	406,266	445,786	538,839
Public safety	4,982,991	5,034,099	5,296,351	5,682,203
Public works	5,950,049	6,359,086	6,747,179	7,094,823
Public health	381,601	392,078	400,769	413,069
Social services	552,681	587,877	656,867	708,936
Cultural services	1,307,176	1,323,410	1,429,611	1,529,880
Leisure services	1,952,804	1,963,345	2,025,865	2,095,399
Education	53,865,273	57,964,132	60,681,802	62,453,795
Capital outlay	5,086,846	8,063,451	4,660,334	5,471,026
Debt service				
Principal	6,964,979	7,134,731	7,439,781	7,850,613
Interest	3,118,856	3,373,005	3,073,160	3,211,609
Other charges	-	-	-	-
Total expenditures	91,046,116	99,884,636	100,715,328	105,675,578
Excess of revenues (under) expenditures	(1,978,222)	(2,663,659)	(1,120,350)	(2,322,902)
Other financing sources (uses):				
Issuance of bonds	5,425,000	-	11,555,701	668,353
Issuance of refunding bonds	22,540,000	-	-	-
Insurance recovery	-	-	-	-
Issuance of debt - leases	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Payment made to escrow	(23,668,475)	-	-	-
Premium on bonds issued	1,036,628	-	5,214	-
Total other financing sources (uses)	5,333,153	-	11,560,915	668,353
Extraordinary item				
State teachers' on-behalf payments	-	-	-	(16,728,000)
State teachers' on-behalf revenues	-	-	-	16,728,000
Total extraordinary items	-	-	-	-
Net changes in fund balance	\$ 3,354,931	\$ (2,663,659)	\$ 10,440,565	\$ (1,654,549)
Debt service as a percentage of noncapital expenditures	12.1%	11.1%	11.4%	11.1%

		Fiscal Year									
		2009	2010	2011	2012	2013	2014				
\$	71,546,221	\$	73,420,198	\$	74,725,819	\$	76,299,237	\$	78,167,540	\$	79,722,309
	6,710,017		7,218,873		7,322,363		7,496,279		7,930,664		7,692,556
	25,353,362		23,640,288		26,170,980		27,821,903		26,817,798		28,835,268
	488,355		205,341		260,309		164,209		145,870		143,260
	(159,433)		(28,531)		177,694		(25,435)		-		-
	382,008		368,469		434,785		627,485		399,826		602,884
	3,697,358		189,909		2,831,587		205,698		361,978		288,323
	108,017,888		105,014,547		111,923,537		112,589,376		113,823,676		117,284,600
	8,602,633		8,921,171		9,893,745		10,460,878		10,341,405		10,938,010
	497,210		492,368		490,723		514,477		493,524		512,302
	5,687,327		5,744,477		6,134,240		6,668,965		6,521,006		6,600,886
	7,034,352		6,980,815		7,726,122		7,322,096		7,753,982		7,607,527
	422,450		425,381		437,425		427,444		441,501		428,576
	798,966		762,744		926,414		736,391		787,366		802,099
	1,600,954		1,589,904		1,701,000		1,697,664		1,721,490		1,785,275
	2,142,245		2,099,749		2,049,912		2,255,574		2,018,497		1,886,701
	66,610,994		66,778,054		69,209,200		71,707,208		72,441,785		75,042,375
	4,857,299		4,812,838		7,804,206		8,264,772		5,679,384		14,792,095
	8,006,387		7,998,028		7,733,433		7,428,535		6,809,747		6,570,069
	2,767,723		2,717,013		2,263,176		2,396,075		1,999,219		2,097,184
	-		-		-		112,180		-		143,606
	109,028,540		109,322,542		116,369,596		119,992,259		117,008,906		129,206,705
	(1,010,652)		(4,307,995)		(4,446,059)		(7,402,883)		(3,185,230)		(11,922,105)
	7,230,000		-		8,675,000		-		10,500,000		-
	-		8,660,000		-		5,655,000		-		9,560,000
	-		-		192,436		-		258,344		-
	-		-		-		-		-		9,765,000
	-		-		5,240,791		1,598,652		2,822,365		1,790,960
	-		-		(5,240,791)		(1,598,652)		(2,822,365)		(1,790,960)
	-		(9,228,114)		-		(5,863,084)		-		(10,079,384)
	-		694,571		231,222		320,264		775,325		662,990
	7,230,000		126,457		9,098,658		112,180		11,533,669		9,908,606
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
\$	6,219,348	\$	(4,181,538)	\$	4,652,599	\$	(7,290,703)	\$	8,348,439	\$	(2,013,499)
	10.3%		10.3%		9.2%		8.9%		7.9%		7.7%

Town of Cheshire, Connecticut

Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year	Real Estate	Personal Property	Motor Vehicle	Total
2014	\$ 70,053,732	\$ 3,184,261	\$ 6,368,521	\$ 79,606,514
2013	68,676,711	3,121,669	6,243,337	78,041,717
2012	67,769,135	3,045,804	5,330,156	76,145,095
2011	65,776,180	2,895,947	5,888,824	74,560,951
2010	65,128,111	2,728,651	5,327,873	73,184,635
2009	62,438,315	2,802,659	6,052,901	71,293,875
2008	60,868,305	2,609,038	5,911,969	69,389,313
2007	58,806,853	2,642,263	6,245,649	67,694,765
2006	57,792,256	2,656,085	5,282,721	65,731,062
	<u>\$ 507,255,866</u>	<u>\$ 22,502,116</u>	<u>\$ 46,283,430</u>	<u>\$ 576,041,413</u>

Source: Town records.

Information not available prior to Fiscal Year 2006.

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Town of Cheshire, Connecticut

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Residential Property	Commercial and Industrial Property	Miscellaneous Land	Personal Property	Motor Vehicle	Exemptions
2005	\$ 1,825,753,120	\$ 298,905,590	\$ 15,951,150	\$ 106,770,790	\$ 184,545,560	\$ 19,883,710
2006	1,843,749,930	301,444,920	15,921,910	113,557,645	202,913,710	24,224,480
2007	1,865,753,030	306,897,040	15,792,400	116,575,924	210,522,520	33,584,910
2008	1,888,463,730	309,987,740	15,824,450	118,204,871	212,619,094	37,114,661
2009	1,906,275,930	314,772,030	15,904,740	126,665,566	211,253,471	44,312,411
2010	2,094,830,970	410,365,960	24,910,880	137,188,003	204,853,329	55,781,192
2011	2,102,653,338	411,793,880	25,021,540	136,502,141	209,356,426	59,262,296
2012	2,114,711,460	410,965,200	23,067,300	134,092,898	216,088,406	58,766,081
2013	2,123,058,390	408,041,170	20,323,730	138,898,816	228,439,181	55,113,247
2014	2,132,578,630	408,072,560	20,617,160	150,703,701	224,043,662	54,430,814

Source: Town Records

Note: The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year. There are no overlapping governments that collect property taxes from Town residents.

	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Actual Value
\$	2,412,042,500	31.71%	25.75	\$ 2,431,926,210	99.18%
	2,453,363,635	1.71%	26.65	2,477,588,115	99.02%
	2,481,956,004	1.17%	27.60	2,515,540,914	98.66%
	2,507,985,224	1.05%	27.60	2,545,099,885	98.54%
	2,530,559,326	0.90%	28.05	2,574,871,737	98.28%
	2,816,367,950	11.29%	26.05	2,872,149,142	98.06%
	2,826,065,029	0.34%	26.50	2,885,327,325	97.95%
	2,840,159,183	0.84%	26.85	2,898,925,264	97.97%
	2,863,648,040	1.68%	27.30	2,918,761,287	98.11%
	2,881,584,899	1.96%	27.60	2,936,015,713	98.15%

Town of Cheshire, Connecticut

**Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)**

2014				2005			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Industrial Avenue LLC	\$ 38,587,680	1	1.34%	Industrial Avenue LLC	\$ 30,420,160	1	1.26%
Connecticut Light & Power Co.	35,963,390	2	1.25%	Connecticut Light & Power Co.	17,808,880	2	0.74%
CT INDY CH LLC	18,725,000	3	0.65%	Federated Corp Services Inc.	15,241,100	3	0.63%
WE 350 Knotter Cheshire LLC	18,417,697	4	0.64%	Cheshire Distribution LLC	11,287,690	4	0.47%
Macy's Corp Services Inc.	15,758,950	5	0.55%	United Technologies Corp	10,898,190	5	0.45%
Bozzutos Inc.	15,359,040	6	0.53%	Marshall Enterprises Limited	7,930,680	6	0.33%
Yankee Gas Service	12,464,460	7	0.43%	Bozzutos Inc.	6,612,160	7	0.27%
EDAC Technologies Corporation	9,500,010	8	0.33%	Fieldstone Acquisition LLC	5,455,900	8	0.23%
Marshall Enterprises Limited	8,585,930	9	0.30%	Cheshire ILMR LLC	5,323,970	9	0.22%
Cheshire ILMR LLC	8,148,340	10	0.28%	WE Knotter LLC	4,966,470	10	0.21%
Total	\$ 181,510,497		6.30%		\$ 115,945,200		4.81%

Source: Town Records

Town of Cheshire, Connecticut
Property Tax Levies And Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Grand List Year (1)	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2005	2003	\$ 62,113,305	\$ 61,865,281	99.601%	\$ 247,728	\$ 62,113,009	100.000%
2006	2004	65,469,342	65,231,785	99.637%	237,140	65,468,925	99.999%
2007	2005	67,567,688	67,304,316	99.610%	259,933	67,564,249	99.995%
2008	2006	69,282,705	68,997,441	99.588%	278,918	69,276,359	99.991%
2009	2007	71,072,332	70,787,990	99.600%	278,067	71,066,057	99.991%
2010	2008	73,095,410	72,847,492	99.661%	224,840	73,072,332	99.968%
2011	2009	74,558,659	74,262,252	99.602%	261,169	74,523,421	99.953%
2012	2010	76,142,672	75,961,009	99.761%	257,946	76,218,955	100.100%
2013	2011	77,777,965	77,548,720	99.705%	216,591	77,765,311	99.984%
2014	2012	79,373,263	79,201,676	99.784%	-	79,201,676	99.784%

Source: Town Tax Records

- (1) Taxes are collectible in the year after they are levied.
- (2) Adjusted for lawful corrections and transfers to suspense.

Town of Cheshire

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	General Obligation Bonds ⁽¹⁾	Notes Payable	Total	Percentage of Personal Income ⁽²⁾	Debt Per Capita ⁽²⁾
2005	\$ 76,750,000	\$ 5,765,060	\$ 82,515,060	6.36%	\$ 2,803
2006	70,390,000	4,990,329	75,380,329	6.33%	2,554
2007	69,240,000	10,256,249	79,496,249	6.43%	2,687
2008	62,600,000	9,713,988	72,313,988	5.75%	2,438
2009	62,925,000	8,612,604	71,537,604	5.42%	2,409
2010	55,995,000	7,489,576	63,484,576	4.62%	2,135
2011	58,055,000	6,371,143	64,426,143	4.55%	2,197
2012	51,940,000	5,232,608	57,172,608	4.04%	1,950
2013	56,005,000	4,857,861	60,862,861	4.30%	2,070
2014	49,440,000	4,547,792	53,987,792	4.35%	1,827

Note: Details regarding the Town's outstanding debt, including general obligation bonds and notes payable, may be found in the notes to the basic financial statements.

⁽¹⁾ Presented net of original issuance discounts and premiums.

⁽²⁾ Personal income and population data can be found on the Schedule of Demographic and Economic Statistics

Town of Cheshire, Connecticut

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	General Obligation Bonds ⁽¹⁾	Less: Amount Available in Debt Service Reserve ⁽²⁾	Total	Percentage of Actual Taxable Value of Property ⁽³⁾	Per Capita ⁽⁴⁾
2005	\$ 76,750,000	\$ -	\$ 76,750,000	3.18%	\$ 2,607
2006	70,390,000	524,270	69,865,730	2.85%	2,367
2007	69,240,000	374,773	68,865,227	2.77%	2,327
2008	62,600,000	373,947	62,226,053	2.48%	2,098
2009	62,925,000	1,384,931	61,540,069	2.43%	2,072
2010	55,995,000	924,528	55,070,472	1.96%	1,852
2011	58,055,000	4,667,110	53,387,890	1.89%	1,820
2012	51,940,000	4,514,505	47,425,495	1.67%	1,617
2013	56,005,000	5,452,287	50,552,713	1.77%	1,720
2014	49,440,000	5,499,180	43,940,820	1.52%	1,487

Note: Details regarding the Town's outstanding debt, including general obligation bonds and notes, may be found in the notes to the basic financial statements.

⁽¹⁾ This is the general bonded debt of governmental activities, net of original issuance discounts and premiums.

⁽²⁾ This is the amount restricted for debts service principal payments.

⁽³⁾ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

⁽⁴⁾ Population data can be found in the Schedule of Demographic and Economic Statistics.

Town of Cheshire, Connecticut
Direct Governmental Activities Debt
For the Year Ended June 30, 2014
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>
General obligation debt	\$ 53,987,792
Less school construction grants receivable - principal portion only	<u>328,632</u>
Total direct debt	<u><u>\$ 53,659,160</u></u>

Sources: Town Records

Note: The Town is not subject to the debt of overlapping governments.

Note: School construction grants are receivable in substantially equal installments over the life of outstanding school bonds, obtained from Office of Policy and Management, State of Connecticut.

Town of Cheshire, Connecticut

Legal Debt Margin Information
 Last Ten Fiscal Years
 (dollars in thousands)
 (Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 437,763,620	\$ 459,897,914	\$ 473,886,658	\$ 485,750,160	\$ 498,702,148	\$ 512,992,851	\$ 522,151,616	\$ 531,929,895	\$ 546,150,612	\$ 557,393,872
Total net debt applicable to limit	92,053,734	87,742,707	84,862,588	79,081,845	75,297,882	73,297,882	72,213,246	67,786,124	97,774,518	94,557,160
Legal debt margin	\$ 345,709,886	\$ 372,155,207	\$ 389,024,070	\$ 406,668,315	\$ 423,404,266	\$ 439,694,969	\$ 449,938,370	\$ 464,143,771	\$ 448,376,094	\$ 462,836,712
Total net debt applicable to the limit as a percentage of debt limit	21.03%	19.08%	17.91%	16.28%	15.10%	14.29%	13.83%	12.74%	17.90%	16.96%

Town of Cheshire, Connecticut

Schedule of Debt Limitation

June 30, 2014

(Unaudited)

Total tax collections (including interest and lien fees) for year ended June 30, 2014	\$ 79,627,696
Reimbursement for revenue loss on: Tax relief for the elderly freeze	<u>-</u>
BASE FOR DEBT LIMITATION COMPUTATION	<u><u>\$ 79,627,696</u></u>

	GENERAL PURPOSES	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
DEBT LIMITATION: (1)					
2-1/4 times base	\$ 179,162,316	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	358,324,632	-	-	-
3-3/4 times base	-	-	298,603,860	-	-
3-1/4 times base	-	-	-	258,790,012	-
3 times base	-	-	-	-	238,883,088
TOTAL DEBT LIMITATION	<u>179,162,316</u>	<u>358,324,632</u>	<u>298,603,860</u>	<u>258,790,012</u>	<u>238,883,088</u>
INDEBTEDNESS: (2)					
Bonds and notes	30,077,097	13,846,403	10,064,292	-	-
Bonds authorized but unissued	10,052,706	3,130,678	27,714,616	-	-
School building grants	-	(328,632)	-	-	-
TOTAL NET INDEBTEDNESS	<u>40,129,803</u>	<u>16,648,449</u>	<u>37,778,908</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT	<u><u>\$ 139,032,513</u></u>	<u><u>\$ 341,676,183</u></u>	<u><u>\$ 260,824,952</u></u>	<u><u>\$ 258,790,012</u></u>	<u><u>\$ 238,883,088</u></u>

The total net indebtedness above amounts to: \$ 94,557,160

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 557,393,872

(1) Per Connecticut General Statutes, Section 7-347(b).

(2) There is no overlapping debt.

Source: Schedule was taken from Footnote 6 in the Financial Statements.

Town of Cheshire, Connecticut
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Population ⁽¹⁾	Per Capita Personal Income ⁽²⁾	Personal Income ⁽²⁾	Median Household Income ⁽²⁾	Median Age ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽²⁾
2005	29,443	\$ 44,091	\$ 1,298,171,313	\$ 88,389	39.7	5,179	3.9%
2006	29,517	40,359	1,191,276,603	91,579	39.9	5,174	3.5%
2007	29,591	41,764	1,235,838,524	98,088	40.1	5,158	3.4%
2008	29,665	42,397	1,257,707,005	100,673	40.2	5,119	4.4%
2009	29,702	44,468	1,320,788,536	101,346	40.2	5,006	6.3%
2010	29,739	46,176	1,373,228,064	101,392	40.3	4,947	7.1%
2011	29,326	48,244	1,414,803,544	111,416	38.8	4,798	7.1%
2012	29,399	48,124	1,414,797,476	111,416	38.1	4,805	7.8%
2013	29,472	42,172	1,242,893,184	107,486	42.0	4,652	6.5%
2014	29,546	42,043	1,242,202,478	106,322	43.1	4,594	5.0%

(1) Estimate based on U.S. Census Bureau data.

(2) Connecticut Economic Resource Center (CERC) Datafinder - Applied Geographic Solutions (AGS).

(3) Town of Cheshire, Department of Education.

Town of Cheshire, Connecticut

**Principal Employers
Current Year ⁽¹⁾
(Unaudited)**

Employer	2014		
	Employees ⁽²⁾	Rank	Percentage of Total Town Employment ⁽³⁾
Bozzuto's Inc.	1,277	1	8.78%
Town of Cheshire (4)	823	2	5.66%
State of CT Dept of Correctional Facilities	706	3	4.85%
Alexion Pharmaceuticals	526	4	3.62%
Macy's Logistics	500	5	3.44%
UTC Aerospace	350	6	2.41%
Elim Park	327	7	2.25%
Webster Bank	260	8	1.79%
Omnicare	220	9	1.51%
Whole Foods	220	10	1.51%

⁽¹⁾ Information from nine years ago, 2004, not available for comparison.

⁽²⁾ Full-time

⁽³⁾ Percentage of Connecticut Department of Labor annual average for 2012 - 14,544 jobs.
(2014 average not available)

⁽⁴⁾ Full-time equivalents

Sources: Town Records

Town of Cheshire, Connecticut

**Full-Time Equivalent Town Government Employees By Functions/Programs
Last Ten Fiscal Years
(Unaudited)**

Functions/Program	Full-Time Equivalent Employees as of June 30									
	2005 (*)	2006 (*)	2007 (*)	2008 (*)	2009 (*)	2010 (*)	2011 (*)	2012 (*)	2013 (*)	2014 (*)
Administration & Finance:										
Town Manager	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Town Clerk	4.7	4.7	4.7	4.7	4.7	4.3	4.3	4.3	4.3	4.4
Elections	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.0	2.0	2.0
Finance	17.0	17.8	18.2	18.3	18.5	18.0	17.0	16.8	16.8	16.0
General Services	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Public Property	2.0	3.8	3.8	3.8	3.8	3.8	3.8	3.8	2.8	2.8
Planning and Development:	7.3	7.3	7.3	7.3	7.3	7.2	7.0	6.4	6.4	6.4
Public Safety:										
Police Department	58.0	58.0	59.0	59.0	60.0	60.0	60.0	60.0	60.0	60.0
Animal Control	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Fire Department	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Building Department	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Public Works:										
Public Works	29.0	28.0	28.5	28.0	27.0	26.7	25.9	26.9	27.9	26.5
Water Pollution Control	10.1	9.9	9.9	9.9	9.9	9.0	9.0	9.3	9.3	9.3
Social Services:										
Youth & Social Services **	6.1	6.1	6.4	6.5	6.5	6.5	6.5	0.0	0.0	0.0
Senior/Transportation Services **	7.4	7.8	7.9	8.5	8.5	8.5	8.3	0.0	0.0	0.0
Human Services **								15.2	15.2	14.3
Cultural Services:										
Performing & Fine Arts	1.5	1.9	2.2	2.5	2.6	2.6	2.7	2.5	2.5	2.4
Library	23.7	24.5	24.4	24.7	24.7	24.4	23.9	24.6	24.7	24.9
Leisure Services:										
Parks & Recreation	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Community Pool	13.9	13.6	13.6	13.6	13.6	13.6	13.6	13.7	13.7	13.5
Education	606.3	628.8	641.4	649.2	649.2	620.3	606.7	609.7	612.6	615.1
Total	814.70	839.90	855.00	863.70	864.00	832.60	816.40	820.10	823.20	822.60

(*) Full-time equivalents by functions/programs are the applicable FY Council's Approved numbers.

** The Youth and Social Services and the Senior and Transportation Services Depts were consolidated into the Human Services Dept. during FY 11-12.

Source: Town Records

Town of Cheshire, Connecticut

**Operating Indicators By Function/Program
Last Ten Fiscal Years
(Unaudited)**

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Violent Crimes	25	31	40	54	37	44	50	32	13	8
Property Crimes	430	452	486	475	497	465	406	532	158	224
Criminal Arrests	812	587	926	804	759	772	705	746	597	558
Motor Vehicle Arrests	1,563	1,653	1,586	1,503	1,579	1,024	1,566	1,617	1,476	1,678
Accidents	902	881	821	826	843	780	726	641	474	663
Total Incidents	55,192	45,766	44,079	40,981	40,966	34,058	33,999	35,137	31,262	30,336
Fire:										
Total fire runs	818	863	976	879	826	850	921	989	713	757
Total rescue runs	25	23	20	16	21	22	29	34	25	25
Property loss	\$ 364,415	\$ 188,000	\$ 129,508	\$ 96,000	\$ 170,000	\$ 119,059	\$ 1,237,000	\$ 237,225	\$ 208,025	\$ 575,002
* Building safety:										
Total permits	1,959	2,057	1,837	1,715	1,509	1,567	1,551	2,032	2,150	1,943
Total fees collected	\$ 376,074	\$ 428,734	\$ 474,207	\$ 512,750	\$ 263,854	\$ 284,618	\$ 318,998	\$ 447,768	\$ 425,278	\$ 502,877
Library:										
Loans	358,286	369,141	398,365	445,652	485,364	493,161	483,320	438,494	424,041	419,438
Waste Disposal:										
Garbage generated (ton)	19,112	18,204	21,300	20,741	20,090	18,963	17,520	16,780	16,668	14,701
Parks and Recreation:										
Recreation Programs	432	440	445	449	454	460	462	465	566	605
Recreation Participants	3,895	4,026	4,125	4,189	4,265	4,400	4,450	4,500	5,523	6,026
Aquatic Programs	285	293	294	294	282	285	210	240	120	120
Aquatic Participants	2,080	2,133	2,434	2,580	2,450	2,500	1,900	2,200	1,100	1,100
Pool Annual Pass Use	21,388	44,265	46,434	41,626	37,453	39,520	30,000	33,679	29,000	31,000
Pool Pass Users	10,137	10,156	9,876	9,732	6,092	7,750	5,500	7,419	6,000	6,400
Park Fields - Fall	20	21	21	21	21	22	22	22	22	22
Park Fields - Spring	21	22	22	23	24	25	25	25	25	25

Source: Town Records

Note: *Totals for permits & fees do not include zoning permits & fees collected by the Building Department and fees collected for copies are not included in totals.

Town of Cheshire, Connecticut

Capital Asset Statistics By Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Police Personnel and Officers	59	59	59	58	60	59	59	60	60	60
Fire, Fire Stations	3	3	3	3	3	3	3	3	3	3
Public Works:										
Miles of Streets	150	150	151	151	152	152	152	152	152	152
Private	2	2	2	2	2	2	2	2	2	2
State Highways	26	26	26	26	26	26	26	26	26	26
Miles of Sidewalks	100	100	100	100	100	100	101	101	106	106
Parks & Recreation:										
Acreage - Parks	320	320	320	325	325	330	330	330	330	330
Acreage - Open Space	1,322	1,327	1,327	1,374	1,384	1,384	1,384	1,384	1,384	1,508
Parks and Recreation Areas	11	11	11	11	11	11	11	11	11	11
Athletic Diamonds	21	22	22	23	23	24	24	24	24	24
Rollerblading Rinks	1	1	1	1	1	1	1	1	1	1
Soccer Fields	9	9	9	9	9	9	9	9	9	9
Basketball Courts	4	4	4	4	4	4	4	4	4	4
Tennis Courts	14	14	14	14	14	14	14	14	14	14
Swimming Areas	2	2	2	2	2	2	2	2	2	2
Outdoor Volleyball Courts	4	4	4	4	4	4	4	4	4	4
Picnic Pavilions	6	6	6	7	7	7	7	7	7	7
Community Centers	1	1	1	1	1	1	1	1	1	1
Library:										
Facilities	1	1	1	1	1	1	1	1	1	1
Volumes	122,652	116,276	126,389	126,459	132,323	127,346	127,668	125,286	124,576	131,809
Water:										
Miles of Water Mains	146	148	148	149	147	149	149	150	150	150
Number of Service Connections	6,555	6,601	6,658	6,687	6,695	6,712	6,725	6,746	6,777	6,793
Daily Average Consumption	2,890,000 g	2,990,000 g	2,990,000 g	2,880,000 g	2,636,000 g	2,503,000 g	2,684,000	2,730,000	2,980,000	2,880,000
Maximum Daily Consumption	6,520,000 g	5,800,000 g	5,020,000 g	4,877,000 g	4,856,000 g	3,973,000 g	5,293,900	5,202,000	5,353,000	4,980,000
Wastewater:										
Miles of Sanitary Sewers	119	119	119	120	120	120	121	122	122	122
Miles of Storm Sewers	73	73	73	75	75	75	76	76	76	76
Number of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Number of Pump Stations	9	9	9	9	9	9	9	9	9	9
Daily Average Treatment	2,500,000 g	3,200,000 g	3,200,000 g	2,700,000 g	2,700,000 g	2,600,000 g	2,830,000 g	2,960,000 g	2,677,500 g	2660000 g
Maximum Daily Capacity	3,500,000 g	3,500,000 g	3,500,000 g	4,000,000 g	4,000,000 g	4,000,000 g	4,000,000 g	4,000,000 g	4,000,000 g	4000000 g

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