

Town of Hebron, Connecticut

Comprehensive Annual Financial Report



For the Year Ended
June 30, 2017

Prepared by: Department of Finance
Elaine Griffin, Finance Director

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INTRODUCTORY SECTION



Town of Hebron

ELAINE GRIFFIN
FINANCE DIRECTOR

SUE HUSHIN
FINANCIAL ADMINISTRATOR

TAMMY FILBIG
ACCOUNT CLERK

TOWN OFFICE BUILDING
15 GILEAD STREET
HEBRON, CONNECTICUT 06248
TELEPHONE: (860) 228-5971
FAX: (860) 228-4859
www.hebronct.com

ANDREW J. TIERNEY
TOWN MANAGER

December 27, 2017

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, 2017.

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, 2017. 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 Number 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, 2015 was \$786,093,820, an increase of .52% from the October 1, 2014 grand list amount of \$782,003,550. 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 4.0% at June 30, 2017. This is indicative of a continued fluctuating local re-employment process and economy. Hebron still ranked better than the Federal rate of 4.9% and the State rate of 5.7% at June 30, 2017.

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 opening of a new large CVS Pharmacy, Jiuliano Pools and several smaller quaint shops.
- Preservation and enhancement of 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.
- New construction began this past fiscal year with the approval of Colebrook Village, an Assisted Living Facility and the first in this area.
- Additionally the taxpayers approved the installation of 8 miles of Connecticut Natural Gas pipeline. This involved many Managerial hours to compile with three formal public hearings.

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 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 Balance funds were 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 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.

2016/2017 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 2016-2017 utilized the most accurate numbers available.

2016/2017 Expenditures

The Town continued to face many of the same challenges in the development of expenditures for the 2016/2017 fiscal year. The combined overall Town, Debt, Capital, RHAM Assessment and Education budget decreased by \$203,852 or -0.56%. 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 formally implementing self-insurance.

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, 2016. 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 thirteenth 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, 2016

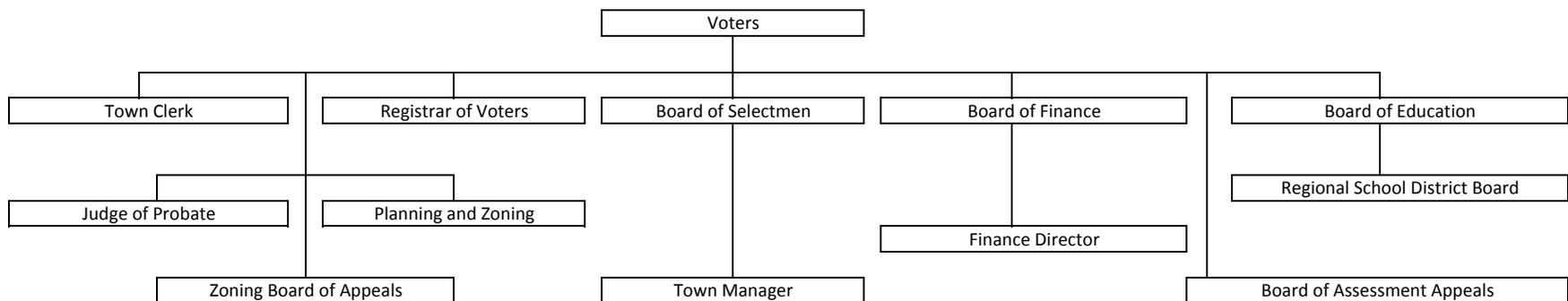
Christopher P. Morill

Executive Director/CEO

TOWN OF HEBRON, CONNECTICUT
PRINCIPAL TOWN OFFICIALS
JUNE 30, 2017

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 Tassel
Tax Collector	Adrian MacLean
AHM Youth and Family Services	Joel Rosenberg
Zoning Enforcement Officer	Joseph Summers

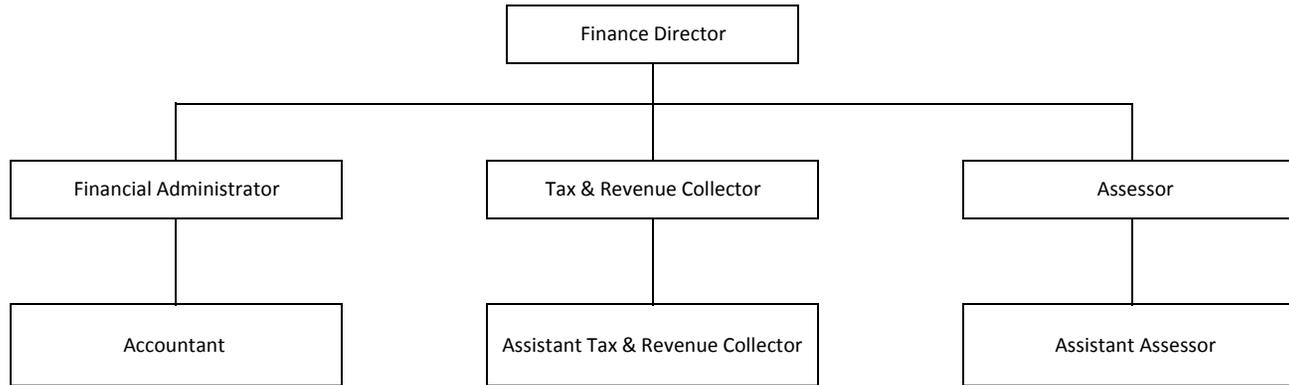
TOWN OF HEBRON, CONNECTICUT
ORGANIZATIONAL CHART AND TOWN AGENCIES
 JUNE 30, 2017



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, 2017



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, 2017, 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, 2017 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 48 and 49 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 50 through 67 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 ix and the statistical section on pages 68 through 85 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 27, 2017, 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 27, 2017

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, 2017. 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 - v 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 \$58,859,144 (net position). Of this amount, \$10,786,072 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 \$1,663,336 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 \$11,571,083, an increase of \$2,223,509 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$7,211,752 or 19.1% of total General Fund expenditures and transfers out. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 2.3 months of General Fund operating expenditures and transfers out.
- The Town’s total long-term bonded debt and capital lease obligations increased by \$228,479 or 3.97% during the current fiscal year. This increase can be attributed to the issuance of general obligation bonds in the amount of \$1,112,000 to fund construction of a new natural gas main and a new capital lease obligation in the amount of \$100,000 to fund new school computers, offset by scheduled debt repayments.

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.

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

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 47 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 48 and 49 of this report. Combining and individual fund financial statements and schedules can be found on pages 50 through 67 of this report and statistical information can be found on pages 68 through 85 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

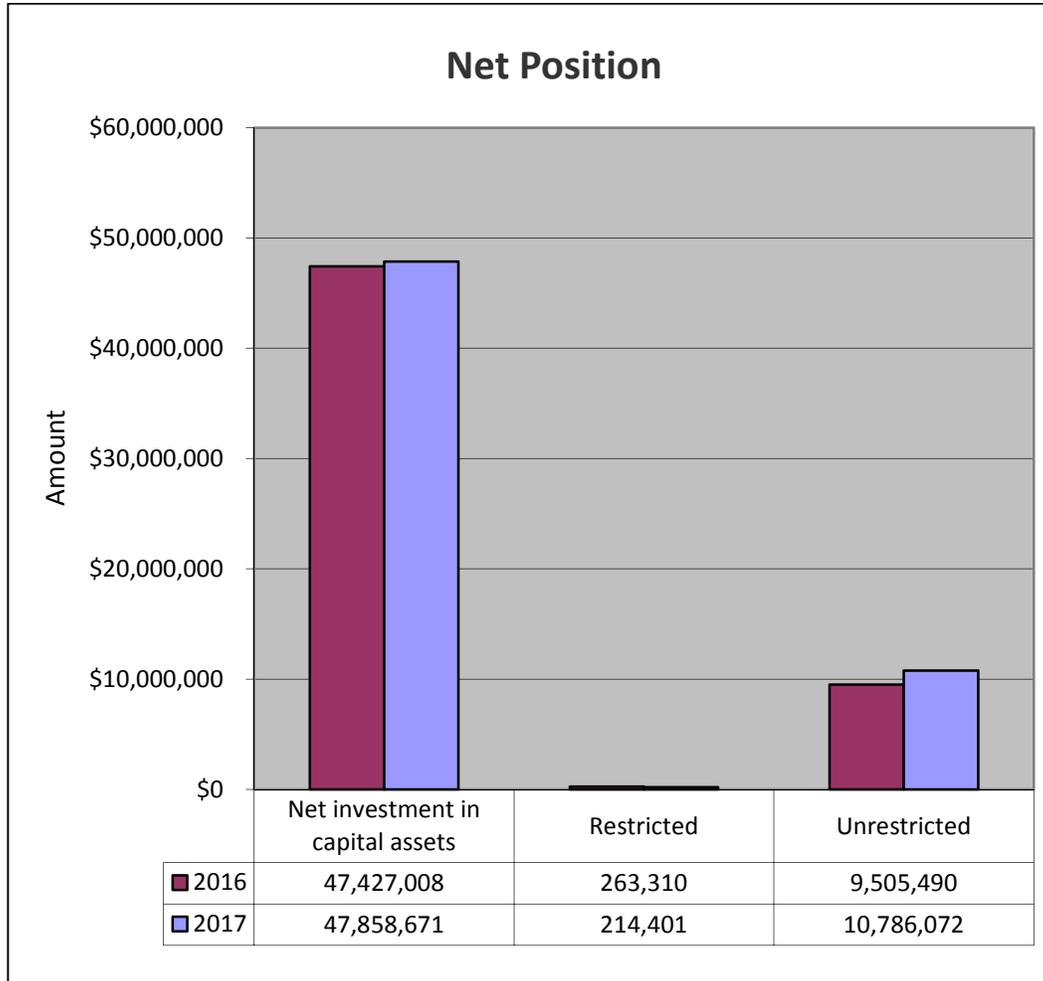
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$58,859,144 and \$57,195,808 as of June 30, 2017 and 2016, respectively, and are summarized as follows:

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 14,174,639	\$ 11,788,225
Capital assets	<u>52,706,566</u>	<u>53,112,931</u>
Total assets	<u>66,881,205</u>	<u>64,901,156</u>
Deferred outflows of resources	<u>51,102</u>	<u>64,409</u>
Other liabilities	545,430	586,382
Long-term liabilities	<u>7,527,733</u>	<u>7,183,375</u>
Total liabilities	<u>8,073,163</u>	<u>7,769,757</u>
Net position:		
Net investment in capital assets	47,858,671	47,427,008
Restricted	214,401	263,310
Unrestricted	<u>10,786,072</u>	<u>9,505,490</u>
Total net position	<u>\$ 58,859,144</u>	<u>\$ 57,195,808</u>

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



As of June 30, 2017, approximately 81.31% 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 0.36% 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 \$1,663,336 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

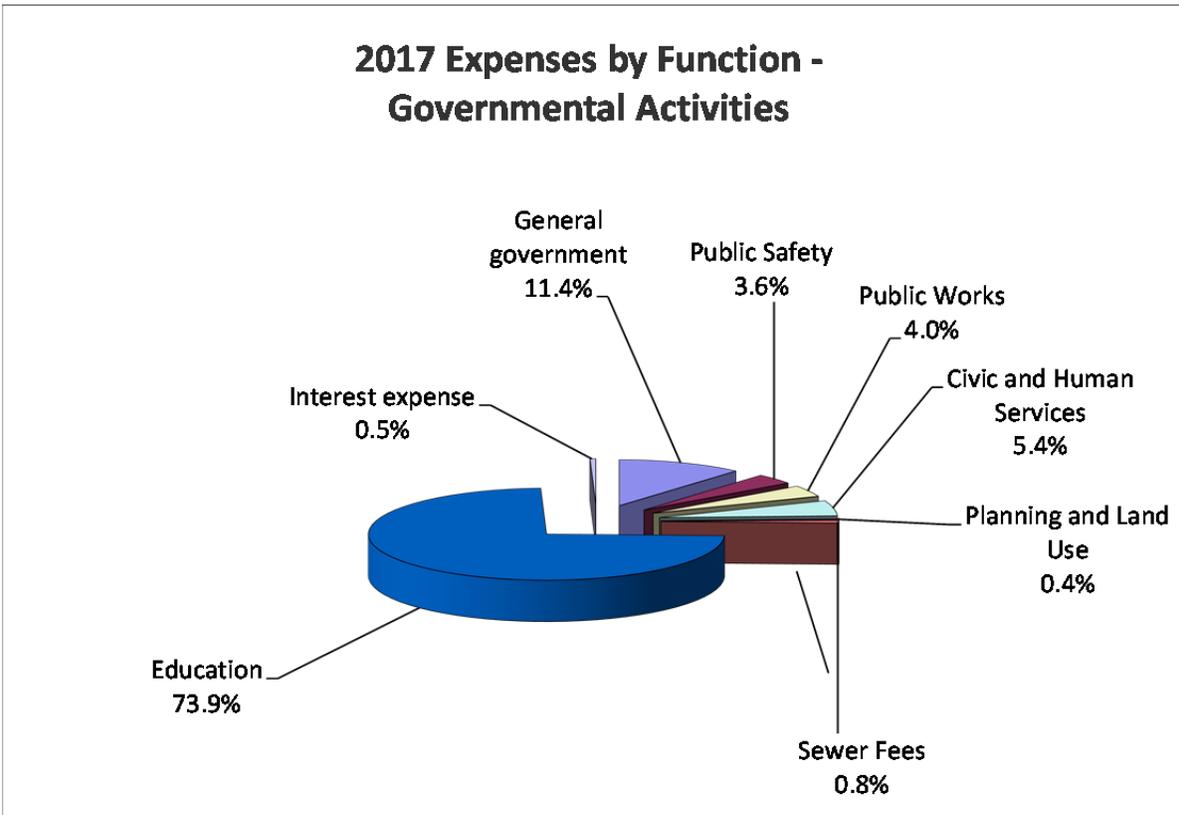
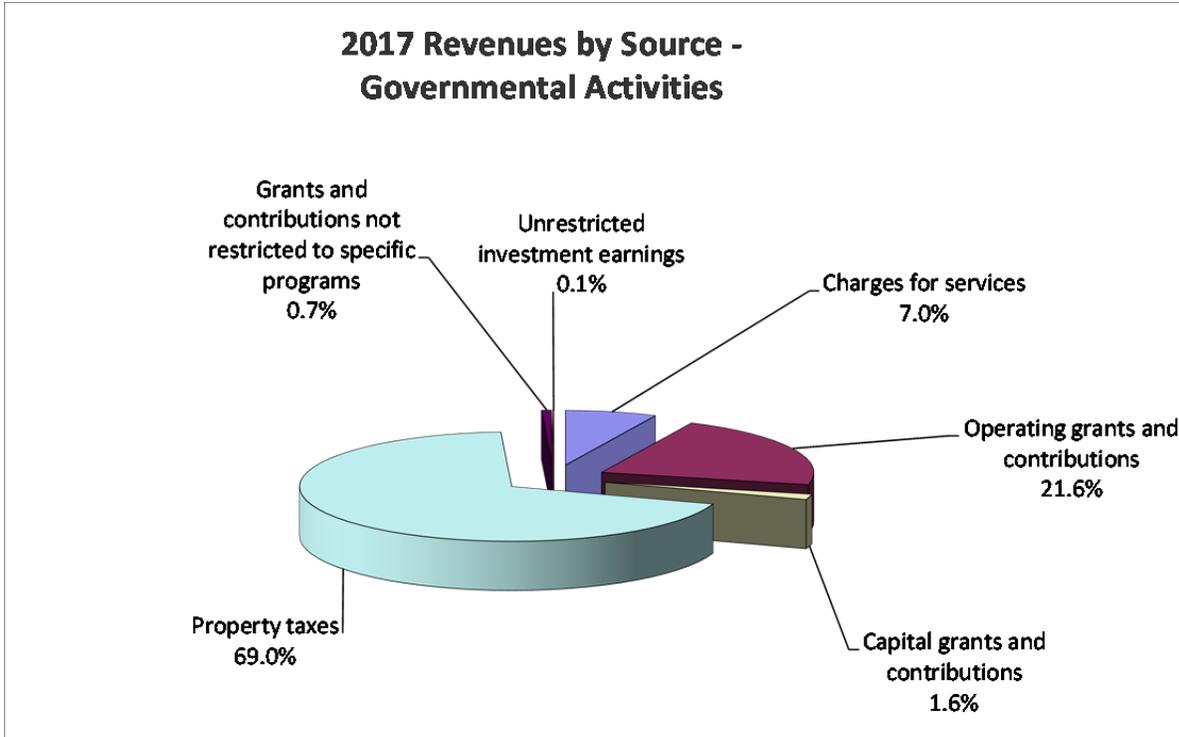
Changes in net position for the years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Revenues		
Program revenues:		
Charges for services	\$ 2,878,928	\$ 2,214,462
Operating grants and contributions	8,941,245	9,229,128
Capital grants and contributions	643,547	702,373
General revenues:		
Property taxes, levied for general purposes	28,500,682	28,607,425
Grants and contributions not restricted to specific programs	293,076	89,921
Unrestricted investment earnings	46,525	31,975
Total revenues	<u>41,304,003</u>	<u>40,875,284</u>
Expenses		
General government	4,511,393	4,552,210
Public safety	1,441,755	1,300,518
Public works	1,575,925	2,022,744
Civic and human services	2,125,803	1,839,435
Planning and land use	143,330	158,110
Sewer fees	337,576	303,075
Education	29,294,870	29,639,014
Interest expense	210,015	201,214
Total expenses	<u>39,640,667</u>	<u>40,016,320</u>
Change in net position	1,663,336	858,964
Net position, beginning	<u>57,195,808</u>	<u>56,336,844</u>
Net position, ending	<u>\$ 58,859,144</u>	<u>\$ 57,195,808</u>

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Position (Continued)



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 \$1,663,336. Revenues generated by the Town increased by \$428,719 in comparison to the prior year. This was primarily caused by an increase in charges for services relating to the Town's Recreation Fund, reimbursements from the Town's regional school district to fund a new Public Safety Fund, and school readiness program fees collected. Expenses incurred decreased by \$375,653 in comparison to the prior year. This decrease is a result of a decrease of approximately \$790 thousand to both the public works and education expense lines, offset by an increase in civic and human services expenses of approximately \$286 thousand. Public works expenses decreased due to less minor capital outlay costs incurred. Education expenses decreased due to a decrease in overall budgetary expenses. Expenses for civic and human services increased due to an increase in recreation costs related to an increase in overall enrollment for recreation activities.

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 \$11,571,083.

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 \$7,211,752, while total fund balance was \$7,742,761. 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 19.1% of total General Fund expenditures and transfers out. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 2.3 months of General Fund operating expenditures and transfers out.

The fund balance of the Town's General Fund increased by \$720,243 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 increased by \$1,034,103 during the current fiscal year. This increase was primarily due to the recognition of proceeds from the issuance of general obligation bonds of approximately \$1.1 million to finance a Connecticut Natural Gas line extension project.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The original operating budget for the General Fund included no use of fund balance. Additional appropriations of \$635,238 were approved by the Board of Finance and Town Meeting during the year ended June 30, 2017. Significant additional appropriations consisted of \$203,429 as a contribution to the Debt Management Fund to be used to offset FY 2017-2018 budgeted debt service increases and \$385,000 to acquire a parcel of land located on West Main Street. The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$561,719 in the current fiscal year. Total budgetary revenues were \$653,480 more than expected due to increased tax collections of approximately \$313 thousand and increased building fees in the amount of approximately \$193 thousand. Expenditures were \$568,477 less than budgeted, of which approximately \$408 thousand related to a reduction in education expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2017 and 2016 totaled \$52,706,566 and \$53,112,931, 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 \$406,365 or 0.8%. This decrease is attributed to depreciation expense of \$1,995,598, offset by capital asset additions of \$1,589,223. Major capital asset events during the current fiscal year included the following:

- Outlays for various ongoing construction projects totaling \$627,306; including parking and safety improvements, library boiler and upgrades, and outlays relating to improvements made to the Town office building
- Outlays related to a new capital lease obligation in the amount of \$100,000 for new school computers;
- Acquisition of a 4.4 acre parcel of land located on West Main Street in the amount of \$385,000; and
- Outlays for various machinery and equipment purchases totaling \$356,820, primarily for the purchase of a senior center van, three new vehicles, and a tractor.
- An increase of \$205,624 in infrastructure relating to the completion of various road improvements.

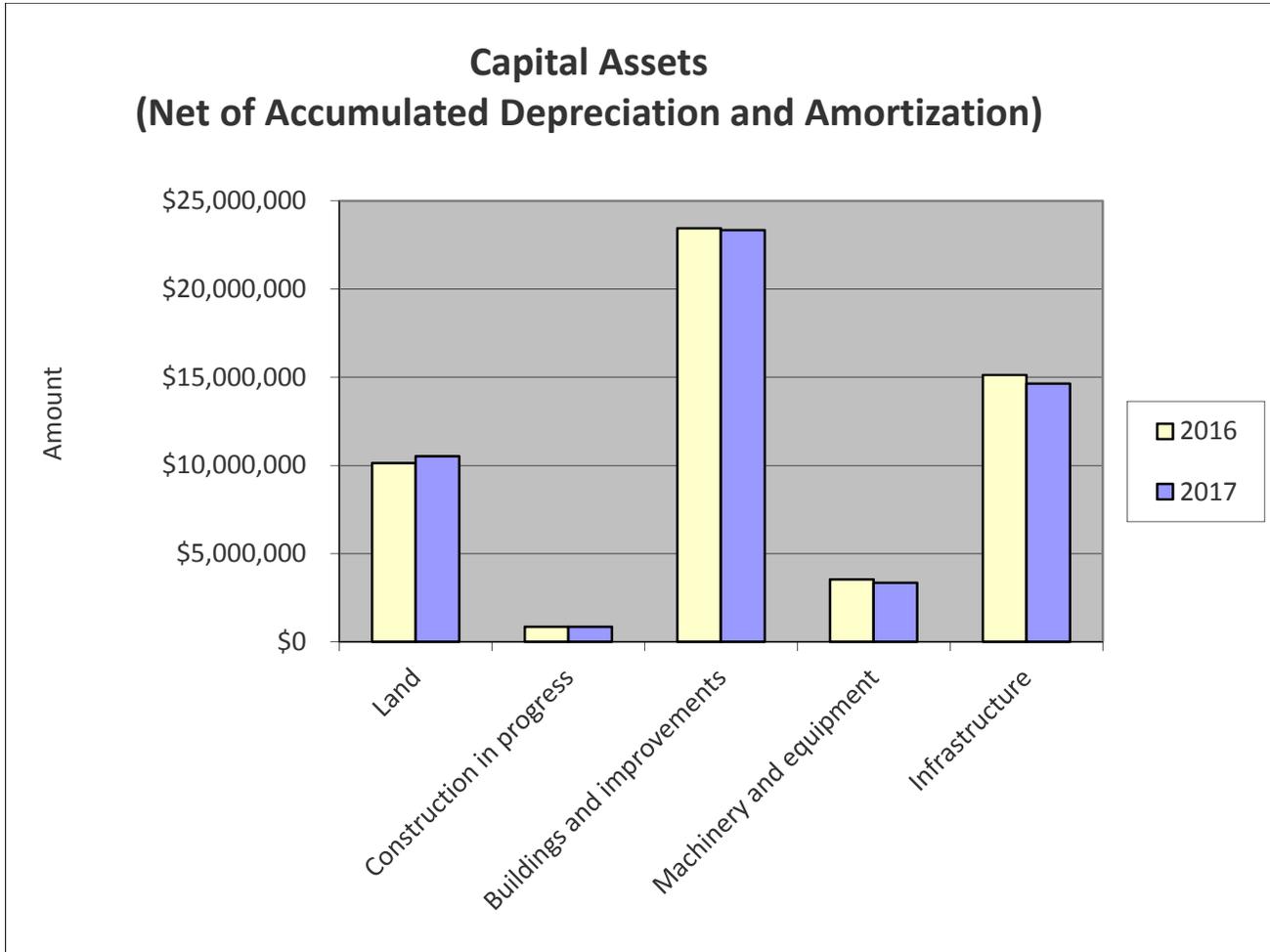
The following table is a two year comparison of the investment in capital assets:

	2017	2016
Land	\$ 10,527,058	\$ 10,127,575
Construction in progress	848,332	850,725
Buildings and improvement	23,342,964	23,450,912
Machinery and equipment	3,355,626	3,545,843
Infrastructure	14,632,586	15,137,876
Totals	\$ 52,706,566	\$ 53,112,931

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)

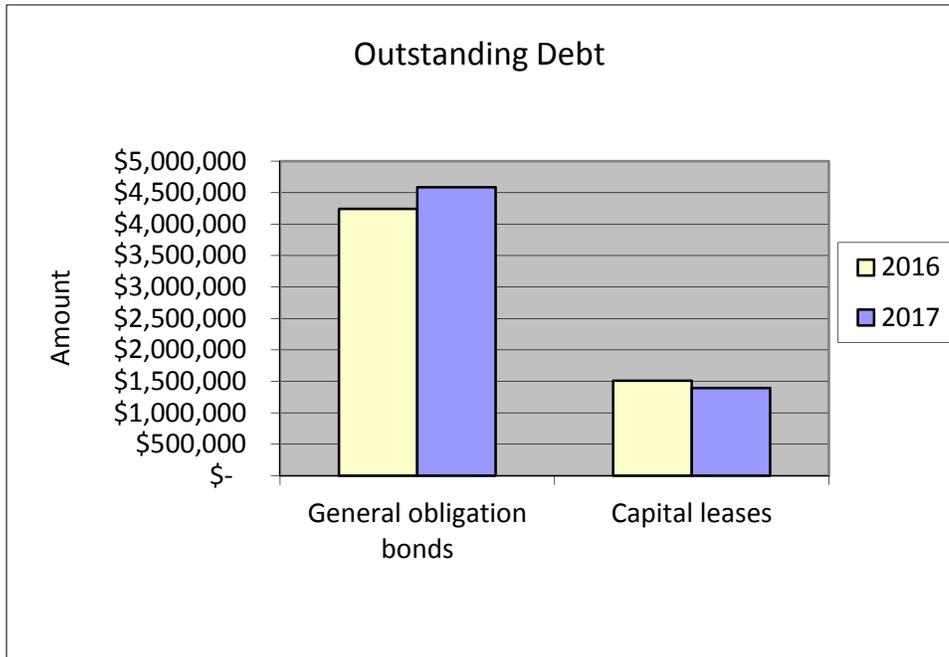
Long-term Debt

At the end of the current fiscal year, the Town had total debt outstanding of \$5,978,811. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town’s total debt decreased by \$228,479 or 4.0% during the current fiscal year due to the issuance of general obligation bonds in the amount of \$1,112,000 to fund construction of a new natural gas main and a new capital lease obligation in the amount of \$100,000 to fund new school computers, offset by scheduled debt repayments. As of June 30, 2017, 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:

	2017	2016
General obligation bonds	\$ 4,586,000	\$ 4,242,000
Capital leases	1,392,811	1,508,332
Totals	\$ 5,978,811	\$ 5,750,332



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 4.0% as of June 30, 2017. This compared favorably to the state’s average unemployment rate of 5.7% and the national unemployment rate of 4.9%.
- 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 2018, 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 2018. The Town’s fiscal year 2018 General Fund budget was approved on May 2, 2017. The fiscal year 2018 budget contemplated General budgetary expenditures of \$36,740,238 and a Capital Improvement budget of \$1,234,260.

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, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 10,975,063
Investments	526,697
Receivables:	
Property taxes and interest, net	2,046,919
Sewer assessments and user fees, net	153,900
Intergovernmental	287,613
Other	32,215
Inventories	18,980
Loans receivable	133,252
Capital assets:	
Non-depreciable	11,375,390
Depreciable, net	41,331,176
Total assets	<u>66,881,205</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	<u>51,102</u>
LIABILITIES	
Accounts payable	414,292
Accrued interest payable	45,779
Unearned revenue	68,859
Other liabilities	16,500
Noncurrent liabilities:	
Due within one year	1,092,628
Due in more than one year	6,435,105
Total liabilities	<u>8,073,163</u>
NET POSITION	
Net investment in capital assets	47,858,671
Restricted for:	
Endowments:	
Expendable	6,103
Nonexpendable	5,945
Grant restrictions	168,801
Donor restrictions	33,552
Unrestricted	10,786,072
Total net position	<u>\$ 58,859,144</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, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
Primary Government:					Governmental
Governmental activities:					Activities
General government	\$ 4,511,393	\$ 847,306	\$ -	\$ -	\$ (3,664,087)
Public safety	1,441,755	382,534	9,606	-	(1,049,615)
Public works	1,575,925	53,039	13,283	643,547	(866,056)
Civic and human services	2,125,803	694,804	161,631	-	(1,269,368)
Planning and land use	143,330	9,009	-	-	(134,321)
Sewer fees	337,576	508,555	-	-	170,979
Education	29,294,870	383,681	8,756,725	-	(20,154,464)
Interest expense	210,015	-	-	-	(210,015)
Total governmental activities	<u>\$ 39,640,667</u>	<u>\$ 2,878,928</u>	<u>\$ 8,941,245</u>	<u>\$ 643,547</u>	<u>(27,176,947)</u>
General revenues:					
					28,500,682
					293,076
					46,525
					<u>28,840,283</u>
					1,663,336
					57,195,808
					<u>\$ 58,859,144</u>

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

TOWN OF HEBRON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,933,010	\$ 1,091,453	\$ 950,600	\$ 10,975,063
Investments	514,649	-	12,048	526,697
Receivables:				
Property taxes, net	1,589,717	-	-	1,589,717
Interest on property taxes, net	457,202	-	-	457,202
Intergovernmental	-	4,823	282,790	287,613
Loans	-	-	133,252	133,252
Sewer assessments, net	-	-	69,988	69,988
Sewer user charges, net	-	-	83,912	83,912
Other	30,423	-	1,792	32,215
Due from other funds	897,640	1,253,510	1,158,310	3,309,460
Inventories	-	-	18,980	18,980
Total assets	<u>\$ 12,422,641</u>	<u>\$ 2,349,786</u>	<u>\$ 2,711,672</u>	<u>\$ 17,484,099</u>
LIABILITIES				
Accounts payable	\$ 295,716	\$ 17,326	\$ 101,250	\$ 414,292
Due to other funds	2,411,820	647,706	249,934	3,309,460
Unearned revenue	-	578	68,281	68,859
Other liabilities	16,500	-	-	16,500
Total liabilities	<u>2,724,036</u>	<u>665,610</u>	<u>419,465</u>	<u>3,809,111</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes and interest	1,955,844	-	-	1,955,844
Unavailable revenue - sewer assessments	-	-	68,023	68,023
Unavailable revenue - sewer user charges	-	-	80,038	80,038
	<u>1,955,844</u>	<u>-</u>	<u>148,061</u>	<u>2,103,905</u>
FUND BALANCES				
Nonspendable	-	-	24,925	24,925
Restricted	-	1,079,814	208,456	1,288,270
Committed	-	604,362	1,910,765	2,515,127
Assigned	531,009	-	-	531,009
Unassigned	7,211,752	-	-	7,211,752
Total fund balances	<u>7,742,761</u>	<u>1,684,176</u>	<u>2,144,146</u>	<u>11,571,083</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,422,641</u>	<u>\$ 2,349,786</u>	<u>\$ 2,711,672</u>	<u>\$ 17,484,099</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, 2017

Total fund balances for governmental funds	\$	11,571,083
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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	\$	10,527,058	
Construction in progress		848,332	
Buildings and improvements		41,112,000	
Machinery and equipment		10,897,784	
Infrastructure		35,751,325	
Less accumulated depreciation and amortization		<u>(46,429,933)</u>	
Total capital assets, net			52,706,566

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. 2,103,905

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		(45,779)	
Long-term debt:			
Bonds payable		(4,586,000)	
Deferred amount on refunding		51,102	
Capital lease obligations		(1,392,811)	
Other long-term liabilities:			
Compensated absences		(564,922)	
Net OPEB obligation		<u>(984,000)</u>	
Total long-term liabilities			<u>(7,522,410)</u>

Net position of governmental activities	\$	<u><u>58,859,144</u></u>
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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, 2017

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 28,311,687	\$ -	\$ -	\$ 28,311,687
Intergovernmental	8,869,881	321,142	668,973	9,859,996
Charges for services	903,348	-	1,614,146	2,517,494
Investment income	35,429	5,829	5,267	46,525
Other	246,420	38,551	82,622	367,593
Total revenues	<u>38,366,765</u>	<u>365,522</u>	<u>2,371,008</u>	<u>41,103,295</u>
EXPENDITURES				
Current:				
General government	3,111,130	-	774	3,111,904
Public safety	919,135	-	115,567	1,034,702
Public works	950,830	-	-	950,830
Civic and human services	696,010	-	784,577	1,480,587
Planning and land use	120,512	-	-	120,512
Sewer	9,800	-	327,776	337,576
Education	27,768,780	-	890,458	28,659,238
Insurance and benefits	1,387,591	-	-	1,387,591
Capital outlays	556,949	1,171,001	97,518	1,825,468
Debt service:				
Principal payments	1,092,149	72,759	-	1,164,908
Interest and fiscal charges	0	3,609	-	3,609
Debt issuance costs	-	14,861	-	14,861
Total expenditures	<u>36,612,886</u>	<u>1,262,230</u>	<u>2,216,670</u>	<u>40,091,786</u>
Excess (deficiency) of revenues over expenditures	1,753,879	(896,708)	154,338	1,011,509
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of bonds	-	1,112,000	-	1,112,000
Capital lease financing	100,000	-	-	100,000
Transfers in	48,604	818,811	398,429	1,265,844
Transfers out	(1,182,240)	-	(83,604)	(1,265,844)
Total other financing sources (uses)	<u>(1,033,636)</u>	<u>1,930,811</u>	<u>314,825</u>	<u>1,212,000</u>
Net change in fund balances	720,243	1,034,103	469,163	2,223,509
Fund balances - beginning	<u>7,022,518</u>	<u>650,073</u>	<u>1,674,983</u>	<u>9,347,574</u>
Fund balances - ending	<u>\$ 7,742,761</u>	<u>\$ 1,684,176</u>	<u>\$ 2,144,146</u>	<u>\$ 11,571,083</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, 2017

Net change in fund balances - total governmental funds \$ 2,223,509

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	\$	1,589,233	
Depreciation and amortization expense		(1,995,598)	
Net adjustment			(406,365)

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:			
General obligation bonds issued		(1,112,000)	
Capital lease financing		(100,000)	
Principal repayments:			
Bonds payable		768,000	
Capital lease financing		215,521	
Net adjustment			(228,479)

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		3,149	
Deferred amount on refunding		(13,307)	
Compensated absences		(38,879)	
Net OPEB obligation		(77,000)	
			(126,037)

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.

		200,708	
Change in net position of governmental activities		\$ 1,663,336	

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, 2017

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ 27,920,993	\$ 27,920,993	\$ 28,233,691	\$ 312,698
Licenses and permits	567,530	567,530	799,358	231,828
Intergovernmental	7,476,802	7,476,802	7,418,324	(58,478)
Investment income	20,000	20,000	35,429	15,429
Other revenues	119,020	119,020	271,023	152,003
Total revenues	<u>36,104,345</u>	<u>36,104,345</u>	<u>36,757,825</u>	<u>653,480</u>
EXPENDITURES				
Current:				
General government	2,932,628	2,875,202	2,838,399	(36,803)
Public safety	991,141	1,009,719	971,358	(38,361)
Civic and human services	703,442	718,201	702,187	(16,014)
Planning and land use	140,024	140,023	137,030	(2,993)
Public works	991,991	1,015,443	984,519	(30,924)
Sewer	9,800	9,800	9,800	-
Insurance and benefits	1,422,399	1,423,037	1,388,323	(34,714)
Education	27,028,725	27,028,725	26,620,801	(407,924)
Capital outlays	-	635,238	634,494	(744)
Debt service	928,988	928,988	928,988	-
Total expenditures	<u>35,149,138</u>	<u>35,784,376</u>	<u>35,215,899</u>	<u>(568,477)</u>
Excess of revenues over expenditures	955,207	319,969	1,541,926	1,221,957
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	-	635,238	-	(635,238)
Transfers in	73,604	73,604	48,604	(25,000)
Transfers out	(1,028,811)	(1,028,811)	(1,028,811)	-
Total other financing sources (uses)	<u>(955,207)</u>	<u>(319,969)</u>	<u>(980,207)</u>	<u>(660,238)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	561,719	<u>\$ 561,719</u>
Fund balances - beginning			<u>6,650,033</u>	
Fund balances - ending			<u>\$ 7,211,752</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, 2017

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 165,915
Investments - pooled separate accounts	3,852,322	-
Other assets	-	7,638
Total assets	3,852,322	\$ 173,553
LIABILITIES		
Due to student groups	-	\$ 32,057
Due to others	-	141,496
Total liabilities	-	\$ 173,553
NET POSITION		
Restricted for pension benefits	\$ 3,852,322	

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, 2017

	Pension Trust Fund
ADDITIONS	
Employer contributions	\$ 243,272
Employee contributions - rollover	18,365
Total contributions	261,637
Other revenue	3,758
Investment earnings:	
Interest	17,624
Net change in the fair value of investments	356,638
Total investment earnings	374,262
Total additions	639,657
DEDUCTIONS	
Benefit payments	82,174
Administrative expenses	240
Total deductions	82,414
Change in net position	557,243
Net position - beginning	3,295,079
Net position - ending	\$ 3,852,322

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

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 five 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, 2017

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, 2017

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 utilize the accrual basis of accounting for reporting its assets and liabilities.

Implementation of Accounting Standards

Effective July 1, 2016, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plans*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, GASB Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, and GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. 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, 2017

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 receivables of \$169,000 and \$123,000, respectively, as of June 30, 2017.

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 \$45,000 and \$13,000, respectively, as of June 30, 2017.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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, 2017, loans receivable totaled \$133,252 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 acquisition 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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Total Other Financing Sources (Uses)</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 36,757,825	\$ 35,215,899	\$ (980,207)	\$ 561,719
"On-behalf" payments - State Teachers Retirement Fund (see Note I)	1,336,168	1,336,168	-	-
Change in encumbrances	-	(209,763)	-	209,763
Capital leases, not recorded for budgetary purposes	-	100,000	100,000	-
Reserve for Revaluation	-	101,239	50,000	(51,239)
Certain transfers recorded as expenditures for budgetary purposes	-	(203,429)	(203,429)	-
Intergovernmental grants and local revenue netted against expenditures	272,772	272,772	-	-
GAAP basis	<u>\$ 38,366,765</u>	<u>\$ 36,612,886</u>	<u>\$ (1,033,636)</u>	<u>\$ 720,243</u>

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE C - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash deposits as of June 30, 2017 is as follows:

Cash and cash equivalents:	
Government-wide statement of net position	\$ 10,975,063
Statement of fiduciary net position	165,915
Plus: certificates of deposit considered cash deposits for disclosure purposes	526,697
Less: cash equivalents considered investments for disclosure purposes	(4,433,444)
	\$ 7,234,231

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, 2017, \$5,857,426 of the Town's bank balance of \$7,365,338 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,271,683
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	585,743
	\$ 5,857,426

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, 2017

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

Investments

A reconciliation of the Town's investments as of June 30, 2017 is as follows:

Investments:		
Government-wide statement of net position	\$	526,697
Statement of fiduciary net position		3,852,322
Plus: cash equivalents considered investments for disclosure purposes		4,433,444
Less: certificates of deposit considered cash deposits for disclosure purposes		(526,697)
		\$ 8,285,766

As of June 30, 2017, the Town's investments consisted of the following:

Investment type	Valuation Basis	Credit Rating	Value	Investment Maturities (In Years) Less Than 1
Debt Securities:				
<i>Governmental activities:</i>				
Short-term Investment Fund (STIF)	Net asset value	AAA	\$ 4,429,188	\$ 4,429,188
Money market mutual funds	Net asset value	Unrated	4,256	4,256
			4,433,444	\$ 4,433,444
Other investments:				
<i>Fiduciary:</i>				
Pooled separate accounts	Contract value		3,852,322	
			\$ 8,285,766	

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, 2017

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, 2017, more than 10% of the Town's governmental activities investments are invested in the Short-term Investment Fund (99.9%). As of June 30, 2017, 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, 2017

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 10,127,575	\$ 399,483	\$ -	\$ 10,527,058
Construction in progress	850,725	627,306	(629,699)	848,332
Total capital assets, not being depreciated	10,978,300	1,026,789	(629,699)	11,375,390
Capital assets, being depreciated:				
Buildings and improvements	40,482,301	629,699	-	41,112,000
Machinery and equipment	10,540,964	356,820	-	10,897,784
Infrastructure	35,545,701	205,624	-	35,751,325
Total capital assets, being depreciated	86,568,966	1,192,143	-	87,761,109
Less accumulated depreciation for:				
Buildings and improvements	(17,031,389)	(737,647)	-	(17,769,036)
Machinery and equipment	(6,995,121)	(547,037)	-	(7,542,158)
Infrastructure	(20,407,825)	(710,914)	-	(21,118,739)
Total accumulated depreciation	(44,434,335)	(1,995,598)	-	(46,429,933)
Total capital assets, being depreciated, net	42,134,631	(803,455)	-	41,331,176
Governmental activities capital assets, net	\$ 53,112,931	\$ 223,334	\$ (629,699)	\$ 52,706,566

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

General government	\$ 785,385
Public safety	234,803
Public works	141,113
Civic and human services	262,550
Education	571,747
Total depreciation expense	\$ 1,995,598

TOWN OF HEBRON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

NOTE E - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2017 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Capital Projects Fund	\$ 647,706
	Other Governmental Funds	249,934
		<u>897,640</u>
Capital Projects Fund	General Fund	<u>1,253,510</u>
Other Governmental Funds	General Fund	<u>1,158,310</u>
		<u>\$ 3,309,460</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, 2017 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Other Governmental Funds	<u>\$ 48,604</u>
Capital Projects Fund	General Fund	<u>818,811</u>
Other Governmental Funds	General Fund	363,429
	Other Governmental Funds	<u>35,000</u>
		<u>398,429</u>
Total transfers		<u>\$ 1,265,844</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, 2017

NOTE G - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 4,242,000	\$ 1,112,000	\$ (768,000)	\$ 4,586,000	\$ 860,000
Other liabilities:					
Capital leases	1,508,332	100,000	(215,521)	1,392,811	176,136
Compensated absences	526,043	66,691	(27,812)	564,922	56,492
Net OPEB obligation <i>(Note J)</i>	907,000	77,000	-	984,000	-
	<u>\$ 7,183,375</u>	<u>\$ 1,355,691</u>	<u>\$ (1,011,333)</u>	<u>\$ 7,527,733</u>	<u>\$ 1,092,628</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, 2017 is as follows:

Purpose of Bonds	Original Issue	Interest Rates	Maturity Date	Amount Outstanding
Governmental Activities				
2008 General Obligation Bonds	\$ 4,300,000	3.2-4.0%	7/15/2023	\$ 1,995,000
2013 General Obligation Refunding Bonds	1,164,000	2.25%	7/15/2024	764,000
2013 General Obligation School Refunding Bonds	2,227,000	1.80%	6/1/2019	715,000
2017 General Obligation Serial Note	1,112,000	2.37%	6/30/2027	1,112,000
				<u>\$ 4,586,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2017:

Year ending June 30:	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Totals
2018	\$ 860,000	\$ 133,975	\$ 993,975
2019	849,000	105,139	954,139
2020	496,000	82,746	578,746
2021	492,000	66,509	558,509
2022	492,000	50,260	542,260
2023-2027	1,397,000	64,880	1,461,880
	<u>\$ 4,586,000</u>	<u>\$ 503,509</u>	<u>\$ 5,089,509</u>

TOWN OF HEBRON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2017

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, 2017, the District's total outstanding bonds were \$14,645,000. The Town of Hebron's share will be approximately 54.53% of the total, or \$7,985,919. 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, 2017.

Capital Leases

A summary of assets acquired through capital leases is as follows as of June 30, 2017:

	Governmental Activities
Furniture and Equipment	\$ 2,252,151
Less: accumulated amortization	530,369
	\$ 1,721,782

Depreciation expense relative to leased property under capital leases totaled \$162,310 for the year ended June 30, 2017 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, 2017 are as follows:

	Governmental Activities
Year Ending June 30:	
2018	\$ 219,589
2019	145,345
2020	117,691
2021	119,942
2022	423,358
Thereafter:	760,427
Total minimum lease payments	1,786,352
Less: amount representing interest	393,541
Present value of minimum lease payments	\$ 1,392,811

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE H - FUND BALANCE

The various components of fund balance at June 30, 2017 are as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventories	\$ -	\$ -	\$ 18,980	\$ 18,980
Permanent principal	-	-	5,945	5,945
Restricted for:				
Donor restrictions	-	-	39,655	39,655
Grant restrictions	-	-	20,419	20,419
Loan program	-	-	148,382	148,382
Capital projects	-	1,079,814	-	1,079,814
Committed to:				
Capital outlays	-	604,362	-	604,362
Open space and land acquisition	-	-	785,409	785,409
Sewer operations	-	-	671,966	671,966
Parks and recreation activities	-	-	139,623	139,623
Cafeteria operations	-	-	13,643	13,643
Debt repayment	-	-	245,288	245,288
Library	-	-	20,723	20,723
Public safety	-	-	23,649	23,649
General government	-	-	10,464	10,464
Assigned to:				
Revaluation	90,000	-	-	90,000
Retiree benefits	86,387	-	-	86,387
Encumbrances - General government	36,874	-	-	36,874
Encumbrances - Public safety	75,348	-	-	75,348
Encumbrances - Public works	108,804	-	-	108,804
Encumbrances - Civic and human services	10,167	-	-	10,167
Encumbrances - Planning and land use	20,767	-	-	20,767
Encumbrances - Education	67,583	-	-	67,583
Encumbrances - Insurance and benefits	732	-	-	732
Encumbrances - Capital outlays	26,050	-	-	26,050
Encumbrances - Debt service	8,297	-	-	8,297
Unassigned	7,211,752	-	-	7,211,752
	<u>\$ 7,742,761</u>	<u>\$ 1,684,176</u>	<u>\$ 2,144,146</u>	<u>\$ 11,571,083</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.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

NOTE I - EMPLOYEE RETIREMENT PLANS *(Continued)*

Town of Hebron Retirement Plan *(Continued)*

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.

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 \$243,272 for the year ended June 30, 2017.

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.

The Town has recognized on-behalf payments of \$1,336,168 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, 2016 was \$14.245 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$19.5 million or approximately 0.137% 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, 2016. 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, 2017

NOTE I - EMPLOYEE RETIREMENT PLANS (Continued)

Connecticut State Teachers' Retirement System (Continued)

The total pension liability as of June 30, 2017 was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	8.0%, net of investment related expense
Cost of living adjustments:	
Retirements prior to 9/1/1992	3.00%
Retirements on or after 9/1/1992	2.00%

For healthy retirees and beneficiaries, mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.0%	5.80%
Developed Non-U.S. Equities	18.0%	6.60%
Fixed Income (Core)	7.0%	1.30%
Private Equity	11.0%	7.60%
Emerging Markets (Non-U.S.)	9.0%	8.30%
Alternative investments	8.0%	4.10%
Inflation Linked Bonds	3.0%	1.00%
Cash	6.0%	0.40%
Real Estate	7.0%	5.10%
Emerging Market Bonds	5.0%	3.70%
High Yield Bonds	5.0%	3.90%
	100.0%	

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined 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, 2017

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 8.00%, 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 (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	Decrease (7.00%)	Current Rate (8.00%)	1.00% Increase (9.00%)
Town's Proportionate share of the net pension liability (expressed in thousands)	\$ 24,070	\$ 19,510	\$ 15,656

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 2017, the Town contributions were estimated to be \$74,000 on a pay-as-you-go basis.

The Town has not established a trust fund as of June 30, 2017, 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, 2017

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	\$ 166,000
Interest on net OPEB obligation	36,000
Adjustment to annual required contribution	<u>(51,000)</u>
Annual OPEB cost (expense)	151,000
Contributions made	<u>74,000</u>
Increase in net OPEB obligation	77,000
Net OPEB obligation, beginning of year	<u>907,000</u>
Net OPEB obligation, end of year	<u><u>\$ 984,000</u></u>

Three-year Trend Information

Year Ended June 30	Annual OPEB Cost	Annual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 146,000	\$ 116,000	79.5%	\$ 852,000
2016	149,000	94,000	63.1%	907,000
2017	151,000	74,000	49.0%	984,000

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, 2017

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 \$83,106 for the year ended June 30, 2017. 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, 2017

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, 2017, the Town has recorded \$354,622 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 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

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 has not yet determined the impact that this statement will have 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.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2017

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

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town does not expect this statement to have a material effect on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town has not yet determined the impact that this statement might have on its financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). 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 May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources— resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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 June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town has not yet determined the impact that this statement might have 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 THREE FISCAL YEARS
(Dollar amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.137%	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	19,510	16,380	15,140
Total	<u>\$ 19,510</u>	<u>\$ 16,380</u>	<u>\$ 15,140</u>
Town's covered payroll	\$ 5,951	\$ 5,428	\$ 5,456
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	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 2017 is based on a June 30, 2016 measurement date).

Benefit changes : There were no changes in benefit terms that affected the measurement of the total pension liability.

Assumption changes : The following assumptions were changed in connection with the most recent valuation:

- Inflation assumption was reduced from 3.00% to 2.75%.
- Real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change resulted in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
- The annual rate of wage increase assumption was reduced from 0.75% to 0.50%.
- The payroll growth assumption was reduced from 3.75% to 3.25%.
- Various demographic assumption changes utilizing the RPH-2014 mortality tables.

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES				
Property taxes:				
Taxes, interest and lien fees	\$ 27,920,993	\$ 27,920,993	\$ 28,233,691	\$ 312,698
Licenses and permits				
Zoning board of appeals	500	500	-	(500)
Wetland fees	1,000	1,000	2,282	1,282
Building fees	79,000	79,000	271,815	192,815
Notary fees	1,400	1,400	1,885	485
Town clerk fees	35,000	35,000	18,846	(16,154)
Recording fees	50,000	50,000	51,941	1,941
Sportsmen's licenses	-	-	96	96
Conveyance tax	70,000	70,000	104,077	34,077
Marriage licenses fees	-	-	(38)	(38)
Records	50	50	(52)	(102)
Planning and zoning fees	6,000	6,000	6,577	577
Compactor/recycling fees	65,000	65,000	68,914	3,914
Dog fund fees	6,000	6,000	5,426	(574)
Health department	5,000	5,000	-	(5,000)
Animal population control	2,000	2,000	2,080	80
Library fees	28,000	28,000	25,545	(2,455)
Engineering fees	-	-	3,636	3,636
Blasting permits	30	30	150	120
Xerox fees	2,000	2,000	471	(1,529)
Soil and water conservation fees	1,400	1,400	1,508	108
Education fee assessment	150	150	3,539	3,389
PA CIP funding	4,000	4,000	3,816	(184)
Ambulance service	202,000	202,000	220,444	18,444
Plotter/copier fees	1,000	1,000	679	(321)
Software permit fees	5,000	5,000	5,901	901
Farmland preservation fees	3,000	3,000	(180)	(3,180)
Total licenses and permits	<u>567,530</u>	<u>567,530</u>	<u>799,358</u>	<u>231,828</u>
Intergovernmental revenue				
Education equalization grants	6,928,703	6,928,703	6,875,057	(53,646)
Miscellaneous	2,000	2,000	1,900	(100)
Property tax relief for totally disabled	757	757	588	(169)
Property tax relief for veterans	3,800	3,800	3,343	(457)
Property tax relief	28,400	28,400	29,534	1,134
Pequot grant	28,438	28,438	28,438	-
Municipal revenue sharing	208,666	208,666	208,666	-
Town aid road	241,222	241,222	241,020	(202)
Emergency management performance grant	4,600	4,600	9,606	5,006
Telecommunications funding	18,000	18,000	17,956	(44)
Municipal purposes and projects	12,216	12,216	2,216	(10,000)
Total intergovernmental revenue	<u>7,476,802</u>	<u>7,476,802</u>	<u>7,418,324</u>	<u>(58,478)</u>

(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, 2017

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Investment earnings	\$ 20,000	\$ 20,000	\$ 35,429	\$ 15,429
Other revenues				
Constable fees	-	-	8,205	8,205
Housing authority	4,000	4,000	5,154	1,154
Elderly van	8,000	8,000	-	(8,000)
State trooper private duty	6,000	6,000	-	(6,000)
Party patrol	10,800	10,800	4,979	(5,821)
Maple festival private duty	2,100	2,100	-	(2,100)
Elderly demand respond	20,000	20,000	24,168	4,168
Building officer reimbursement	52,020	52,020	50,729	(1,291)
Miscellaneous	5,000	5,000	158,914	153,914
Senior center physical fitness	3,500	3,500	-	(3,500)
Senior center transportation fees	3,100	3,100	3,272	172
CIRMA equity earnings	-	-	13,418	13,418
EMS reimbursement	4,000	4,000	2,184	(1,816)
Other	500	500	-	(500)
Total other revenues	<u>119,020</u>	<u>119,020</u>	<u>271,023</u>	<u>152,003</u>
Total revenues	<u>36,104,345</u>	<u>36,104,345</u>	<u>36,757,825</u>	<u>653,480</u>
OTHER FINANCING SOURCES				
Appropriation of fund balance	-	635,238	-	(635,238)
Transfers in:				
Cell tower fund	35,000	35,000	10,000	(25,000)
WPCA operating fund	25,000	25,000	25,000	-
Recreation fund	13,604	13,604	13,604	-
Total other financing sources	<u>73,604</u>	<u>708,842</u>	<u>48,604</u>	<u>(660,238)</u>
Total revenue and other financing sources	<u>\$ 36,177,949</u>	<u>\$ 36,813,187</u>	<u>\$ 36,806,429</u>	<u>\$ (6,758)</u>

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, 2017

	Budgeted Amounts		Actual	Variance With
	Original Budget	Final Budget		Original Budget Over (Under)
General government				
Payroll:				
Clerical	\$ 475,418	\$ 457,095	\$ 457,095	\$ -
Administration	675,743	675,743	675,743	-
Health and welfare	117,059	97,378	97,378	-
Public safety	105,777	88,943	88,943	-
Recreation	179,974	182,834	182,834	-
Public works	701,710	672,550	672,550	-
Library	143,037	143,037	143,000	(37)
Fire marshal	49,467	49,467	49,462	(5)
Elected officials	61,806	61,806	61,795	(11)
Contractual commitments	16,620	16,620	16,620	-
Total payroll	<u>2,526,611</u>	<u>2,445,473</u>	<u>2,445,420</u>	<u>(53)</u>
Selectman's office	39,655	35,771	32,211	(3,560)
Central services	40,000	45,447	42,493	(2,954)
Legal	45,000	59,652	59,652	-
Central computer services	59,200	64,232	63,030	(1,202)
Tricentennial commission	100	100	75	(25)
Town buildings	60,229	62,694	59,138	(3,556)
Board of Finance	32,500	32,500	32,500	-
Financial administrator	2,725	2,725	1,014	(1,711)
Tax collector	17,200	17,200	16,638	(562)
Assessor	26,145	26,145	15,688	(10,457)
Board of tax review	170	170	-	(170)
Town clerk's office	31,500	31,500	25,755	(5,745)
Registrar of voters	51,593	51,593	44,785	(6,808)
Total general government	<u>2,932,628</u>	<u>2,875,202</u>	<u>2,838,399</u>	<u>(36,803)</u>
Public safety				
Police administration	404,848	416,502	398,779	(17,723)
Fire administration	367,897	381,374	364,731	(16,643)
Fire marshal	9,990	9,990	9,884	(106)
Burning official	1,478	1,478	1,448	(30)
Emergency management	12,980	12,980	12,751	(229)
Animal control	31,434	32,581	32,067	(514)
Ambulance service	162,514	154,814	151,698	(3,116)
Total public safety	<u>991,141</u>	<u>1,009,719</u>	<u>971,358</u>	<u>(38,361)</u>
Civic and human services				
Community agency donations	132,509	132,509	132,509	-
Regional health district assessment	98,509	99,187	99,187	-
Library	244,616	249,361	241,540	(7,821)
Van - disabled	57,442	64,490	63,828	(662)
Senior center	52,999	55,287	54,552	(735)
Probate court	2,815	2,815	-	(2,815)
St. Peter's lease	850	850	800	(50)
Recreation programs	113,152	113,152	109,504	(3,648)
Public Celebrations	550	550	267	(283)
Total civic and human services	<u>703,442</u>	<u>718,201</u>	<u>702,187</u>	<u>(16,014)</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, 2017

	Budgeted Amounts		Actual	Variance With Original Budget Over (Under)
	Original Budget	Final Budget		
Planning and land use				
Economic development	\$ 29,700	\$ 29,700	\$ 28,402	\$ (1,298)
Planning and development	110,324	110,323	108,628	(1,695)
Total planning and land use	<u>140,024</u>	<u>140,023</u>	<u>137,030</u>	<u>(2,993)</u>
Public works				
Highways and grounds administration	278,068	284,051	271,312	(12,739)
Town yard and garage	50,864	54,818	52,855	(1,963)
Street services	488,800	502,315	501,023	(1,292)
Solid waste, recycling, bulky	174,259	174,259	159,329	(14,930)
Total public works	<u>991,991</u>	<u>1,015,443</u>	<u>984,519</u>	<u>(30,924)</u>
Sewer fees				
Town property user fees	9,800	9,800	9,800	-
Insurance and benefits				
Insurance	250,500	250,500	246,081	(4,419)
Employee benefits	1,171,899	1,172,537	1,142,242	(30,295)
Total insurance and benefits	<u>1,422,399</u>	<u>1,423,037</u>	<u>1,388,323</u>	<u>(34,714)</u>
Capital outlays	-	635,238	634,494	(744)
Debt service				
Town	491,023	491,023	491,023	-
School	398,965	398,965	398,965	-
Sewers	14,000	14,000	14,000	-
Computer	25,000	25,000	25,000	-
Total debt service	<u>928,988</u>	<u>928,988</u>	<u>928,988</u>	<u>-</u>
Education				
Regional School District No. 8 assessment	15,269,771	15,269,771	15,269,772	1
Hebron Elementary School education	11,758,954	11,758,954	11,351,029	(407,925)
Total education	<u>27,028,725</u>	<u>27,028,725</u>	<u>26,620,801</u>	<u>(407,924)</u>
Total expenditures	<u>35,149,138</u>	<u>35,784,376</u>	<u>35,215,899</u>	<u>(568,477)</u>
Other financing uses				
Transfers out:				
Land Acquisition Fund	140,000	140,000	140,000	-
Capital Improvement Fund	770,911	770,911	770,911	-
Capital Nonrecurring Fund	8,800	8,800	8,800	-
Revaluation	50,000	50,000	50,000	-
Capital Projects Fund	39,100	39,100	39,100	-
Debt Management Fund	20,000	20,000	20,000	-
Total other financing uses	<u>1,028,811</u>	<u>1,028,811</u>	<u>1,028,811</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 36,177,949</u>	<u>\$ 36,813,187</u>	<u>\$ 36,244,710</u>	<u>\$ (568,477)</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, 2017

Grand List Year	Balance Uncollected June 30, 2016	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2017
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
2000	\$ 4,808	\$ -	\$ -	\$ 4,808	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2001	6,400	-	-	6,400	-	-	651	414	1,065	(651)
2002	8,552	-	-	-	-	8,552	410	525	935	8,142
2003	10,077	-	-	-	-	10,077	-	-	-	10,077
2004	11,067	-	-	-	-	11,067	(27)	-	(27)	11,094
2005	13,422	-	-	-	-	13,422	22	65	87	13,400
2006	16,518	-	-	-	-	16,518	(1,381)	658	(723)	17,899
2007	18,887	-	89	177	-	18,799	(1,280)	1,097	(183)	20,079
2008	44,595	-	-	-	-	44,595	(2,323)	4,189	1,866	46,918
2009	73,225	-	-	418	-	72,807	10,130	13,136	23,266	62,677
2010	104,621	-	-	554	-	104,067	17,591	12,321	29,912	86,476
2011	149,053	-	-	775	-	148,278	29,244	17,249	46,493	119,034
2012	244,752	-	779	1,791	-	243,740	48,948	37,442	86,390	194,792
2013	335,072	-	159	2,407	-	332,824	77,854	29,084	106,938	254,970
2014	596,338	-	420	6,953	-	589,805	219,566	45,281	264,847	370,239
Total prior years	1,637,387	-	1,447	24,283	-	1,614,551	399,405	161,461	560,866	1,215,146
2015	-	28,325,052	42,994	95,482	-	28,272,564	27,728,993	77,282	27,806,275	543,571
Total	\$ 1,637,387	\$ 28,325,052	\$ 44,441	\$ 119,765	\$ -	\$ 29,887,115	\$ 28,128,398	\$ 238,743	\$ 28,367,141	\$ 1,758,717

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, 2017

Total cash collections for the year ended
June 30, 2017:

Taxes	\$ 28,128,398
Interest and lien fees	238,743
Total	<u>28,367,141</u>
Reimbursement for revenue loss:	
Tax relief for elderly (CGS 12-129d)	29,534
Base	<u>\$ 28,396,675</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 63,892,519	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	127,785,038	-	-	-
3-3/4 times base	-	-	106,487,531	-	-
3-1/4 times base	-	-	-	92,289,194	-
3 times base	-	-	-	-	85,190,025
Total debt limitation	<u>63,892,519</u>	<u>127,785,038</u>	<u>106,487,531</u>	<u>92,289,194</u>	<u>85,190,025</u>
Indebtedness:					
Bonds payable	3,871,000	715,000	-	-	-
Bonds payable - Regional School District No. 8 share	-	7,985,919	-	-	-
Total indebtedness	<u>3,871,000</u>	<u>8,700,919</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 60,021,519</u>	<u>\$ 119,084,119</u>	<u>\$ 106,487,531</u>	<u>\$ 92,289,194</u>	<u>\$ 85,190,025</u>
Total capacity of borrowing (7 times base)	\$ 198,776,725				
Total present indebtedness	<u>12,571,919</u>				
Margin for additional borrowing	<u>\$ 186,204,806</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.

Public Safety Fund - A fund created to account for reimbursements and related payroll expenses incurred for the School Resource Officer program at the Town's regional school district.

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, 2017

	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	\$ -	\$ -	\$ -	\$ 188,906	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Receivables:							
Sewer assessments, net	-	-	69,988	-	-	-	-
Sewer user charges, net	-	-	-	83,912	-	-	-
Intergovernmental	-	118,838	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Other	-	232	-	-	-	-	-
Due from other funds	38,416	-	134,411	411,840	33,552	20,723	163,768
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 38,416</u>	<u>\$ 119,070</u>	<u>\$ 204,399</u>	<u>\$ 684,658</u>	<u>\$ 33,552</u>	<u>\$ 20,723</u>	<u>\$ 163,768</u>
LIABILITIES							
Accounts payable	\$ -	\$ 13,283	\$ -	\$ 69,030	\$ -	\$ -	\$ 10,368
Due to other funds	-	99,287	-	-	-	-	-
Unearned revenue	-	6,500	-	-	-	-	52,193
Total liabilities	<u>-</u>	<u>119,070</u>	<u>-</u>	<u>69,030</u>	<u>-</u>	<u>-</u>	<u>62,561</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - sewer assessments	-	-	68,023	-	-	-	-
Unavailable revenue - sewer user charges	-	-	-	80,038	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>68,023</u>	<u>80,038</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	33,552	-	-
Committed	38,416	-	136,376	535,590	-	20,723	101,207
Total fund balances	<u>38,416</u>	<u>-</u>	<u>136,376</u>	<u>535,590</u>	<u>33,552</u>	<u>20,723</u>	<u>101,207</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 38,416</u>	<u>\$ 119,070</u>	<u>\$ 204,399</u>	<u>\$ 684,658</u>	<u>\$ 33,552</u>	<u>\$ 20,723</u>	<u>\$ 163,768</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF HEBRON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2017

	Nonmajor Special Revenue Funds						
	EMS Fund	Tri-Centennial Commission Fund	Public Safety Fund	Small Cities Grant Fund	Historic Records Preservation Fund	Debt Management Fund	Education Grant Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 16,881	\$ -	\$ 245,288	\$ 12,442
Investments	-	-	-	-	-	-	-
Receivables:							
Sewer assessments, net	-	-	-	-	-	-	-
Sewer user charges, net	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	16,811
Loans	-	-	-	133,252	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	3,784	873	23,649	-	5,807	-	-
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 3,784</u>	<u>\$ 873</u>	<u>\$ 23,649</u>	<u>\$ 150,133</u>	<u>\$ 5,807</u>	<u>\$ 245,288</u>	<u>\$ 29,253</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,123
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	1,751	-	-	711
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,751</u>	<u>-</u>	<u>-</u>	<u>8,834</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>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	148,382	-	-	20,419
Committed	3,784	873	23,649	-	5,807	245,288	-
Total fund balances	<u>3,784</u>	<u>873</u>	<u>23,649</u>	<u>148,382</u>	<u>5,807</u>	<u>245,288</u>	<u>20,419</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,784</u>	<u>\$ 873</u>	<u>\$ 23,649</u>	<u>\$ 150,133</u>	<u>\$ 5,807</u>	<u>\$ 245,288</u>	<u>\$ 29,253</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF HEBRON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2017

	<u>Nonmajor Special Revenue Funds</u>		<u>Capital Project Funds</u>			<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Cafeteria Fund</u>	<u>Total</u>	<u>Land Acquisition Fund</u>	<u>Marjorie Circle Bridge Grant Fund</u>	<u>Total</u>	<u>Cemetery Fund</u>	
ASSETS							
Cash and cash equivalents	\$ 23,161	\$ 486,678	\$ 463,922	\$ -	\$ 463,922	\$ -	\$ 950,600
Investments	-	-	-	-	-	12,048	12,048
Receivables:							
Sewer assessments, net	-	69,988	-	-	-	-	69,988
Sewer user charges, net	-	83,912	-	-	-	-	83,912
Intergovernmental	10,963	146,612	-	136,178	136,178	-	282,790
Loans	-	133,252	-	-	-	-	133,252
Other	1,560	1,792	-	-	-	-	1,792
Due from other funds	-	836,823	321,487	-	321,487	-	1,158,310
Inventories	18,980	18,980	-	-	-	-	18,980
Total assets	<u>\$ 54,664</u>	<u>\$ 1,778,037</u>	<u>\$ 785,409</u>	<u>\$ 136,178</u>	<u>\$ 921,587</u>	<u>\$ 12,048</u>	<u>\$ 2,711,672</u>
LIABILITIES							
Accounts payable	\$ 446	\$ 101,250	\$ -	\$ -	\$ -	\$ -	\$ 101,250
Due to other funds	14,469	113,756	-	136,178	136,178	-	249,934
Unearned revenue	7,126	68,281	-	-	-	-	68,281
Total liabilities	<u>22,041</u>	<u>283,287</u>	<u>-</u>	<u>136,178</u>	<u>136,178</u>	<u>-</u>	<u>419,465</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - sewer assessments	-	68,023	-	-	-	-	68,023
Unavailable revenue - sewer user charges	-	80,038	-	-	-	-	80,038
Total deferred inflows of resources	<u>-</u>	<u>148,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,061</u>
FUND BALANCES							
Nonspendable	18,980	18,980	-	-	-	5,945	24,925
Restricted	-	202,353	-	-	-	6,103	208,456
Committed	13,643	1,125,356	785,409	-	785,409	-	1,910,765
Total fund balances	<u>32,623</u>	<u>1,346,689</u>	<u>785,409</u>	<u>-</u>	<u>785,409</u>	<u>12,048</u>	<u>2,144,146</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 54,664</u>	<u>\$ 1,778,037</u>	<u>\$ 785,409</u>	<u>\$ 136,178</u>	<u>\$ 921,587</u>	<u>\$ 12,048</u>	<u>\$ 2,711,672</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, 2017

	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	\$ -	\$ 128,874	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	78,095	-	10,354	426,738	-	-	578,428
Investment income	-	-	1,337	1,103	-	-	-
Other revenues	-	-	-	59,750	1,271	16,601	-
Total revenues	<u>78,095</u>	<u>128,874</u>	<u>11,691</u>	<u>487,591</u>	<u>1,271</u>	<u>16,601</u>	<u>578,428</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Civic and human services	53,553	128,874	-	33,916	234	14,317	522,949
Sewer	-	-	-	327,776	-	-	-
Education	-	-	-	-	-	-	-
Capital outlays	-	-	-	22,311	-	-	24,098
Total expenditures	<u>53,553</u>	<u>128,874</u>	<u>-</u>	<u>384,003</u>	<u>234</u>	<u>14,317</u>	<u>547,047</u>
Excess (deficiency) of revenues over expenditures	24,542	-	11,691	103,588	1,037	2,284	31,381
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	35,000	-	-	-
Transfers out	(10,000)	-	(35,000)	(25,000)	-	-	(13,604)
Total other financing sources (uses)	<u>(10,000)</u>	<u>-</u>	<u>(35,000)</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>(13,604)</u>
Net change in fund balances	14,542	-	(23,309)	113,588	1,037	2,284	17,777
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 38,416</u>	<u>\$ -</u>	<u>\$ 136,376</u>	<u>\$ 535,590</u>	<u>\$ 33,552</u>	<u>\$ 20,723</u>	<u>\$ 101,207</u>

(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, 2017

	Nonmajor Special Revenue Funds						
	EMS Fund	Tri-Centennial Commission Fund	Public Safety Fund	Small Cities Grant Fund	Historic Records Preservation Fund	Debt Management Fund	Education Grant Fund
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 4,000	\$ -	\$ 434,790
Charges for services	-	-	139,216	-	4,464	-	187,784
Investment income	-	-	-	-	-	-	-
Other revenues	-	-	-	5,000	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>139,216</u>	<u>5,000</u>	<u>8,464</u>	<u>-</u>	<u>622,574</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	115,567	-	-	-	-
Civic and human services	-	-	-	13,994	16,740	-	-
Sewer	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	641,777
Capital outlays	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>115,567</u>	<u>13,994</u>	<u>16,740</u>	<u>-</u>	<u>641,777</u>
Excess (deficiency) of revenues over expenditures	-	-	23,649	(8,994)	(8,276)	-	(19,203)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	223,429	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,429</u>	<u>-</u>
Net change in fund balances	-	-	23,649	(8,994)	(8,276)	223,429	(19,203)
Fund balances - beginning	<u>3,784</u>	<u>873</u>	<u>-</u>	<u>157,376</u>	<u>14,083</u>	<u>21,859</u>	<u>39,622</u>
Fund balances - ending	<u>\$ 3,784</u>	<u>\$ 873</u>	<u>\$ 23,649</u>	<u>\$ 148,382</u>	<u>\$ 5,807</u>	<u>\$ 245,288</u>	<u>\$ 20,419</u>

(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, 2017

	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	\$ 71,858	\$ 639,522	\$ -	\$ 29,451	\$ 29,451	\$ -	\$ 668,973
Charges for services	178,395	1,603,474	10,672	-	10,672	-	1,614,146
Investment income	2	2,442	2,715	-	2,715	110	5,267
Other revenues	-	82,622	-	-	-	-	82,622
Total revenues	<u>250,255</u>	<u>2,328,060</u>	<u>13,387</u>	<u>29,451</u>	<u>42,838</u>	<u>110</u>	<u>2,371,008</u>
EXPENDITURES							
Current:							
General government	-	-	774	-	774	-	774
Public safety	-	115,567	-	-	-	-	115,567
Civic and human services	-	784,577	-	-	-	-	784,577
Sewer	-	327,776	-	-	-	-	327,776
Education	248,681	890,458	-	-	-	-	890,458
Capital outlays	-	46,409	21,658	29,451	51,109	-	97,518
Total expenditures	<u>248,681</u>	<u>2,164,787</u>	<u>22,432</u>	<u>29,451</u>	<u>51,883</u>	<u>-</u>	<u>2,216,670</u>
Excess (deficiency) of revenues over expenditures	1,574	163,273	(9,045)	-	(9,045)	110	154,338
OTHER FINANCING SOURCES (USES)							
Transfers in	-	258,429	140,000	-	140,000	-	398,429
Transfers out	-	(83,604)	-	-	-	-	(83,604)
Total other financing sources (uses)	<u>-</u>	<u>174,825</u>	<u>140,000</u>	<u>-</u>	<u>140,000</u>	<u>-</u>	<u>314,825</u>
Net change in fund balances	1,574	338,098	130,955	-	130,955	110	469,163
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 32,623</u>	<u>\$ 1,346,689</u>	<u>\$ 785,409</u>	<u>\$ -</u>	<u>\$ 785,409</u>	<u>\$ 12,048</u>	<u>\$ 2,144,146</u>

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, 2017

	<u>Student Activities Fund</u>	<u>Performance Bonds Fund</u>	<u>Senior Center Fund</u>	<u>Escrow Fund</u>	<u>Total Agency Funds</u>
ASSETS					
Cash and cash equivalents	\$ 32,057	\$ 87,624	\$ 46,234	\$ -	\$ 165,915
Other assets	-	-	-	7,638	7,638
Total assets	<u>\$ 32,057</u>	<u>\$ 87,624</u>	<u>\$ 46,234</u>	<u>\$ 7,638</u>	<u>\$ 173,553</u>
LIABILITIES					
Due to student groups	\$ 32,057	\$ -	\$ -	\$ -	\$ 32,057
Due to others	-	87,624	46,234	7,638	141,496
Total liabilities	<u>\$ 32,057</u>	<u>\$ 87,624</u>	<u>\$ 46,234</u>	<u>\$ 7,638</u>	<u>\$ 173,553</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, 2017

	<u>Balance, July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2017</u>
Student Activities Fund				
Assets				
Cash and cash equivalents	\$ 34,516	\$ 71,235	\$ 73,694	\$ 32,057
Total assets	<u>\$ 34,516</u>	<u>\$ 71,235</u>	<u>\$ 73,694</u>	<u>\$ 32,057</u>
Liabilities				
Due to student groups	\$ 34,516	\$ 71,235	\$ 73,694	\$ 32,057
Total liabilities	<u>\$ 34,516</u>	<u>\$ 71,235</u>	<u>\$ 73,694</u>	<u>\$ 32,057</u>
Performance Bonds Fund				
Assets				
Cash and cash equivalents	\$ 99,344	\$ 181	\$ 11,901	\$ 87,624
Total assets	<u>\$ 99,344</u>	<u>\$ 181</u>	<u>\$ 11,901</u>	<u>\$ 87,624</u>
Liabilities				
Due to others	\$ 99,344	\$ 181	\$ 11,901	\$ 87,624
Total liabilities	<u>\$ 99,344</u>	<u>\$ 181</u>	<u>\$ 11,901</u>	<u>\$ 87,624</u>
Senior Center Fund				
Assets				
Cash and cash equivalents	\$ 44,466	\$ 21,151	\$ 19,383	\$ 46,234
Total assets	<u>\$ 44,466</u>	<u>\$ 21,151</u>	<u>\$ 19,383</u>	<u>\$ 46,234</u>
Liabilities				
Due to others	\$ 44,466	\$ 21,151	\$ 19,383	\$ 46,234
Total liabilities	<u>\$ 44,466</u>	<u>\$ 21,151</u>	<u>\$ 19,383</u>	<u>\$ 46,234</u>
Escrow Fund				
Assets				
Other assets	\$ 8,265	\$ 4,285	\$ 4,912	\$ 7,638
Total assets	<u>\$ 8,265</u>	<u>\$ 4,285</u>	<u>\$ 4,912</u>	<u>\$ 7,638</u>
Liabilities				
Due to others	\$ 8,265	\$ 4,285	\$ 4,912	\$ 7,638
Total liabilities	<u>\$ 8,265</u>	<u>\$ 4,285</u>	<u>\$ 4,912</u>	<u>\$ 7,638</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 178,326	\$ 92,567	\$ 104,978	\$ 165,915
Other assets	8,265	4,285	4,912	7,638
Total assets	<u>\$ 186,591</u>	<u>\$ 96,852</u>	<u>\$ 109,890</u>	<u>\$ 173,553</u>
Liabilities				
Due to student groups	\$ 34,516	\$ 71,235	\$ 73,694	\$ 32,057
Due to others	152,075	25,617	36,196	141,496
Total liabilities	<u>\$ 186,591</u>	<u>\$ 96,852</u>	<u>\$ 109,890</u>	<u>\$ 173,553</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, 2017

Governmental funds capital assets:

Land	\$ 10,527,058
Construction in progress	848,332
Buildings and improvements	41,112,000
Machinery and equipment	10,897,784
Infrastructure	35,751,325
	<u>\$ 99,136,499</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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These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	69
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These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property taxes.	74
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.	78
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.	81
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.	83

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.

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

	Fiscal Year				
	2008	2009	2010	2011	2012
Governmental activities					
Net investment in capital assets	\$ 46,007,316	\$ 46,088,678	\$ 47,008,061	\$ 47,141,777	\$ 49,016,212
Restricted	10,860	11,176	11,420	95,985	309,702
Unrestricted	7,648,658	7,743,736	6,339,484	4,882,063	5,215,082
Total governmental activities net position	<u>\$ 53,666,834</u>	<u>\$ 53,843,590</u>	<u>\$ 53,358,965</u>	<u>\$ 52,119,825</u>	<u>\$ 54,540,996</u>

	Fiscal Year				
	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets	\$ 48,869,955	\$ 48,321,951	\$ 47,622,263	\$ 47,427,008	\$ 47,858,671
Restricted	220,384	205,419	234,737	263,310	214,401
Unrestricted	6,146,256	7,087,168	8,479,844	9,505,490	10,786,072
Total governmental activities net position	<u>\$ 55,236,595</u>	<u>\$ 55,614,538</u>	<u>\$ 56,336,844</u>	<u>\$ 57,195,808</u>	<u>\$ 58,859,144</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 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	\$ 4,511,393
Public safety	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	1,441,755
Public works	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	1,575,925
Civic and human services	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	2,125,803
Planning and land use	75,869	188,966	146,868	127,342	100,104	118,139	124,735	117,273	158,110	143,330
Sewer	270,891	414,558	439,769	381,677	579,075	453,042	411,358	320,260	303,075	337,576
Education	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	29,294,870
Interest expense	360,099	528,928	412,400	375,805	410,111	297,813	325,736	372,985	201,214	210,015
Total governmental activities expenses	<u>32,019,756</u>	<u>34,141,646</u>	<u>35,872,509</u>	<u>36,978,403</u>	<u>37,174,689</u>	<u>37,627,031</u>	<u>38,531,791</u>	<u>39,864,820</u>	<u>40,016,320</u>	<u>39,640,667</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	694,680	399,100	165,998	143,971	452,726	505,267	436,543	470,801	600,786	847,306
Public safety	23,822	156,190	158,127	200,145	224,688	274,342	270,560	273,482	293,785	382,534
Public works	393,785	406,485	131,756	509,237	6,642	14,896	6,820	3,345	31,449	53,039
Civic and human services	750,773	606,802	564,552	634,002	726,716	653,200	628,653	638,533	640,935	694,804
Planning and land use	41,006	55,523	15,620	15,119	11,079	1,999	6,252	9,235	18,070	9,009
Sewer fees	298,909	4,912	409,105	414,457	620,627	633,847	511,709	421,331	343,774	508,555
Education	253,016	99,890	263,378	266,019	237,789	232,498	181,824	484,352	285,663	383,681
Operating grants and contributions										
General government	35,969	-	27,936	152,393	-	-	-	-	-	-
Public safety	1,737	28,842	66,180	6,740	80,678	39,175	52,304	13,501	42,786	9,606
Public works	-	-	-	2,218	-	-	-	-	-	13,283
Civic and human services	45,744	45,317	2,080	79,841	85,614	91,657	96,589	93,511	155,599	161,631
Planning and land use	-	-	-	-	-	-	-	-	-	-
Sewer fees	-	-	671	-	-	-	-	-	-	-
Education	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	8,756,725
Capital grants and contributions										
General government	-	443,146	316,866	-	-	-	-	-	-	-
Public safety	630,374	9,531	-	-	-	-	-	-	-	-
Public works	119,856	190,677	334,525	249,641	854,104	468,440	273,530	599,662	528,988	643,547
Civic and human services	-	-	125,000	-	120,000	-	165,000	-	110,500	-
Education	-	-	-	-	-	142,826	-	37,811	62,885	-
Total governmental activities program revenues	<u>9,958,897</u>	<u>9,393,244</u>	<u>10,688,697</u>	<u>10,745,455</u>	<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>	<u>12,463,720</u>
Net (Expense)/Revenue	<u>(22,060,859)</u>	<u>(24,748,402)</u>	<u>(25,183,812)</u>	<u>(26,232,948)</u>	<u>(25,034,602)</u>	<u>(25,548,752)</u>	<u>(26,933,071)</u>	<u>(27,742,911)</u>	<u>(27,870,357)</u>	<u>(27,176,947)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	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	28,500,682
Grants and contributions not restricted to specific programs	1,051,342	1,116,089	267,740	81,152	104,092	186,142	157,572	104,649	89,921	293,076
Unrestricted investment earnings	354,050	177,188	46,632	36,275	16,150	14,548	18,447	22,931	31,975	46,525
Loss on disposal of assets	-	-	-	(221,926)	-	-	-	-	-	-
Total governmental activities general revenues and other changes in net position	<u>23,715,568</u>	<u>24,925,158</u>	<u>24,699,187</u>	<u>24,993,808</u>	<u>26,290,544</u>	<u>26,244,351</u>	<u>27,311,014</u>	<u>28,465,217</u>	<u>28,729,321</u>	<u>28,840,283</u>
Change in Net Position	<u>\$ 1,654,709</u>	<u>\$ 176,756</u>	<u>\$ (484,625)</u>	<u>\$ (1,239,140)</u>	<u>\$ 1,255,942</u>	<u>\$ 695,599</u>	<u>\$ 377,943</u>	<u>\$ 722,306</u>	<u>\$ 858,964</u>	<u>\$ 1,663,336</u>

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				
	2008	2009	2010	2011	2012
Function/Program					
Governmental activities:					
General government	\$ 730,649	\$ 842,246	\$ 510,800	\$ 296,364	\$ 452,726
Public safety	655,933	194,563	224,307	206,885	305,366
Civic and human services	796,517	652,119	691,632	713,843	932,330
Planning and land use	41,006	55,523	15,620	15,119	11,079
Public works	513,641	597,162	466,281	761,096	860,746
Sewer	298,909	4,912	409,776	414,457	620,627
Education	6,922,242	7,046,719	8,370,281	8,337,691	8,957,213
Total governmental activities	<u>\$ 9,958,897</u>	<u>\$ 9,393,244</u>	<u>\$ 10,688,697</u>	<u>\$ 10,745,455</u>	<u>\$ 12,140,087</u>
	Fiscal Year				
	2013	2014	2015	2016	2017
Function/Program					
Governmental activities:					
General government	\$ 505,267	\$ 436,543	\$ 470,801	\$ 600,786	\$ 847,306
Public safety	313,517	322,864	286,983	336,571	392,140
Civic and human services	744,857	890,242	732,044	907,034	856,435
Planning and land use	1,999	6,252	9,235	18,070	9,009
Public works	483,336	280,350	603,007	560,437	709,869
Sewer	633,847	511,709	421,331	343,774	508,555
Education	9,395,456	9,150,760	9,598,508	9,379,291	9,140,406
Total governmental activities	<u>\$ 12,078,279</u>	<u>\$ 11,598,720</u>	<u>\$ 12,121,909</u>	<u>\$ 12,145,963</u>	<u>\$ 12,463,720</u>

Source: Town CAFR

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

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

	Fiscal Year						
	2011	2012	2013	2014	2015	2016	2017
General Fund							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	77,095	194,396	337,742	262,071	525,116	372,486	531,009
Unassigned	3,045,117	3,084,946	4,123,853	5,210,642	5,809,658	6,650,032	7,211,752
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>	<u>\$ 7,742,761</u>
All Other Governmental Funds							
Nonspendable	\$ 11,391	\$ 163,115	\$ 168,234	\$ 173,731	\$ 169,810	\$ 162,006	\$ 24,925
Restricted	84,594	298,833	62,193	47,228	71,476	105,119	1,288,270
Committed	1,910,802	2,085,658	1,899,324	1,710,461	1,961,270	2,057,931	2,515,127
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>	<u>\$ 3,828,322</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Property taxes	\$ 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	\$ 28,311,687
Intergovernmental	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	9,859,996
Charges for services	430,935	466,833	550,077	545,393	2,123,372	2,047,175	1,859,181	2,172,563	2,094,390	2,517,494
Investment income	195,189	111,851	19,090	26,140	16,150	14,548	18,447	22,931	31,975	46,525
Other revenue	347,158	203,643	191,653	129,380	135,914	378,990	104,013	142,931	199,528	367,593
Total revenues	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	41,103,295
Expenditures										
General government	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	3,111,904
Public safety	629,060	750,671	849,513	809,348	855,946	934,377	833,543	933,736	979,887	1,034,702
Public works	886,391	1,080,910	969,220	971,170	840,028	963,490	975,317	929,827	1,119,108	950,830
Civic and human services	-	-	-	692,084	1,282,464	1,191,593	1,202,394	1,242,954	1,320,479	1,480,587
Planning and land use	-	-	-	108,318	87,989	103,723	108,366	117,273	144,713	120,512
Sewer	-	-	-	9,280	373,354	354,023	331,144	320,260	290,010	337,576
Recreation, library, health and welfare	666,092	715,392	771,594	-	-	-	-	-	-	-
Education	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	28,659,238
Interest and benefits	-	-	-	1,127,567	1,105,978	1,125,058	1,203,852	1,272,418	1,339,685	1,387,591
Capital outlays	845	-	121,813	92,709	1,524,456	2,670,844	1,411,772	1,088,699	1,434,523	1,825,468
Debt service:										
Principal	1,208,487	1,220,489	1,513,841	1,524,220	1,630,182	952,787	820,041	909,496	971,905	1,164,908
Interest and fiscal charges	313,214	390,048	396,141	351,050	320,378	281,095	320,995	209,053	196,389	18,470
Total expenditures	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	40,091,786
Excess of revenues over (under) expenditures	989,524	174,139	(93,009)	(620,893)	743,508	(551,772)	387,373	1,003,336	572,568	1,011,509
Other Financing Sources (Uses)										
Transfers in	1,130,000	1,490,000	1,230,000	950,000	1,565,573	850,070	970,457	1,090,036	808,046	1,265,844
Transfers out	(1,021,339)	(2,119,786)	(1,107,522)	(726,627)	(1,565,573)	(850,070)	(970,457)	(1,090,036)	(808,046)	(1,265,844)
Proceeds from sale of capital assets	-	-	-	-	-	-	-	12,012	137,676	-
Issuance of long-term debt	-	-	-	-	-	-	3,391,000	-	-	1,112,000
Payment to refunded bond escrow agent	-	-	-	-	-	-	(3,344,073)	-	-	-
Capital leases	-	-	-	92,709	55,756	1,303,022	378,487	140,000	100,000	100,000
Total other financing sources (uses)	108,661	(629,786)	122,478	316,082	55,756	1,303,022	425,414	152,012	237,676	1,212,000
Net change in fund balances	\$ 1,098,185	\$ (455,647)	\$ 29,469	\$ (304,811)	\$ 799,264	\$ 751,250	\$ 812,787	\$ 1,155,348	\$ 810,244	\$ 2,223,509
Debt service as a percentage of noncapital expenditures	5.00%	4.99%	5.78%	5.43%	6.63%	3.37%	3.06%	2.90%	3.00%	3.07%
Total debt service	\$ 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	\$ 1,183,378
Noncapital expenditures	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	38,502,553

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								
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%
2017	671,898,290	26,515,790	957,850	16,426,830	74,293,410	790,092,170	786,095,920	0.52%	35.64	1,071,376,676	73.37%

Source: Town of Hebron, Assessor Office

Note: A revaluation of all real estate was effective on the October 1, 2011 Grand List (FY 2013).

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	24,719,625	2,575,410	541,769	27,836,804	36.00
2017	2015	24,836,292	2,633,911	546,254	28,016,457	35.64

Source: Town of Hebron, Town Tax Records

Note: Data not available by source for fiscal year 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>	<u>2017</u>			<u>2008</u>		
	<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>
Eversource	\$ 8,220,850	1	1.05%	\$ 4,385,670	2	0.73%
Hebron Lincoln LLC (CVS)	2,450,000	2	0.31%			
Village Shoppes, LLC	1,835,070	3	0.23%	2,117,360	4	0.35%
Hebron Country Manor, LLC	1,807,060	4	0.23%			
Connecticut Water Co., The	1,657,920	5	0.21%			
Blackledge Country Club, Inc.	1,548,550	6	0.20%	4,590,495	1	0.54%
Hebron Properties LLC	1,512,170	7	0.19%	1,539,500	6	0.26%
41-61 Main Street, LLC	1,308,340	8	0.17%			
Honda Lease Trust	925,750	9	0.12%			
Ellis, Edward & Renee	911,460	10	0.12%			
	<u>\$ 22,177,170</u>		<u>2.82%</u>	<u>\$ 12,633,025</u>		<u>1.88%</u>

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

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
2008	2006	\$ 22,354,646	\$ 22,115,292	98.93%	\$ 221,455	\$ 22,336,747	99.92%
2009	2007	23,418,756	22,991,894	98.18%	406,783	23,398,677	99.91%
2010	2008	24,222,438	23,838,518	98.42%	337,002	24,175,520	99.81%
2011	2009	25,010,853	24,666,561	98.62%	281,615	24,948,176	99.75%
2012	2010	26,398,547	25,975,464	98.40%	336,607	26,312,071	99.67%
2013	2011	25,944,959	25,518,394	98.36%	307,531	25,825,925	99.54%
2014	2012	26,944,807	26,476,300	98.26%	273,715	26,750,015	99.28%
2015	2013	28,045,844	27,598,938	98.41%	191,936	27,790,874	99.09%
2016	2014	28,344,010	27,747,672	97.90%	226,099	27,973,771	98.69%
2017	2015	28,272,564	27,728,993	98.08%	-	27,728,993	98.08%

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 Notes ¹	Less Amount Available in Debt Service	Total Primary Government	Percentage of Actual Property Value ²	Percentage of Personal Income ³	Debt Per Capita ⁴
2008	\$ 10,659,600	\$ 1,639,776	\$ 9,019,824	0.75%	2.66%	977
2009	11,750,151	2,020,489	9,729,662	0.82%	2.73%	1,024
2010	10,255,810	1,119,038	9,136,772	0.80%	2.25%	962
2011	8,751,088	420,134	8,330,954	0.75%	2.28%	860
2012	7,240,000	220,458	7,019,542	0.63%	1.87%	723
2013	6,385,000	88	6,384,912	0.58%	1.68%	664
2014	5,811,000	88	5,810,912	0.54%	1.51%	602
2015	5,021,000	21,859	4,999,141	0.45%	1.50%	519
2016	4,242,000	21,859	4,220,141	0.38%	1.82%	438
2017	4,586,000	245,288	4,340,712	0.41%	4.13%	452

Source: Town CAFR

- 1 General Obligation Bonds excludes over-lapping debt for the Town of Hebron's share of RHAM Regional School District No. 8 debt.
- 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, 2017
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable¹	Estimated Share of Overlapping Debt
Debt repaid with property tax: RHAM Regional School District No. 8	\$ 14,645,000	54.53%	\$ 7,985,919
Direct general obligation bond debt - Hebron			4,586,000
Direct capital lease debt - Hebron			1,392,811
			<u>\$ 13,964,730</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.

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
2008	\$ 6,492,575	\$ 2,527,249	\$ 9,019,824	\$ -	\$ 9,019,824	0.75%	2.66%	977
2009	7,816,511	1,915,151	9,731,662	-	9,731,662	0.82%	2.73%	1,024
2010	7,845,962	1,290,810	9,136,772	-	9,136,772	0.80%	2.25%	962
2011	7,679,866	651,088	8,330,954	63,037	8,393,991	0.75%	2.30%	867
2012	7,240,000	-	7,240,000	160,210	7,400,210	0.66%	1.97%	763
2013	6,385,000	-	6,385,000	1,365,445	7,750,445	0.71%	2.04%	806
2014	5,811,000	-	5,811,000	1,643,891	7,454,891	0.69%	1.94%	773
2015	5,021,000	-	5,021,000	1,601,237	6,622,237	0.60%	1.98%	687
2016	4,242,000	-	4,242,000	1,508,332	5,750,332	0.52%	2.48%	597
2017	4,586,000	-	4,586,000	1,392,811	5,978,811	0.56%	5.69%	622

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
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	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	34,661	43	1,588	4.8%
2017	9,611	105,104	43,632	43	1,454	4.0%

Source: Various Town records

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

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

Employer	2017			2008		
	(1) Employees¹	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Regional School District No. 8	254	1	13.8%	211	1	13.6%
Town of Hebron	197	2	10.9%	70	2	4.4%
Ted's Supermarket	67	3	4.4%	68	3	4.3%
Staff Mates	49	4	2.8%	15	6	1.0%
Country Carpenters	26	5				
Gina Maries Restaurant	25	6				
Blackledge Country Club	24	7	1.4%	10	9	0.6%
CVS Pharmacy	24	8	1.4%			
Tallwood Country Club	19	9	1.0%	13		1.0%
Fennagins	18	10	0.7%			
Fireside Supply				10	10	0.6%
Total	703		36.4%	397		25.5%

Source: Various Town Records

1 Full time equivalent

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>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>2017</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	6	6	7	7	6
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
Parks and recreation:										
General and administrative	2	2	2	2	2	2	2	2	2	2
Recreation	1	2	2	3	3	3	3	4	4	5
Fire:										
Firefighter and officers	2	2	2	2	2	2	2	2	3	3
Public works:										
Administration	2	2	2	2	2	2	2	3	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	43	44	44	45	45	44	44	47	48	48

Source: Various Town Records

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

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Calls for service	4,366	4,750	5,217	5,211	4,358	3,914	4,297	4,410	4,118	4,586
Adult arrest	84	72	89	99	73	71	72	75	56	63
Juvenile arrest	10	10	9	10	6	15	10	14	7	11
Traffic citations	383	466	871	1,457	1,019	664	722	771	535	775
Fire:										
Total fire runs	266	237	367	302	226	227	208	271	250	251
Total rescue runs	446	424	429	450	437	493	582	518	511	534
Building safety:										
Total building permits	568	434	438	394	521	532	491	490	542	515
Total value all permits	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	\$ 19,957,209
Total building permits - new homes	13	8	11	7	9	11	6	11	13	13
Total value all permits - new homes	\$ 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	\$ 2,480,987
Library										
Volumes in collection	35,866	40,292	39,169	39,233	39,329	46,823	39,019	50,018	51,080	50,520

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<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)	92	96	98	98	98	98	98	98	98	98
Traffic lights	2	2	2	2	2	2	2	3	3	3
Street lights	197	199	200	201	201	201	201	201	223	223
<u>Parks and recreation:</u>										
Acreage	850	850	850	900	900	900	900	900	900	900
Parks	3	3	4	4	4	4	4	4	4	4
Baseball diamonds	7	7	9	9	9	9	9	9	9	9
Soccer fields	4	4	8	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	2	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	2	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	1
<u>Library:</u>										
Facilities	1	1	1	1	1	1	1	1	1	1
Volumes	35,866	40,292	39,169	39,223	39,329	46,823	39,019	50,018	51,080	50,520
<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