

Town of Hebron, Connecticut

Comprehensive Annual Financial Report



**For the Year Ended
June 30, 2016**

Prepared by: Department of Finance
Elaine Griffin, Finance Director

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INTRODUCTORY SECTION



Town of Hebron

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BUILDING
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HEBRON, CONNECTICUT 06248
TELEPHONE: (860) 228-5971
FAX: (860) 228-4859
www.hebronct.com

December 23, 2016

To the Board of Finance, Town Manager and Honorable
Members of the Hebron Board of Selectmen
Town of Hebron, Connecticut

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financials. This report is published to fulfill that requirement for the fiscal year ended June 30, 2016.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Mahoney Sabol & Company, LLP, Certified Public Accountants, have issued unmodified opinions on the Town of Hebron, Connecticut's financial statements for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is intended to complement this letter of transmittal and should be read in conjunction with it.

Profile of Government

Hebron covers an area of 36.9 miles and is 20 miles southeast of Hartford. Its location is within the suburban fringe of the Hartford metropolitan area. Hebron is bounded on the east by Columbia, the southeast by Lebanon, the south by Colchester, the west by Marlborough and Glastonbury, the north by Bolton, and the northeast by Andover. The Town is traversed by Connecticut Routes 66 and 85. Included in Hebron town limits are Amston (formerly Turnerville), once a thriving mill area, and Gilead, which grew up around the Congregational Church founded there in 1748.

Hebron is considered to be a semi-rural community. The Town's business community is located primarily along Route 66 near the intersection with Route 85. There is also a neighborhood business center located in the southern part of Town near Amston Lake.

The Town of Hebron adopted a charter in 1988, effective as of November 21, 1989. The Charter was amended on November 5, 1996, November 4, 2003, and November 3, 2009 and again on November 4, 2014. The Charter retains a Town meeting form of government, with an elected five-member Board of Selectmen serving overlapping four-year terms and a five-member Board of Finance also serving overlapping four-year terms. A Town Manager, appointed by the Board of Selectmen, acts as the chief executive and chief administrative officer of the Town, and is responsible to the Board of Selectmen for the administration of all departments and

agencies with elected heads or members. The Town Manager has the authority to appoint various officers, including a Finance Director who, among other duties, acts as the Town Treasurer and the agent of all Town funds.

The Board of Education is the policy-making body for grades kindergarten through six. Grades seven through twelve are governed by Regional School District No. 8 composed of the Towns of Hebron, Andover and Marlborough. A member town may withdraw from the District, but such withdrawal does not affect the obligation of the member town to District bondholders.

The Town provides a full range of services including public safety, street maintenance, sanitation, health and human services, public parks and recreation, library, education, culture, public improvement, planning, zoning, sewer and general administrative services.

Regional School District Number 8

Regional School District No. 8 was organized in 1957 under provisions of the Connecticut General Statutes, Section 10-45, after approval by the member Towns of Hebron, Andover and Marlborough. Regional Hebron Andover Marlborough (RHAM) Middle School in Hebron accommodates grades 7 and 8, and Regional Hebron Andover Marlborough (RHAM) High School in Hebron serves grades 9-12. Each member town maintains and funds its own school district, which provides elementary education grades K- 6.

Local Economy

The Town aggressively pursues economic and physical stabilization and revitalization. After many years of steady population growth, Hebron has recently seen an additional 10% increase in population from 2000 to 2010 (Source: Federal Census). Consequently the Town is involved with several projects which will improve both the tax base and quality of life in Hebron.

The net taxable grand list for October 1, 2014 was \$782,001,450, an increase of .42% from the October 1, 2013 grand list amount of \$778,651,850. With the economy appearing to be on the incline, new construction in Town appears to also be rebounding with a recognized increase in our building permits and applications. Hebron's unemployment rate fell slightly to 4.2% at June 30, 2016. This is indicative of a continued fluctuating local re-employment process and economy. Hebron still ranked better than the Federal rate of 5.1% and the State rate of 5.9% at June 30, 2015.

Major Initiatives:

The Economic Development Commission in association with Town staff has continued to promote local businesses and retain them for viability in the Town. There was a review and reworking of the local tax abatement policy to attract new businesses to the Town. These initiatives will aid in increasing the commercial tax base as well as helping keep current businesses strong with a continuous and expanding employment base being kept in Town.

In 2011 the Town initiated a Charrette Process with assistance from the University of Connecticut Architectural and Landscaping students to increase and improve the look of our Main Street business district. Several future infrastructure improvement objectives for this area along Route 66 were identified by bringing in all points of view from residents, Town representatives and experts, who were invited to three interactive charrette sessions. Objectives that were identified at that time continue to be implemented through continuing STEAP grant applications and awards for business owners and in conjunction with the Plan of Development for Hebron through the Planning and Zoning Commission, Economic Development Commission and the Historic Properties Committee as noted below:

- Installation of a traffic light for easier access to the community business district.
- Increase economic viability through the addition of commercial opportunities with the recent opening of a new large CVS Pharmacy, Juliano's Pools and several smaller quaint shops.
- Preserve and enhance the historic district.
- Sidewalk installation has improved walk-ability of the downtown corridor and improved the overall aesthetic appeal of the downtown area with additional parking constructed behind the Town's Douglas Library.

Relevant Financial Policies:

Budgetary Control

The Town maintains extensive budgetary controls including a very strong purchasing policy. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Selectmen and Board of Finance. Activities of the general fund are included in the annual appropriated budget. Project-length budgets are prepared for the capital projects funds. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the departmental level within each fund. The Town also maintains an encumbrance accounting system as one method of maintaining budgetary control. Unencumbered amounts lapse at year end. Encumbered amounts at year end are reported as reservations of fund balance.

As demonstrated by the statements and schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management.

Other Policies

The Town Management and Boards of Selectmen and Finance are in the process of reviewing, revising and adopting several financial policies. Most recently reviewed and revised is the General Fund Balance Policy and a formal Debt Management Policy. Also in process are a separate Capital Equipment Replacement Policy, and other Operating Budget and Financial Policies continue to be reviewed and updated.

Long Term Financial Planning:

A significant measure of the Town's financial strength is the level of its fund balances (i.e., the accumulation of the revenues in excess of expenditures). The Town's General Fund fund balance has demonstrated positive trends over the past several years and the current fiscal year. In years where there has been a substantial buildup in the General Fund fund balance, funds have been transferred to a debt service fund in order to set aside funds for future years debt requirements. The Boards of Selectmen and Finance along with Town Management, takes the responsibility of being stewards of public funds very seriously and have implemented a policy effective in April 2014 to maintain a General Fund fund balance between 10% and 12%.

Hebron has a Capital Improvement Program through which its goal is to maintain the Town's infrastructure, provide for capital equipment and vehicle replacement and to make improvements to and/or add community facilities to enhance the Town's overall image and services it provides to Town residents.

The Town's annual Capital Improvement Program (CIP) results in a five-year plan of acquisition, new construction, and repair and replacement of municipal facilities and equipment. The program consists of a planning and a budgetary process. Requests are prepared by Town Departments, Boards and Commissions and are submitted to the Citizen appointed Capital Improvement Committee. The Committee reviews the requests and prioritizes them by 1) Core Projects: Safety and health concerns, mandates, continuation of a current project; 2) Essential projects: conformance with plans and initiatives, grant matches, positive fiscal impact etc.; and 3) Discretionary projects: optional remodeling and construction. The Committee forwards their recommendation for the five year plan and funding to the Town Manager and Board of Selectmen in a five year planning document. The Board of Selectmen and then the Board of Finance complete their reviews and recommends the CIP budget as part of the overall budget process. The budget for the Capital Improvement Program is then voted on by the voters during the yearly budget referendum.

There also is a Long Term Financial Report that is updated each year to try to project future operating budget revenues and expenditures over several years which are utilized to plan appropriately for major events and funding requirements. The Town recognizes that because of population growth variation, residential and commercial development, changes in assessed values and increased cost of operations, a clearer vision is important to the proper allocation of financial resources based on both legal debt capacity and reasonable amount of future funds the Town can afford to fund capital projects.

2015/2016 Revenues

A continuing challenge when considering the Town's budget is the appropriate balance between operational requirements, level of service the community needs and expectations and ongoing taxes. As revenues are highly dependent on the economy and market conditions, naturally the Town, region and nation began to experience a downturn in the early part of 2008. The Town evaluated the impact of the possible reduction in revenues at the State level and during the budget development for 2015-2016 utilized the most accurate numbers available.

2015/2016 Expenditures

The Town continued to face many of the same challenges in the development of expenditures for the 2015/2016 fiscal year. The combined overall Town, Debt, Capital, RHAM Assessment and Education budget increased by \$621,394 or 1.74%. Some of the budgeting challenges continue to include:

First and foremost, managing negotiated increases in wages and health insurance costs for all staff. The RHAM Region 8 Health Consortium District for combined health insurance coverage, which the Town and Board of Education are a part of, continue to manage health insurance costs by implementing new initiatives that include plan design changes, health improvement initiatives and programs, pooled savings and possibly evaluating the feasibility of self-insurance. This is an ongoing process.

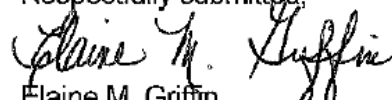
Managing the needs for capital equipment and infrastructure improvements with limited resources. The Capital Improvement Policy (CIP) was reviewed by the policy makers during fiscal year 2012 with changes to the method and threshold of the CIP being made. With the fiscal year 2013/2014 major funding was returned to the Capital Improvement Plan Fund after drastic reductions were made during the 2012/2013 to major projects due to the necessity of a third referendum for budget approval. The policy makers are working together to develop the best funding alternatives for future capital needs. The Town Management, Boards of Selectmen and Finance are proactive in addressing the budgetary needs and the various internal and external factors that affect the Town's budget and finances.

Awards and Acknowledgments:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Hebron for its comprehensive annual financial report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. Certificate of Achievement is valid for a period of one year only. The Town of Hebron received the Certificate of Achievement for the twelfth consecutive fiscal year and is a fact that we boast of continuously. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The preparation of this report could not have been accomplished without the efficient and dedicated services of all Town staff specifically within the Finance Department. I must also extend my sincerest appreciation to all members of the Town Departments who assisted with their daily cooperation in its compilation and preparation. While this CAFR is the result of the diligent efforts of Town staff and our auditing firm Mahoney Sabol & Co., LLP, it would not be possible without the ongoing support of the Board of Selectmen, Board of Finance and the Town Manager.

Respectfully submitted,


Elaine M. Griffin
Finance Director



Government Finance Officers Association

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

Presented to

**Town of Hebron
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

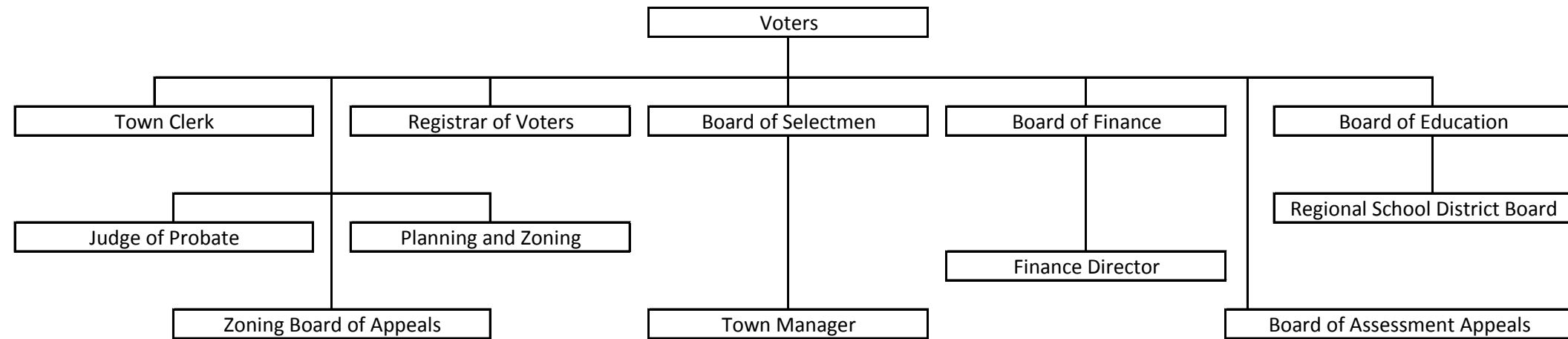
TOWN OF HEBRON, CONNECTICUT

PRINCIPAL TOWN OFFICIALS

JUNE 30, 2016

| | |
|---|--------------------------|
| Chairman of the Board of Selectman..... | Daniel Larson |
| Chairman of the Board of Finance..... | Malcolm Leichter |
| Town Manager..... | Andrew J. Tierney |
| Assessor..... | Debra Gernhardt |
| Building Inspector..... | Joseph Summers |
| Resident Trooper..... | Daniel Greenwood |
| Town Clerk..... | Carla Pomproicz |
| Town Planner..... | Michael O'Leary |
| Finance Director..... | Elaine M. Griffin |
| Legal Counsel..... | Kenneth Slater, Esq. |
| Emergency Management..... | Sean Shoemaker |
| Engineer..... | Nathan Jacobson & Assoc. |
| Fire Chief..... | Nick Wallick |
| Fire Marshal..... | Randy Blais |
| Health Director..... | Steve Knauf |
| Public Works Director..... | Kevin Kelly |
| Recreation Director..... | Richard Calarco |
| Senior Services Director..... | Sharon Garrard |
| Superintendent of Schools..... | Timothy Van Tasel |
| Tax Collector..... | Adrian MacLean |
| AHM Youth and Family Services..... | Joel Rosenberg |
| Zoning Enforcement Officer..... | Joseph Summers |

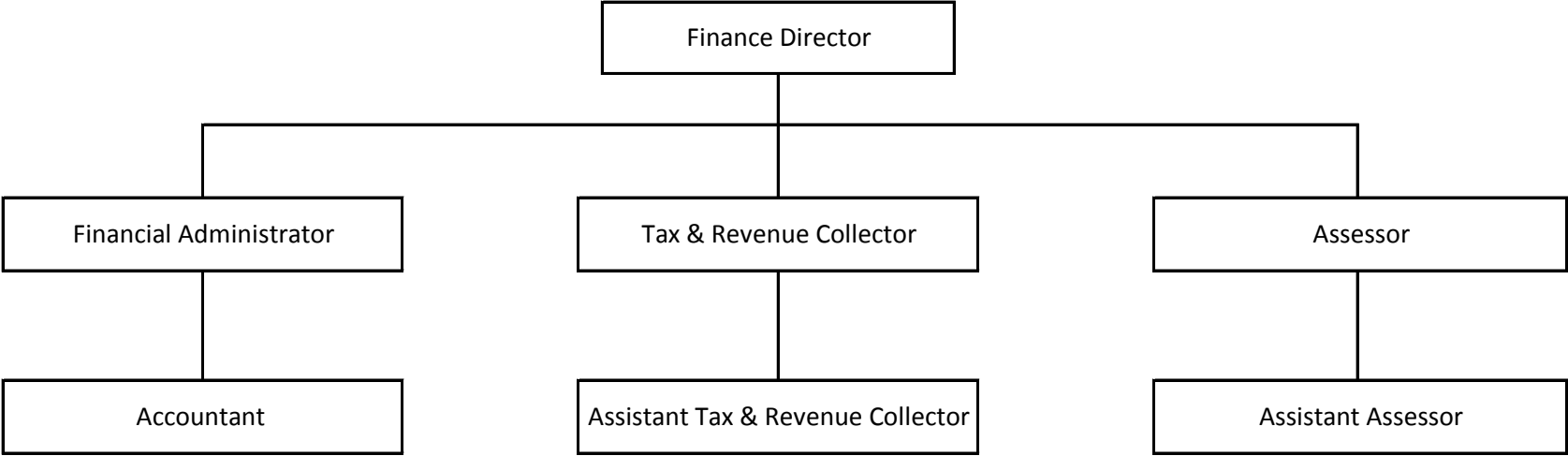
TOWN OF HEBRON, CONNECTICUT
ORGANIZATIONAL CHART AND TOWN AGENCIES
 JUNE 30, 2016



| Town Agencies |
|----------------------|
| Finance |
| Revenue Collector |
| Assessor |
| Fire Administration |
| Ambulance |
| Police |
| Emergency Management |
| Fire Marshal |
| Building |
| Planning |
| Wetlands |
| Town Clerk |
| Canine Control |
| Library |
| Senior Services |
| Recreation |
| Town Attorney |

| Boards and Commissions |
|-----------------------------------|
| Parks and Recreation |
| Conservation Commission |
| Water Pollution Control Authority |
| Inlands Wetlands |
| Commission on Aging |
| Open Space & Land Acquisition |
| CIP Committee |
| Economic Development Comm. |
| Historic Preservation Comm. |
| Park Development Comm. |

TOWN OF HEBRON, CONNECTICUT
ORGANIZATIONAL CHART - FINANCE DEPARTMENT
JUNE 30, 2016



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Finance
Town of Hebron, 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 Hebron, Connecticut (the "Town") as of and for the year ended June 30, 2016, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hebron, Connecticut, as of June 30, 2016 and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the schedules on pension and other post-employment benefit plans on pages 49 and 50 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.

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 introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules on pages 51 through 68 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages i through viii and the statistical section on pages 69 through 86 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 23, 2016, 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.

Mahoney Sabol & Company, LLP

Glastonbury, Connecticut
December 23, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED

The management of the Town of Hebron, Connecticut (the “Town”) offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016. 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 - iv of this report, as well as the Town’s basic financial statements that follow this section.

HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities at the close of the most recent fiscal year by \$57,195,808 (net position). Of this amount, \$9,505,490 represents unrestricted net position, which may be used to meet the government’s ongoing obligations to citizens and creditors.
- The Town’s total net position increased by \$858,964 during the current fiscal year.
- As of the close of the current fiscal year, the Town’s governmental funds reported combined ending fund balances of \$9,347,574, an increase of \$810,244 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$6,650,032 or 17.7% of total General Fund expenditures and transfers out. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 2.1 months of General Fund operating expenditures and transfers out.
- The Town’s total long-term bonded debt and capital lease obligations decreased by \$871,905 or 13.2% during the current fiscal year due to scheduled principal repayments offset by a new capital lease obligation in the amount of \$100,000.

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 basic financial statements comprise 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 broad overview of the Town’s finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town’s assets, deferred outflows of resources, and liabilities, with net position as the residual of these elements. 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

Government-wide Financial Statements (*Continued*)

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

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include activities such as: general government, finance, public safety, public works, human services, planning and development, and education. The Town has no business-type activities.

The government-wide financial statements can be found on pages 14 and 15 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 accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental 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 the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town'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.

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

The basic governmental fund financial statements can be found on pages 16 through 20 of this report.

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED (*Continued*)

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

Fund Financial Statements (*Continued*)

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs.

The basic fiduciary fund financial statements can be found on pages 21 and 22 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 48 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on pages 49 and 50 of this report. Combining and individual fund financial statements and schedules can be found on pages 51 through 68 of this report and statistical information can be found on pages 69 through 86 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

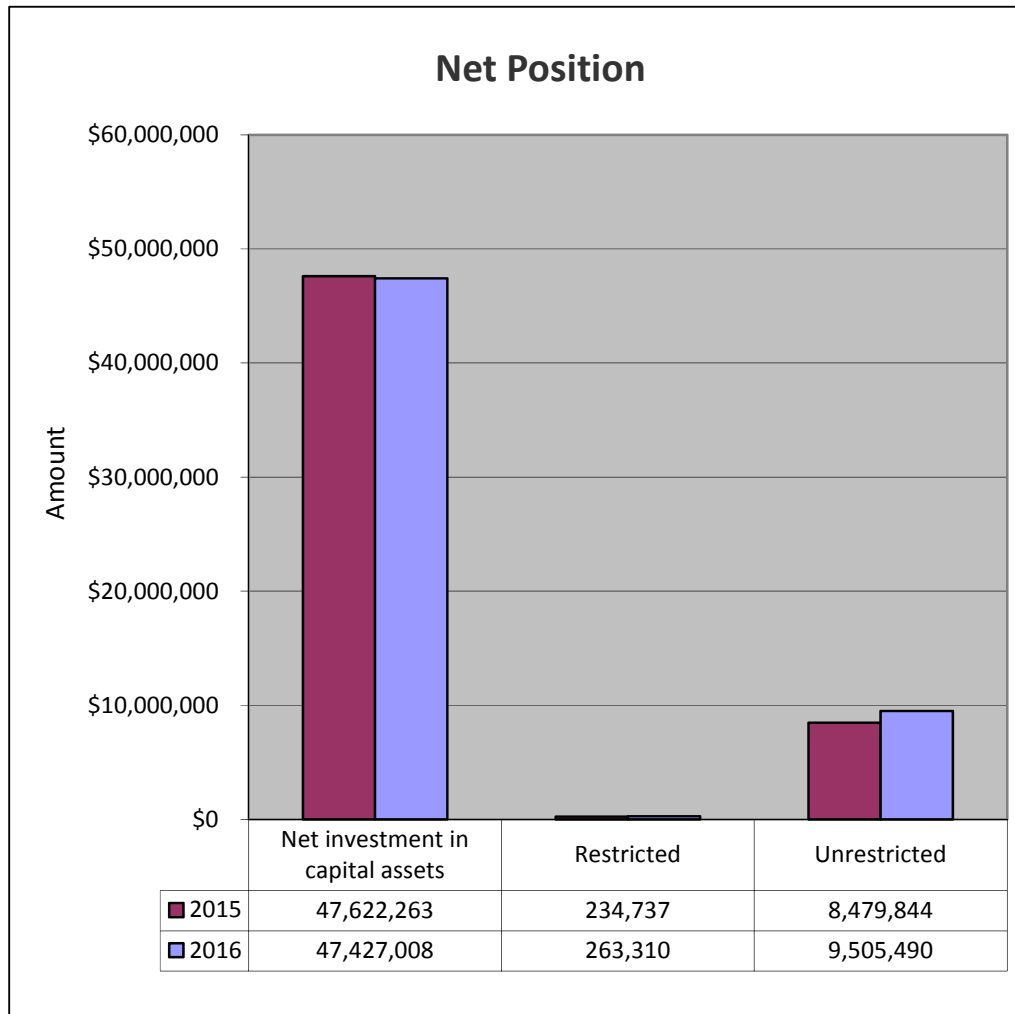
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$57,195,808 and \$56,336,844 as of June 30, 2016 and 2015, respectively, and are summarized as follows:

| | 2016 | 2015 |
|----------------------------------|-----------------------------|-----------------------------|
| Current and other assets | \$ 11,788,225 | \$ 10,622,378 |
| Capital assets | 53,112,931 | 54,166,785 |
| Total assets | <u>64,901,156</u> | <u>64,789,163</u> |
| Deferred outflows of resources | <u>64,409</u> | <u>77,715</u> |
| Other liabilities | 586,382 | 571,783 |
| Long-term liabilities | <u>7,183,375</u> | <u>7,958,251</u> |
| Total liabilities | <u>7,769,757</u> | <u>8,530,034</u> |
| Net position: | | |
| Net investment in capital assets | 47,427,008 | 47,622,263 |
| Restricted | 263,310 | 234,737 |
| Unrestricted | <u>9,505,490</u> | <u>8,479,844</u> |
| Total net position | <u><u>\$ 57,195,808</u></u> | <u><u>\$ 56,336,844</u></u> |

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*



As of June 30, 2016, approximately 82.9% of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 0.5% of net position represents resources that are subject to external restrictions on how they may be used.

The remainder of the Town's net position is considered unrestricted.

Overall, net position increased by \$858,964 in comparison with the prior year.

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position

Changes in net position for the years ended June 30, 2016 and 2015 are as follows:

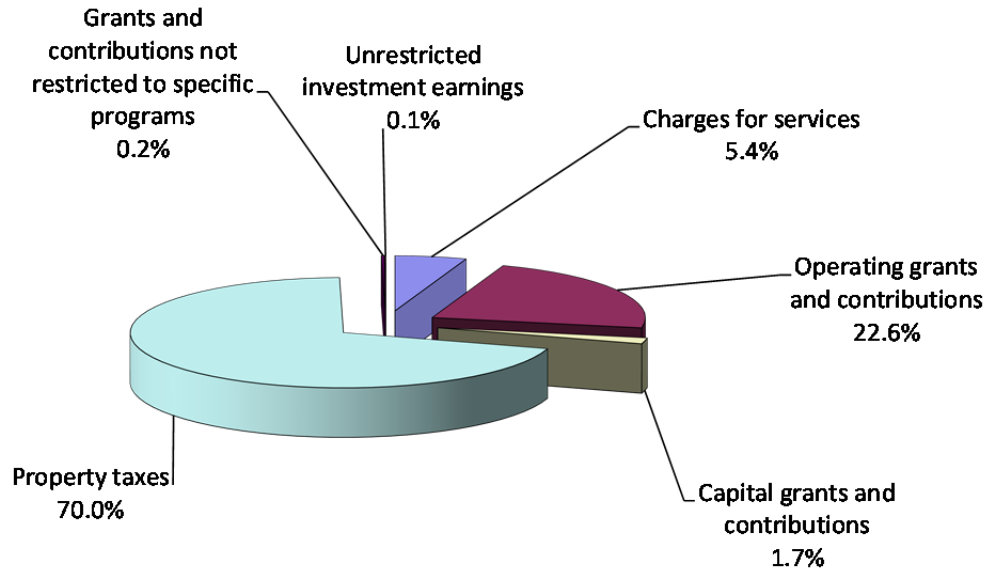
| | 2016 | 2015 |
|--|--------------------------|--------------------------|
| Revenues | | |
| Program revenues: | | |
| Charges for services | \$ 2,214,462 | \$ 2,301,079 |
| Operating grants and contributions | 9,229,128 | 9,183,357 |
| Capital grants and contributions | 702,373 | 637,473 |
| General revenues: | | |
| Property taxes, levied for general purposes | 28,607,425 | 28,337,637 |
| Grants and contributions not restricted to specific programs | 89,921 | 104,649 |
| Unrestricted investment earnings | 31,975 | 22,931 |
| Total revenues | <u>40,875,284</u> | <u>40,587,126</u> |
| Expenses | | |
| General government | 4,552,210 | 4,325,420 |
| Public safety | 1,300,518 | 1,268,629 |
| Public works | 2,022,744 | 1,857,033 |
| Civic and human services | 1,839,435 | 1,608,290 |
| Planning and land use | 158,110 | 117,273 |
| Sewer fees | 303,075 | 320,260 |
| Education | 29,639,014 | 29,994,930 |
| Interest expense | 201,214 | 372,985 |
| Total expenses | <u>40,016,320</u> | <u>39,864,820</u> |
| Change in net position | <u><u>\$ 858,964</u></u> | <u><u>\$ 722,306</u></u> |

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*

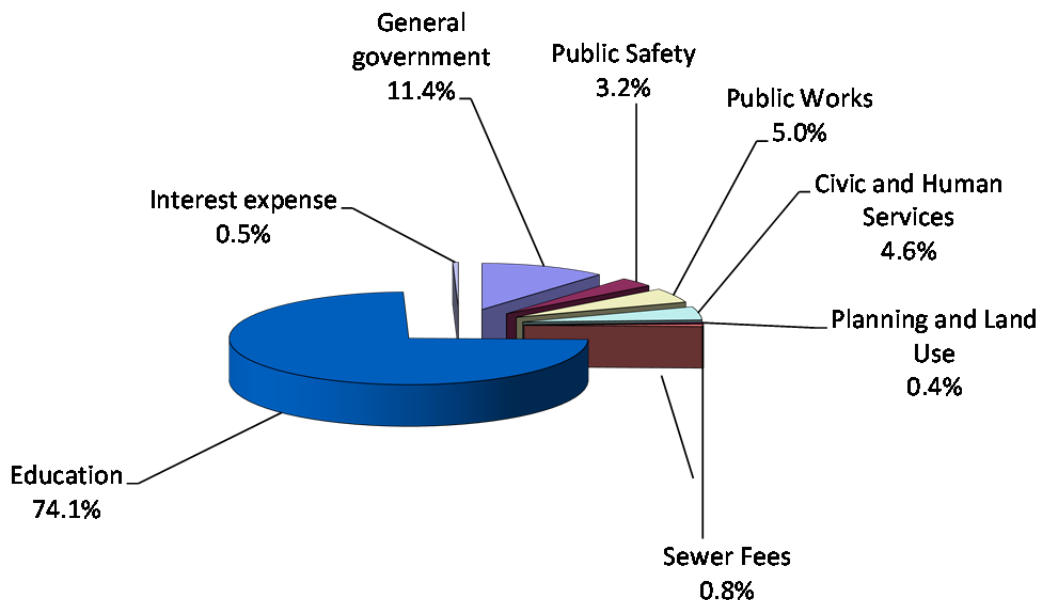
GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*

**2016 Revenues by Source -
Governmental Activities**



**2016 Expenses by Function -
Governmental Activities**



TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Position (Continued)

Governmental activities increased the Town's net position by \$858,964. Revenues generated by the Town increased by \$288,158 in comparison to the prior year. This was primarily caused by an increase in taxes levied due to an increase in the Town's mill rate. Expenses incurred increased by \$151,500 in comparison to the prior year. This increase was caused by an increase of approximately \$230 thousand to both the general government and public works expense lines, offset by a decrease in education expenses of approximately \$350 thousand. General government and public works increased due to minor capital outlays and road resurfacing which were not capitalized based on Town policy. Education expenses decreased due to a decrease in overall budgetary expenses.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town'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 \$9,347,574.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,650,032, while total fund balance was \$7,022,518. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 17.7% of total General Fund expenditures and transfers out. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 2.1 months of General Fund operating expenditures and transfers out.

The fund balance of the Town's General Fund increased by \$687,744 during the current fiscal year, which was primarily due to favorable budget variances as outlined below under the General Fund Budgetary Highlights section.

Capital Projects Fund

The fund balance of the Capital Projects Fund decreased by \$100,683 during the current fiscal year from \$750,756 to \$650,073. This decrease was primarily due to capital outlays in excess of revenue received and transfers in.

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*

GENERAL FUND BUDGETARY HIGHLIGHTS

The original and final operating budget for the General Fund included the use of fund balance in the amount of \$110,000. No additional appropriations were approved by the Board of Finance and Town Meeting during the year ended June 30, 2016. The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$840,375 in the current fiscal year. Total budgetary revenues were \$288,290 more than expected due to increased tax collections of approximately \$134 thousand, increased building fees in the amount of approximately \$58 thousand, and increased ambulance fees of approximately \$49 thousand. Expenditures were \$595,799 less than budgeted, of which approximately \$496 thousand related to education expenditures. Other financing sources were \$66,286 more than expected due to the cancellation of prior year encumbrances.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2016 and 2015 totaled \$53,112,931 and \$54,166,785, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was \$1,053,854 or 2.0%. This decrease is attributed to depreciation expense of \$1,982,374 and the net disposal of capital assets in the amount of \$115,690, offset by capital asset additions. Major capital asset events during the current fiscal year included the following:

- Outlays for various ongoing construction projects totaling \$460,715, including Hebron Elementary roof renovations, a Small Town Economic Assistance Grant for parking and safety improvement, and outlays relating to the Marjorie Circle Bridge;
- Outlays related to a new capital lease obligation in the amount of \$100,000 for new school computers; and
- Outlays for various machinery and equipment purchases totaling \$309,044, primarily for the purchase of a new plow, senior center van, and two vehicles.

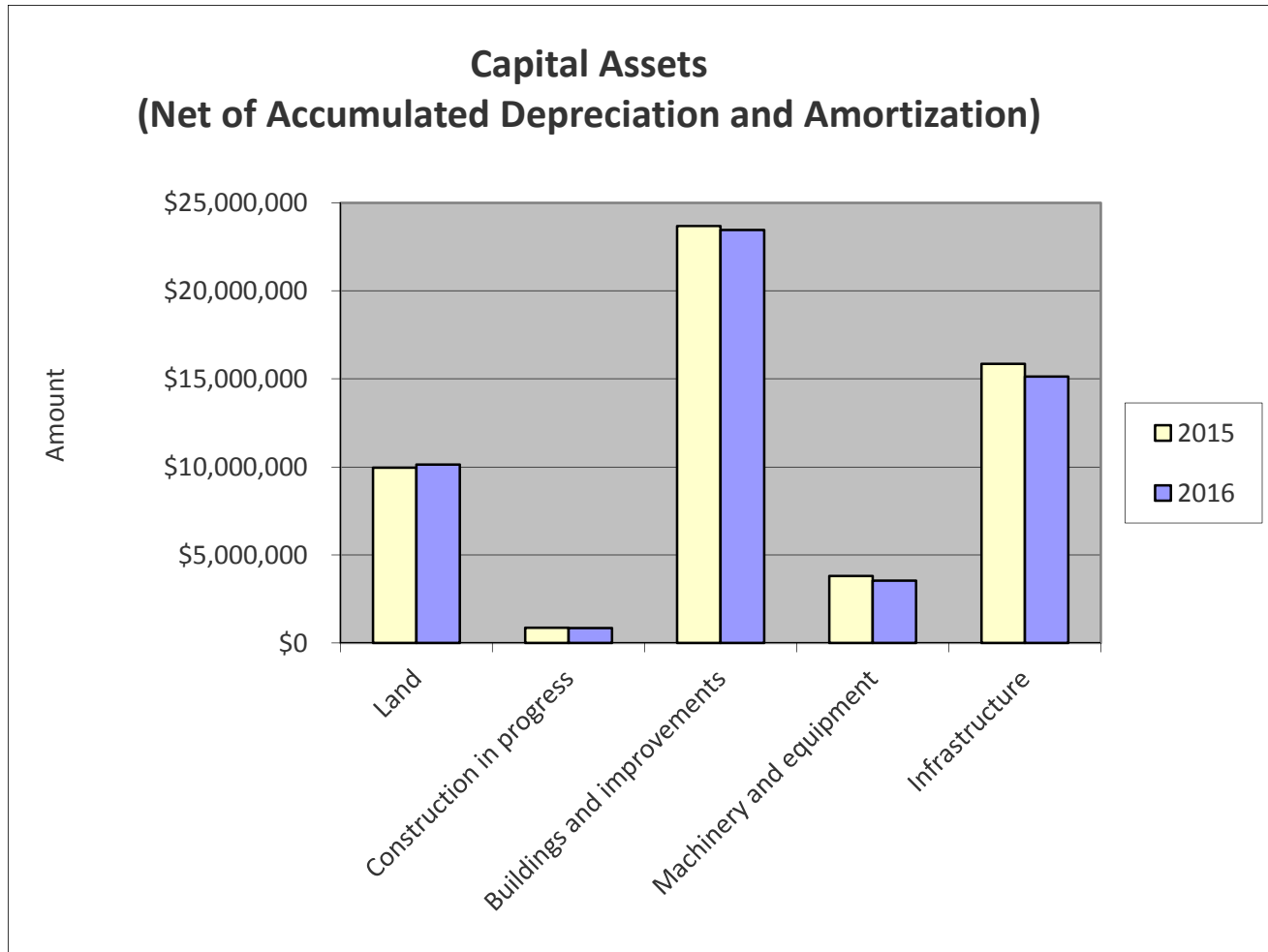
The following table is a two year comparison of the investment in capital assets:

| | 2016 | 2015 |
|---------------------------|----------------------|----------------------|
| Land | \$ 10,127,575 | \$ 9,953,124 |
| Construction in progress | 850,725 | 870,964 |
| Buildings and improvement | 23,450,912 | 23,681,422 |
| Machinery and equipment | 3,545,843 | 3,812,485 |
| Infrastructure | 15,137,876 | 15,848,790 |
| Totals | <u>\$ 53,112,931</u> | <u>\$ 54,166,785</u> |

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Capital Assets *(Continued)*



Additional information on the Town's capital assets can be found in Note D of this report.

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED *(Continued)*

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

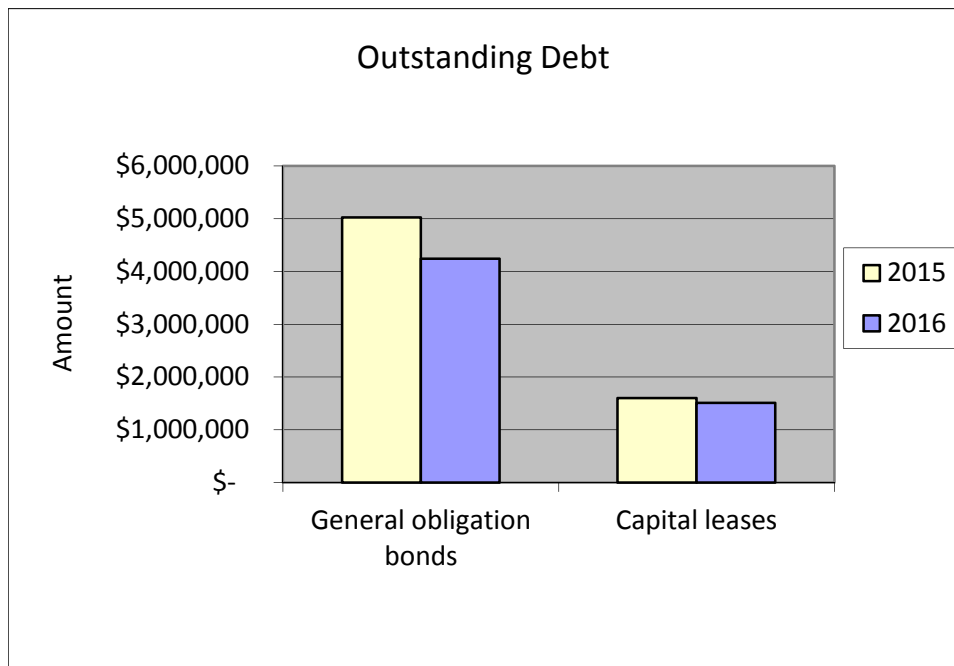
Long-term Debt

At the end of the current fiscal year, the Town had total debt outstanding of \$5,750,332. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt decreased by \$871,905 or 13.2% during the current fiscal year due to repayments of principal in the amount of \$971,905, offset by new capital lease financing in the amount of \$100,000. As of June 30, 2016, the Town's bond rating was AAA by Standard & Poor's.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is significantly in excess of the Town's outstanding general obligation debt.

The following table is a two year comparison of long-term debt:

| | 2016 | 2015 |
|--------------------------|---------------------|---------------------|
| General obligation bonds | \$ 4,242,000 | \$ 5,021,000 |
| Capital leases | 1,508,332 | 1,601,237 |
| Totals | <u>\$ 5,750,332</u> | <u>\$ 6,622,237</u> |



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

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS – UNAUDITED (*Continued*)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The unemployment rate for the Town was 4.2% as of June 30, 2016. This compared favorably to the state's average unemployment rate of 5.9% and the national unemployment rate of 5.1%.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
 - For purposes of calculating property tax revenues for fiscal year 2017, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.
 - It is unknown how the weakened economy will impact real estate activity and related revenues collected by the Land Use Department, the Town Clerk, the Building Department and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2017. The Town's fiscal year 2017 General Fund budget was approved on May 3, 2016. The fiscal year 2017 budget contemplated General budgetary expenditures of \$36,177,949 and a Capital Improvement budget of \$999,816.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances 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 information should be addressed to the Finance Office, Town of Hebron, 15 Gilead Street, Hebron, Connecticut 06248.

BASIC FINANCIAL STATEMENTS

TOWN OF HEBRON, CONNECTICUT**STATEMENT OF NET POSITION**

JUNE 30, 2016

| | Governmental Activities |
|---------------------------------------|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 8,625,284 |
| Investments | 507,938 |
| Receivables: | |
| Property taxes and interest, net | 2,008,532 |
| Sewer assessments and user fees, net | 154,612 |
| Intergovernmental | 332,185 |
| Other | 3,613 |
| Inventories | 3,815 |
| Loans receivable | 152,246 |
| Capital assets: | |
| Non-depreciable | 10,978,300 |
| Depreciable, net | 42,134,631 |
| Total assets | <u>64,901,156</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred charges on refunding | <u>64,409</u> |
| LIABILITIES | |
| Accounts payable | 382,242 |
| Accrued interest payable | 48,928 |
| Unearned revenue | 138,712 |
| Other liabilities | 16,500 |
| Noncurrent liabilities: | |
| Due within one year | 1,009,571 |
| Due in more than one year | 6,173,804 |
| Total liabilities | <u>7,769,757</u> |
| NET POSITION | |
| Net investment in capital assets | 47,427,008 |
| Restricted for: | |
| Endowments: | |
| Expendable | 5,993 |
| Nonexpendable | 5,945 |
| Grant restrictions | 196,998 |
| Donor restrictions | 32,515 |
| Other purposes | 21,859 |
| Unrestricted | 9,505,490 |
| Total net position | <u>\$ 57,195,808</u> |

The accompanying notes are an integral part of these financial statements .

TOWN OF HEBRON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) |
|--|----------------------|----------------------|------------------------------------|----------------------------------|-------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Position |
| Governmental Activities | | | | | |
| Primary Government: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 4,552,210 | \$ 600,786 | \$ - | \$ - | \$ (3,951,424) |
| Public safety | 1,300,518 | 293,785 | 42,786 | - | (963,947) |
| Public works | 2,022,744 | 31,449 | - | 528,988 | (1,462,307) |
| Civic and human services | 1,839,435 | 640,935 | 155,599 | 110,500 | (932,401) |
| Planning and land use | 158,110 | 18,070 | - | - | (140,040) |
| Sewer fees | 303,075 | 343,774 | - | - | 40,699 |
| Education | 29,639,014 | 285,663 | 9,030,743 | 62,885 | (20,259,723) |
| Interest expense | 201,214 | - | - | - | (201,214) |
| Total governmental activities | <u>\$ 40,016,320</u> | <u>\$ 2,214,462</u> | <u>\$ 9,229,128</u> | <u>\$ 702,373</u> | <u>(27,870,357)</u> |
| General revenues: | | | | | |
| Property taxes, levied for general purposes | | | | | 28,607,425 |
| Grants and contributions not restricted to specific programs | | | | | 89,921 |
| Unrestricted investment earnings | | | | | 31,975 |
| Total general revenues | | | | | <u>28,729,321</u> |
| Change in net position | | | | | 858,964 |
| Net position - beginning | | | | | <u>56,336,844</u> |
| Net position - ending | | | | | <u>\$ 57,195,808</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF HEBRON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

| | <u>General Fund</u> | <u>Capital Projects Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|--------------------------------------|--|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 6,779,351 | \$ 1,085,624 | \$ 760,309 | \$ 8,625,284 |
| Investments | 496,000 | - | 11,938 | 507,938 |
| Receivables: | | | | |
| Property taxes, net | 1,523,387 | - | - | 1,523,387 |
| Interest on property taxes, net | 485,145 | - | - | 485,145 |
| Intergovernmental | - | 172,936 | 159,249 | 332,185 |
| Loans | - | - | 152,246 | 152,246 |
| Sewer assessments, net | - | - | 64,896 | 64,896 |
| Sewer user charges, net | - | - | 89,716 | 89,716 |
| Other | 3,381 | - | 232 | 3,613 |
| Due from other funds | 892,792 | 160,172 | 808,189 | 1,861,153 |
| Inventories | - | - | 3,815 | 3,815 |
| Total assets | <u>\$ 10,180,056</u> | <u>\$ 1,418,732</u> | <u>\$ 2,050,590</u> | <u>\$ 13,649,378</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 344,205 | \$ 14,890 | \$ 23,147 | \$ 382,242 |
| Due to other funds | 968,129 | 753,602 | 139,422 | 1,861,153 |
| Unearned revenue | 61,855 | 167 | 76,690 | 138,712 |
| Other liabilities | 16,500 | - | - | 16,500 |
| Total liabilities | <u>1,390,689</u> | <u>768,659</u> | <u>239,259</u> | <u>2,398,607</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes and interest | 1,766,849 | - | - | 1,766,849 |
| Unavailable revenue - sewer assessments | - | - | 53,042 | 53,042 |
| Unavailable revenue - sewer user charges | - | - | 83,306 | 83,306 |
| | <u>1,766,849</u> | <u>-</u> | <u>136,348</u> | <u>1,903,197</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | 162,006 | 162,006 |
| Restricted | - | - | 105,119 | 105,119 |
| Committed | - | 650,073 | 1,407,858 | 2,057,931 |
| Assigned | 372,486 | - | - | 372,486 |
| Unassigned | 6,650,032 | - | - | 6,650,032 |
| Total fund balances | <u>7,022,518</u> | <u>650,073</u> | <u>1,674,983</u> | <u>9,347,574</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 10,180,056</u> | <u>\$ 1,418,732</u> | <u>\$ 2,050,590</u> | <u>\$ 13,649,378</u> |

The accompanying notes are an integral part of these financial statements.

TOWN OF HEBRON, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

| | | |
|--|----|-----------|
| Total fund balances for governmental funds | \$ | 9,347,574 |
|--|----|-----------|

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:

| | | | |
|--|----|--------------|------------|
| Land | \$ | 10,127,575 | |
| Construction in progress | | 850,725 | |
| Buildings and improvements | | 40,482,301 | |
| Machinery and equipment | | 10,540,964 | |
| Infrastructure | | 35,545,701 | |
| Less accumulated depreciation and amortization | | (44,434,335) | |
| Total capital assets, net | | | 53,112,931 |

Some of the Town's taxes, sewer user charges and sewer assessments will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.

1,903,197

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported in the governmental funds. All liabilities and related amounts - both current and long-term - are reported in the statement of net position.

| | | | |
|------------------------------|----------|-------------|-------------|
| Accrued interest payable | (48,928) | | |
| Long-term debt: | | | |
| Bonds payable | | (4,242,000) | |
| Deferred amount on refunding | | 64,409 | |
| Capital lease obligations | | (1,508,332) | |
| Other long-term liabilities: | | | |
| Compensated absences | | (526,043) | |
| Net OPEB obligation | | (907,000) | |
| Total long-term liabilities | | | (7,167,894) |

| | | |
|---|----|------------|
| Net position of governmental activities | \$ | 57,195,808 |
|---|----|------------|

The accompanying notes are an integral part of these financial statements .

TOWN OF HEBRON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

| | General Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-------------------------|--------------------------------------|--|---|
| REVENUES | | | | |
| Property taxes | \$ 28,191,796 | \$ - | \$ - | \$ 28,191,796 |
| Intergovernmental | 8,840,024 | 284,608 | 878,454 | 10,003,086 |
| Charges for services | 825,496 | - | 1,268,894 | 2,094,390 |
| Investment income | 26,973 | 3,066 | 1,936 | 31,975 |
| Other | 178,913 | 1,804 | 18,811 | 199,528 |
| Total revenues | <u>38,063,202</u> | <u>289,478</u> | <u>2,168,095</u> | <u>40,520,775</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 3,064,360 | - | 1,335 | 3,065,695 |
| Public safety | 979,887 | - | - | 979,887 |
| Public works | 1,119,108 | - | - | 1,119,108 |
| Civic and human services | 674,514 | - | 645,965 | 1,320,479 |
| Planning and land use | 144,713 | - | - | 144,713 |
| Sewer | 9,800 | - | 280,210 | 290,010 |
| Education | 28,289,109 | - | 796,704 | 29,085,813 |
| Insurance and benefits | 1,339,685 | - | - | 1,339,685 |
| Capital outlays | 100,000 | 1,069,670 | 264,853 | 1,434,523 |
| Debt service: | | | | |
| Principal payments | 900,886 | 71,019 | - | 971,905 |
| Interest and fiscal charges | 191,040 | 5,349 | - | 196,389 |
| Total expenditures | <u>36,813,102</u> | <u>1,146,038</u> | <u>1,989,067</u> | <u>39,948,207</u> |
| Excess (deficiency) of revenues over expenditures | 1,250,100 | (856,560) | 179,028 | 572,568 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Capital lease financing | 100,000 | - | - | 100,000 |
| Proceeds from sale of capital assets | - | 137,676 | - | 137,676 |
| Transfers in | 72,845 | 618,201 | 117,000 | 808,046 |
| Transfers out | (735,201) | - | (72,845) | (808,046) |
| Total other financing sources (uses) | <u>(562,356)</u> | <u>755,877</u> | <u>44,155</u> | <u>237,676</u> |
| Net change in fund balances | 687,744 | (100,683) | 223,183 | 810,244 |
| Fund balances - beginning | <u>6,334,774</u> | <u>750,756</u> | <u>1,451,800</u> | <u>8,537,330</u> |
| Fund balances - ending | <u>\$ 7,022,518</u> | <u>\$ 650,073</u> | <u>\$ 1,674,983</u> | <u>\$ 9,347,574</u> |

The accompanying notes are an integral part of these financial statements .

TOWN OF HEBRON, 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, 2016

| | | |
|--|----|---------|
| Net change in fund balances - total governmental funds | \$ | 810,244 |
|--|----|---------|

Total change in net position reported for governmental activities in the statement of activities is different because:

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. The amount by which depreciation and amortization expense exceeded capital outlays in the current period is as follows:

| | | |
|---------------------------------------|--------------|-----------|
| Expenditures for capital assets | \$ 1,044,210 | |
| Depreciation and amortization expense | (1,982,374) | |
| | | |
| Net adjustment | | (938,164) |

| | | |
|--|--|-----------|
| In the statement of activities, only the loss on the sale of capital assets is reported whereas the proceeds from the sale increase financial resources in the governmental funds. | | (115,690) |
|--|--|-----------|

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

| | | |
|-------------------------|-----------|---------|
| Debt incurred: | | |
| Capital lease financing | (100,000) | |
| Principal repayments: | | |
| Bonds payable | 779,000 | |
| Capital lease financing | 192,905 | |
| | | |
| Net adjustment | | 871,905 |

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

| | | |
|------------------------------|----------|-----------|
| Accrued interest | 8,481 | |
| Deferred amount on refunding | (13,306) | |
| Compensated absences | (42,029) | |
| Net OPEB obligation | (55,000) | |
| | | |
| | | (101,854) |

| | | |
|---|--|---------|
| Certain revenues reported in the statement of activities do not provide current financial resources and, therefore, are reported as deferred inflows of resources in the governmental funds. This amount represents the change in deferred inflows. | | 332,523 |
|---|--|---------|

| | | |
|---|----|---------|
| Change in net position of governmental activities | \$ | 858,964 |
|---|----|---------|

The accompanying notes are an integral part of these financial statements .

TOWN OF HEBRON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | Budgeted Amounts | | | Variance With |
|---|-------------------------|-------------------|---------------------|----------------------|
| | Original | Final | | Final Budget |
| | Budget | Budget | Actual | Over (Under) |
| REVENUES | | | | |
| Property taxes | \$ 28,058,140 | \$ 28,058,140 | \$ 28,191,796 | \$ 133,656 |
| Licenses and permits | 535,530 | 535,530 | 682,686 | 147,156 |
| Intergovernmental | 7,437,665 | 7,437,665 | 7,388,751 | (48,914) |
| Investment income | 20,000 | 20,000 | 26,973 | 6,973 |
| Other revenues | 147,620 | 147,620 | 197,039 | 49,419 |
| Total revenues | <u>36,198,955</u> | <u>36,198,955</u> | <u>36,487,245</u> | <u>288,290</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 2,945,288 | 2,902,195 | 2,879,168 | (23,027) |
| Public safety | 926,227 | 1,019,404 | 1,000,378 | (19,026) |
| Civic and human services | 695,707 | 692,892 | 679,091 | (13,801) |
| Planning and land use | 138,920 | 154,204 | 148,211 | (5,993) |
| Public works | 1,022,568 | 999,917 | 985,630 | (14,287) |
| Sewer | 9,800 | 9,800 | 9,800 | - |
| Insurance and benefits | 1,407,237 | 1,367,335 | 1,344,685 | (22,650) |
| Education | 27,494,878 | 27,494,878 | 26,998,415 | (496,463) |
| Debt service | 955,974 | 955,974 | 955,422 | (552) |
| Total expenditures | <u>35,596,599</u> | <u>35,596,599</u> | <u>35,000,800</u> | <u>(595,799)</u> |
| Excess of revenues over expenditures | 602,356 | 602,356 | 1,486,445 | 884,089 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Appropriation of fund balance | 110,000 | 110,000 | - | (110,000) |
| Cancellation of prior year encumbrances | - | - | 66,286 | 66,286 |
| Transfers in | 72,845 | 72,845 | 72,845 | - |
| Transfers out | (785,201) | (785,201) | (785,201) | - |
| Total other financing sources (uses) | <u>(602,356)</u> | <u>(602,356)</u> | <u>(646,070)</u> | <u>(43,714)</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ -</u> | 840,375 | <u>\$ 840,375</u> |
| Fund balances - beginning | | | <u>5,809,658</u> | |
| Fund balances - ending | | | <u>\$ 6,650,033</u> | |

The accompanying notes are an integral part of these financial statements .

TOWN OF HEBRON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

| | Pension Trust Fund | Agency Funds |
|---------------------------------|-------------------------------|-------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ - | \$ 178,326 |
| Investments | 3,295,079 | - |
| Other assets | - | 8,265 |
| Total assets | <u>3,295,079</u> | <u>\$ 186,591</u> |
| LIABILITIES | | |
| Due to student groups | - | 34,516 |
| Due to others | - | 152,075 |
| Total liabilities | <u>-</u> | <u>\$ 186,591</u> |
| NET POSITION | | |
| Restricted for pension benefits | <u>\$ 3,295,079</u> | |

The accompanying notes are an integral part of these financial statements .

TOWN OF HEBRON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

| | Pension Trust Fund |
|--|-------------------------------|
| ADDITIONS | |
| Employer contributions | \$ 245,582 |
| Employee contributions - rollover | 16,776 |
| Total contributions | <u>262,358</u> |
| Investment earnings: | |
| Net decrease in the fair value of investments | <u>(2,142)</u> |
| Net investment earnings | <u>(2,142)</u> |
| Total additions | <u>260,216</u> |
| DEDUCTIONS | |
| Benefit payments | 183,253 |
| Administrative expenses | 630 |
| Total deductions | <u>183,883</u> |
| Change in net position | 76,333 |
| Net position - beginning | <u>3,218,746</u> |
| Net position - ending | <u><u>\$ 3,295,079</u></u> |

The accompanying notes are an integral part of these financial statements .

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Hebron, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

The Town was incorporated in 1708. The Town operates under a Charter which became effective in November 1988 and was most recently amended in November 2014. The form of government includes an elected Board of Selectmen consisting of five members, an elected six member Board of Finance and an elected seven member local Board of Education.

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

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

The Town provides the following services: police, fire, community health and social services, solid waste removal, cultural and recreation services, education, streets and highways, planning and zoning, public improvements and general administrative services.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

Government-wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The Town reports the following major governmental funds:

General Fund - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those not accounted for and reported in another fund.

Capital Projects Fund - This fund is used to account for the financial resources for the acquisition and construction of major capital facilities.

In addition, the Town reports the following fiduciary fund types:

Pension Trust Fund - This fund type is used to account for resources held in trust for the members and beneficiaries of the Town's defined contribution pension plan, which accumulates resources for pension benefit payments to qualified employees.

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets held for student activities, performance bonds, employees and others.

Measurement Focus and Basis of Accounting

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

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

The 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received or is available to be received during the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when the cash is received.

The pension trust fund is reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Implementation of Accounting Standards

Effective July 1, 2015, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and certain provisions of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The adoption of these statements did not have a material effect on the Town's financial statements.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity

Cash Equivalents

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

Investments

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in participating interest-earning investment contracts, certain external investment pools and synthetic guaranteed investment contracts as described below.

Investments in certain external investment pools consist of money market mutual funds and the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in these types of funds, which are permitted to measure their investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the fund.

Investments in pooled separate accounts consist of insurance contracts. Investments in these types of contracts are measured by the Town at contract value.

Property Taxes, Sewer Assessment and Usage Charges

Property taxes are assessed as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest receivable of \$114,000 and \$81,000, respectively, as of June 30, 2016.

Sewer assessments are levied by the Water Pollution Control Authority and assessed to the users as projects are completed. Assessment charges are billed annually in May. Usage charges are billed annually in October, unless there are more than 1 EDU which is billed semi-annually in October and April for flat rate fees and metered fees. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible sewer assessments and user charges of \$44,000 and \$23,000, respectively, as of June 30, 2016.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity *(Continued)*

Inventories and Prepaid Items

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

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

Loans Receivable

Rehabilitation loans consist of deferred loans made to certain qualifying individuals for home improvements in connection with funding received by the Town under a Small Cities Development Block Grant to administer the Town's Housing Rehabilitation Program. The loans bear no interest. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's place of residence. The notes may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2016, loans receivable totaled \$152,246 under this program.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 for furniture, equipment and buildings, and \$50,000 for infrastructure assets. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------|--------------|
| Buildings | 25 - 50 |
| Building improvements | 25 - 50 |
| System infrastructure | 20 - 50 |
| Furniture and equipment | 5 - 25 |

Unearned Revenue

This liability represents resources that have been received but not yet earned.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity (Continued)

Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time.

Deferred outflows of resources consists of deferred charges on refunding. Deferred charges on refunding resulted from the difference in the carrying value of previously refunded debt and the reacquisition price of the debt and are being amortized to interest expense using the effective-interest method over the life of the related bonds.

Deferred inflows of resources consist of revenue that is considered unavailable under the modified accrual basis of accounting. Unavailable revenue is reported within the governmental funds balance sheet and is recognized as an inflow of resources in the period that the amounts become available.

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. Bond issuance costs are expensed when incurred.

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

Compensated Absences

Town and noncertified Board of Education employees are granted vacation and sick leave, and certified employees of the Board of Education are granted sick leave based upon length of employment. In the event of termination, employees are compensated for accumulated vacation and sick time.

All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or when the vested amount is expected to be paid with available resources.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity *(Continued)*

Net Position and Fund Balance

The government-wide statement of net position presents the Town's non-fiduciary assets, deferred outflows of resources and liabilities, with net position as the residual of these elements. Net position is reported in three categories:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net position – This component of net position consists of net position whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position is the net amount of assets, liabilities, and deferred outflows of resources.

The Town's governmental funds report the following fund balance categories:

Nonspendable – Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

Committed – Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Selectmen (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action. The formal action required to be taken by the Board of Selectmen to commit fund balance is by adoption of a resolution.

Assigned – Amounts are constrained by the Town's intent to be used for specific purposes, but are not restricted or committed. The Town Manager and Finance Director have been authorized to assign Fund Balance as needed to meet the obligations of the Town.

Unassigned – Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity *(Continued)*

Net Position and Fund Balance *(Continued)*

Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

The Town's policy is to first use restricted resources when available. When committed, assigned and unassigned resources are available for use, it is assumed that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Activities (Continued)

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures, or expenses, to the funds that initially paid for them.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE B - BUDGETARY INFORMATION

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- At least one hundred fifty (150) days before the end of the fiscal year, the head of each department, office or agency of the Town, supported wholly or in part from Town funds, except the Regional Board of Education, files with the Town Manager a detailed estimate of the expenditures to be made and the revenues, other than property taxes, to be collected in the ensuing fiscal year.
- Expenditures are budgeted by function, department and object. The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established at the department level.
- The Town Manager, with the assistance of the Finance Director, reviews the budget estimates with the heads of all Town supported departments, offices and agencies. No later than one hundred twenty (120) days prior to the end of the fiscal year, the Town Manager presents to the Board of Selectmen a proposed budget. In preparing the proposed budget, the Town Manager may add to, delete from or eliminate requests made by the various departments, offices and agencies, except that he may only comment and make recommendations on the budget requests of elected officials and the local Board of Education. The Town Manager includes in the budget the estimated budget request of Regional School District No. 8.
- The Board of Selectmen reviews the budget estimates and make further revisions, except that the Board may only make recommendations in the budgets prepared by other elected officers, elected Town agencies and the local Board of Education. The Board of Selectmen submits its budget recommendations to the Board of Finance no later than ninety (90) days before the end of the fiscal year.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE B - BUDGETARY INFORMATION (Continued)

- The Board of Finance holds at least one public hearing on the budget as presented. The Board of Finance may review the budget requests with the head of each department, board, agency and commission including the local Board of Education. The Board of Finance then prepares a budget to be presented to the annual Town budget meeting.
- The Town Charter provides the manner which is to be utilized by Town Meeting in acting upon the budget. The Board of Finance may make supplemental appropriations during the year provided that such appropriations do not cumulatively exceed one-half of one percent (.005) of the current year budget, excluding the amount appropriated to Regional School District No. 8. All subsequent supplemental appropriations are subject to Town Meeting approval. The Board of Finance is authorized to approve transfers from one department, office or agency to another only within the last three (3) months of the fiscal year.
- The Charter also provides for the making of emergency appropriations which do not require Town Meeting approval. There were no emergency appropriations made during the year.
- Unexpended appropriations lapse at the end of the fiscal year unless specifically continued in force to the subsequent period.
- The General Fund budget is prepared on a modified accrual basis of accounting. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and accordingly encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2016:

| | Total Revenues | Total Expenditures | Total Other Financing Sources (Uses) | Net Change in Fund Balance |
|---|---------------------------|-------------------------------|---|---------------------------------------|
| Budgetary basis | \$ 36,487,245 | \$ 35,000,800 | \$ (646,070) | \$ 840,375 |
| "On-behalf" payments - State Teachers Retirement Fund (<i>see Note I</i>) | 1,389,455 | 1,389,455 | - | - |
| Change in encumbrances | - | 82,584 | (66,286) | (148,870) |
| Capital leases, not recorded for budgetary purposes | - | 100,000 | 100,000 | - |
| Reserve for Revaluation | - | 58,761 | 50,000 | (8,761) |
| Reserve for Retiree Benefits | - | (5,000) | - | 5,000 |
| Intergovernmental grants and local revenue netted against expenditures | 186,502 | 186,502 | - | - |
| GAAP basis | <u>\$ 38,063,202</u> | <u>\$ 36,813,102</u> | <u>\$ (562,356)</u> | <u>\$ 687,744</u> |

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE C - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash deposits as of June 30, 2016 is as follows:

| | |
|---|---------------------|
| Cash and cash equivalents: | |
| Government-wide statement of net position | \$ 8,625,284 |
| Statement of fiduciary net position | 178,326 |
| Plus: certificates of deposit considered cash deposits for disclosure purposes | 507,938 |
| Less: cash equivalents considered investments for disclosure purposes | (2,477,319) |
| | <u>\$ 6,834,229</u> |

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town 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. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2016, \$4,675,460 of the Town's bank balance of \$6,208,295 was exposed to custodial credit risk as follows:

| | |
|--|---------------------|
| Uninsured and uncollateralized | \$ 4,207,914 |
| Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name | 467,546 |
| | <u>\$ 4,675,460</u> |

All of the Town's deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE C - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments

A reconciliation of the Town's investments as of June 30, 2016 is as follows:

| | |
|---|---------------------|
| Investments: | |
| Government-wide statement of net position | \$ 507,938 |
| Statement of fiduciary net position | 3,295,079 |
| Plus: cash equivalents considered investments for disclosure purposes | 2,477,319 |
| Less: certificates of deposit considered cash deposits for disclosure purposes | (507,938) |
| | <u>\$ 5,772,398</u> |

As of June 30, 2016, the Town's investments consisted of the following:

| <u>Investment type</u> | <u>Valuation Basis</u> | <u>Credit Rating</u> | <u>Value</u> | <u>Investment Maturities (In Years) Less Than 1</u> |
|-----------------------------------|----------------------------|--------------------------|---------------------|---|
| Debt Securities: | | | | |
| <i>Governmental activities:</i> | | | | |
| Short-term Investment Fund (STIF) | Net asset value | AAA | \$ 2,456,411 | \$ 2,456,411 |
| Money market mutual funds | Net asset value | Unrated | 20,908 | 20,908 |
| | | | <u>2,477,319</u> | <u>\$ 2,477,319</u> |
| Other investments: | | | | |
| <i>Fiduciary:</i> | | | | |
| Pooled separate accounts | Contract value | | 3,295,079 | |
| | | | <u>\$ 5,772,398</u> | |

Because investments in the Short-term Investment Fund and money market mutual funds have weighted average maturities of less than 90 days, they have been presented as investments with maturities of less than one year.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE C - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds or similar investment pools.

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The Pension Trust Funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. The Town's investments in external investment pools and insurance contracts are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Concentrations of Credit Risk

The Town's investment policy generally restricts investments in any one issuer that is in excess of 10%. In addition, the Town's policy defines other limitations in an effort to avoid incurring unreasonable inherent risk of over-concentration in specific instruments, individual issuers or maturities. As of June 30, 2016, more than 10% of the Town's governmental activities investments are invested in the Short-term Investment Fund (99.2%). As of June 30, 2016, more than 10% of the Town's fiduciary investments are invested in Voya Financial pooled separate accounts (91.6%).

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 consisted of the following:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|---------------------|---------------------|---------------------------|
| Governmental Activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 9,953,124 | \$ 174,451 | \$ - | \$ 10,127,575 |
| Construction in progress | 870,964 | 460,715 | (480,954) | 850,725 |
| Total capital assets, not being depreciated | <u>10,824,088</u> | <u>635,166</u> | <u>(480,954)</u> | <u>10,978,300</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 40,001,347 | 480,954 | - | 40,482,301 |
| Machinery and equipment | 10,524,607 | 409,044 | (392,687) | 10,540,964 |
| Infrastructure | 35,545,701 | - | - | 35,545,701 |
| Total capital assets, being depreciated | <u>86,071,655</u> | <u>889,998</u> | <u>(392,687)</u> | <u>86,568,966</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (16,319,925) | (711,464) | - | (17,031,389) |
| Machinery and equipment | (6,712,122) | (559,996) | 276,997 | (6,995,121) |
| Infrastructure | (19,696,911) | (710,914) | - | (20,407,825) |
| Total accumulated depreciation | <u>(42,728,958)</u> | <u>(1,982,374)</u> | <u>276,997</u> | <u>(44,434,335)</u> |
| Total capital assets, being depreciated, net | <u>43,342,697</u> | <u>(1,092,376)</u> | <u>(115,690)</u> | <u>42,134,631</u> |
| Governmental activities capital assets, net | <u>\$ 54,166,785</u> | <u>\$ (457,210)</u> | <u>\$ (596,644)</u> | <u>\$ 53,112,931</u> |

Depreciation and amortization expense was charged to functions of the Town as follows:

| | |
|----------------------------|---------------------|
| General government | \$ 791,928 |
| Public safety | 193,700 |
| Public works | 203,162 |
| Civic and human services | 254,370 |
| Education | 539,214 |
| Total depreciation expense | <u>\$ 1,982,374</u> |

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE E - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2016 are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|---------------------------|--------------------------|----------------------------|
| Governmental Funds | | |
| General Fund | Capital Projects Fund | \$ 753,602 |
| | Other Governmental Funds | 139,190 |
| | | <u>892,792</u> |
| Capital Projects Fund | General Fund | <u>160,172</u> |
| Other Governmental Funds | General Fund | 807,957 |
| | Other Governmental Funds | 232 |
| | | <u>808,189</u> |
| | | <u><u>\$ 1,861,153</u></u> |

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE F - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2016 consisted of the following:

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|---------------------------|--------------------------|--------------------------|
| Governmental Funds | | |
| General Fund | Other Governmental Funds | \$ 72,845 |
| Capital Projects Fund | General Fund | <u>618,201</u> |
| Other Governmental Funds | General Fund | 117,000 |
| Total transfers | | <u><u>\$ 808,046</u></u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE G - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|-------------------------------------|------------------------------|-------------------|---------------------|---------------------------|--------------------------------|
| Governmental Activities | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 5,021,000 | \$ - | \$ (779,000) | \$ 4,242,000 | \$ 768,000 |
| Other liabilities: | | | | | |
| Capital leases | 1,601,237 | 100,000 | (192,905) | 1,508,332 | 188,967 |
| Compensated absences | 484,014 | 45,042 | (3,013) | 526,043 | 52,604 |
| Net OPEB obligation <i>(Note J)</i> | 852,000 | 55,000 | - | 907,000 | - |
| | <u>\$ 7,958,251</u> | <u>\$ 200,042</u> | <u>\$ (974,918)</u> | <u>\$ 7,183,375</u> | <u>\$1,009,571</u> |

Long - term liabilities above typically have been liquidated by the General Fund.

General Obligation Bonds

A summary of general obligation bonds outstanding at June 30, 2016 is as follows:

| <u>Purpose of Bonds</u> | <u>Original Issue</u> | <u>Interest Rates</u> | <u>Maturity Date</u> | <u>Amount Outstanding</u> |
|--|---------------------------|---------------------------|--------------------------|-------------------------------|
| Governmental Activities | | | | |
| 2008 General Obligation Bonds | \$ 4,300,000 | 3.2-4.0% | 7/15/2023 | \$ 2,280,000 |
| 2013 General Obligation Refunding Bonds | 1,164,000 | 2.25% | 7/15/2024 | 868,000 |
| 2013 General Obligation School Refunding Bonds | 2,227,000 | 1.80% | 6/1/2019 | 1,094,000 |
| | | | | <u>\$ 4,242,000</u> |

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2016:

| <u>Year ending June 30:</u> | <u>Governmental Activities</u> | | |
|---------------------------------|---------------------------------|-------------------|---------------------|
| | <u>General Obligation Bonds</u> | | |
| | <u>Principal</u> | <u>Interest</u> | <u>Totals</u> |
| 2017 | \$ 768,000 | \$ 121,988 | \$ 889,988 |
| 2018 | 748,000 | 102,359 | 850,359 |
| 2019 | 737,000 | 82,766 | 819,766 |
| 2020 | 385,000 | 63,016 | 448,016 |
| 2021 | 381,000 | 49,410 | 430,410 |
| 2022-2025 | 1,223,000 | 67,787 | 1,290,787 |
| | <u>\$ 4,242,000</u> | <u>\$ 487,326</u> | <u>\$ 4,729,326</u> |

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE G - LONG-TERM LIABILITIES *(Continued)*

General Obligation Bonds(Continued)

Overlapping Debt

The Town is contingently liable for its pro-rata share of Regional School District No. 8's (the "District") outstanding bonds. At June 30, 2016, the District's total outstanding bonds were \$16,480,000. The Town of Hebron's share will be approximately 55.83% of the total, or \$9,200,784. Such outstanding indebtedness represents general obligations of the Regional School District No. 8 and its member towns, however, the Town is not required to record its share in the accompanying statement of net position. Regional School District No. 8 has no authorized, unissued bonds, for which the Town of Hebron would be contingently liable.

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2016.

Capital Leases

A summary of assets acquired through capital leases is as follows as of June 30, 2016:

| | Governmental Activities |
|--------------------------------|------------------------------------|
| Furniture and Equipment | \$ 2,293,354 |
| Less: accumulated amortization | 341,683 |
| | <u>\$ 1,951,671</u> |

Depreciation expense relative to leased property under capital leases totaled \$150,547 for the year ended June 30, 2016 and is included in depreciation expense disclosed in Note D.

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2016 are as follows:

| Year Ending June 30: | Governmental Activities |
|---|------------------------------------|
| 2017 | \$ 237,582 |
| 2018 | 224,739 |
| 2019 | 124,478 |
| 2020 | 96,822 |
| 2021 | 77,417 |
| Thereafter: | <u>1,183,784</u> |
| Total minimum lease payments | 1,944,822 |
| Less: amount representing interest | <u>436,490</u> |
| Present value of minimum lease payments | <u>\$ 1,508,332</u> |

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE H - FUND BALANCE

The various components of fund balance at June 30, 2016 are as follows:

| | General Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total |
|---|-------------------------|--------------------------------------|--|---------------------|
| Nonspendable: | | | | |
| Inventories | \$ - | \$ - | \$ 3,815 | \$ 3,815 |
| Loans receivable | - | - | 152,246 | 152,246 |
| Permanent principal | - | - | 5,945 | 5,945 |
| Restricted for: | | | | |
| Donor restrictions | - | - | 38,508 | 38,508 |
| Grant restrictions | - | - | 44,752 | 44,752 |
| Debt repayment | - | - | 21,859 | 21,859 |
| Committed to: | | | | |
| Capital outlays | - | 650,073 | - | 650,073 |
| Open space and land acquisition | - | - | 654,454 | 654,454 |
| Sewer operations | - | - | 581,687 | 581,687 |
| Parks and recreation activities | - | - | 107,304 | 107,304 |
| Cafeteria operations | - | - | 27,234 | 27,234 |
| Library | - | - | 18,439 | 18,439 |
| General government | - | - | 18,740 | 18,740 |
| Assigned to: | | | | |
| Revaluation | 141,239 | - | - | 141,239 |
| Retiree benefits | 86,388 | - | - | 86,388 |
| Encumbrances - General government | 8,745 | - | - | 8,745 |
| Encumbrances - Public safety | 23,125 | - | - | 23,125 |
| Encumbrances - Public works | 104,750 | - | - | 104,750 |
| Encumbrances - Civic and human services | 3,990 | - | - | 3,990 |
| Encumbrances - Planning and land use | 4,249 | - | - | 4,249 |
| Unassigned | 6,650,032 | - | - | 6,650,032 |
| | <u>\$ 7,022,518</u> | <u>\$ 650,073</u> | <u>\$ 1,674,983</u> | <u>\$ 9,347,574</u> |

NOTE I - EMPLOYEE RETIREMENT PLANS

Town of Hebron Retirement Plan

The Town established a single employer defined contribution money accumulation retirement plan (the "Plan") to provide benefits for all Town and non-certified Board of Education employees. Under the provisions of the Plan, all employees must be at least twenty-one years of age and have completed one year of service to participate. The Town is required to contribute an amount equal to 5% of employee covered payroll for Board of Education non-certified employees and 7% of employee covered payroll for all Town employees. Plan participants are not eligible to contribute to the Plan.

The Plan does not issue stand alone financial statements and is part of the Town's financial reporting entity since the Town has trustee responsibilities related to the participant accounts which contain employer contributions. As such, the Plan is accounted for in the fiduciary fund financial statements as a pension trust fund.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE I - EMPLOYEE RETIREMENT PLANS (Continued)

Town of Hebron Retirement Plan (Continued)

The Plan is accounted for using the accrual basis of accounting. Town contributions are recognized when due and the Town has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Employer contributions totaled \$245,582 for the year ended June 30, 2016.

Contribution requirements of the Town are established and may be amended by the Board of Selectmen.

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Town's Board of Education participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute one hundred percent of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. For the year ended June 30, 2016, plan members of the Town contributed \$393,498 to the plan and covered payroll for the year was \$5,427,559. The Town has recognized on-behalf payments of \$1,389,455 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

The total estimated net pension liability of the TRS as of June 30, 2015 was \$10.972 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$16.4 million or approximately 0.149% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE I - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

The total pension liability as of June 30, 2015, rolled forward from the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

| | |
|----------------------------------|-----------------------------------|
| Inflation | 3.0% |
| Salary increases | 3.75% - 7.0% (includes inflation) |
| Investment rate of return | 8.5% (includes inflation) |
| Cost of living adjustments: | |
| Retirements prior to 9/1/1992 | 3.0% |
| Retirements on or after 9/1/1992 | 2.0% |

For healthy retirees and beneficiaries, the RP-2000 Combined Mortality Table projected forward 19 years using scale AA, with a two-year setback for males and females.

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

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|-----------------------------|------------------------------|---|
| Large Cap U.S. Equities | 21.0% | 7.30% |
| Developed Non-U.S. Equities | 18.0% | 7.50% |
| Emerging Markets (Non-U.S.) | 9.0% | 8.60% |
| Core Fixed Income | 7.0% | 1.70% |
| Inflation Linked Bonds | 3.0% | 1.30% |
| Emerging Market Bonds | 5.0% | 4.80% |
| High Yield Bonds | 5.0% | 3.70% |
| Real Estate | 7.0% | 5.90% |
| Private Equity | 11.0% | 10.90% |
| Alternative Investment | 8.0% | 0.70% |
| Cash | 6.0% | 0.40% |
| | <u>100.0%</u> | |

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE I - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.50%) or 1-percentage-point higher (9.50%) than the current rate:

| | 1% Decrease (7.50%) | Current Discount (8.50%) | 1% Increase (9.50%) |
|--|--------------------------------|---|--------------------------------|
| Proportionate share of the net pension liability attributed to the Town | \$20.7 million | \$16.4 million | \$12.7 million |

Detailed information about the plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

NOTE J - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Town provides healthcare insurance benefits for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members (the "Plan"). Benefit provisions are established by various collective bargaining and employment agreements with the Town. The Plan is considered to be part of the Town's financial reporting entity. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Funding Policy

Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with the General Statutes of the State of Connecticut. Currently, Board of Education employees and spouses who are age 55 with 20 years of service or any age with 25 years of service in the Hebron School System are eligible to receive benefits. Those who choose to participate must pay 100% of the premium cost. Town employees and spouses who are age 62 with 15 years of service in the Town are eligible to receive benefits. Those who choose to participate must pay 100% of the spouses premium cost. For fiscal year 2016, the Town contributions were estimated to be \$94,000 on a pay-as-you-go basis.

The Town has not established a trust fund as of June 30, 2016, to irrevocably segregate assets to fund the liability for post-employment benefits, which would require the reporting of a trust fund.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE J - OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Town's annual OPEB cost and net OPEB obligation are primarily attributed to an implicit rate subsidy, whereby retirees are considered to be receiving a benefit from the Town for access to insurance rates offered to the Town's active employees. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation:

| | |
|--|--------------------------|
| Annual required contribution | \$ 162,000 |
| Interest on net OPEB obligation | 34,000 |
| Adjustment to annual required contribution | <u>(47,000)</u> |
| Annual OPEB cost (expense) | 149,000 |
| Contributions made | <u>94,000</u> |
| Increase in net OPEB obligation | 55,000 |
| Net OPEB obligation, beginning of year | <u>852,000</u> |
| Net OPEB obligation, end of year | <u><u>\$ 907,000</u></u> |

Three-year Trend Information

| Year Ended June 30 | Annual OPEB Cost | Contribution | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-----------------------|---------------------|--------------|--|------------------------|
| 2014 | \$ 161,000 | \$ 132,000 | 82.0% | \$ 822,000 |
| 2015 | 146,000 | 116,000 | 82.0% | 852,000 |
| 2016 | 149,000 | 94,000 | 63.1% | 907,000 |

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2014 (the date of the most recent actuarial valuation) was as follows:

| Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (B) | Unfunded AAL (UAAL) (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a Percentage of Covered Payroll ((B-A)/C) |
|--|---|------------------------------------|--------------------------|---------------------------|---|
| \$ - | \$ 1,586,000 | \$ 1,586,000 | \$ - | \$ 6,727,000 | 23.6% |

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE J - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in 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 Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

| | |
|--------------------------------|-----------------------|
| Valuation date: | July 1, 2014 |
| Actuarial cost method: | Projected Unit Credit |
| Amortization method: | Level Dollar, open |
| Remaining amortization period: | 30 years |
| Asset valuation method: | Market Value |
| Actuarial assumptions: | |
| Interest rate | 4.0% |
| Inflation rate | 3.0% |
| Healthcare cost trend rate | 8% initial |
| | 5% final |

NOTE K - DEFERRED COMPENSATION PLAN

The Town offers all employees who are eligible for benefits a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Town is required to contribute up to a maximum of 4.5% if the employee elects to contribute 7% of their wages into the plan on a before-tax basis. The Town is required to contribute 50% of the dollar amount contributed by the employee if the employee elects to contribute less than 7%. If an employee elects to contribute 10% of their before-tax wages, the Town is required to contribute 5%. Contribution requirements of the Town are established and may be amended by the Board of Selectmen. Town contributions totaled \$83,340 for the year ended June 30, 2016. Deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE K - DEFERRED COMPENSATION PLAN (Continued)

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for exclusive benefit of the plan participants and their beneficiaries. In addition, it is the opinion of the Town's management that the Town has no liability for the losses under the plan. Therefore, the accounts of the deferred compensation plans are not reported in the basic financial statements of the Town.

NOTE L - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss, including blanket and umbrella. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

NOTE M - COMMITMENTS AND CONTINGENCIES

There are several legal matters pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

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

The Town may be subject to arbitrage rebate penalties to the federal government relating to various bond and note issuances. Town management believes such penalties, if any, would not materially affect the financial position of the Town.

As of June 30, 2016, the Town has recorded \$144,859 in encumbrances for the commitments made for the purchase of goods and services. Such encumbrances have been included as part of the assigned fund balance in the General Fund.

NOTE N - RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement establishes new accounting and financial reporting requirements for OPEB plans included in the general purpose external financial reports of state and local governmental OPEB plans and replaces the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE N - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE (Continued)

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement establishes disclosure of information about the nature and magnitude of tax abatements to allow users of the financial statements to understand 1) how tax abatements affect a government's future ability to raise resources and meets its financial obligations and 2) the impact those abatements have on a government's financial position and economic condition. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Certain provisions of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. This statement amends the blending requirements established in GASB Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE N - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE (Continued)

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement addresses accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - UNAUDITED
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
(Dollar amounts in thousands)

| | <u>2016</u> | <u>2015</u> |
|--|------------------|------------------|
| Proportion of the net pension liability attributed to the Town | 0.149% | 0.149% |
| Town's proportionate share of the net pension liability | \$ - | \$ - |
| State's proportionate share of the net pension liability attributed to the Town | 16,380 | 15,140 |
| Total | <u>\$ 16,380</u> | <u>\$ 15,140</u> |
| Town's covered payroll | \$ 5,428 | \$ 5,456 |
| Town's proportionate share of the net pension liability as a percentage of its covered payroll | 0.0% | 0.0% |
| Plan fiduciary net position as a percentage of the total pension liability | 59.50% | 61.51% |

Notes to Schedule:

The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2016 is based on a June 30, 2015 valuation date).

Benefit changes - None noted.

Assumption changes - None noted.

See accompanying Independent Auditor's Report.

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS - UNAUDITED
LAST FOUR ACTUARIAL VALUATIONS

| Other Post-Employment Benefits Program | | | | | | |
|---|--|---|------------------------------------|--------------------------|---------------------------|---|
| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) - Projected Unit Credit (B) | Unfunded AAL (UAAL) (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a Percentage of Covered Payroll ((B-A)/C) |
| July 1, 2007 | \$ - | \$ 2,657,000 | \$ 2,657,000 | 0.0% | \$ 9,812,000 | 27.1% |
| July 1, 2009 | - | 1,794,000 | 1,794,000 | 0.0% | 9,833,000 | 18.2% |
| July 1, 2011 | - | 1,717,000 | 1,717,000 | 0.0% | 8,243,000 | 20.8% |
| July 1, 2014 | - | 1,586,000 | 1,586,000 | 0.0% | 6,727,000 | 23.6% |

See accompanying Independent Auditor's Report.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | Budgeted Amounts | | | Variance With Final Budget Over (Under) |
|--|--------------------|-----------------|---------------|--|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| Property taxes: | | | | |
| Taxes, interest and lien fees | \$ 28,058,140 | \$ 28,058,140 | \$ 28,191,796 | \$ 133,656 |
| Licenses and permits | | | | |
| Zoning board of appeals | 500 | 500 | 500 | - |
| Wetland fees | 1,000 | 1,000 | 2,540 | 1,540 |
| Building fees | 79,000 | 79,000 | 137,177 | 58,177 |
| Notary fees | 1,400 | 1,400 | 1,769 | 369 |
| Town clerk fees | 13,000 | 13,000 | 19,979 | 6,979 |
| Recording fees | 50,000 | 50,000 | 45,885 | (4,115) |
| Sportsmen's licenses | - | - | 132 | 132 |
| Conveyance tax | 62,000 | 62,000 | 92,115 | 30,115 |
| Marriage licenses fees | - | - | 19 | 19 |
| Records | 50 | 50 | (1,808) | (1,858) |
| Planning and zoning fees | 6,000 | 6,000 | 14,940 | 8,940 |
| Compactor/recycling fees | 65,000 | 65,000 | 67,581 | 2,581 |
| Dog fund fees | 6,000 | 6,000 | 5,430 | (570) |
| Health department | 5,000 | 5,000 | - | (5,000) |
| Animal population control | 2,000 | 2,000 | 2,038 | 38 |
| Library fees | 28,000 | 28,000 | 31,811 | 3,811 |
| Engineering fees | - | - | 1,415 | 1,415 |
| Blasting permits | 30 | 30 | 90 | 60 |
| Xerox fees | 2,000 | 2,000 | (848) | (2,848) |
| Soil and water conservation fees | 1,400 | 1,400 | 1,798 | 398 |
| Education fee assessment | 150 | 150 | 970 | 820 |
| PA CIP funding | 4,000 | 4,000 | 3,627 | (373) |
| Ambulance service | 200,000 | 200,000 | 249,143 | 49,143 |
| Plotter/copier fees | 1,000 | 1,000 | 419 | (581) |
| Building ordinance numbering policy | 5,000 | 5,000 | - | (5,000) |
| Software permit fees | - | - | 6,360 | 6,360 |
| Farmland preservation fees | 3,000 | 3,000 | (396) | (3,396) |
| Total licenses and permits | 535,530 | 535,530 | 682,686 | 147,156 |
| Intergovernmental revenue | | | | |
| Education equalization grants | 7,015,219 | 7,015,219 | 6,984,557 | (30,662) |
| Transportation of school children | 35,257 | 35,257 | 30,676 | (4,581) |
| Miscellaneous | 2,000 | 2,000 | 1,280 | (720) |
| Payment in lieu of taxes on state owned property | 14,871 | 14,871 | - | (14,871) |
| Property tax relief for totally disabled | 761 | 761 | 757 | (4) |
| Property tax relief for veterans | 3,700 | 3,700 | 4,032 | 332 |
| Property tax relief | 28,400 | 28,400 | 32,344 | 3,944 |
| Pequot grant | 31,081 | 31,081 | 28,744 | (2,337) |
| Municipal revenue sharing | 2,216 | 2,216 | 2,216 | - |
| Town aid road | 241,560 | 241,560 | 241,222 | (338) |
| Emergency management performance grant | 4,600 | 4,600 | 8,716 | 4,116 |
| Telecommunications funding | 18,000 | 18,000 | 18,002 | 2 |
| FEMA reimbursement | 40,000 | 40,000 | 36,205 | (3,795) |
| Total intergovernmental | 7,437,665 | 7,437,665 | 7,388,751 | (48,914) |

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

| | Budgeted Amounts | | | Variance With Final Budget Over (Under) |
|--|----------------------------|-------------------------|----------------------|--|
| | Original Budget | Final Budget | Actual | |
| Investment earnings | \$ 20,000 | \$ 20,000 | \$ 26,973 | \$ 6,973 |
| Other revenues | | | | |
| Constable fees | 16,000 | 16,000 | 14,636 | (1,364) |
| Housing authority | 4,000 | 4,000 | 4,674 | 674 |
| Elderly van | 8,000 | 8,000 | 11,382 | 3,382 |
| State trooper private duty | 15,500 | 15,500 | 5,405 | (10,095) |
| Party patrol | - | - | 8,720 | 8,720 |
| Hebron harvest fair | 14,000 | 14,000 | 5,477 | (8,523) |
| Maple festival private duty | 2,100 | 2,100 | - | (2,100) |
| Elderly demand respond | 20,000 | 20,000 | 34,239 | 14,239 |
| Building officer reimbursement | 52,020 | 52,020 | 48,480 | (3,540) |
| Miscellaneous | 5,000 | 5,000 | 9,091 | 4,091 |
| Senior center physical fitness | 3,500 | 3,500 | - | (3,500) |
| Senior center transportation fees | 3,000 | 3,000 | 3,010 | 10 |
| RHAM traffic control reimbursement | - | - | 23,287 | 23,287 |
| CIRMA equity earnings | - | - | 25,702 | 25,702 |
| EMS reimbursement | 4,000 | 4,000 | 2,936 | (1,064) |
| Other | 500 | 500 | - | (500) |
| Total other revenues | 147,620 | 147,620 | 197,039 | 49,419 |
| Total revenues | 36,198,955 | 36,198,955 | 36,487,245 | 288,290 |
| OTHER FINANCING SOURCES | | | | |
| Appropriation of fund balance | 110,000 | 110,000 | - | (110,000) |
| Cancellation of prior year encumbrances | - | - | 66,286 | 66,286 |
| Transfers in: | | | | |
| Cell tower fund | 35,000 | 35,000 | 35,000 | - |
| WPCA operating fund | 25,000 | 25,000 | 25,000 | - |
| Recreation fund | 12,845 | 12,845 | 12,845 | - |
| Total other financing sources | 182,845 | 182,845 | 139,131 | (43,714) |
| Total revenue and other financing sources | \$ 36,381,800 | \$ 36,381,800 | \$ 36,626,376 | \$ 244,576 |

See accompanying Independent Auditor's Report.

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | Budgeted Amounts | | Actual | Variance With Original Budget Over (Under) |
|---------------------------------------|----------------------------|-------------------------|------------------|---|
| | Original Budget | Final Budget | | |
| General government | | | | |
| Payroll: | | | | |
| Clerical | \$ 469,617 | \$ 475,146 | \$ 475,146 | \$ - |
| Administration | 683,100 | 683,100 | 681,212 | (1,888) |
| Health and welfare | 118,657 | 109,181 | 109,181 | - |
| Public safety | 107,166 | 107,179 | 107,179 | - |
| Recreation | 182,076 | 182,076 | 181,698 | (378) |
| Public works | 716,156 | 702,911 | 702,911 | - |
| Library | 144,913 | 144,914 | 144,914 | - |
| Fire marshal | 50,238 | 50,242 | 50,242 | - |
| Elected officials | 62,618 | 62,618 | 62,616 | (2) |
| Contractual commitments | 6,100 | 6,100 | 6,000 | (100) |
| Total payroll | <u>2,540,641</u> | <u>2,523,467</u> | <u>2,521,099</u> | <u>(2,368)</u> |
| Selectman's office | 39,218 | 34,538 | 33,303 | (1,235) |
| Central services | 41,000 | 41,000 | 34,152 | (6,848) |
| Legal | 53,000 | 40,555 | 40,555 | - |
| Central computer services | 54,177 | 48,418 | 48,060 | (358) |
| Tricentennial commission | 100 | 100 | 75 | (25) |
| Town buildings | 58,105 | 69,569 | 69,193 | (376) |
| Board of Finance | 31,500 | 28,000 | 28,000 | - |
| Financial administrator | 2,625 | 2,625 | 2,364 | (261) |
| Tax collector | 16,700 | 16,700 | 16,168 | (532) |
| Assessor | 26,145 | 26,145 | 19,942 | (6,203) |
| Board of tax review | 170 | 170 | 50 | (120) |
| Town clerk's office | 31,900 | 27,900 | 24,465 | (3,435) |
| Registrar of voters | 50,007 | 43,008 | 41,742 | (1,266) |
| Total general government | <u>2,945,288</u> | <u>2,902,195</u> | <u>2,879,168</u> | <u>(23,027)</u> |
| Public safety | | | | |
| Police administration | 346,783 | 423,061 | 415,796 | (7,265) |
| Fire administration | 367,418 | 353,012 | 347,500 | (5,512) |
| Fire marshal | 10,454 | 10,454 | 8,730 | (1,724) |
| Burning official | 1,455 | 1,455 | 1,425 | (30) |
| Emergency management | 12,750 | 12,750 | 12,616 | (134) |
| Animal control | 31,984 | 31,984 | 30,257 | (1,727) |
| Ambulance service | 155,383 | 186,688 | 184,054 | (2,634) |
| Total public safety | <u>926,227</u> | <u>1,019,404</u> | <u>1,000,378</u> | <u>(19,026)</u> |
| Civic and human services | | | | |
| Community agency donations | 164,065 | 164,065 | 164,064 | (1) |
| Regional health district assessment | 90,103 | 90,103 | 90,103 | - |
| Library | 242,336 | 242,336 | 238,398 | (3,938) |
| Van- disabled | 58,810 | 58,810 | 56,596 | (2,214) |
| Senior center | 30,586 | 30,586 | 25,192 | (5,394) |
| Probate court | 2,815 | - | - | - |
| St. Peter's lease | 850 | 850 | 850 | - |
| Recreation programs | 105,592 | 105,592 | 103,604 | (1,988) |
| Memorial Day | 550 | 550 | 284 | (266) |
| Total civic and human services | <u>695,707</u> | <u>692,892</u> | <u>679,091</u> | <u>(13,801)</u> |

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2016

| | Budgeted Amounts | | | Variance With Original Budget Over (Under) |
|--|----------------------------|-------------------------|----------------------|---|
| | Original Budget | Final Budget | Actual | |
| Planning and land use | | | | |
| Economic development | \$ 29,700 | \$ 29,700 | \$ 26,648 | \$ (3,052) |
| Planning and development | 109,220 | 124,504 | 121,563 | (2,941) |
| Total planning and land use | <u>138,920</u> | <u>154,204</u> | <u>148,211</u> | <u>(5,993)</u> |
| Public works | | | | |
| Highways and grounds administration | 288,219 | 301,852 | 298,043 | (3,809) |
| Town yard and garage | 51,387 | 51,387 | 47,522 | (3,865) |
| Street services | 506,301 | 478,805 | 473,810 | (4,995) |
| Solid waste, recycling, bulky | 176,661 | 167,873 | 166,255 | (1,618) |
| Total public works | <u>1,022,568</u> | <u>999,917</u> | <u>985,630</u> | <u>(14,287)</u> |
| Sewer fees | | | | |
| Town property user fees | <u>9,800</u> | <u>9,800</u> | <u>9,800</u> | <u>-</u> |
| Insurance and benefits | | | | |
| Insurance | 245,000 | 245,000 | 242,533 | (2,467) |
| Employee benefits | 1,162,237 | 1,122,335 | 1,102,152 | (20,183) |
| Total insurance and benefits | <u>1,407,237</u> | <u>1,367,335</u> | <u>1,344,685</u> | <u>(22,650)</u> |
| Debt service | | | | |
| Town | 503,316 | 503,316 | 503,316 | - |
| School | 417,158 | 417,158 | 417,157 | (1) |
| Sewers | 13,000 | 13,000 | 13,000 | - |
| Computer | 22,500 | 22,500 | 21,949 | (551) |
| Total debt service | <u>955,974</u> | <u>955,974</u> | <u>955,422</u> | <u>(552)</u> |
| Education | | | | |
| Regional School District No. 8 assessment | 15,504,424 | 15,504,424 | 15,504,424 | - |
| Hebron Elementary School education | 11,990,454 | 11,990,454 | 11,493,991 | (496,463) |
| Total education | <u>27,494,878</u> | <u>27,494,878</u> | <u>26,998,415</u> | <u>(496,463)</u> |
| Total expenditures | <u>35,596,599</u> | <u>35,596,599</u> | <u>35,000,800</u> | <u>(595,799)</u> |
| Other financing uses | | | | |
| Transfers out: | | | | |
| Land Acquisition Fund | 117,000 | 117,000 | 117,000 | - |
| Capital Improvement Fund | 599,804 | 599,804 | 599,804 | - |
| Capital Nonrecurring Fund | 5,000 | 5,000 | 5,000 | - |
| Revaluation | 50,000 | 50,000 | 50,000 | - |
| Capital Projects Fund | 13,397 | 13,397 | 13,397 | - |
| Total other financing uses | <u>785,201</u> | <u>785,201</u> | <u>785,201</u> | <u>-</u> |
| Total expenditures and other financing uses | <u>\$ 36,381,800</u> | <u>\$ 36,381,800</u> | <u>\$ 35,786,001</u> | <u>\$ (595,799)</u> |

See accompanying Independent Auditor's Report.

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2016

| Grand List Year | Balance Uncollected June 30, 2015 | Current Levy | Lawful Corrections | | Transfers To Suspense | Balance To Be Collected | Collections | | | Balance Uncollected June 30, 2016 |
|-----------------------|---|----------------------|--------------------|------------------|-----------------------------|-------------------------------|----------------------|---------------------------|----------------------|---|
| | | | Additions | Deductions | | | Taxes | Interest and Lien Fees | Total | |
| 1999 | \$ 4,690 | \$ - | \$ - | \$ 4,690 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2000 | 4,808 | - | - | - | - | 4,808 | - | - | - | 4,808 |
| 2001 | 6,400 | - | - | - | - | 6,400 | - | - | - | 6,400 |
| 2002 | 8,552 | - | - | - | - | 8,552 | - | - | - | 8,552 |
| 2003 | 10,077 | - | - | - | - | 10,077 | - | - | - | 10,077 |
| 2004 | 11,067 | - | - | - | - | 11,067 | - | - | - | 11,067 |
| 2005 | 13,422 | - | - | - | - | 13,422 | - | - | - | 13,422 |
| 2006 | 16,535 | - | - | - | - | 16,535 | 17 | 483 | 500 | 16,518 |
| 2007 | 18,996 | - | - | - | - | 18,996 | 109 | 158 | 267 | 18,887 |
| 2008 | 49,790 | - | - | - | - | 49,790 | 5,195 | 4,014 | 9,209 | 44,595 |
| 2009 | 77,552 | - | - | - | - | 77,552 | 4,327 | 1,505 | 5,832 | 73,225 |
| 2010 | 114,810 | - | - | - | - | 114,810 | 10,189 | 6,883 | 17,072 | 104,621 |
| 2011 | 171,403 | - | - | - | 671 | 170,732 | 21,679 | 11,192 | 32,871 | 149,053 |
| 2012 | 276,172 | - | - | - | 812 | 275,360 | 30,608 | 12,957 | 43,565 | 244,752 |
| 2013 | 446,906 | - | 317 | 4,348 | 1,622 | 441,253 | 106,181 | 23,177 | 129,358 | 335,072 |
| Suspense Collections | - | - | - | - | - | - | 491 | 527 | 1,018 | - |
| Total prior years | 1,231,180 | - | 317 | 9,038 | 3,105 | 1,219,354 | 178,796 | 60,896 | 239,692 | 1,041,049 |
| 2014 | - | 28,397,335 | 14,462 | 65,693 | 2,094 | 28,344,010 | 27,747,672 | 63,339 | 27,811,011 | 596,338 |
| Total | <u>\$ 1,231,180</u> | <u>\$ 28,397,335</u> | <u>\$ 14,779</u> | <u>\$ 74,731</u> | <u>\$ 5,199</u> | <u>\$ 29,563,364</u> | <u>\$ 27,926,468</u> | <u>\$ 124,235</u> | <u>\$ 28,050,703</u> | <u>\$ 1,637,387</u> |

See accompanying Independent Auditor's Report.

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2016

Total cash collections for the year ended
June 30, 2016:

| | |
|------------------------|-------------------|
| Taxes | \$ 27,926,468 |
| Interest and lien fees | 124,235 |
| - | <u>28,050,703</u> |

Reimbursement for revenue loss:

| | |
|--------------------------------------|--------|
| Tax relief for elderly (CGS 12-129d) | 32,344 |
|--------------------------------------|--------|

Base \$ 28,083,047

| | General Purposes | Schools | Sewers | Urban Renewal | Pension Deficit |
|---|-----------------------------|-----------------------|-----------------------|--------------------------|----------------------------|
| Debt limitation: | | | | | |
| 2-1/4 times base | \$ 63,186,856 | \$ - | \$ - | \$ - | \$ - |
| 4-1/2 times base | - | 126,373,712 | - | - | - |
| 3-3/4 times base | - | - | 105,311,426 | - | - |
| 3-1/4 times base | - | - | - | 91,269,903 | - |
| 3 times base | - | - | - | - | 84,249,141 |
| Total debt limitation | <u>63,186,856</u> | <u>126,373,712</u> | <u>105,311,426</u> | <u>91,269,903</u> | <u>84,249,141</u> |
| Indebtedness: | | | | | |
| Bonds payable | 3,148,000 | 1,094,000 | - | - | - |
| Bonds payable - Regional School District No. 8 share | - | 9,200,784 | - | - | - |
| Total indebtedness | <u>3,148,000</u> | <u>10,294,784</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Debt limitation in excess of outstanding and authorized debt | <u>\$ 60,038,856</u> | <u>\$ 116,078,928</u> | <u>\$ 105,311,426</u> | <u>\$ 91,269,903</u> | <u>\$ 84,249,141</u> |
| Total capacity of borrowing (7 times base) | \$ 196,581,329 | | | | |
| Total present indebtedness | <u>13,442,784</u> | | | | |
| Margin for additional borrowing | <u>\$ 183,138,545</u> | | | | |

See accompanying Independent Auditor's Report.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources that are restricted, committed, or assigned for specified purposes. Nonmajor special revenue funds include the following:

Hebron Park Fund - A fund created to account for revenue from the cell tower antenna.

Miscellaneous Grants Fund - A fund created to account for revenues and expenditures of miscellaneous State and Federal grants.

Sewer Assessment Fund - A fund created to account for the special sewer assessments of the WPCA.

WPCA Sewer Operations Fund - A fund established to account for the collection of sewer use charges and inspection fees that finance the operating expenditures of the wastewater treatment facility.

Marion Celio Angel Fund - A fund created to account for donations to support seniors who have a hardship.

Douglas Library Fund - A fund created to account for small donations made to benefit the Library.

Recreation Fund - A fund created to account for recreational, social and cultural programs to meet the needs of all segments of the community.

EMS Fund - A fund created to account for the operations of the ambulance services.

Tri-Centennial Commission Fund - A fund created to account for a Town-wide celebration for the 300th anniversary of Hebron's establishment in 1708.

Small Cities Grant Fund - A fund created to account for U.S. Housing and Urban Development grants relating to the Community Development Block Grants.

Historic Records Preservation Fund - A fund created to account fees collected by the Town Clerk for historic records preservation.

Debt Management Fund - This fund is used to account for the accumulation of reserves to stabilize the effect on the mill rate of future debt services requirements.

Education Grant Fund - A fund created to account for the revenues and expenditures of State and Federal education grants.

Cafeteria Fund - A fund created to account for the operations of the school lunch program.

NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure projects, other than those financed by proprietary funds. The nonmajor capital projects fund consists of the following:

Land Acquisition Fund - This fund is used to account for the financial resources for the acquisition of land held for open space.

Marjorie Circle Bridge Grant Fund - This fund is used to account for the grant revenues and related capital outlays relating to the repair and reconstruction of the Marjorie Circle Bridge.

PERMANENT FUNDS

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

Cemetery Fund - A fund established to account for funds donated for the upkeep of various cemeteries in Town.

TOWN OF HEBRON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

| | Nonmajor Special Revenue Funds | | | | | | |
|---|---------------------------------------|--------------------------------------|--------------------------------------|--|--|-------------------------------------|----------------------------|
| | Hebron Park Fund | Miscellaneous Grants Fund | Sewer Assessment Fund | WPCA Sewer Operation Fund | Marion Celio Angel Fund | Douglas Library Fund | Recreation Fund |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 187,803 | \$ - | \$ - | \$ - |
| Investments | - | - | - | - | - | - | - |
| Receivables: | | | | | | | |
| Sewer assessments, net | - | - | 64,896 | - | - | - | - |
| Sewer user charges, net | - | - | - | 89,716 | - | - | - |
| Intergovernmental | - | 36,251 | - | - | - | - | - |
| Loans | - | - | - | - | - | - | - |
| Other | - | 232 | - | - | - | - | - |
| Due from other funds | 23,874 | - | 147,831 | 227,789 | 32,515 | 18,439 | 145,465 |
| Inventories | - | - | - | - | - | - | - |
| Total assets | <u>\$ 23,874</u> | <u>\$ 36,483</u> | <u>\$ 212,727</u> | <u>\$ 505,308</u> | <u>\$ 32,515</u> | <u>\$ 18,439</u> | <u>\$ 145,465</u> |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | 29,983 | - | - | - | - | - |
| Unearned revenue | - | 6,500 | - | - | - | - | 62,035 |
| Total liabilities | <u>-</u> | <u>36,483</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>62,035</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Unavailable revenue - sewer assessments | - | - | 53,042 | - | - | - | - |
| Unavailable revenue - sewer user charges | - | - | - | 83,306 | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>53,042</u> | <u>83,306</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | 32,515 | - | - |
| Committed | 23,874 | - | 159,685 | 422,002 | - | 18,439 | 83,430 |
| Total fund balances | <u>23,874</u> | <u>-</u> | <u>159,685</u> | <u>422,002</u> | <u>32,515</u> | <u>18,439</u> | <u>83,430</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 23,874</u> | <u>\$ 36,483</u> | <u>\$ 212,727</u> | <u>\$ 505,308</u> | <u>\$ 32,515</u> | <u>\$ 18,439</u> | <u>\$ 145,465</u> |

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF HEBRON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2016

| | Nonmajor Special Revenue Funds | | | | | |
|---|---------------------------------------|---|--|--|-------------------------------------|-------------------------------------|
| | EMS Fund | Tri-Centennial Commission Fund | Small Cities Grant Fund | Historic Records Preservation | Debt Management Fund | Education Grant Fund |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 6,881 | \$ - | \$ 21,859 | \$ 59,951 |
| Investments | - | - | - | - | - | - |
| Receivables: | | | | | | |
| Sewer assessments, net | - | - | - | - | - | - |
| Sewer user charges, net | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | 6,736 |
| Loans | - | - | 152,246 | - | - | - |
| Other | - | - | - | - | - | - |
| Due from other funds | 3,784 | 873 | - | 14,083 | - | 232 |
| Inventories | - | - | - | - | - | - |
| Total assets | <u>\$ 3,784</u> | <u>\$ 873</u> | <u>\$ 159,127</u> | <u>\$ 14,083</u> | <u>\$ 21,859</u> | <u>\$ 66,919</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 22,745 |
| Due to other funds | - | - | - | - | - | 912 |
| Unearned revenue | - | - | 1,751 | - | - | 3,640 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>1,751</u> | <u>-</u> | <u>-</u> | <u>27,297</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - sewer assessments | - | - | - | - | - | - |
| Unavailable revenue - sewer user charges | - | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | | |
| Nonspendable | - | - | 152,246 | - | - | - |
| Restricted | - | - | 5,130 | - | 21,859 | 39,622 |
| Committed | 3,784 | 873 | - | 14,083 | - | - |
| Total fund balances | <u>3,784</u> | <u>873</u> | <u>157,376</u> | <u>14,083</u> | <u>21,859</u> | <u>39,622</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 3,784</u> | <u>\$ 873</u> | <u>\$ 159,127</u> | <u>\$ 14,083</u> | <u>\$ 21,859</u> | <u>\$ 66,919</u> |

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF HEBRON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2016

| | Nonmajor Special Revenue Funds | | Capital Project Funds | | | Permanent Fund | Total Nonmajor Governmental Funds |
|--|---------------------------------------|---------------------|------------------------------|--|-------------------|-----------------------|--|
| | Cafeteria Fund | Total | Land Acquisition Fund | Marjorie Circle Bridge Grant Fund | Total | Cemetery Fund | |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 22,608 | \$ 299,102 | \$ 461,207 | \$ - | \$ 461,207 | \$ - | \$ 760,309 |
| Investments | - | - | - | - | - | 11,938 | 11,938 |
| Receivables: | | | | | | | |
| Sewer assessments, net | - | 64,896 | - | - | - | - | 64,896 |
| Sewer user charges, net | - | 89,716 | - | - | - | - | 89,716 |
| Intergovernmental | 7,735 | 50,722 | - | 108,527 | 108,527 | - | 159,249 |
| Loans | - | 152,246 | - | - | - | - | 152,246 |
| Other | - | 232 | - | - | - | - | 232 |
| Due from other funds | 57 | 614,942 | 193,247 | - | 193,247 | - | 808,189 |
| Inventories | 3,815 | 3,815 | - | - | - | - | 3,815 |
| Total assets | <u>\$ 34,215</u> | <u>\$ 1,275,671</u> | <u>\$ 654,454</u> | <u>\$ 108,527</u> | <u>\$ 762,981</u> | <u>\$ 11,938</u> | <u>\$ 2,050,590</u> |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ 402 | \$ 23,147 | \$ - | \$ - | \$ - | \$ - | \$ 23,147 |
| Due to other funds | - | 30,895 | - | 108,527 | 108,527 | - | 139,422 |
| Unearned revenue | 2,764 | 76,690 | - | - | - | - | 76,690 |
| Total liabilities | <u>3,166</u> | <u>130,732</u> | <u>-</u> | <u>108,527</u> | <u>108,527</u> | <u>-</u> | <u>239,259</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Unavailable revenue - sewer assessments | - | 53,042 | - | - | - | - | 53,042 |
| Unavailable revenue - sewer user charges | - | 83,306 | - | - | - | - | 83,306 |
| Total deferred inflows of resources | <u>-</u> | <u>136,348</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>136,348</u> |
| FUND BALANCES | | | | | | | |
| Nonspendable | 3,815 | 156,061 | - | - | - | 5,945 | 162,006 |
| Restricted | - | 99,126 | - | - | - | 5,993 | 105,119 |
| Committed | 27,234 | 753,404 | 654,454 | - | 654,454 | - | 1,407,858 |
| Total fund balances | <u>31,049</u> | <u>1,008,591</u> | <u>654,454</u> | <u>-</u> | <u>654,454</u> | <u>11,938</u> | <u>1,674,983</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 34,215</u> | <u>\$ 1,275,671</u> | <u>\$ 654,454</u> | <u>\$ 108,527</u> | <u>\$ 762,981</u> | <u>\$ 11,938</u> | <u>\$ 2,050,590</u> |

See accompanying Independent Auditor's Report.

TOWN OF HEBRON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

| | Nonmajor Special Revenue Funds | | | | | | |
|--|--------------------------------|------------------------------|-----------------------------|---------------------------------|-------------------------------|----------------------------|--------------------|
| | Hebron Park Fund | Miscellaneous Grants Fund | Sewer Assessment Fund | WPCA Sewer Operation Fund | Marion Celio Angel Fund | Douglas Library Fund | Recreation Fund |
| REVENUES | | | | | | | |
| Intergovernmental | \$ - | \$ 116,137 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for services | 74,598 | - | 15,102 | 389,792 | - | - | 514,535 |
| Investment income | - | - | 146 | 534 | - | - | - |
| Other revenues | - | - | - | - | 7,638 | 10,698 | - |
| Total revenues | 74,598 | 116,137 | 15,248 | 390,326 | 7,638 | 10,698 | 514,535 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Civic and human services | 31,131 | 116,137 | - | 3,393 | 1,082 | 11,895 | 480,650 |
| Sewer | - | - | - | 280,210 | - | - | - |
| Education | - | - | - | - | - | - | - |
| Capital outlays | - | - | - | 13,065 | - | - | 10,883 |
| Total expenditures | 31,131 | 116,137 | - | 296,668 | 1,082 | 11,895 | 491,533 |
| Excess (deficiency) of revenues over expenditures | 43,467 | - | 15,248 | 93,658 | 6,556 | (1,197) | 23,002 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | (35,000) | - | - | (25,000) | - | - | (12,845) |
| Total other financing sources (uses) | (35,000) | - | - | (25,000) | - | - | (12,845) |
| Net change in fund balances | 8,467 | - | 15,248 | 68,658 | 6,556 | (1,197) | 10,157 |
| Fund balances - beginning | 15,407 | - | 144,437 | 353,344 | 25,959 | 19,636 | 73,273 |
| Fund balances - ending | \$ 23,874 | \$ - | \$ 159,685 | \$ 422,002 | \$ 32,515 | \$ 18,439 | \$ 83,430 |
| | | | | | | | (Continued) |

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF HEBRON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2016

| | Nonmajor Special Revenue Funds | | | | | |
|--|--------------------------------|--------------------------------------|-------------------------------|-------------------------------------|----------------------------|----------------------------|
| | EMS Fund | Tri-Centennial Commission Fund | Small Cities Grant Fund | Historic Records Preservation | Debt Management Fund | Education Grant Fund |
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ 3,000 | \$ - | \$ 513,267 |
| Charges for services | - | - | - | 3,918 | - | 63,363 |
| Investment income | - | - | - | - | - | - |
| Other revenues | - | - | - | - | - | - |
| Total revenues | - | - | - | 6,918 | - | 576,630 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Civic and human services | - | - | - | 1,677 | - | - |
| Sewer | - | - | - | - | - | - |
| Education | - | - | - | - | - | 554,673 |
| Capital outlays | - | - | - | - | - | - |
| Total expenditures | - | - | - | 1,677 | - | 554,673 |
| Excess (deficiency) of revenues over expenditures | - | - | - | 5,241 | - | 21,957 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Net change in fund balances | - | - | - | 5,241 | - | 21,957 |
| Fund balances - beginning | 3,784 | 873 | 157,376 | 8,842 | 21,859 | 17,665 |
| Fund balances - ending | \$ 3,784 | \$ 873 | \$ 157,376 | \$ 14,083 | \$ 21,859 | \$ 39,622 |
| | | | | | | (Continued) |

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF HEBRON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2016

| | Nonmajor Special Revenue Funds | | Capital Project Funds | | | Permanent Fund | Total Nonmajor Governmental Funds |
|---|--------------------------------|--------------|-----------------------|-----------------------------------|------------|----------------|-----------------------------------|
| | Cafeteria Fund | Total | Land Acquisition Fund | Marjorie Circle Bridge Grant Fund | Total | Cemetery Fund | |
| REVENUES | | | | | | | |
| Intergovernmental | \$ 69,096 | \$ 701,500 | \$ 110,500 | \$ 66,454 | \$ 176,954 | \$ - | \$ 878,454 |
| Charges for services | 182,043 | 1,243,351 | 25,543 | - | 25,543 | - | 1,268,894 |
| Investment income | 6 | 686 | 1,250 | - | 1,250 | - | 1,936 |
| Other revenues | - | 18,336 | 475 | - | 475 | - | 18,811 |
| Total revenues | 251,145 | 1,963,873 | 137,768 | 66,454 | 204,222 | - | 2,168,095 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | 1,335 | - | 1,335 | - | 1,335 |
| Civic and human services | - | 645,965 | - | - | - | - | 645,965 |
| Sewer | - | 280,210 | - | - | - | - | 280,210 |
| Education | 242,031 | 796,704 | - | - | - | - | 796,704 |
| Capital outlays | - | 23,948 | 174,451 | 66,454 | 240,905 | - | 264,853 |
| Total expenditures | 242,031 | 1,746,827 | 175,786 | 66,454 | 242,240 | - | 1,989,067 |
| Excess (deficiency) of revenues over expenditures | 9,114 | 217,046 | (38,018) | - | (38,018) | - | 179,028 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | - | - | 117,000 | - | 117,000 | - | 117,000 |
| Transfers out | - | (72,845) | - | - | - | - | (72,845) |
| Total other financing sources (uses) | - | (72,845) | 117,000 | - | 117,000 | - | 44,155 |
| Net change in fund balances | 9,114 | 144,201 | 78,982 | - | 78,982 | - | 223,183 |
| Fund balances - beginning | 21,935 | 864,390 | 575,472 | - | 575,472 | 11,938 | 1,451,800 |
| Fund balances - ending | \$ 31,049 | \$ 1,008,591 | \$ 654,454 | \$ - | \$ 654,454 | \$ 11,938 | \$ 1,674,983 |

See accompanying Independent Auditor's Report.

FIDUCIARY FUNDS

AGENCY FUNDS

Agency funds are used to report resources held by the Town in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Agency funds include the following:

Student Activities Fund - To account for monies from various self-funding school activities.

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

Senior Center Fund - To account for monies from self-funding senior center activities.

Escrow Fund - To account for monies from various self-funding Town Hall activities.

TOWN OF HEBRON, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2016

| | Student Activities | Performance Bonds | Senior Center | Escrow Fund | Total Agency Funds |
|---------------------------|-------------------------------|------------------------------|--------------------------|------------------------|-----------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 34,516 | \$ 99,344 | \$ 44,466 | \$ - | \$ 178,326 |
| Other assets | - | - | - | 8,265 | 8,265 |
| Total assets | <u>\$ 34,516</u> | <u>\$ 99,344</u> | <u>\$ 44,466</u> | <u>\$ 8,265</u> | <u>\$ 186,591</u> |
| LIABILITIES | | | | | |
| Due to student groups | \$ 34,516 | \$ - | \$ - | \$ - | \$ 34,516 |
| Due to others | - | 99,344 | 44,466 | 8,265 | 152,075 |
| Total liabilities | <u>\$ 34,516</u> | <u>\$ 99,344</u> | <u>\$ 44,466</u> | <u>\$ 8,265</u> | <u>\$ 186,591</u> |

See accompanying Independent Auditor's Report.

TOWN OF HEBRON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

| | Balance, July 1, 2015 | Additions | Deletions | Balance, June 30, 2016 |
|-------------------------------|----------------------------------|-------------------|-------------------|-----------------------------------|
| Student Activities | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 33,454 | \$ 84,573 | \$ 83,511 | \$ 34,516 |
| Total assets | <u>\$ 33,454</u> | <u>\$ 84,573</u> | <u>\$ 83,511</u> | <u>\$ 34,516</u> |
| Liabilities | | | | |
| Due to student groups | \$ 33,454 | \$ 84,573 | \$ 83,511 | \$ 34,516 |
| Total liabilities | <u>\$ 33,454</u> | <u>\$ 84,573</u> | <u>\$ 83,511</u> | <u>\$ 34,516</u> |
| Performance Bonds | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 86,172 | \$ 29,970 | \$ 16,798 | \$ 99,344 |
| Total assets | <u>\$ 86,172</u> | <u>\$ 29,970</u> | <u>\$ 16,798</u> | <u>\$ 99,344</u> |
| Liabilities | | | | |
| Due to others | \$ 86,172 | \$ 29,970 | \$ 16,798 | \$ 99,344 |
| Total liabilities | <u>\$ 86,172</u> | <u>\$ 29,970</u> | <u>\$ 16,798</u> | <u>\$ 99,344</u> |
| Senior Center | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 44,768 | \$ 16,425 | \$ 16,727 | \$ 44,466 |
| Total assets | <u>\$ 44,768</u> | <u>\$ 16,425</u> | <u>\$ 16,727</u> | <u>\$ 44,466</u> |
| Liabilities | | | | |
| Due to others | \$ 44,768 | \$ 16,425 | \$ 16,727 | \$ 44,466 |
| Total liabilities | <u>\$ 44,768</u> | <u>\$ 16,425</u> | <u>\$ 16,727</u> | <u>\$ 44,466</u> |
| Escrow Fund | | | | |
| Assets | | | | |
| Other assets | \$ 10,946 | \$ 4,630 | \$ 7,311 | \$ 8,265 |
| Total assets | <u>\$ 10,946</u> | <u>\$ 4,630</u> | <u>\$ 7,311</u> | <u>\$ 8,265</u> |
| Liabilities | | | | |
| Due to others | \$ 10,946 | \$ 4,630 | \$ 7,311 | \$ 8,265 |
| Total liabilities | <u>\$ 10,946</u> | <u>\$ 4,630</u> | <u>\$ 7,311</u> | <u>\$ 8,265</u> |
| Total All Agency Funds | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 164,394 | \$ 130,968 | \$ 117,036 | \$ 178,326 |
| Other assets | 10,946 | 4,630 | 7,311 | 8,265 |
| Total assets | <u>\$ 175,340</u> | <u>\$ 135,598</u> | <u>\$ 124,347</u> | <u>\$ 186,591</u> |
| Liabilities | | | | |
| Due to student groups | \$ 33,454 | \$ 84,573 | \$ 83,511 | \$ 34,516 |
| Due to others | 141,886 | 51,025 | 40,836 | 152,075 |
| Total liabilities | <u>\$ 175,340</u> | <u>\$ 135,598</u> | <u>\$ 124,347</u> | <u>\$ 186,591</u> |

See accompanying Independent Auditor's Report.

CAPITAL ASSET SCHEDULES

TOWN OF HEBRON, CONNECTICUT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -
SCHEDULE BY CATEGORY - HISTORICAL COST
FOR THE YEAR ENDED JUNE 30, 2016

Governmental funds capital assets:

| | |
|----------------------------|----------------------|
| Land | \$ 10,127,575 |
| Construction in progress | 850,725 |
| Buildings and improvements | 40,482,301 |
| Machinery and equipment | 10,540,964 |
| Infrastructure | 35,545,701 |
| | <u>\$ 97,547,266</u> |

See accompanying Independent Auditor's Report.

STATISTICAL SECTION

This part of the Town'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 Town's overall financial health.

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Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. 70

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property taxes. 75

Debt Capacity

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future. 79

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments. 82

Operating Information

These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs. 84

Sources: Unless otherwise noted, the information in the accompanying tables is derived from the comprehensive annual financial reports for the relevant year. The Town implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition* in fiscal year 2011: tables presenting fund balance of governmental funds will be adjusted prospectively.

Table 1

TOWN OF HEBRON, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting - Unaudited)

| | Fiscal Year | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Governmental activities | | | | | |
| Net investment in capital assets | \$ 44,095,965 | \$ 46,007,316 | \$ 46,088,678 | \$ 47,008,061 | \$ 47,141,777 |
| Restricted | 10,432 | 10,860 | 11,176 | 11,420 | 95,985 |
| Unrestricted | 7,905,728 | 7,648,658 | 7,743,736 | 6,339,484 | 4,882,063 |
| Total governmental activities net position | <u>\$ 52,012,125</u> | <u>\$ 53,666,834</u> | <u>\$ 53,843,590</u> | <u>\$ 53,358,965</u> | <u>\$ 52,119,825</u> |

| | Fiscal Year | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| Governmental activities | | | | | |
| Net investment in capital assets | \$ 49,016,212 | \$ 48,869,955 | \$ 48,321,951 | \$ 47,622,263 | \$ 47,427,008 |
| Restricted | 309,702 | 220,384 | 205,419 | 234,737 | 263,310 |
| Unrestricted | 5,215,082 | 6,146,256 | 7,087,168 | 8,479,844 | 9,505,490 |
| Total governmental activities net position | <u>\$ 54,540,996</u> | <u>\$ 55,236,595</u> | <u>\$ 55,614,538</u> | <u>\$ 56,336,844</u> | <u>\$ 57,195,808</u> |

Source: Town CAFR

Table 2

TOWN OF HEBRON, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting - Unaudited)

| | Fiscal Year | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 3,387,354 | \$ 3,634,827 | \$ 3,206,614 | \$ 3,590,461 | \$ 3,090,619 | \$ 4,113,942 | \$ 4,105,884 | \$ 4,117,694 | \$ 4,325,420 | \$ 4,552,210 |
| Public safety | 1,025,330 | 430,714 | 1,297,154 | 1,134,939 | 1,110,617 | 1,248,307 | 1,352,665 | 1,236,938 | 1,268,629 | 1,300,518 |
| Public works | 1,415,397 | 2,052,382 | 2,088,890 | 1,854,797 | 2,326,772 | 1,458,867 | 1,654,957 | 1,733,671 | 1,857,033 | 2,022,744 |
| Civic and human services | 1,306,503 | 1,188,062 | 1,328,244 | 1,447,189 | 1,618,626 | 1,638,036 | 1,535,361 | 1,558,576 | 1,608,290 | 1,839,435 |
| Planning and land use | 168,871 | 75,869 | 188,966 | 146,868 | 127,342 | 100,104 | 118,139 | 124,735 | 117,273 | 158,110 |
| Sewer | 387,373 | 270,891 | 414,558 | 439,769 | 381,677 | 579,075 | 453,042 | 411,358 | 320,260 | 303,075 |
| Education | 22,300,802 | 24,006,912 | 25,088,292 | 26,846,086 | 27,946,945 | 27,626,247 | 28,109,170 | 29,023,083 | 29,994,930 | 29,639,014 |
| Interest expense | 489,084 | 360,099 | 528,928 | 412,400 | 375,805 | 410,111 | 297,813 | 325,736 | 372,985 | 201,214 |
| Total governmental activities expenses | 30,480,714 | 32,019,756 | 34,141,646 | 35,872,509 | 36,978,403 | 37,174,689 | 37,627,031 | 38,531,791 | 39,864,820 | 40,016,320 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | 578,297 | 694,680 | 399,100 | 165,998 | 143,971 | 452,726 | 505,267 | 436,543 | 470,801 | 600,786 |
| Public safety | 18,999 | 23,822 | 156,190 | 158,127 | 200,145 | 224,688 | 274,342 | 270,560 | 273,482 | 293,785 |
| Public works | 442,088 | 393,785 | 406,485 | 131,756 | 509,237 | 6,642 | 14,896 | 6,820 | 3,345 | 31,449 |
| Civic and human services | 702,997 | 750,773 | 606,802 | 564,552 | 634,002 | 726,716 | 653,200 | 628,653 | 638,533 | 640,935 |
| Planning and land use | 57,494 | 41,006 | 55,523 | 15,620 | 15,119 | 11,079 | 1,999 | 6,252 | 9,235 | 18,070 |
| Sewer fees | 59,497 | 298,909 | 4,912 | 409,105 | 414,457 | 620,627 | 633,847 | 511,709 | 421,331 | 343,774 |
| Education | 233,331 | 253,016 | 99,890 | 263,378 | 266,019 | 237,789 | 232,498 | 181,824 | 484,352 | 285,663 |
| Operating grants and contributions | | | | | | | | | | |
| General government | 35,542 | 35,969 | - | 27,936 | 152,393 | - | - | - | - | - |
| Public safety | 15,597 | 1,737 | 28,842 | 66,180 | 6,740 | 80,678 | 39,175 | 52,304 | 13,501 | 42,786 |
| Public works | - | - | - | - | 2,218 | - | - | - | - | - |
| Civic and human services | 43,711 | 45,744 | 45,317 | 2,080 | 79,841 | 85,614 | 91,657 | 96,589 | 93,511 | 155,599 |
| Planning and land use | - | - | - | - | - | - | - | - | - | - |
| Sewer fees | - | - | - | 671 | - | - | - | - | - | - |
| Education | 5,761,297 | 6,669,226 | 6,946,829 | 8,106,903 | 8,071,672 | 8,719,424 | 9,020,132 | 8,968,936 | 9,076,345 | 9,030,743 |
| Capital grants and contributions | | | | | | | | | | |
| General government | - | - | 443,146 | 316,866 | - | - | - | - | - | - |
| Public safety | 168,934 | 630,374 | 9,531 | - | - | - | - | - | - | - |
| Public works | 221,346 | 119,856 | 190,677 | 334,525 | 249,641 | 854,104 | 468,440 | 273,530 | 599,662 | 528,988 |
| Civic and human services | - | - | - | 125,000 | - | 120,000 | - | 165,000 | - | 110,500 |
| Education | - | - | - | - | - | - | 142,826 | - | 37,811 | 62,885 |
| Total governmental activities program revenues | 8,339,130 | 9,958,897 | 9,393,244 | 10,688,697 | 10,745,455 | 12,140,087 | 12,078,279 | 11,598,720 | 12,121,909 | 12,145,963 |
| Net (Expense)/Revenue | (22,141,584) | (22,060,859) | (24,748,402) | (25,183,812) | (26,232,948) | (25,034,602) | (25,548,752) | (26,933,071) | (27,742,911) | (27,870,357) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes | 21,457,967 | 22,310,176 | 23,631,881 | 24,384,815 | 25,098,307 | 26,170,302 | 26,043,661 | 27,134,995 | 28,337,637 | 28,607,425 |
| Grants and contributions not restricted to specific programs | 895,606 | 1,051,342 | 1,116,089 | 267,740 | 81,152 | 104,092 | 186,142 | 157,572 | 104,649 | 89,921 |
| Unrestricted investment earnings | 488,997 | 354,050 | 177,188 | 46,632 | 36,275 | 16,150 | 14,548 | 18,447 | 22,931 | 31,975 |
| Loss on disposal of assets | - | - | - | - | (221,926) | - | - | - | - | - |
| Total governmental activities general revenues and other changes in net position | 22,842,570 | 23,715,568 | 24,925,158 | 24,699,187 | 24,993,808 | 26,290,544 | 26,244,351 | 27,311,014 | 28,465,217 | 28,729,321 |
| Change in Net Position | \$ 700,986 | \$ 1,654,709 | \$ 176,756 | \$ (484,625) | \$ (1,239,140) | \$ 1,255,942 | \$ 695,599 | \$ 377,943 | \$ 722,306 | \$ 858,964 |

Source: Town CAFR

Table 3

TOWN OF HEBRON, CONNECTICUT
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting - Unaudited)

| | Fiscal Year | | | | |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Function/Program | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 613,839 | \$ 730,649 | \$ 842,246 | \$ 510,800 | \$ 296,364 |
| Public safety | 203,530 | 655,933 | 194,563 | 224,307 | 206,885 |
| Civic and human services | 746,708 | 796,517 | 652,119 | 691,632 | 713,843 |
| Planning and land use | 57,494 | 41,006 | 55,523 | 15,620 | 15,119 |
| Public works | 663,434 | 513,641 | 597,162 | 466,281 | 761,096 |
| Sewer | 59,497 | 298,909 | 4,912 | 409,776 | 414,457 |
| Education | 5,994,628 | 6,922,242 | 7,046,719 | 8,370,281 | 8,337,691 |
| Total governmental activities | <u>\$ 8,339,130</u> | <u>\$ 9,958,897</u> | <u>\$ 9,393,244</u> | <u>\$ 10,688,697</u> | <u>\$ 10,745,455</u> |
| | Fiscal Year | | | | |
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| Function/Program | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 452,726 | \$ 505,267 | \$ 436,543 | \$ 470,801 | \$ 600,786 |
| Public safety | 305,366 | 313,517 | 322,864 | 286,983 | 336,571 |
| Civic and human services | 932,330 | 744,857 | 890,242 | 732,044 | 907,034 |
| Planning and land use | 11,079 | 1,999 | 6,252 | 9,235 | 18,070 |
| Public works | 860,746 | 483,336 | 280,350 | 603,007 | 560,437 |
| Sewer | 620,627 | 633,847 | 511,709 | 421,331 | 343,774 |
| Education | 8,957,213 | 9,395,456 | 9,150,760 | 9,598,508 | 9,379,291 |
| Total governmental activities | <u>\$ 12,140,087</u> | <u>\$ 12,078,279</u> | <u>\$ 11,598,720</u> | <u>\$ 12,121,909</u> | <u>\$ 12,145,963</u> |

Source: Town CAFR

Table 4

TOWN OF HEBRON, CONNECTICUT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting - Unaudited)

| | Fiscal Year | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2007 | 2008 | 2009 | 2010 |
| General Fund | | | | |
| Reserved | \$ 158,472 | \$ 242,758 | \$ 232,226 | \$ 213,975 |
| Unreserved | 2,597,544 | 3,611,443 | 3,166,328 | 3,213,048 |
| Total general fund | <u>\$ 2,756,016</u> | <u>\$ 3,854,201</u> | <u>\$ 3,398,554</u> | <u>\$ 3,427,023</u> |
| All Other Governmental Funds | | | | |
| Reserved | \$ 17,037 | \$ 68,255 | \$ 37,764 | \$ 33,208 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 1,119,956 | 1,254,706 | 1,232,285 | 70,691 |
| Debt service funds | 1,973,359 | 1,420,506 | 1,815,959 | 1,119,038 |
| Capital projects funds | 718,858 | (158,879) | 522,902 | 1,180,577 |
| Total all other governmental funds | <u>\$ 3,829,210</u> | <u>\$ 2,584,588</u> | <u>\$ 3,608,910</u> | <u>\$ 2,403,514</u> |

| | Fiscal Year | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| General Fund | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - | - | - |
| Committed | - | - | - | - | - | - |
| Assigned | 77,095 | 194,396 | 337,742 | 262,071 | 525,116 | 372,486 |
| Unassigned | 3,045,117 | 3,084,946 | 4,123,853 | 5,210,642 | 5,809,658 | 6,650,032 |
| Total general fund | <u>\$ 3,122,212</u> | <u>\$ 3,279,342</u> | <u>\$ 4,461,595</u> | <u>\$ 5,472,713</u> | <u>\$ 6,334,774</u> | <u>\$ 7,022,518</u> |
| All Other Governmental Funds | | | | | | |
| Nonspendable | \$ 11,391 | \$ 163,115 | \$ 168,234 | \$ 173,731 | \$ 169,810 | \$ 162,006 |
| Restricted | 84,594 | 298,833 | 62,193 | 47,228 | 71,476 | 105,119 |
| Committed | 1,910,802 | 2,085,658 | 1,899,324 | 1,710,461 | 1,961,270 | 2,057,931 |
| Assigned | - | - | - | - | - | - |
| Unassigned | (186,773) | (9,003) | (22,151) | (22,151) | - | - |
| Total all other governmental funds | <u>\$ 1,820,014</u> | <u>\$ 2,538,603</u> | <u>\$ 2,107,600</u> | <u>\$ 1,909,269</u> | <u>\$ 2,202,556</u> | <u>\$ 2,325,056</u> |

Source: Town CAFR

Note: The Town adjusted fund balance presentation in accordance with GASB Statement No. 54, implemented in fiscal year 2011.

Table 5

TOWN OF HEBRON, CONNECTICUT
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting - Unaudited)

| | Fiscal Year | | | | | | | | | |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Revenues | | | | | | | | | | |
| Property taxes | \$ 21,310,125 | \$ 22,473,200 | \$ 23,457,532 | \$ 24,234,224 | \$ 25,122,507 | \$ 26,356,371 | \$ 26,016,823 | \$ 27,078,435 | \$ 28,024,898 | \$ 28,191,796 |
| Intergovernmental | 6,776,104 | 7,967,184 | 8,233,521 | 8,098,555 | 8,184,027 | 9,943,592 | 9,743,681 | 9,704,765 | 9,904,807 | 10,003,086 |
| Charges for services | 538,062 | 430,935 | 466,833 | 550,077 | 545,393 | 2,123,372 | 2,047,175 | 1,859,181 | 2,172,563 | 2,094,390 |
| Investment income | 279,337 | 195,189 | 111,851 | 19,090 | 26,140 | 16,150 | 14,548 | 18,447 | 22,931 | 31,975 |
| Other revenue | 325,535 | 347,158 | 203,643 | 191,653 | 129,380 | 135,914 | 378,990 | 104,013 | 142,931 | 199,528 |
| Total revenues | 29,229,163 | 31,413,666 | 32,473,380 | 33,093,599 | 34,007,447 | 38,575,399 | 38,201,217 | 38,764,841 | 40,268,130 | 40,520,775 |
| Expenditures | | | | | | | | | | |
| General government | 3,043,270 | 3,182,595 | 3,371,375 | 3,339,989 | 2,890,079 | 2,688,835 | 2,675,743 | 2,646,254 | 2,809,980 | 3,065,695 |
| Public safety | 559,211 | 629,060 | 750,671 | 849,513 | 809,348 | 855,946 | 934,377 | 833,543 | 933,736 | 979,887 |
| Public works | 853,377 | 886,391 | 1,080,910 | 969,220 | 971,170 | 840,028 | 963,490 | 975,317 | 929,827 | 1,119,108 |
| Civic and human services | - | - | - | - | 692,084 | 1,282,464 | 1,191,593 | 1,202,394 | 1,242,954 | 1,320,479 |
| Planning and land use | - | - | - | - | 108,318 | 87,989 | 103,723 | 108,366 | 117,273 | 144,713 |
| Sewer | - | - | - | - | 9,280 | 373,354 | 354,023 | 331,144 | 320,260 | 290,010 |
| Recreation, library, health and welfare | 539,306 | 666,092 | 715,392 | 771,594 | - | - | - | - | - | - |
| Education | 21,795,507 | 23,537,458 | 24,770,356 | 25,224,497 | 26,052,515 | 27,122,281 | 27,500,256 | 28,523,790 | 29,431,098 | 29,085,813 |
| Interest and benefits | - | - | - | - | 1,127,567 | 1,105,978 | 1,125,058 | 1,203,852 | 1,272,418 | 1,339,685 |
| Capital outlays | - | 845 | - | 121,813 | 92,709 | 1,524,456 | 2,670,844 | 1,411,772 | 1,088,699 | 1,434,523 |
| Debt service: | | | | | | | | | | |
| Principal | 1,206,575 | 1,208,487 | 1,220,489 | 1,513,841 | 1,524,220 | 1,630,182 | 952,787 | 820,041 | 909,496 | 971,905 |
| Interest | 444,027 | 313,214 | 390,048 | 396,141 | 351,050 | 320,378 | 281,095 | 320,995 | 209,053 | 196,389 |
| Total expenditures | 28,441,273 | 30,424,142 | 32,299,241 | 33,186,608 | 34,628,340 | 37,831,891 | 38,752,989 | 38,377,468 | 39,264,794 | 39,948,207 |
| Excess of revenues over (under) expenditures | 787,890 | 989,524 | 174,139 | (93,009) | (620,893) | 743,508 | (551,772) | 387,373 | 1,003,336 | 572,568 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | 530,000 | 1,130,000 | 1,490,000 | 1,230,000 | 950,000 | 1,565,573 | 850,070 | 970,457 | 1,090,036 | 808,046 |
| Transfers out | (2,335,281) | (1,021,339) | (2,119,786) | (1,107,522) | (726,627) | (1,565,573) | (850,070) | (970,457) | (1,090,036) | (808,046) |
| Proceeds from sale of capital assets | - | - | - | - | - | - | - | - | 12,012 | 137,676 |
| Issuance of long-term debt | - | - | - | - | - | - | - | 3,391,000 | - | - |
| Payment to refunded bond escrow agent | - | - | - | - | - | - | - | (3,344,073) | - | - |
| Capital leases | - | - | - | - | 92,709 | 55,756 | 1,303,022 | 378,487 | 140,000 | 100,000 |
| Total other financing sources (uses) | (1,805,281) | 108,661 | (629,786) | 122,478 | 316,082 | 55,756 | 1,303,022 | 425,414 | 152,012 | 237,676 |
| Net change in fund balances | \$ (1,017,391) | \$ 1,098,185 | \$ (455,647) | \$ 29,469 | \$ (304,811) | \$ 799,264 | \$ 751,250 | \$ 812,787 | \$ 1,155,348 | \$ 810,244 |
| Debt service as a percentage of noncapital expenditures | 5.80% | 5.00% | 4.99% | 5.78% | 5.43% | 6.63% | 3.37% | 3.06% | 2.90% | 3.00% |
| Total debt service | \$ 1,650,602 | \$ 1,521,701 | \$ 1,610,537 | \$ 1,909,982 | \$ 1,875,270 | \$ 1,950,560 | \$ 1,233,882 | \$ 1,141,036 | \$ 1,118,549 | \$ 1,168,294 |
| Noncapital expenditures | 28,441,273 | 30,423,297 | 32,299,241 | 33,064,795 | 34,535,631 | 29,417,035 | 36,585,722 | 37,317,337 | 38,601,734 | 38,903,997 |

Source: Town CAFR

Table 6

TOWN OF HEBRON, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year Ended June 30, | Real Property | | | Personal Property | Motor Vehicle | Gross Taxable Assessed Value | Net Taxable Assessed Value | Percent Growth | Total Direct Tax Rate | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value |
|-------------------------------------|-------------------------|------------------------|--------------------|----------------------|------------------|------------------------------------|----------------------------------|-------------------|--------------------------------|---|---|
| | Residential Property | Commercial Property | Other ¹ | | | | | | | | |
| 2007 | \$ 509,006,398 | \$ 18,383,978 | \$ 1,269,946 | \$ 12,457,564 | \$ 63,618,241 | \$ 604,736,127 | \$ 602,335,588 | 2.64% | 34.89 | \$ 1,213,821,076 | 49.62% |
| 2008 | 739,146,521 | 28,705,541 | 1,439,511 | 13,040,275 | 64,439,284 | 846,771,132 | 844,164,284 | 40.15% | 26.27 | 1,205,948,977 | 70.00% |
| 2009 | 750,490,568 | 26,133,077 | 1,370,916 | 12,680,969 | 66,146,674 | 856,822,204 | 854,338,977 | 1.21% | 27.20 | 1,190,523,436 | 71.76% |
| 2010 | 755,672,933 | 24,888,717 | 1,373,170 | 13,130,943 | 63,165,847 | 858,231,610 | 855,742,310 | 0.16% | 28.17 | 1,137,741,681 | 75.21% |
| 2011 | 759,847,670 | 24,903,870 | 1,385,880 | 13,059,935 | 65,372,470 | 864,569,825 | 861,303,815 | 0.65% | 28.94 | 1,116,691,060 | 77.13% |
| 2012 | 763,852,380 | 24,972,620 | 1,365,670 | 13,713,060 | 67,696,700 | 871,600,430 | 868,272,830 | 0.81% | 30.26 | 1,115,238,901 | 77.86% |
| 2013 | 660,013,050 | 25,121,530 | 987,320 | 14,374,990 | 71,110,490 | 771,607,380 | 768,127,730 | -11.53% | 33.55 | 1,097,934,379 | 69.96% |
| 2014 | 664,928,190 | 25,215,610 | 956,960 | 14,870,640 | 77,888,102 | 783,859,502 | 772,697,085 | 0.59% | 34.70 | 1,080,916,746 | 71.49% |
| 2015 | 667,155,010 | 25,846,450 | 954,530 | 15,784,600 | 72,404,690 | 782,145,280 | 778,651,850 | 0.77% | 35.75 | 1,112,632,087 | 69.98% |
| 2016 | 669,088,200 | 26,314,400 | 963,940 | 16,170,550 | 72,866,040 | 785,403,130 | 782,001,450 | 0.43% | 36.00 | 1,102,908,486 | 70.90% |

Source: Town of Hebron, Assessor Office

Note: A revaluation of all real estate was effective on the October 1, 2006 and October 1, 2011 Grand Lists

Note: By State law, property is assessed at 70% of actual value with periodic revaluation of real property.

The estimated actual amount is the equalized grand list which is estimated by the State of Connecticut, Office of Policy and Management.

1 Represents land with a use assessment and 10 mill land

Table 7

TOWN OF HEBRON, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year Ended June 30, | Grand List Year | | Real Estate | | Motor Vehicle | | Personal Property | | Total | Total Direct Tax Rate |
|---|--------------------------------|----|------------------------|----|--------------------------|----|------------------------------|----|--------------|--|
| 2009 | 2007 | \$ | 20,744,619 | \$ | 1,926,525 | \$ | 320,750 | \$ | 22,991,894 | 27.20 |
| 2010 | 2008 | | 21,622,199 | | 1,870,379 | | 345,940 | | 23,838,518 | 28.17 |
| 2011 | 2009 | | 22,342,779 | | 1,975,939 | | 347,843 | | 24,666,561 | 28.94 |
| 2012 | 2010 | | 23,302,802 | | 2,229,168 | | 385,972 | | 25,917,942 | 30.26 |
| 2013 | 2011 | | 22,937,205 | | 2,373,378 | | 460,103 | | 25,770,686 | 33.55 |
| 2014 | 2012 | | 22,904,188 | | 2,559,082 | | 459,315 | | 25,922,585 | 34.70 |
| 2015 | 2013 | | 24,719,625 | | 2,575,410 | | 541,769 | | 27,836,804 | 35.75 |
| 2016 | 2014 | | 24,508,507 | | 2,697,514 | | 541,296 | | 27,747,317 | 36.00 |

Source: Town of Hebron, Town Tax Records

Note: Data not available by source for Fiscal years 2006-2008
The estimated actual amount is the equalized grand list which is estimated by the State of Connecticut, Office of Policy and Management.

Table 8

TOWN OF HEBRON, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
(Unaudited)

| <u>Taxpayer</u> | 2016 | | | 2007 | | |
|----------------------------------|---------------------------------------|-------------|---|---------------------------------------|-------------|---|
| | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Town Taxable Assessed Grand List</u> | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Town Taxable Assessed Grand List</u> |
| Connecticut Light & Power | \$ 7,750,850 | 1 | 0.99% | \$ 4,385,670 | 2 | 0.73% |
| Village Shoppes, LLC | 1,995,070 | 2 | 0.25% | 2,117,360 | 4 | 0.35% |
| Blackledge Country Club, Inc. | 1,763,940 | 3 | 0.22% | 4,590,495 | 1 | 0.54% |
| Connecticut Water Co., The | 1,472,380 | 4 | 0.19% | - | - | - |
| Hebron Properties LLC | 1,470,000 | 5 | 0.19% | 1,539,500 | 6 | 0.26% |
| Hebron Country Manor, LLC | 1,309,770 | 6 | 0.17% | 1,186,160 | 10 | 0.20% |
| Hebron Lincoln LLC (CVS) | 1,224,230 | 7 | 0.16% | - | - | - |
| 41-61 Main Street, LLC | 1,071,350 | 8 | 0.14% | - | - | - |
| Grayville Estates of Hebron, LLC | 1,024,660 | 9 | 0.13% | - | - | - |
| Houston, Hayden O., Jr. | 856,220 | 10 | 0.11% | - | - | - |
| Birmingham Utilities | - | - | - | 1,782,850 | 5 | 0.30% |
| | <u>\$ 19,938,470</u> | | <u>2.55%</u> | <u>\$ 15,602,035</u> | | <u>2.38%</u> |

Source: Town of Hebron, Offices of the Tax Collector and the Assessor

Table 9

TOWN OF HEBRON, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year Ended June 30, | Grand List Year | Adjusted Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------------------------------|-----------------------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2007 | 2005 | \$ 21,278,613 | \$ 21,081,196 | 99.07% | \$ 183,995 | \$ 21,265,191 | 99.94% |
| 2008 | 2006 | 22,354,646 | 22,115,292 | 98.93% | 222,836 | 22,338,128 | 99.93% |
| 2009 | 2007 | 23,418,756 | 22,991,894 | 98.18% | 407,975 | 23,399,869 | 99.92% |
| 2010 | 2008 | 24,222,438 | 23,838,518 | 98.42% | 339,325 | 24,177,843 | 99.82% |
| 2011 | 2009 | 25,010,853 | 24,666,561 | 98.62% | 271,067 | 24,937,628 | 99.71% |
| 2012 | 2010 | 26,398,547 | 25,975,464 | 98.40% | 318,462 | 26,293,926 | 99.60% |
| 2013 | 2011 | 25,944,959 | 25,518,394 | 98.36% | 277,512 | 25,795,906 | 99.43% |
| 2014 | 2012 | 26,944,807 | 26,476,300 | 98.26% | 223,755 | 26,700,055 | 99.09% |
| 2015 | 2013 | 28,045,844 | 27,598,938 | 98.41% | 111,834 | 27,710,772 | 98.81% |
| 2016 | 2014 | 28,344,010 | 27,747,672 | 97.90% | - | 27,747,672 | 97.90% |

Source: Town of Hebron, Office of the Tax Collector.

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.

Table 10

TOWN OF HEBRON, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year | General Obligation Bonds and Notes¹ | Less Amount Available in Debt Service | Total Primary Government | Percentage of Actual Property Value² | Percentage of Personal Income³ | Debt Per Capita⁴ |
|------------------------|---|--|---|--|--|--|
| 2007 | \$ 27,821,151 | \$ 1,561,551 | \$ 26,259,600 | 2.16% | 7.72% | 2,843 |
| 2008 | 26,259,600 | 1,639,776 | 24,619,824 | 2.04% | 7.25% | 2,667 |
| 2009 | 26,550,151 | 2,020,489 | 24,529,662 | 2.06% | 6.89% | 2,582 |
| 2010 | 24,755,810 | 1,119,038 | 23,636,772 | 2.08% | 5.82% | 2,488 |
| 2011 | 22,261,725 | 420,134 | 21,841,591 | 1.96% | 5.98% | 2,255 |
| 2012 | 19,846,150 | 220,458 | 19,625,692 | 1.76% | 5.23% | 2,022 |
| 2013 | 18,258,105 | 88 | 18,258,017 | 1.66% | 4.81% | 1,898 |
| 2014 | 17,163,413 | 88 | 17,163,325 | 1.59% | 4.47% | 1,779 |
| 2015 | 15,372,840 | 21,859 | 15,350,981 | 1.38% | 4.60% | 1,593 |
| 2016 | 13,442,784 | 21,859 | 13,420,925 | 1.22% | 5.78% | 1,394 |

Source: Town CAFR

- 1** General Obligation Bonds includes over-lapping debt for the Town of Hebron's share of RHAM Regional School District No. 8 debt. The amount for Fiscal Year 2016 is \$9,200,784. It also includes debt owed for the CT Clean Water Fund Notes Payable. These notes have been fully defeased as of fiscal year 2012.
- 2** See Table 6 for taxable property value data.
- 3** See Table 13 for population data. These ratios are calculated using personal income.
- 4** See Table 13 for population data. These ratios are calculated using personal income and population.

Table 11

TOWN OF HEBRON, CONNECTICUT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR THE YEAR ENDED JUNE 30, 2016
(Unaudited)

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable¹ | Estimated Share of Overlapping Debt |
|--|-----------------------------|--|--|
| Debt repaid with property tax: RHAM Regional School District No. 8 | \$ 16,480,000 | 55.83% | \$ 9,200,784 |
| Direct general obligation bond debt - Hebron | | | 4,242,000 |
| Direct capital lease debt - Hebron | | | 1,508,332 |
| | | | <u>\$ 14,951,116</u> |

Source: Town CAFR

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This Schedule estimates the portion of outstanding debt of the RHAM Regional School District No. 8 ("RHAM") that is borne by the residents and businesses of the Town of Hebron. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- 1** The percentage of overlapping debt applicable is calculated using the total percentage of Town of Hebron students enrolled in RHAM. This is the same percentage used to calculate the share of RHAM expenditures that the Town of Hebron must pay.

Table 12

TOWN OF HEBRON, CONNECTICUT
RATIOS OF GENERAL BONDED DEBT AND CAPITAL LEASES OUTSTANDING BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year | Net Bonded Debt | Clean Water Fund Notes | Total Net Bonded Debt | Capital Leases | Total Primary Government | Ration of Net Bonded Debt to Est. Actual Taxable Value¹ | Percentage of Personal Income² | Debt Per Capita³ |
|--------------------|------------------------|-------------------------------|------------------------------|-----------------------|---------------------------------|---|--|------------------------------------|
| 2007 | \$ 23,132,254 | \$ 3,127,346 | \$ 26,259,600 | \$ - | \$ 26,259,600 | 2.16% | 7.72% | 2,843 |
| 2008 | 22,092,575 | 2,527,249 | 24,619,824 | - | 24,619,824 | 2.04% | 7.25% | 2,667 |
| 2009 | 22,616,511 | 1,915,151 | 24,531,662 | - | 24,531,662 | 2.06% | 6.89% | 2,582 |
| 2010 | 22,345,962 | 1,290,810 | 23,636,772 | - | 23,636,772 | 2.08% | 5.82% | 2,488 |
| 2011 | 21,190,503 | 651,088 | 21,841,591 | 63,037 | 21,904,628 | 1.96% | 6.00% | 2,262 |
| 2012 | 19,846,150 | - | 19,846,150 | 160,210 | 20,006,360 | 1.79% | 5.34% | 2,062 |
| 2013 | 18,258,105 | - | 18,258,105 | 1,365,445 | 19,623,550 | 1.79% | 5.17% | 2,040 |
| 2014 | 17,163,413 | - | 17,163,413 | 1,643,891 | 18,807,304 | 1.74% | 4.90% | 1,949 |
| 2015 | 15,372,840 | - | 15,372,840 | 1,601,237 | 16,974,077 | 1.53% | 5.08% | 1,761 |
| 2016 | 13,442,784 | - | 13,442,784 | 1,508,332 | 14,951,116 | 1.36% | 6.44% | 1,553 |

Source: Town CAFR

1 See Table 6 for taxable property value data.

2 See Table 13 for population data. These ratios are calculated using personal income.

3 See Table 13 for population data. These ratios are calculated using personal income and population.

Table 13

TOWN OF HEBRON, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year | Population | Personal Income (000)s | Per Capita Personal Income | Median Age | School Enrollment | Unemployment Rate¹ |
|------------------------|-------------------|-----------------------------------|---|-----------------------|------------------------------|--|
| 2007 | 9,238 | \$ 339,931 | \$ 36,797 | 39.5 | 2,089 | 2.9% |
| 2008 | 9,232 | 339,710 | 36,797 | 39 | 2,093 | 4.4% |
| 2009 | 9,500 | 356,108 | 37,485 | 39 | 2,105 | 6.5% |
| 2010 | 9,500 | 406,325 | 42,771 | 38.3 | 2,019 | 7.5% |
| 2011 | 9,685 | 365,058 | 37,693 | 39 | 2,102 | 6.8% |
| 2012 | 9,704 | 374,972 | 38,641 | 41 | 2,118 | 5.6% |
| 2013 | 9,620 | 379,634 | 39,463 | 40 | 1,903 | 5.2% |
| 2014 | 9,649 | 383,789 | 39,775 | 42 | 1,849 | 4.8% |
| 2015 | 9,638 | 334,061 | 34,661 | 42 | 1,690 | 4.1% |
| 2016 | 9,627 | 232,087 | 24,108 | 43 | 1,588 | 4.8% |

Source: Various Town records

1 State of Connecticut, Labor Department, By Town, Not Seasonally Adjusted

Table 14

TOWN OF HEBRON, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO
(Unaudited)

| Employer | 2016 | | | 2007 | | |
|--------------------------------|--------------------------------------|-------------|--|------------------|-------------|--|
| | (1) Employees¹ | Rank | Percentage of Total Town Employment | Employees | Rank | Percentage of Total Town Employment |
| Regional School District No. 8 | 257 | 1 | 13.8% | 211 | 1 | 13.6% |
| Town of Hebron | 204 | 2 | 10.9% | 70 | 2 | 4.4% |
| Ted's Supermarket | 82 | 3 | 4.4% | 68 | 3 | 4.3% |
| Staff Mates | 52 | 4 | 2.8% | 15 | 6 | 1.0% |
| Blackledge Country Club | 26 | 5 | 1.4% | 10 | 9 | 0.6% |
| CVS Pharmacy | 26 | 6 | 1.4% | - | - | - |
| Country Carpenters | 25 | 7 | 1.3% | 26 | 4 | 1.6% |
| Gina Maries Restaurant | 20 | 8 | 1.0% | - | - | - |
| Tallwood Country Club | 20 | 9 | 1.0% | 13 | - | 1.0% |
| Fennagins | 14 | 10 | 0.7% | - | - | - |
| Fireside Supply | - | - | - | 10 | 10 | 0.6% |
| Total | 726 | | 38.7% | 423 | | 13.5% |

Source: Various Town Records

1 Full time equivalent

Table 15

TOWN OF HEBRON, CONNECTICUT
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

| <u>Function/Program</u> | <u>Full-Time Equivalent Employees as of June 30</u> | | | | | | | | | |
|----------------------------|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
| General government: | | | | | | | | | | |
| General government: | | | | | | | | | | |
| Town manager | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Town clerk | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Personnel | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Finance and tax | 7 | 7 | 7 | 7 | 7 | 7 | 6 | 6 | 7 | 7 |
| Building safety | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Planning | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Facility management | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community development | - | - | - | - | - | - | - | - | - | - |
| Parks and recreation: | | | | | | | | | | |
| General and administrative | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Recreation | 1 | 1 | 2 | 2 | 3 | 3 | 3 | 3 | 4 | 4 |
| Fire: | | | | | | | | | | |
| Firefighter and officers | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 |
| Public works: | | | | | | | | | | |
| Administration | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| Street maintenance | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Water: | | | | | | | | | | |
| Administration | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Library: | | | | | | | | | | |
| Administration | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Senior Center: | | | | | | | | | | |
| Administration | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Total | <u>43</u> | <u>43</u> | <u>44</u> | <u>44</u> | <u>45</u> | <u>45</u> | <u>44</u> | <u>44</u> | <u>47</u> | <u>47</u> |

Source: Various Town Records

Table 16

TOWN OF HEBRON, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

| <u>Function/Program</u> | <u>Fiscal Year</u> | | | | | | | | | |
|-------------------------------------|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
| <u>Police:</u> | | | | | | | | | | |
| Calls for service | 3,690 | 4,366 | 4,750 | 5,217 | 5,211 | 4,358 | 3,914 | 4,297 | 4,410 | 4,118 |
| Adult arrest | 87 | 84 | 72 | 89 | 99 | 73 | 71 | 72 | 75 | 56 |
| Juvenile arrest | 5 | 10 | 10 | 9 | 10 | 6 | 15 | 10 | 14 | 7 |
| Traffic citations | 486 | 383 | 466 | 871 | 1,457 | 1,019 | 664 | 722 | 771 | 535 |
| <u>Fire:</u> | | | | | | | | | | |
| Total fire runs | 243 | 266 | 237 | 367 | 302 | 226 | 227 | 208 | 271 | 250 |
| Total rescue runs | 433 | 446 | 424 | 429 | 450 | 437 | 493 | 582 | 518 | 511 |
| <u>Building safety:</u> | | | | | | | | | | |
| Total building permits | 478 | 568 | 434 | 438 | 394 | 521 | 532 | 491 | 490 | 542 |
| Total value all permits | N/A | \$ 8,258,492 | \$ 7,157,558 | \$ 8,510,149 | \$ 5,368,058 | \$ 7,145,131 | \$ 9,420,872 | \$ 6,995,765 | \$ 9,612,919 | \$10,719,645 |
| Total building permits - new homes | 30 | 13 | 8 | 11 | 7 | 9 | 11 | 6 | 11 | 13 |
| Total value all permits - new homes | \$ 6,303,706 | \$ 7,210,619 | \$ 2,047,216 | \$ 3,202,802 | \$ 1,608,801 | \$ 1,937,260 | \$ 2,570,707 | \$ 1,416,345 | \$ 2,858,140 | \$ 3,850,812 |
| <u>Library</u> | | | | | | | | | | |
| Volumes in collection | 38,645 | 35,866 | 40,292 | 39,169 | 39,233 | 39,329 | 46,823 | 39,019 | 50,018 | 51,080 |

Source: Various Town departments and records

Source: CT State Police Troop K Data

Table 17

TOWN OF HEBRON, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

| <u>Function/Program</u> | Fiscal Year | | | | | | | | | |
|---------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| <u>Police:</u> | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <u>Fire:</u> | | | | | | | | | | |
| Fire stations (Volunteer) | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| <u>Public Works:</u> | | | | | | | | | | |
| Buildings | 5 | 5 | 5 | 5 | 5 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Streets (miles) | 88 | 92 | 96 | 98 | 98 | 98 | 98 | 98 | 98 | 98 |
| Traffic lights | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| Street lights | 197 | 197 | 199 | 200 | 201 | 201 | 201 | 201 | 201 | 223 |
| <u>Parks and recreation:</u> | | | | | | | | | | |
| Acreage | 500 | 850 | 850 | 850 | 900 | 900 | 900 | 900 | 900 | 900 |
| Parks | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Baseball diamonds | 7 | 7 | 7 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Soccer fields | 4 | 4 | 4 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Basketball courts | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis courts | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Skate park | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Parks with playground equipment | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Picnic shelters | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Office and maintenance building | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Rest room facilities | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| <u>Public Buildings:</u> | | | | | | | | | | |
| Town buildings | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Schools | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Regional school district | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| <u>Library:</u> | | | | | | | | | | |
| Facilities | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Volumes | 38,465 | 35,866 | 40,292 | 39,169 | 39,223 | 39,329 | 46,823 | 39,019 | 50,018 | 51,080 |
| <u>Water:</u> | | | | | | | | | | |
| Lakes | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| <u>Sewer:</u> | | | | | | | | | | |
| Number of miles | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |

Source: Various Town departments